



14:19 Fund Academic Evidence Review

Report to Inspiring Scotland

Abstract

Inspiring Scotland has a key role to play in identifying and facilitating the transition of vulnerable young people into sustainable positions in the labour market. While unemployment and inactivity are low there is the need and opportunity to help vulnerable and hidden groups to realise their potential through bespoke support programmes delivered through the 3rd sector.

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1419 Academic Evidence Review

Executive Summary

- All levels of government have roles and responsibilities to support people to enter the labour market in a sustainable way. This requires effective and efficient partnership working across and between agencies and layers of governance and policy delivery.
- There have been numerous, complex and confusing changes to strategies, policies, programmes and agencies which can make the transition into the labour market even more difficult and challenging for vulnerable and hidden groups in society.
- As well as those who are homeless, care leavers, carers, ex-offenders, disabled and long-term sick, lone parents, children of migrants, some graduates and other young people up to the age of 30 may need support to gain access to sustainable employment. Existing programmes and agencies may not recognise the particular needs and barriers of these groups.
- Adverse childhood experiences can lead to barriers when trying to enter the labour market with a period without education, employment or training after leaving school leading to lifelong impaired resilience and scarring for young people.
- With record levels of employment, continuing education and training, only 3.7 per cent of school leavers now do not have positive participation outcomes on leaving school.
- Alternative measures and definitions suggest currently about 25,000 young people (about 4 per cent) are NEET with perhaps another 8 per cent on the margins of sustainable positions in the labour market.
- A high proportion of young people facing barriers to entering or staying in the labour market are Care Leavers (2700-4500), Young Adult Carers (1200-6000), the Homeless (4000), Ex-Offenders (1500), Children of Migrant Workers (70-100) while there are many with Disabilities (60,000) and Young Lone Parents (25,000) who struggle to enter the labour market. Many have more than one barrier to overcome.

- Extended integrated support to address multiple barriers is required for the long duration NEET groups rather than short term projects and schemes.
- Multiple and ongoing changes to the social security system have left many more young people vulnerable, marginalised and further from sustainable work. In a complex and confusing environment, the disadvantaged need mentors and adults whom they trust and have confidence in to support their successful transition. The Third sector is often best placed to deliver this support.
- Because of previous experiences or perceptions, some may not access or want to access departments and agencies of the state for advice and support. Third sector organisations may be better placed to provide guidance, support and bespoke help in facilitating their transition.
- Improved information gathering and sharing on individuals' transitions between agencies will allow better analyses and policy design over the next few years. Meantime continued interventions for vulnerable groups delivered by Third sector organisations will be essential.
- There are particular barriers facing young disabled Scots, many of whom also require support for prolonged periods through their 20s.
- For many disadvantaged young people there are challenges to accessing modern apprenticeships and other training opportunities. Third sector organisations are often well-placed to support engagement for those excluded from traditional routes to skills improvement.
- Homelessness is a particular problem for young single people, especially through family relationship breakdown, itself an indicator of transition challenges. Increased numbers of children being looked after through fostering, adoption or in care inevitably lead to further employability barriers for young people into their 20s as their education is disrupted.

- Problems of transition and progression worsen significantly with neighbourhood deprivation, although many issues are specific to the individual. Both at community and person level bespoke interventions are required.
- Significantly increased rates of poverty amongst adults under 30 make successful transitions both more difficult and more pressing for the individual and society. Precariousness in employment and self-employment means that improving entry points to the labour market and providing foundations for sustainable jobs is crucial for delivering the twin pillars of inclusion and competitiveness in Scotland's national economic strategy.
- Scotland's diverse geographies and local economies require labour market actions appropriate for their particular environments, respecting sectoral and locational peculiarities as well as supply side differences.
- Published (SDS) regional and local skills accounts identify expected labour demand in 2024 that new interventions could target for vulnerable groups.
- Most job openings are anticipated to be replacement demand in elementary and personal services occupations. Training and development for NEET and other vulnerable groups would help them to access these jobs and allow others to progress to higher positions in public and private sectors realising greater value added for the economy overall.

Disadvantaged groups: latest available statistics aged up to 25

<i>Care leavers.</i>	2700 – 4500 of those who have left care after age 15 at any one time will need aftercare up to the age of 25, with some requiring ongoing support
<i>Young adult carers</i>	1,200-6,000 young adult carers with barriers to entering and sustaining work
<i>Homelessness</i>	4,000 homeless with major barriers to gaining employment, education or training
<i>Ex-Offenders</i>	1,200 re-enter the labour market each year without moving into a job immediately, and many of the remainder will be in insecure positions and so similarly facing barriers to sustainable employment. In any year about 1,500 would benefit from support, guidance, and other support.
<i>Ethnic minorities</i>	About 70 children of Polish families enter the labour market as NEET each year and might benefit from dedicated interventions.
<i>NEET</i>	At least 25,000 young people under 25 are not in education, employment or training and, as they grow older, they become increasingly stigmatised, excluded from support and further from the labour market.
<i>Disabled</i>	About 60,000 under 25s are disabled with half facing labour market transition problems.
<i>Lone parents</i>	About 25,000 young women under 25 will have become a parent and be facing continuing issues with transition.

Review of Employability Policies from Scottish Government

This section offers a synthesis of the key policies launched by Scottish Government to support youth employment, their priorities and focus relating to young people aged 14-19 (in school) and 18-24 (post school).

The responsibility for providing and improving the employability of young people is shared between different levels of government and governance, from the European Union through UK and Scottish Government down to local authorities and communities. The higher levels tend to establish the strategic goals and ambitions, lower levels the implementation and delivery of policies, projects and activities. Within this framework, increased support for young adults to ensure they make a successful transition from education to work has become an important topic in the European Policy Agenda (Eurofound, 2014).

