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Empowering young people to reach their full potential



# Off the map? The geography of NEETs

A snapshot analysis for the Private Equity Foundation

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## Summary

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The high level of young people who are NEET – not in employment, education or training – is one of the most serious social problems facing the country. There are currently an estimated 979,000 16-24 year NEETs in England.<sup>1</sup> This represents 16 per cent of this age group. 186,000 of these young people are aged 16-18.

For an individual, a period being NEET can lead to wage scarring; lowering earnings long after they find employment. It also represents a significant drag on the economy through lost output, higher welfare payments and lower tax contributions.

Yet there are important concerns that the NEET problem may worsen. Rapidly rising unemployment has reduced the number of entry-level jobs available for those leaving education. And public sector cuts are restricting both youth services and the capacity of government to help people to enter the labour market. This squeeze will be worst in cities with weak economies and which are already facing the challenge of public sector cuts. Given these trends, we expect the NEET rate for 16-24 year olds to continue to increase (accounting for cyclical variations).

This snapshot analysis is the first paper produced as part of a research partnership between The Work Foundation and the Private Equity Foundation. In it, we investigate the geography of NEETS – focusing on the 53 largest towns and cities in Great Britain.

Towns such as Doncaster and Grimsby are NEET blackspots: between one in five and one in four young people are NEET. Without targeted action to address the problem of NEETs in these places there is a real danger that a generation of young people, often those living in towns and cities which are already less economically successful, will face long-term problems in the labour market. Both national and local government needs to focus their efforts on young people in these cities.

In contrast, a second set of prosperous cities such as Oxford, Aberdeen and York have low rates of NEETs. A small number of big cities also have relatively low levels of young people NEET, such as Portsmouth and Bristol. Yet the levels of young people NEET in these cities is still higher than it should be – these cities need to continue their efforts to address the problem.

The results have important implications for public policy:

- All cities need to take urgent action to improve the coordination of services for young people, by ensuring there are clear and viable pathways between school, education and the world of work. Such action needs to be focused on NEET blackspots to avoid future crises.
- The national government needs to improve the collection of data on NEETS. Without accurate measurement of the problem it is difficult to identify and evaluate solutions.

In addition, national and local government needs to consider the ten point plan set out as part of the Private Equity Foundation's manifesto for action.

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<sup>1</sup> Quarterly Labour Force Survey; Statistical Release: NEET Statistics – Quarterly Brief (August 2011) Department for Education

# 1 Introduction

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Young people who are NEET - not in employment, education or training – represent a serious social problem. Young people tend to be vulnerable to recessions, and the 2008-2009 recession was no exception. By the second quarter of 2011 there were an estimated 979,000 16-24 year olds who were NEET in England, or around 16 per cent of this age group.<sup>2</sup>

For many this will be a short-term experience, albeit often a difficult one. Yet for others it can lead to long term difficulties in the labour market. A period NEET early in life may lead to reductions in wages and higher chances of unemployment later in life. Addressing the problem of NEETs now will help to avoid these problems.

Yet young people currently face two serious pressures. In a difficult labour market, young people often find it harder to gain a foothold in work – and there is a real danger that youth unemployment could soon reach one million. Alongside this, public sector cuts mean youth services and 16-19 education face reductions of around 20%.<sup>3</sup> The combination of these two pressures means that unless urgent action is taken, the levels of young people who are NEET is likely to increase further still.

The geography of NEETS matters. Services which help NEET young people are often provided by schools, local authorities, enlightened businesses or voluntary groups. Different towns and cities have different economies, with diverse opportunities for labour demand. Some cities have been able to put in place strategies which have begun to successfully address the problem.

The past few years have seen increased awareness of the problem of NEETS, with much attention focused on addressing the issue. However, we know relatively little about the geography of NEETS – which towns and cities have high NEET levels and which have low levels. This is because little data is available at a local level. There are two major definitions of NEETS. Official statistics are available for ‘young NEETS’ – those aged 16–18 that have recently left school. However, a second group - older NEETS, aged 16–24 are arguably more important, as they are likely to face greater challenges in the labour market throughout the rest of their lives.

In this snapshot analysis, we use a comprehensive national dataset - the Labour Force Survey / Annual Population Survey - to identify blackspots where high proportions of the 16 – 24 age group are NEET, and so assess in the most exact way possible which towns and cities have the worst NEET problem.

The analysis forms the first part of a wider research partnership between The Work Foundation and the Private Equity Foundation. The Private Equity Foundation is an organisation which aims to support children and young people to reach their full potential. The Private Equity Foundation has provided basic skills, social and emotional support for 42,000 children and young people through 18 charities.

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<sup>2</sup> Quarterly Labour Force Survey; Statistical Release: NEET Statistics – Quarterly Brief (August 2011) Department for Education

<sup>3</sup> The IFS estimate reductions of around 20% in real terms between 2010/11 and 2014/15. See: Chowdury, H. and Sibieta, L. 2011. Trends in education and schools spending. London: IFS.