In 2012, the European Commission proposed a variety of policy measures to tackle the problem of increasingly high levels of youth unemployment and social exclusion (Eurofound, 2014). Structural problems within the labour market in European regimes as well as the recent economic crises are arguably to blame for education-to-work transitions becoming longer and more challenging (Furlong & Cartmel, 2006; Crisp and Powell, 2017). The content of such legislation and policy making can inform national, regional and global youth initiatives, programmes and projects that focus on youth issues. There is an assumption that expanding higher education will automatically increase economic growth and reduce social inequalities; however, globalisation, the outsourcing of the economy, the deregulation of labour markets, the onset of structural unemployment and the 'democratisation' of university has challenged this assumption, leaving government with much to consider with regards to policy making (Antonucci, Hamilton, & Roberts, 2014).

There is a policy gap in general for young adults in Scotland and indeed the rest of the UK. Research by NPI for the Joseph Rowntree Foundation (JRF) (2014) has found that young adults are being left behind in Scotland despite increasing numbers in further educational and attaining graduation post-compulsory schooling (Case & Paul, 2015). However, statistics released in 2017 show that there has been a marked improvement with Scotland having the third lowest youth unemployment rates in the European Union, after Germany and Slovenia, this year (<http://www.gov.scot/Resource/0052/00523618.pdf>). The former Scottish Executive in 2006 claimed to have a high policy salience for the 16-19-year-old NEET group, they had to concede, however, that

the difficulty in introducing policy to reduce numbers was exacerbated by issues with measuring the size and nature of the group (The Scottish Government, 2006).

As it has been reported that those involved in the community with the NEET group are concerned that the true picture is unclear, there is a need for a series of 'alternative measurement options' to be explored in order to accurately measure the NEET group; this will be discussed below.

Scottish Government has presented a variety of employability policies for youth employment, which detail its priorities and focus relating to young people aged 14-24, taking into consideration cohorts both in-school and post-school. In 2006, the Scottish Government set objectives to 'eradicate the problem of NEET the length and breadth of Scotland' (Arnott & Ozga, 2010), with the *More Choices, More Chances* strategy which sought to reduce the proportion of young NEETs in Scotland (The Scottish Government, 2013). This strategy worked in conjunction with the Employability Framework which aimed to help the most disadvantaged into the labour market as part of Workforce plus (2006). At this time, around 13.5 per cent of Scotland's young people were considered NEET, this figure has since increase to around 20-25 per cent (The Scottish Government, 2013, pp. 54-56), and stabilised at about 22-23 per cent currently (<http://www.gov.scot/Publications/2017/07/3569>).

The issue of NEETs linked into the government policy of *Opportunities for All* (2012) (The Scottish Government, 2012). This policy aimed to offer a place for learning or training to young people aged 16-19 who were considered NEETs. The policy collaborated with Skills Development Scotland, DWP Jobcentre Plus, the Scottish Funding Council and all local authorities (The Scottish Government, 2012). Once again, this narrow age range highlights a gap in policy as young people are only considered for specific support between the ages of 16-19; there is a severe lack of recognition of the needs of young adults in the policy landscape.

There is evidence from other jurisdictions, such as Northern Ireland, that it is possible to identify which young people are most likely to experience unsuccessful transitions into the adult labour market based on their early background characteristics (McVicar and Anyadike-Danes, 2002). In the context of Northern Ireland, though they also suggest these apply more generally, the pointers to problems of ongoing employability issues are related to poor qualifications at 16, unemployed fathers, not living with both parents at 18, having fathers who are not in the professional, managerial and related occupations, being female, living in particular geographical communities; other factors in the early 2000s were more specific to that region. The analysis and recommendations are consistent with those generated by adverse childhood experiences (ACE) and these are explored further below.

Following the 2007 economic crisis, the first of many reactive policies targeted at aiding youth employability and transitions was introduced. *Skills for Scotland: A Lifelong Skills Strategy*, proposed a commitment to young people that they can expect support as they navigate through the various routes of their transition into education, employment or training. The Skills Strategy proposed intervention must begin from the early years of a child's education, though this cannot be considered as an 'inoculation' against adverse childhood experiences (Eisenstadt, 2017), stating that a well-formed list of key elements which support positive development must be adhered to in order to give 'every child a strong start in life' (Scottish Government, 2007; p. 14).

These key elements include: supporting parents to nurture and stimulate their children away from the classroom, prioritising pre-school education, a targeted focus on children who are identified as living within vulnerable circumstances, and a specific focus on transitions from pre-school to primary and to high school. Although early years education is not the focus of this research, it is worth mentioning as it indicates that primary intervention and continued support through mandatory education is the focus of the Scottish official approach through successive Holyrood governments in order to identify issues of numeracy, literacy and familial support as early as possible.

The Skills Strategy (2007) stated that its principal focus was the transition of young adults from secondary school into adulthood; to do this a commitment to presenting clear pathways for transitions as well as governmental support is seen as key in providing opportunities for all of Scotland's youth. A particular focus was placed on developing more 'engaging models of work experience and learning and teaching about enterprise and ensure that young people are aware of the full range of options available to help them recognise and develop their skills' (Scottish Government, 2007; p. 17).

In sum, Skills for Scotland was a dedicated policy targeted at very young children and aiming to support these children through education and into adulthood. This policy approach places a very specific importance on the role which formal (School) and informal (family) education plays in the development and subsequent transition of children into young adults. Nevertheless, events and experiences during these early years may impact adversely on a child's progression through childhood and have long-term implications for their transition into work; so that support may be necessary in late teenage years and beyond.

Other policies fit into a similar spectrum; however, they have not been as long-term as *Skills for Scotland*. These have embraced *Action for Jobs: Supporting Scots into Work* (2012), (an all-Government, all-Scotland approach to supporting youth employment) and *Skills for Scotland:*

Accelerating the Recovery and Increasing Sustainable Economic Growth (2010). These confirm the Scottish Government commitment to training and skills which sets out a flexible, responsive, partnership approach to managing Scots skills in order to boost economic recovery', but this is not exclusive to youth.

The Targeted Employer Recruitment Incentive (TERI) was introduced in 2011 and closed in 2015. This was an incentive for employers (around £1500 per individual) to assist the transition of young people who have one or more of characteristics which make them vulnerable to problems with progression in the labour market into sustainable employment: a disability, an additional support need (ASN), a background as a care leaver or carer, or an ex-offender. An additional £500 per individual was given to employers for additional employability support. This money was to be provided by Skills Development Scotland (SDS), on the basis that this would secure sustainable employment for these young people, and that addressing their individual needs would be tailored through dedicated training, mentoring and coaching.

This incentive was targeted towards a much broader cohort: the 16-29-year-olds. This incentive took into consideration young adults with very specific backgrounds, therefore it could afford to be much broader in the catchment of the young adults which it included. Nevertheless, this initiative (and others mentioned later in this review), had an expiration date and was subsequently replaced by Scotland's Employer Recruitment Incentive (SERI) (2015), in conjunction with *Developing Scotland's Young Workforce: Scotland's Youth Employment Strategy* (2014). This progressive creation and substitution of schemes and programmes contrasts with the more stable regime of active labour market policies in the Nordic, Dutch and German systems, reflecting very long established different approaches overall to training and workforce development.

SERI was launched in 2015 with a similar commitment to TERI – to assist employers in supporting young people into work. This initiative was put on hiatus during the Chancellor's budget review in December of 2015, as there were concerns as to how the budget review would affect the progression of this policy action. SERI recommenced in 2016 and closed at the beginning of 2017. This time, SERI has placed a particular focus on the recruitment of Modern Apprentices so long as they fit the criteria (the same as it had been with TERI).

SERI was developed in consultation with SDS and local government, business and Third sector organisations, and should adhere to recommendations that have been made within the *Developing Scotland's Young Workforce* strategy. Much like TERI, SERI focuses on supporting young people who

find it the most difficult to access the labour market. SERI offers employers up to £4,000 per young person in their commitment to providing them with a job or a new Modern Apprenticeship. Further funding is available - *Open Doors Consortium In-Work Support Package 16-19-Year-Olds* - for additional costs of recruiting and sustaining a young person during their first 52 weeks (http://www.employabilityinscotland.com/media/578235/odc_factsheet_16-17_update_partners_-_18_aug_2016_2.pdf). However, as its title indicates, this did not consider the full catchment of cohorts under SERI, only the 16-19-year-olds who were receiving support through SERI. An additional £500 is paid to employers if they provide the Living Wage. The Scottish Government insists that 'This incentive is not a handout to companies – it is a co-investment in young people with a view to helping business grow' (Scottish Government 2015; p. 1). The website is unclear on whether the fund has reopened since early 2017.

In response to recommendations put forward to Scottish Government in the *Education Working for All!* report, *Developing the Young Workforce – Scotland's Youth Employment Strategy* was published in 2014. This plan will remain in place until 2021, and aims to improve the options offered to young people, reduce youth unemployment by 40 per cent to the levels of the best performing economies in Europe. Both the Scottish Government's Programme Board and the National Advisory Group will oversee the progress of this plan. The role of the Programme Board and Advisory Group is only to advise on the implementation of Government plans, they do not have any role as decisionmakers or policymakers in the implementation process so are not accountable in this regard.

In 2013, the Youth Employment Scotland Fund was introduced in order to help 16-29 year olds into work. As was the case with many such initiatives, initially the age criteria did not consider those older than 24, however this was extended to include young adults 29 years old or younger in 2014. There is a rationale for this recommended extension in the academic literature, where almost all 'young adult' social policy discussion and debate considers a cohort between the ages of 18 and 30 as appropriate for analysis and intervention, with some arguing that it should reach to 32.

This fund is another government policy which acts as an incentive for employers. Employers who are eligible for this support include: small or medium sized businesses, large enterprises in the private sector, social enterprises and local authorities. It is estimated that this Fund will create up to 10,000 employment opportunities for young people. The £25million package of support is delivered through local authorities, who then provide financial support to employers for at least 26 weeks – covering a minimum of half the salary costs at the National Minimum Wage (NMW). It is hoped that these

employer collaboration policies ensure that Scotland's young people are given opportunities to transition into gainful employment.

Opportunities for All – Supporting all young people participate in post-16 learning, training or work (2012) sets out plans which expand beyond government intervention and brings in Third sector or private companies to become involved in the skills development and support of Scottish youth. This initiative covers a small bracket of cohorts, although at a particularly transient time in their life development. At age 16, young people are given control of their futures as compulsory education can end at this age. Sixteen-year-olds are given the opportunity to enter the world of work, move onto further education, Activity Agreements, or training programmes, all of which can be provided through the Third Sector, Community Jobs Scotland and the Department of Work and Pensions (DWP).

This opportunity is available only for those who are aged 16-19 and NEET in Scotland. *Opportunities for All* is an amended and renewed policy initiative that has been developed from previous 2008 initiatives and frameworks, such as: *More Choices, More Chances Partnerships* (Local Authority and Multi-Agency led), *16+ Learning Choices and Practice Framework* (updated 2012), *Post-16 Transitions: Policy and Practice Framework: Supporting all young people to participate in post-16 learning, training or work*, and *Post-16 Transitions: Data Practice Framework: Supporting all young people to participate in post-16 learning, training or work*. *Opportunities for All* is heavily reliant on a multitude of partners and resources which it assumes can all work together coherently in supporting Scottish Youth. The Scottish Government has pre-empted divergence in cohesion amongst these varied sources by holding them to account under the *Post-16 Education (Scotland) Act 2013*, and the *Young People's Involvement in Education and Training (Provisions and Information) (Scotland) Order 2014* – which has set out a legal framework and responsibilities for the objectives of this policy to be fulfilled by these varied sources.