### Box 1: NEET vs Youth Unemployment

NEETs and Youth Unemployment are related concepts, but there are important differences between the two.

The unemployment rate is a measure of those who are out of work, but have looked for work in the past month and able to start in the next two weeks – the economically active. This can include individuals who are in education. The youth unemployment rate can be artificially inflated by an increase in the amount of young people going into education and becoming economically inactive – and a decrease in the denominator (those who are employed and unemployed).

Conversely the definition of NEET excludes all those people who are in education or training, but includes the economically inactive. This is why the amount of young people who are NEET in England (939,000 16-24 year olds in the fourth quarter of 2010) is higher than the number who are unemployed (740,000 in 2010), but the NEET rate is lower than the youth unemployment rate. For younger people (those who are much more likely to be in full time education) the difference between the NEET rate and the unemployment rate is even more exaggerated.

Beyond being 'Not in Education, Employment or Training' there is no single definition of whom and what is NEET, with different stakeholders using different criteria. The Government definition focuses on 16-18 year olds, but the broader definition of 16-24 year olds more accurately captures the youth-to-labour market transition.

### Why NEETs matter?

The costs of young people who are NEET fall on the individual and also the wider economy. For the individual, the costs include:

- **Wage scarring.** A period of unemployment early in life can reduce wages over a long period. Gregg and Tominey have estimated that youth unemployment imposes an impact on individuals' wages of between 8 and 15 per cent by the age of 42.<sup>4</sup>
- **Youth unemployment can significantly increase participation in crime** (especially property crime), which hampers further job-attainment.
- **Lack of contact with the labour market.**<sup>5</sup> Employers have highlighted a growing 'employability' skills shortage amongst young people – lack of contact with the labour market (or the education system) will damage the development of these key skills.
- **Increased stress and depression amongst those unemployed.** This can lead to extra costs to society from the consequences of these psychological and emotional problems. In a UK survey of young NEETs a quarter said being unemployed caused

<sup>4</sup> Gregg, P. (2001) "The Impact of Youth Unemployment on Adult Unemployment in the NCDS," Economic Journal, 111, and Gregg, P. and Tominey, E. (2004) *The Wage Scar from Youth Unemployment*, CMPO Working Paper Series No. 04/097, University of Bristol. In *The Cost of Exclusion: Counting the cost of youth disadvantage in the UK* (2007) The Prince's Trust

<sup>5</sup> Bell, D.N.F. and Blanchflower, D.G. (2010) *UK Unemployment in the Great Recession*. National Institute Economic Review 214, pp. R3-25

arguments with their family; and more than one in ten said unemployment drove them to drugs or alcohol.<sup>6</sup>

- **Can reduce worker life expectancy.** One small-scale study in a city in the North of England found that one in seven NEETs died within ten years of leaving school.<sup>7</sup> This is probably an extreme example, but it highlights an important problem.
- **Decreases self-confidence, thus hampering re-employment.** Over one in five NEETs in one survey said that they had lost the confidence to go to job interviews as a result of being NEET.<sup>8</sup>

Beyond the personal costs of being NEET, each young person not in employment, education or training bears a cost to public finances (through benefit payments, lost tax revenues, and healthcare and criminal justice costs), and a public resource cost (due to loss of economic productivity from un- or underemployment, lost personal income and the effects of lost opportunity).

- Each 16-18 year old who is NEET has been estimated by Godfrey *et al* to have an average total public finance cost to society of £52,000 (in 2002 prices) over the course of their lifetime.<sup>9</sup> Recently this average societal unit cost of NEETs has been updated to £56,000 per 16-18 year old NEET. The current estimated aggregate public finance costs of 16-18 year old NEETs range from £12bn to £32bn.<sup>10</sup>
- In 2002 the average unit resource cost of 16-18 year old NEETs was estimated at £45,000. The 2009 estimate is much increased, to £104,000, with an aggregate resource cost range of £22bn to £77bn. This increase is largely due to lost potential wages, resulting from growing wage differentials, and big differences in benefits and in-work wages between 2002 and 2009.
- Most recently, research conducted by the Prince's Trust and Royal Bank of Scotland suggests that the November 2010 level of NEETs amongst 20-24 year olds costs £22m per week in Jobseekers Allowance, and £22-133m per week in lost productivity.<sup>11</sup> This research also estimates that the cost of youth crime (including imprisonment of children and young people) is £23m a week - £1.2bn per year, while the cost of educational underachievement is estimated at £22bn per generation.

The cost of being NEET to an individual can be high, with long-term consequences. The government, employers and society must recognise the broader negative societal and economic implications of this growing problem and act appropriately. The next section examines changing trends in the NEET rate at the national level, followed by an analysis of the changing geography of NEETs and a set of recommendations for action.

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<sup>6</sup> Jobs for Youth – United Kingdom (2008) OECD

<sup>7</sup> <http://www.tes.co.uk/article.aspx?storycode=6019772>

<sup>8</sup> <http://www.tes.co.uk/article.aspx?storycode=6019772>

<sup>9</sup> Godfrey, C., Hutton, S., Bradshaw, J., Coles, B., Craig, G. and Johnson, J. *Estimating the cost of being "not in employment, education or training" at age 16-18* (2002) DfES Research Report RR346

<sup>10</sup> Coles, B., Godfrey, c., Keung, A., Parrott, S. and Bradshaw, J. (2010) *Estimating the life-time cost of NEET: 16-18 year olds in Education, Employment or Training: Research undertaken for the Audit Commission*, University of York

<sup>11</sup> *The Cost of Exclusion: Counting the cost of youth disadvantage in the UK* (2010) The Prince's Trust. The lower bound of the cost-range (£22m pa) presumes a productivity cost equal to the JSA cost; the upper bound (£133m pa) is the average productivity of their wage group (20-25 years old).

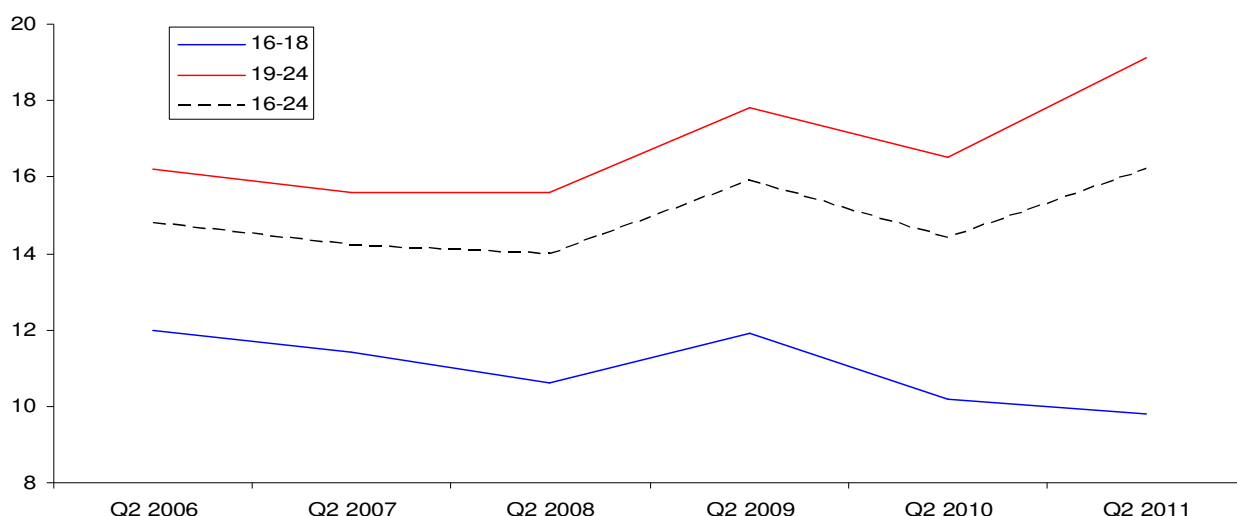
## 2 NEET levels over time

Since the mid-1980s, NEET rates have actually been decreasing in England. As participation in education expanded, and as the economy improved, the number of young people who were NEET slowly began to fall. Historical labour force survey data shows that NEET rates were much higher in the 1980s than today; over 18 per cent of 16-18 year olds were NEET in the mid 1980s.<sup>12</sup> Now, only 9.8 per cent are.<sup>13</sup>

Yet the recession saw NEET rates begin to rise. Young people are often cheaper to make redundant, and have had less time to develop the skills that employers value. A lack of entry level jobs restricts the ability of young people to enter the labour market. This means that young people often experience the worst effects of recessions.

Between Q1 2008 and Q1 2010 the NEET rate for 16-18 year olds increased from 9.9 per cent to 10.1 per cent. More so, the NEET rate for 19-24 year olds rose from 15.4 per cent to 17.8 per cent. Overall the number of older NEETs (16-24 year olds) rose from 811,000 to 928,000, or 13.6 per cent to 15.4 per cent.<sup>14</sup>

**Figure 1. NEET rates (%) for different age cohorts in England, 2006-2011**



Source: NEET Statistics – Quarterly Brief (August 2011) Department for Education Labour Force Survey

Most recently there has been a slight fall in the proportion of 16-18 year olds who are NEET. The chart above shows that between the second quarter of 2010 and the second quarter of 2011 the proportion of young people aged 16-18 who were NEET fell from 10.2 per cent to 9.8 per cent. In absolute terms there are now 186,000 16-18 year olds who are NEET in England compared to 197,000 in the second quarter of 2010.<sup>15</sup>