In 2010 and 2012 new flexicurity-inspired measures were developed in response to the increasing numbers of youth unemployment; flexicurity is a portmanteau of flexibility and security and describes a welfare state model with a pro-active labour market policy first pursued in Denmark. This involved severance pay for fixed-term contracts and provided deductions for firms that recruited young adults under the age of 30 on permanent contracts – which aimed to reduce temporary employment among young people (Antonucci, Hamilton, & Roberts, 2014). *Community Jobs Scotland* (CJS) was introduced in 2011, with the aim of providing young adults with jobs within Third sector organisations. CJS aims to support unemployed and vulnerable young people aged 16-29 into paid job training opportunities through the Third Sector (Employability in Scotland, 2015). So far, £40 million has been invested into

CJS by the Scottish Government and it has created around 7,670 job training opportunities across Scotland (SCVO, 2017: <http://www.scvo.org.uk/jobs-employability/cjs/>). This programme has moved young people away from being long term benefit claimants, provided a real job with a real wage when few were available and also has community benefits through expansion, citizenship and cohesion (Employability in Scotland, 2015).

However, CJS has faced criticism: it has limited ability to engage private sector employers because jobs are required to have a community element of community benefit and this has decreased the potential for maintaining a long-term job (McTier & McGregor, 2013). Moreover, it has been claimed that there has not been enough support given to voluntary and community sector employers and there has not been great emphasis on progression from CJS into sustained work (McTier & McGregor, 2013). Additionally, the age bracket for any young person from any background is limited to 16-24, the extension of the age range to 29 is only for care leavers and other vulnerable groups, and those with a disability or a long-term illness (McTier & McGregor, 2013).

Scottish Government has made some attempts to help young people transition without 'risk', however the age brackets considered do not comply with scholarly research. To reduce youth unemployment, underemployment and long term scarring it can be argued that the Scottish Government must: adapt to create more effective policies to help young graduates cope with the strain of making a successful transition into the labour market and adulthood, as well as to recognise that individuals up to the age of thirty should be considered a young adult when considering new policy interventions. The trend towards spending on training opportunities has meant a lack of investment in social security coverage for young people, as explored below in the section on the impacts of welfare changes, which has had a negative impact on skilled graduates in the labour market as they are still affected by precarity.

Employability Initiatives

Policy / Initiative	Unemployment Rate at Implementation
<i>More Choices, More Chances Strategy (2006)</i>	12.0%
<i>Skills for Scotland: A Lifelong Skills Strategy (2007)</i>	11.7%
<i>Skills for Scotland: Accelerating the Recovery and Increasing Sustainable Economic Growth (2010)</i>	17.0%
<i>Community Jobs Scotland (CJS) (2011)</i>	19.0%
<i>Opportunities for All – Supporting all young people participate in post-16 learning, training or work (2012)</i>	20.3%
<i>Action for Jobs: Supporting Scots into Work (2012)</i>	20.3%
<i>Post-16 Education (Scotland) Act (2013)</i>	19.7%
<i>Youth Employment Scotland Fund (2013)</i>	19.7%
<i>Young People’s Involvement in Education and Training (Provisions and Information) (Scotland) Order (2014)</i>	16.4%
<i>Developing Scotland’s Young Workforce: Scotland’s Youth Employment Strategy (2014)</i>	16.4%
<i>Scotland’s Employer Recruitment Incentive (SERI) (2015)</i>	15.0%

Source: Statista (2017)

Analysis of data relating to youth labour market activity in Scotland

Against the developing policy context described above, statistics and other labour market intelligence have been collected and analysed to offer a set of indicators of rates, problems and developing issues. Many of these data series themselves have also been subject to changes and redefinitions. Each iteration in coverage, definition and interpretation leads to confusion in understanding who is facing challenges in transition, how many, why, etc. This section looks at the data and studies on those not in work, training or education.

Summary Statistics

Young workers (16-24) in Scotland saw the main impact of the recession with their employment rates reducing from 60.7 per cent in 2008 to 52.6 per cent in 2013, starting to recover until 2015 and then decreasing slightly to 55.7 per cent in 2016. Over the more recent period from 2013/14, employment rates have increased significantly for young women (18-24) from 56.4 per cent up to 65.4 per cent in 2016/17, surpassing the equivalent for men, which increased from 61.3 per cent to 63.7 per cent. These compare with the employment rates for 25-34-year olds (80.8 per cent) while 35-49-year olds had the highest rate across the population at 81.9 per cent, for both age groups these have remained around 80 per cent from 2004 to 2016, indicating a high resilience to economic change.

According to the Annual Population Survey, the youth unemployment rate in Scotland decreased by 2.3 percentage points over the year to 12.0 per cent in 2016 (Scottish Government, 2017a). Latest data from the annual population survey show large falls for young men aged 18-24, down from 19.7 per cent to 10.2 per cent between 2013/14 and 2016/17 and for young women a steeper fall to 5.9 per cent from 15.2 per cent. Unemployment by duration has declined for both sexes according to the Jobcentre Plus administrative system with two-thirds on the claimant count registered for under 6 months. "Economic inactivity", however, has shown an increase from 23.7 per cent to 29.1 per cent for young males but a marked decline for young women, from 33.4 per cent to 30.5 per cent 2013/14 to 2016/17. As these particular data are gathered from different sources with varying definitions, it is not straightforward to explain much of this convergence and suggests better labour market data are required to inform analysis, policy and practice. Further discussion below attempts to reconcile some of these contradictions and mixed messages.