<sup>12</sup> Department for Education Statistical First Release; 'Participation in Education, Training and Employment by 16-18 Year Olds in England'

<sup>13</sup> Quarterly Labour Force Survey; Statistical Release: NEET Statistics – Quarterly Brief (August 2011) Department for Education

<sup>14</sup> Department for Education Statistical First Release; 'Participation in Education, Training and Employment by 16-18 Year Olds in England'

<sup>15</sup> Incidentally, the Department for Children Schools and Families (now the Department for Education) failed to meet their Public Service Agreement to reduce the number of NEETs by two percentage points (from the

However, while NEET rates have fallen for 16-18 year olds, there has been an increase in the proportion of 19-24 year olds who are NEET. The NEET rate for 19-24 year olds (19.1 per cent) is now over twice that of the rate for 16-18 year olds – and the disparity between the two age groups has been growing over the past five years. There are now 794,000 19-24 year olds who are NEET, up from 675,000 this time last year. The proportion of 19-24 year olds who are NEET has increased from 16.2 per cent to 19.1 per cent over the past five years.

Overall there are 979,000 NEET 16-24 year olds in England. This represents 16.2 per cent of this age group – the highest quarter two figure in the past five years. Given the cyclical variation in the NEET rate (NEET rates peak in the summer months when young people have left education) we expect quarter three's figure to be even higher (in quarter three of 2009 and 2010 the number of 16-24 year old NEETs exceeded 1,000,000).

### Why is the NEET rate increasing?

National trends in the NEET rate over the past two decades have been largely influenced by:

- Increasing levels of participation in education
- Decreasing employment rates for young people – as young people are less likely to enter the labour market

Over the longer term, the biggest contributor to the fall in NEET for 16-18 year olds (from the mid 1980s) has been the increase in participation in full time education. In 1985, 32 per cent 16-18 year olds in England were in full time education, compared to 64 per cent in 2008.<sup>16</sup>

Although a much higher proportion of 16-18 year olds are in full time education compared to 18-24 year olds,<sup>17</sup> the rate of increase for both age groups (in the UK) has been relatively similar since 1992 – increasing by approximately ten percentage points between 1992 and 2000, remaining relatively stable during the 2000s, and then rising again since the onset of recession.

Since the onset of recession there has been an increase in the proportion of 16-24 year olds deciding to remain in full time education to avoid unemployment. UCAS data show an 11.6 per cent increase (70,000) in the number of university applications between 2009 and 2010, with a 16 per cent increase in applications from 21-24 year olds.<sup>18</sup> However, a larger proportion of 16-17 year olds have decided to remain in education since 2008 than 18-24 year olds. 42 per cent of 16-24 year olds are now in full time education in the UK.

The second driver has been falling youth employment rates. The employment rate for 16-17 year olds in the UK has been falling steadily since the late 1990s – and has halved over this period to 24 per cent.<sup>19</sup> However, the employment rate for 18-24 year olds in the UK was stable until 2004, and has since been in decline. The recession exacerbated this trend (falling from 65 per cent in the final quarter of 2007 to 58 per cent in the last quarter of 2009).<sup>20</sup>

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2004 level of 9.6 per cent) by 2010 (Reducing the proportion of young people not in education, employment or training (2008) Department for Children, Schools and Families)

<sup>16</sup> House of Commons Children, Schools and Families Committee (2010) Young people not in education, employment or training: eighth report of session 2009-2010, HMSO

<sup>17</sup> Labour Force Survey, Labour Market Statistics (June 2011) Office for National Statistics

<sup>18</sup> Bell, D. and Blanchflower, D. (2010) UK Unemployment in the Great Recession, National Institute of Economic and Social Research

<sup>19</sup> Labour Force Survey, *ibid.*

<sup>20</sup> Labour Force Survey, *ibid.*



The employment rate for young people and participation in education are interrelated (often a fall in the employment rate represents a decision to go into education – and the individual is likely to become economically inactive). But falling employment rates for young people were also associated with an absolute increase in worklessness amongst those people not in full time education since 2004 in the UK (for 16-24 year olds) – the rate of worklessness rose sharply during the recession. The employment rate for young people is the lowest since records began (in 1992).

During a recession organisations usually hire fewer new staff – this makes it difficult for young people and those who have just left education to find work. Concurrently, young people tend to have less experience and lower levels of skills, so are generally the first to be let go when there is a fall in demand, and they are at the back of the line when there are new vacancies.<sup>21</sup> Research by The Work Foundation<sup>22</sup> has shown that a disproportionate number of young graduates are employed in the public sector, and may therefore be more vulnerable to public sector job losses over the coming years.

The fall in employment for 16-18 year olds has been counterbalanced by an increase in the proportion of young people participating in education. The shift from employment to full time education has left the overall NEET rate relatively unchanged for this age group.<sup>23</sup> However, the rate for 16-24 year olds has increased slightly in recent years. While the proportion of 16-24 year olds in education or training did increase, the proportion in employment without training fell by a greater amount. The recession has exacerbated this trend.

**Despite cyclical variations, the NEET rate is likely to continue to rise unless there is a significant increase in employment or participation in education.** The employment prospects for young people have been damaged by the weakness of the economic recovery. Given current trends in the NEET rate for 16-24 year olds, we expect youth unemployment to exceed 1,000,000 soon.

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<sup>21</sup> IPPR and Private Equity Foundation (Summer 2009) Youth Tracker

<sup>22</sup> Wright, J. (2011) Cutting the Apron Strings? the clustering of young graduates and the role of the public sector, London: The Work Foundation.

<sup>23</sup> Department for Education Statistical First Release; 'Participation in Education, Training and Employment by 16-18 Year Olds in England'

### 3 NEET Cities: The geography of NEETs

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Data at a local level on NEETs is poor. The main source of data – the Connexions statistics from the Department for Education – only covers those aged 16–18. Other data at the local level tends to have low sample sizes, and misses certain groups. This lack of data can seriously hamper our understanding of the geography of NEETs.

In this paper we take a different approach. We combine data from the Annual Population Survey 2009 and 2010, giving the most up to date picture of the labour market in local areas possible. This allows us to replicate the official Department for Education statistics for NEETs at a city-level. As we use a two year period and rates have since been on an upward trend, the results will probably underestimate NEET levels.

The measures will still have smaller sample sizes than official statistics, and we need to be cautious with how we use them - but they are the best measure yet available to identify the NEET blackspots in Great Britain.<sup>24</sup> The data below is for the largest cities in Great Britain – as defined in the Department for Communities and Local Government's *State of the English Cities* report.

We use this data to categorise the UK's towns and cities into five types;

- **NEET blackspots – Very high NEET cities.** These are towns and cities where our data suggests that over one in five of the population aged 16 - 24 are NEET. This represents a serious challenge for these places in future.
- **High NEET cities.** Where over 18% of young people are NEET.
- **Medium NEET Cities.** These are towns and cities our data suggests have NEET levels around the urban average. However, this does not mean that NEETs are not a significant problem in these areas. Within these towns and cities there may be important areas with a high NEET concentration – Hackney and Islington in London are the most obvious example.
- **Low NEET Cities.** Where less than 14% of young people aged 16 – 24 are NEET.
- **Very Low NEET Cities.** Finally, we identify cities with very low NEET levels – less than 10%. Relative to other cities, these tend to have fewer problems – but it is still important that they focus on NEET rates.

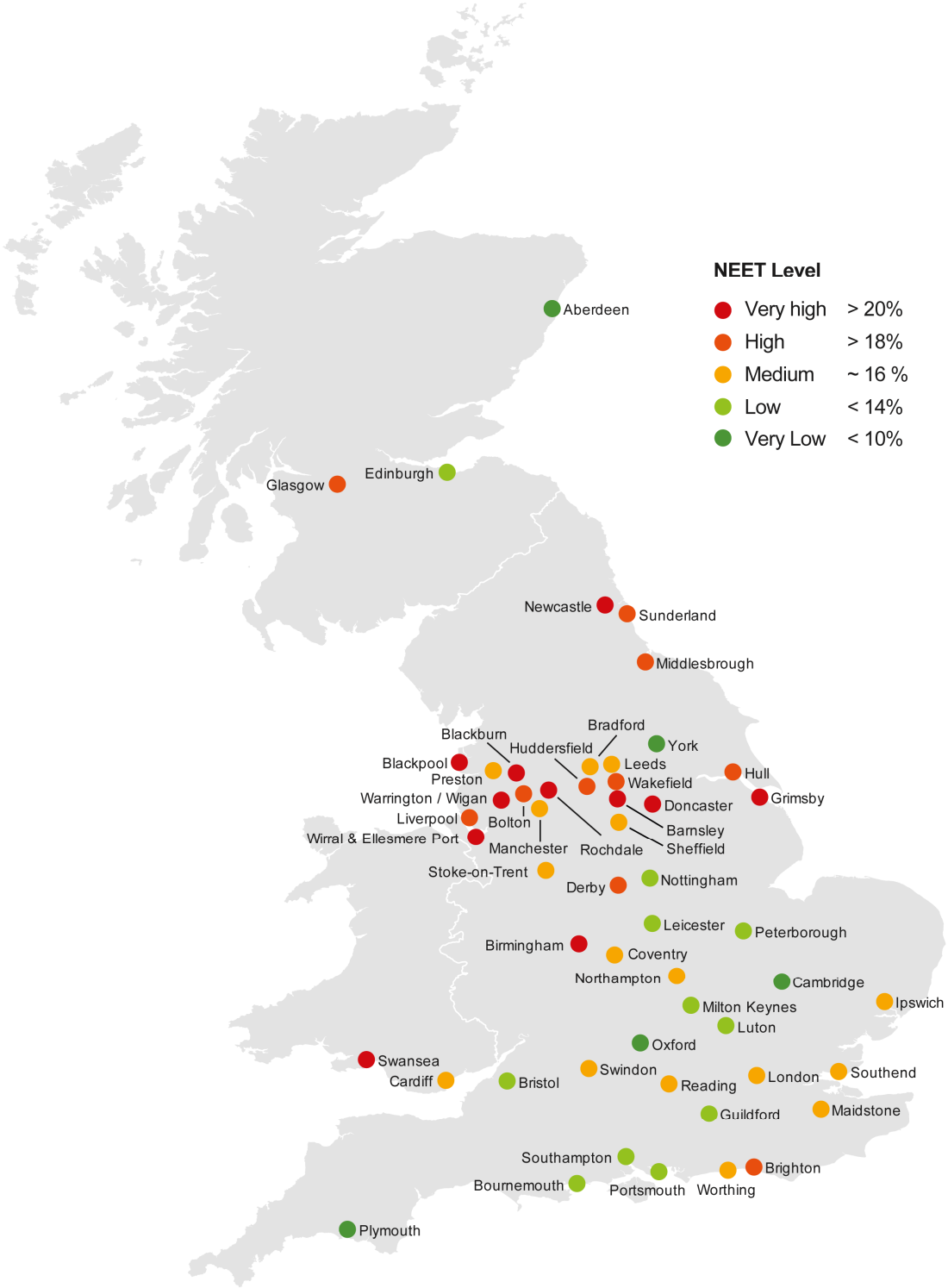
Figure 2 presents the map of these towns and cities. There is a clear geographical pattern: cities in the urban northern belt across from Liverpool to Hull are more likely to be in the Very High or High categories. Some of these cities – including Manchester – are only medium in NEET rates. York is the only city with low NEET rates. Most of the Southern towns and cities have relatively low NEET rates, in contrast.