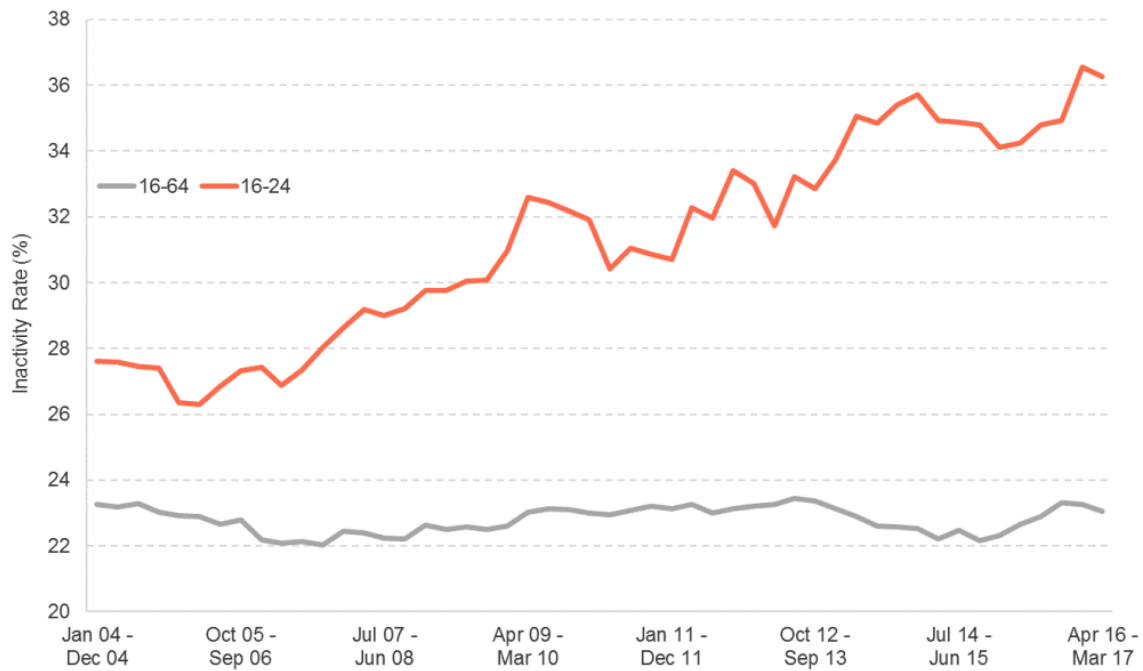
Of young people aged 16-19, 10.7 per cent were NEET (not in education, employment or training) in 2016, an increase of 1.1 percentage points over the year, although lower than 11.3 per cent in 2013 (Scottish Government, 2017a).

The increase in the economic inactivity rate for Scotland over the year to 23.2 per cent was driven by higher rates for women, increasing from 26.1 per cent in 2015 to 27.5 per cent in 2016. The largest increases in the economic inactivity level over the year were for those aged 16-24 and 35-49.

Over 50 per cent of the 793,700 economically inactive people in Scotland were not working or available for work because they were long-term sick or students. Notably, the increase in economic inactivity levels since 2008 is driven by increases in the number of students; this could be considered as investment in future human capital and skills, or as hidden unemployment showing the need to analyse the data carefully.

Excluding students aged 16-24 in full-time education, 149,600 people in Scotland in 2016 aged 16+ had never been in employment. Within the 16-24 age group alone, 41,400 are estimated never to have had a job.

The latest labour market statistics seem to suggest a significant problem is developing regarding rising inactivity rates, however, the actual picture may be less clear with moves into education and further training obscuring any actual exit from the labour market for other negative reasons. Nevertheless, many young people perhaps may have been moving into self-employment and this is also problematic according to recent studies (Danson et al., 2016), with poverty and insecure work growing this area of the precariat. Further research and insights on these issues should be facilitated by data from the SDS longitudinal data sharing exercise in a couple of years.



Inactivity rates, Scotland, (McIntyre, 2017, based on <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/headlinelabourforcesurveyindicatorsforscotlandhi11>)

Statistical series are nowadays often based on surveys, administrative data and other sources so that counts and rates of unemployment and inactivity may not be reliable at local and regional levels, but sometimes even for national publications. A range of data is presented here, therefore, with incomplete or contradictory results themselves highlighting where issues may be revealed by further investigation.

Participation of Young People in the Labour Market, Education and Training

Overall, on consistent measures of labour market status, Scotland outperforms the rest of the UK for employment, unemployment and inactivity rates amongst 16-24 year olds:

Scotland compared with UK

- Higher youth employment rate (59.3 per cent vs. 54.0 per cent)
 - Lower youth unemployment rate (8.4 per cent vs. 11.8 per cent)
 - Lower youth inactivity rate¹ (35.3 per cent vs. 38.8 per cent)
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<http://www.gov.scot/Resource/0052/00523618.pdf>

Looking at longer term trends, in Scotland youth employment rates have generally improved during 2016/17, however these rates are still lower than those documented in 2008/09. There is a 3.4 percentage point difference between these dates of youth employment. This trend is also the same for the UK as a whole (down 1.6 per cent from 55.4 per cent).

Having a range of definitions, intelligence and statistics on who is having problems in securing a positive transition into and within the labour market is a major issue and source of confusion in analysis and policy terms. This is also important for those trying to help such young people, and so there have been developments in the collection and collation of data in Scotland to improve labour market intelligence on education, training, employment and other indicators of the progress of young people.

Consistent Statistics on school leavers

In May 2017, to streamline the variety of ‘School Leaver Destination statistics’ and make information more reliable and consistent, these multiple sources of initial school leaver destination statistics - SDS, Scottish Government (via their national statistics publications and Insight) and Parentzone (hosted by Education Scotland) were replaced with the Annual performance or ‘*Participation Measure*’ (Scottish Government, 2017b). This is now the official data source for the Scottish Government National Performance Indicator: ‘Increase the proportion of young people in learning, training or work’. This new measure takes account of all statuses for individuals over the whole year (1st April – 31st March) and is based on which of the headline classifications (participating, not participating and unconfirmed) has the highest number of days; this compares with the former methodology of recording an individual’s status on a single day.

Of the 217,490 individuals aged 16-19 in 2016/17 included within the annual measure cohort, 91.1 per cent of young leavers were in confirmed ‘positive destinations’ (Scottish Government defines positive destinations in this context as school leavers being in education, training or employment). Comparing these results with the previous year, on the same statistical basis, this represents an increase of 0.7 percentage points from 90.4 per cent in 2016. Within this category, 71.1 per cent were in education, 18.1 per cent in employment, and 1.8 per cent in training and personal development. Only 3.7 per cent were not participating: unemployed seeking employment (2.1 per cent) and others unemployed and not seeking (1.6 per cent), e.g. economically inactive. Those with an unconfirmed status accounted for the remainder at 5.3 per cent, though it is believed a proportion of those are in employment (most of these with unknown status being 19 years old).

Performance Measure: 16-19 status

91.1 per cent in ‘positive destinations’

71.1 per cent in education

18.1 per cent in employment

1.8 per cent in training / personal development

3.7 per cent not participating

2.1 per cent unemployed seeking employment

1.6 per cent unemployed and not seeking

5.3 per cent unconfirmed status

This improvement on the new data series shows a continuation of gradual progress in leaving destinations from the previous data series, with each age cohort reporting an increase in participation

in learning, training or work. Before this new measure was introduced, the percentage of school leavers in a positive initial destination had gradually increased over a five-year period, from 2011/12 (90.1 per cent) to 2015/16 (93.3 per cent) measured on a different but comparable basis.

By the age of 19, half (50.7 per cent) were participating in further or higher education, 9.8 per cent were on a Modern Apprenticeship, 21.7 per cent in some form of employment, and 1.2 per cent in one of a variety of other forms of training and personal development. Together these aggregate to 83.4 per cent 'participating'. Fewer than 1 in 50 of 19 year old young people was unemployed (1.9 per cent), about the same as economically inactive (1.8 per cent); only 0.7 per cent were unavailable due to ill health and 0.1 per cent were in custody, so that 4.5 per cent of this age were not participating. The 19 year olds with an unconfirmed status reached 12.0 per cent, with loss of contact with agencies and databases increasing with time from leaving school. Stronger than the results for the whole 16-19 age groups, employment increased by 2.6 percentage points while education participation declined by 1.0 percentage points and unemployment by 1.6 percentage points.

Across the 16-19 cohort, about 4572 or 2.1 per cent were unemployed and seeking employment or training. Notably, 17 and 18 year olds have the highest rates of unemployment, lately because they have not been transitioning into jobs at the rates achieved by those who are 19. Females account for 60 per cent of the unemployed who were not seeking work.

Equalities and vulnerable young people

Skills Development Scotland has a duty to ensure their services are accessible and inclusive of all. Key to achieving this is the collection of such data and analyses for monitoring and review of their services, identifying and addressing barriers faced by particular groups. While they have expressed a desire to include care leavers, for instance, currently their shared databases do not allow this, although the better coverage of the Participation Measure and further improvements and developments should ensure that their data are sufficiently robust to support analysis and appropriate interventions. For now, there is analysis of participation by gender, ethnicity and disability based on data captured within the shared data set.

Rates of participation for different groups

Gender: The insights into participation disaggregated by gender, ethnicity and disability generally reveal that females and most BME groups fare relatively well. Females are more likely than males to remain in education (75.6 per cent compared with 66.9 per cent), but less likely to be in work (14.5 per cent compared with 21.5 per cent), though there are questions over whether early entry into the labour market is beneficial in the longer term (McVicar and Anyadike-Danes, 2002). Under 1 in 10 young women are in the other categories (9.9 per cent) and 11.6 per cent of young men.

Ethnicity: Across almost all indicators, all BME groups: Mixed or Multiple; Asian; African; Caribbean or Black; and Other ethnic groups have been performing well in the participation indexes acquiring higher levels of human capital through more prolonged periods at school and progression to higher education. The Equalities Action Plan demonstrates that high participation levels in Higher Education (HE) in comparison to Modern Apprenticeships are due to cultural beliefs for many BME schoolleavers. Parents push their children to pursue HE because they do not believe vocational qualifications such as apprenticeships carry the same weight in the marketplace. Currently, their higher participation in HE is not reflected subsequently in employment rates, with about a 10 per cent difference between BME groups and the rest of the population: 61 per cent of BME groups are in employment compared to 72 per cent of the rest of the population.

Migrants: Conversely, their unemployment and inactivity rates are lower than the national average. As asylum seekers and refugees are outwith most of the statistics, and labour market participation in whatever form is restricted or simply not allowed by law, there are undoubtedly challenges and barriers to many of these migrants enhancing their skills and expertise, gaining labour market

experience and entering employment; undoubtedly there are long term individual and societal consequences from these barriers.

'Hidden' groups: Although children of ethnic minority communities perform better than the population overall, there are two significant issues making some hidden from official statistics: where young people from families where English is not the heritage language are late into entering the labour market after higher education so that they are doubly disadvantaged, and those who have been brought up bilingually with issues with both English medium subjects and with their "mother's tongue". The latter affects many of the 12,000 children raised in Polish families and they need interventions to help them realise the benefits of being bilingual as they face some barriers /disadvantages in entering the labour market because their English skills are not as good on average as others. They do not appear in the statistics because they are not BME and too few have been through the system to generate meaningful statistics as their parents only arrived post 2004 EU Enlargement. "The 'Scottish Government should clearly define and reflect in statistical analysis what it means by 'Ethnic and Cultural Minority communities' not only predicated on colour of skin but reflecting the broad definition outlined by EHRC and the demographics of Scotland". (http://www.parliament.scot/S4_EqualOpportunitiesCommittee/Inquiries/BEMIS.pdf). There may also be significant issues for minority groups such as Gypsy-Traveller but their particular activity rates and challenges are also hidden in aggregate statistics. Like other minority vulnerable groups, longitudinal analyses in the next few years should reveal much more targeted understanding of degrees of exclusion from the labour market and allow more bespoke interventions which address their barriers and realise their potential.