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<sup>24</sup> We use the DfE syntax to identify NEETs. Data is for Travel to Work Areas. We remove a number of small cities where there are only a small number of observations. This gives us a sample of 53 cities. Statistics will have confidence intervals which may be larger for small cities and mean exact statistics may differ. Because of this, we have banded the cities into five different categories of cities based on the data. However, these are unlikely to affect which cities are in the different categories. For more information on the methodology for allocating cities, see Wright (2011) *Cutting the apron strings?* London: The Work Foundation.

# Off the map? The geography of NEETS

Figure 2. The geography of NEETs in the UK, 2009-2010



Source: The Work Foundation analysis using LFS 2009 / 2010

Great Britain urban average: 16.1%

### NEET blackspots: Cities with high NEET levels

Table 1 gives details of the ten towns and cities in our sample where the data suggests that more than one in five young people are NEET. Towns and cities with high NEET levels tend to be smaller and in the North of England. NEET levels are highest in Doncaster, Grimsby and Warrington & Wigan. These places tend to be smaller towns and cities in the North, but some large cities such as Birmingham and Newcastle also have high levels of young people NEET.

**Table 1. Cities with high NEET rates (%) amongst 16-24 year olds, 2009-2010**

Rank	City	NEET Rate
1.	Grimsby	Very High: Almost 25%
2.	Doncaster	Very High: Almost 25%
3.	Warrington & Wigan	Very High: Almost 25%
4.	Blackpool	High: Around 20%
5.	Rochdale & Oldham	High: Around 20%
6.	Wirral & Ellesmere Port	High: Around 20%
7.	Birmingham	High: Around 20%
8.	Barnsley	High: Around 20%
9.	Swansea	High: Around 20%
10.	Newcastle	High: Around 20%

*Source: Annual Population Survey, TWF Calculations. From 53 Cities. Where 'very high' indicates that NEET levels may approach one in four of the population, and 'high' indicates that it is more than one in five.*

### Low NEET Cities

Cities with low NEET rates tend to be prosperous and in the South. Most of these are prosperous cities. However, a few cities on the South Coast – such as Plymouth and Southampton – have lower rates than we would expect.

**Table 2. Cities with low NEET rates (%) amongst 16-24 year olds, 2009-2010**

Rank	City	NEET Rate
1.	Oxford	Very Low: Less than 10%
2.	Aberdeen	Very Low: Less than 10%
3.	York	Very Low: Less than 10%
4.	Plymouth	Very Low: Less than 10%
5.	Cambridge	Very Low: Less than 10%
6.	Guildford	Low: Around 10%
7.	Bristol	Low: Around 10%
8.	Luton & Watford	Low: Around 10%
9.	Southampton	Low: Around 10%
10.	Milton Keynes	Low: Around 10%

*Source: Annual Population Survey, TWF Calculations. From 53 Cities. Where 'very high' indicates that NEET levels may approach one in four of the population, and 'high' indicates that it is more than one in five.*

As we highlighted in our report – *No City Left Behind* – a number of these towns and cities have had problems for some time, and did relatively poorly in the recession with large increases in unemployment.<sup>25</sup> Meanwhile, on the basis of their relatively low skill levels and high reliance on public sector employment, many of these towns and cities are unlikely to see strong growth in the recovery.

The high NEET rates experienced by these places suggest major problems for the future. If the lack of economic success these cities face now translates into long-term problems for their residents, this becomes a critical issue for policymakers. As we discuss in section four, it is important to identify specific measures to integrate NEETs in these cities into work.

### The situation in London

Our data does not give us good enough sample sizes to distinguish between different London boroughs. However, we can get sufficient sample sizes at a sub-regional level. Table 3 gives details for the boroughs according to the GLA sub-regions.

**Table 3. NEET rates in London sub-regions**

Sub-region	Boroughs	% 16 – 24 NEET
North East	Barnet, Camden, Enfield, Hackney, Haringey, Islington and Westminster	Very High (20% +)
East	Tower Hamlets, Newham, Waltham Forest, Redbridge, Havering, Barking and Dagenham	High NEET (18% - 20%)
South East	Bexley, Bromley, Greenwich, Lewisham and Southwark	Medium (15 – 17%)
West	Brent, Ealing, Hammersmith and Fulham, Harrow, Hillingdon and Hounslow, Kensington and Chelsea	Medium (15 – 17%)
South West	Croydon, Kingston upon Thames, Lambeth, Merton, Richmond upon Thames, Sutton and Wandsworth.	Less than (14%)

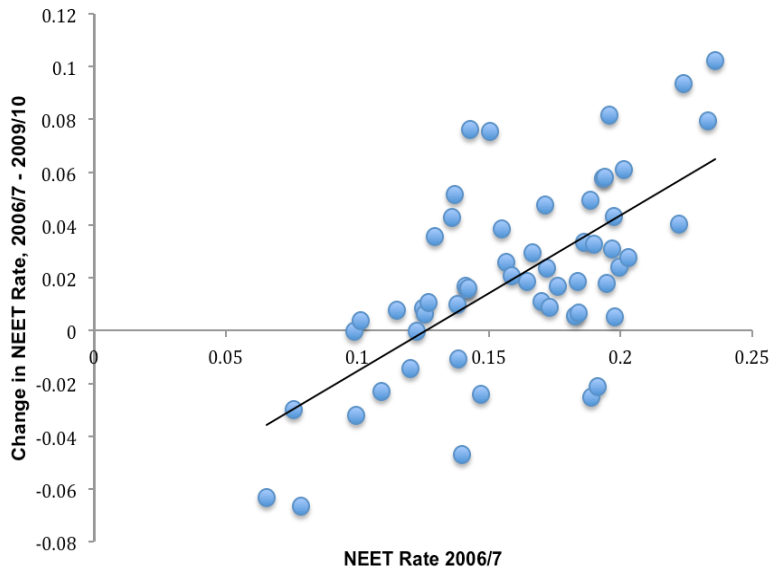
However, this data is likely to mask considerable variation between boroughs which our data cannot capture. The data which is available is for 16 – 18 year olds. Some boroughs – such as Southwark and Lambeth - have very high rates which are disguised by relatively low rates elsewhere in the sub-region.<sup>26</sup> But the clearest sub-region where the levels of young people NEET are highest is the North East of London. This has three of the boroughs which have the worst 16 – 18 NEET rates, Hackney, Islington and Haringey.

<sup>25</sup> Lee, N et al. (2010) *No city left behind? The geography of the recovery – and the implications for the coalition*, London: The Work Foundation.

<sup>26</sup> Note that we've renamed the GLA's 'North' as 'North East'. In 2010, the top ten London boroughs for 16-18 NEET rates were: Southwark (8.4%), Lambeth (7.4%), Barking and Dagenham (6.9%), Haringey (6.6%), Croydon (6.6%), Newham (6.4%), Camden (6.4%), Islington (6.2%), Hackney (6.2%) and Greenwich (6.2%). Source: DfES, 2011.

**Did the recession make things worse?**

**Figure 2. Changes in NEET rates during the recession**



To what extent did the recession make things worse in NEET blackspots? Figure 2 plots changes in NEET rates between 2006/7 and 2009/10 on the left hand axis, and considers initial NEET levels in 2006/7 on the bottom hand. This means the data will include the effects of the 2008-2009 recession. It is clear that the greatest increase in NEET rates were in cities which had the highest initial levels. In short, the recession exacerbated the problem in high NEET cities.

## 4 What needs to happen now

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A failure to fully address the country's NEETs is not only damaging to individual life outcomes, but leads to growing costs for the government, our economy, and society.

This snapshot has identified the NEET blackspots of Great Britain: cities where between one in four and one in five of young people are not in employment, education or training. These cities tend to have wider problems, with weak economies, low skills profiles and often dependent on the public sector for employment.