Disability: The statistics on those identified as disabled cover 5,598 young people accounting for 2.6 per cent of the 16-19 age group. Their participation rates in education and employment are lower than average while they are over-represented in training and other development activity, unemployment and inactive which are all significantly higher. Although having a positive participation status by the youngest disabled has increased, all forms of (in)activity have changed by the same percentage points as for the population of that age group as a whole. There is a tendency for disadvantages at younger ages to have long term implications for future job and education prospects (McVicar and Anyadike-Danes, 2002; NHS Health Scotland, 2017) so these statistics suggest a need to ensure that young disabled school-leavers be supported into their twenties and for longer than many other groups. As the Equalities Action Plan argues, many employers have an unconscious bias against disabled applicants, as they do not have a real understanding of the definition of 'disability' and

therefore underrate disabled persons' skills; support to overcome such discrimination is essential if young people are to realise their aims and ambitions.

Deprivation: In the period 2015/16, 96.6 per cent of school leavers from the 20 per cent least deprived areas were in a positive initial destination, compared to 88.7 per cent from the 20 per cent most deprived areas. Of school leavers who are regarded as being within the most deprived 20 per cent, the percentage who are in a positive initial destination has increased 4.8 per cent over the last five years (from 83.9 per cent in 2011/12 to 88.7 per cent in 2015/16). Of school leavers who are regarded as living within the least deprived 20 per cent, the percentage in a positive initial destination has increased by 1.5 per cent over the last five years (from 95.1 per cent in 2011/12 to 96.6 per cent in 2015/16) (<http://www.gov.scot/Resource/0051/00514925.pdf>)

The Annual Participation Measure with more extensive coverage, and so not strictly comparable for trends based on historical SIMD data, also shows a further narrowing of the participation gap with the 20 per cent least deprived areas with 96.3 per cent actively participating against 84.8 per cent in the 20 per cent most deprived, improvements of 0.1 percentage points and 1.5 percentage points respectively since 2016. Training and personal development – usually interventions for those on the margins of the labour market, unemployment, inactivity and status unconfirmed all monotonically rise with degrees of deprivation. Staying in education similarly tends to increase with income and other indicators of overall prosperity of a community, whereas employment is highest for those areas in the middle of the SIMD distribution and lower at each end of the spectrum.

Participation varies by group

Females better outcomes than males

BME stay longer in education with higher human capital

BME lower employment rates later

Migrants lower unemployment and inactivity

Children of Gypsy-travellers, migrants, asylum seekers and refugees have problems and challenges hidden from statistics

Disabled face initial and lifelong problems

Some closure of attainment gap but deprivation still challenging

Commentary of the problems of young people who are neither in education nor employment

Research conducted by St. Andrews University (Feng, et al., 2015) has found that young people who choose not to pursue further or higher education, employment or training after leaving school, are vulnerable to 'risk' and could face damaging experiences which could lead them to being 'scarred for life' (The Herald, 2015).

The research suggests that young adults who are classed as NEET face health implications and are far less likely to lead productive lives in comparison to their non-NEET counterparts. Furthermore, 2011 research into young adults who were NEET a decade earlier found them to be three times more likely to be unemployed or economically inactive compared to peers who had progressed into employment, education and/or training. Moreover, within this cohort of NEETs, there was a notable disparity in mental health (anxiety and depression) conditions with those on the margins of the labour market faring significantly worse.

School leavers with no qualifications at 16-years-old were up to eight times more likely to be inactive immediately after leaving school. Additionally, having a higher-than-average number of siblings and living in social housing also carried further risk factors. Those who are NEET also tend to live in poorer areas. These characteristics are similar to those revealed through research in Northern Ireland and referenced above (McVicar and Anyadike-Danes, 2002).

In 2015, around 8 per cent (21,000) young people in Scotland were classed as NEET (Feng, et al., 2015).

Although the age bracket for consideration of NEET covers school leavers, 16-19-year olds, much of the academic literature regarding youth transitions has classed NEET as being a young adult of any age between 18-30 not in employment, education or training (Antonucci et al., 2014; Antonucci, 2016; Standing, 2011; Furlong and Cartmel, 2006; Roberts, 2009).

The proportion of 16-19-year olds who are not in education, employment or training (NEET) is a key measure which feeds into the Scottish Government's *Opportunities for All* policy, which is the Scottish Government's commitment to an offer of a place in learning or training for every 16-19-year-old, with a specific focus on young people not in education, employment or training. This policy brings together a range of existing national and local policies and strategies, including *More Choices More Chances* and *16+ Learning Choices*.

The St Andrews' study is longitudinal, using the Scottish Longitudinal Study (SLS) which has data linked from the 1991, 2001 and 2011 Censuses. This linking allowed Feng et al. in their report to the Scottish Government the capacity to look at different cohorts: those that were of age 16-19 at each of the three censuses. Feng et al. examined the risk factors of being NEET for these two cohorts (1991 and 2001) and used this identity to examine 20 and 10-year outcomes: for those that were of age 16-19 at the 1991 and 2001 censuses respectively. And so, analyses can be repeated on different cohorts and results compared between them.

One unique feature of the SLS is that it links to a wide range of administrative data such as vital events (e.g. birth, death), hospital discharges, and prescribing data. In addition, the SLS has been linked to school census data which include information on free school meals, exclusions, absences and educational attainment. A number of socioeconomic and health outcomes have been examined for young people who were NEET. They include economic activity, occupations, limiting long-term illness, hospital admission following an A&E visit, hospital admission following an A&E visit due to self-harm, depression and anxiety, and drug misuse.

Those who were NEET in 2001 and those who were NEET in 1991 consistently demonstrated significantly poorer labour market and health outcomes 10 and 20 years later. For example, for those aged 16-19 years in 2001, there is a 'scarring effect' apparent in their economic activity: in comparison with their non-NEET peers, NEET young people were more than 2 times more likely to be unemployed or economically inactive 10 years later.