The recession widened the gap between cities with high NEET rates and those where NEET rates were lower. Policy makers must respond to these dynamics in an appropriate way – recognising what has driven the NEET rate, and what places and which people need the most help.

The government has yet to develop an integrated strategy or explicit policy agenda to reduce levels of NEETs and prevent any future generations falling into the same category. However, recognition of NEETs as a growing problem has been approached through a number of standalone, though inter-related, policies and initiatives.

The government urgently needs to consider the problems faced by young people in many of our towns and cities. NEETs in these cities face a double hit: reduced employment opportunities and a weak economy and reduced services resulting from public sector cuts.

### Recommendations

Central government needs to take a lead in addressing the NEET problem. Yet many of the solutions will come from a local level. Young people in different parts of the country face distinct challenges. At a local level:

- **Local government needs to take action to ensure better coordination of services.** Reducing the number of NEETs in this country requires the coordinated activities of all key stakeholders. We must also financially support those locally embedded organisations (often voluntary sector) that have developed social capital and are best placed to positively engage with young people and the complex (locally sensitive) issues they face.
- **Data matters.** The national government needs to improve the collection of data on NEETS. Without accurate measurement of the problem it is difficult to identify and evaluate solutions.
- National and local government needs to consider the ten point plan set out in the Private Equity Foundation's manifesto for action.

## Annex

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The Private Equity Foundation has set out a manifesto for action. They have developed a ten point action plan for improving performance on tackling NEET issues at each level of the system by focussing on prevention and better coordination.

### ***Strategy and direction:***

- 1. Create better coordination:** We need to coordinate policy and track progress. For example, a NEET taskforce could coordinate policy, bring together those who care about the issue and track progress.
- 2. Focus on prevention - targeting the most at risk:** We need preventative resources allocated according to the level of NEET risk faced by each young person, as reflected in the recent proposals for the pupil premium.
- 3. Publish transparent information on performance:** We need transparent and objective comparisons of performance that encourage each local authority to drive up performance to the level of the best.

### ***Commissioning and funding:***

- 4. Increase investment on NEET:** We need a broader range of funding instruments to help address some of these problems.
- 5. Reform commissioning:** We need improvements in commissioning through:
  - Better collaboration between local authorities and service providers
  - Greater focus on value by developing commissioning capabilities
  - Creating local markets for NEET services
  - Adopting standard processes to reduce administration

### ***Delivery of services:***

- 6. Grow the best provision:** we need to create more networked commissioning and business support for the best providers.
- 7. Foster better links into employment:** The school curriculum needs to prepare young people for the world of work through better links, high quality work experience and more routes into work e.g. apprenticeships. We need to make it easier for employers to engage with young people, particularly those most at risk of becoming NEET.
- 8. Support targeted case management for those most at risk:** Many children face a challenging pathway through numerous services and interventions. An integrated case management approach is needed to improve coordination.

### ***Enablers:***

- 9. Improve information on local provision:** We need to record standardised performance metrics, establish guidelines for setting benchmarks and advocate good practice locally.
- 10. Increase knowledge of what works:** we need to establish an anonymous database of the cost effectiveness of intervention (as maintained by NICE in the healthcare sector) and publish standard guidelines on what data funders should track to encourage the analysis and dissemination of best practice.



## Annex B: Data for Cities

<b>Very High NEET</b>	<b>Medium NEET</b>	<b>Low NEET</b>
<b>Blackspots (&gt; 20%)</b>	<b>Medium (15 – 17%)</b>	<b>Less than (&lt;14%)</b>
Grimsby	Maidstone	Edinburgh
Doncaster	Manchester	Nottingham
Warrington / Wigan	Southend	Milton Keynes
Blackpool	Northampton	Southampton
Rochdale	Cardiff	Luton
Wirral & Ellesmere Port	Leeds	Bristol
Birmingham	Worthing	Bournemouth
Barnsley	Stoke-on-Trent	Leicester
Swansea	Reading	Peterborough
Newcastle	Swindon	Portsmouth
Blackburn	Preston	Guildford
	Bradford	
	Ipswich	
	London	
	Coventry	
	Sheffield	
<b>High NEET (&gt; 18%)</b>		<b>Very low (&lt; 10%)</b>
Liverpool		Cambridge
Wakefield		Plymouth
Sunderland		York
Hull		Aberdeen
Bolton		Oxford
Middlesbrough		
Brighton		
Glasgow		
Derby		
Huddersfield		

Note: Cities are the Travel to Work Areas of the Cities used in the State of the Cities database, with the addition of Aberdeen, Edinburgh, Glasgow, Swansea and Cardiff. A small number of cities removed for low sample sizes so the final sample is 53 cities.

Source: APS for 2009/10, using DfE calculation methods.

Exact figures not presented as confidence intervals cannot be calculated.