NEET experiences are associated with a higher risk of poor health in the long-term. The risk for the NEET group is 1.6 – 2.5 times greater than for the non-NEET group, varying with different physical health outcomes.

Young people who were NEET in 1991 and remained economically inactive in 2001 consistently demonstrated significantly poorer outcomes in 2011 than those who were non-NEET in 1991 and economically active in 2001 and those who were engaged in employment or education in either 1991 or 2001. This suggests that there is a cumulative effect of being out of employment or education on later life chances and this group is the most disadvantaged that needs continuing support.

Young people who changed from NEET status in 1991 to employment or education in 2001 have lower risks of poor life outcomes compared with those who were consistently in disadvantaged positions. However, the negative effect of NEET status in 1991 was not fully discounted by the later engagement in employment or education, indicating the long-lasting detrimental effect of NEET experiences.

NEET Early problems have long term scarring effects

Negative impacts on health, employment, education

NEET, educational attainment, qualifications and university participation

Analysis of the SIMD statistics confirms that there are no simple place-based pictures of educational outcomes and labour market participation. At the level of the neighbourhood as defined by the SIMD, there are not strong place-based correlations between attainment in school and progression to university or other higher education institutions, between attainment in school and NEET status, or between having no qualifications and being NEET. While fewer than 5 per cent of 17-21 year olds enter into full time higher education from 30 per cent of Scotland's neighbourhoods, in some of these areas with no one participating in university or equivalent there are also no young people recorded as not participating in some form in the labour market (NEET). Interventions based just on place or neighbourhood, therefore, can miss many young people with challenges to gaining and sustaining access to employment, training and lifelong learning.

These statistics are consistent with previous work which has revealed that disaffected young people who apparently have problems engaging with education, training and work tend to face difficulties for quite individual and personal reasons which often are not typical of their local peer group. Nevertheless, there may be economies of scale and scope in interventions which deliver at the community or town/city level where there are numbers confronting the same sorts of barriers and challenges. The corollary is that smaller rural and remote populations may require alternative approaches, and certain individuals and groups may benefit from support outwith their neighbourhood.

Aggregating latest data to the local authority level, as available from the new Annual Participation Measure for 16-19 year olds, shows that the variation between the highest and lowest participation rate is 9.3 percentage points; the central belt, outwith middle class commuting suburbs, have lower rates. However, there has been a tendency for rates to fall in some parts of rural Scotland in the last year with an overall increase elsewhere. This confirms the benefits of a more detailed consideration of persistent but evolving issues at the local authority level and these are explored in a later section.

No simple place-based explanation of NEET problems

Need interventions targeted at individuals and groups

*Higher levels of problems in peripheral estates of cities, parts of rural
Scotland*

NEET Risk factors

In general, the important risk factors are the same for both genders and for the two cohorts analysed - those observed as NEET or non-NEET at ages 16-19 in 2001 and 2011. School factors such as educational attainment, time absent from school, number of exclusions are important as well. For females, teenage pregnancy is also a noteworthy factor. Household factors are also significant. For example, living in a renting household and living in a workless household increase the risk of becoming NEET. The local NEET rate is an important factor for both cohorts and genders, with the risk of NEET increasing with the local NEET rate.

The findings from this research provide new evidence of the long-term scarring effect of being NEET and will aid the identification of young people most at risk of becoming NEET. This research will help inform policies aimed at allowing the Scottish Government to achieve its objectives around supporting young people into post-16 education, training and employment. In particular, the different research studies are consistent in highlighting the key importance of adverse childhood experiences and household characteristics: vulnerability at 16 has lifelong impacts on employability and other life chances. Early interventions are critical for altering paths of individual development to the benefit of the young person, their family and to the economy and society as a whole.

Risk Factors

Adverse childhood experiences and household characteristics:

vulnerability at 16 - lifelong impacts on employability and other life chances
living in a renting household and living in a workless household
disaffected young people need tailored help

Critical to the evolution of improved interventions is better understanding of how these adverse experiences and environments affect the individual child. Applying administrative data to this monitoring and evaluation has first reaffirmed the broad correct direction of travel of the policies and understanding of the NEET population. Second, the ongoing analysis is beginning to confirm that, for some, NEET status may be a very short-term position which can be addressed with targeted measures or alleviated with time with no long term adverse impacts. For those with deeper and more intransigent problems in the NEET group, longitudinal cumulating data at the level of the individual level will allow comprehensive analyses to be undertaken of the vulnerable and 'hidden' groups,

especially where numbers are relatively small and so not picked up in national surveys, and targeted support offered for the young person. Sophisticated group analyses will become realistic over time as the efficacy and effectiveness of interventions can take several years to prove they have positive sustainable outcomes; therefore, within the next two years or so Scotland should have a world-leading set of intelligence on what adverse childhood experiences impact on young people and how. This should allow further improvements in the design and delivery of life-changing interventions for all.

In the current period, before a better idea of ‘what works’ can be more definitively disseminated, interventions at the individual level will be informed by the confidential sharing of data between partners who are involved with the particular young person up to age 25. Longitudinal information, capturing critical events and challenges, is collated at least fortnightly and shared as required through SDS so that a comprehensive picture of the history of problems, supports, environment and other circumstances of the young person are available to the agencies who are involved in their lives. Services providers for the NEET person include education at all levels, local authorities, health and others.

However, there are gaps in data collection, for example pupils at private schools will not be covered until they move onto SAAS, further or higher education, into work (through the HMRC), or onto social security benefits all up to the age of 25. This data trail of issues, interventions and feedbacks offers a very detailed and well-informed understanding of individual journeys; and analyses of these collectively should improve understanding of the impacts of critical events and of vulnerable groups’ particular problems and solutions.

As suggested in the SDS Equalities Action Plan for Modern Apprenticeships (2015) with regard to equality of access, it is apparent from literature, experience and commentaries (including interviews conducted with representatives of agencies conducted for this report) that not all young people, and perhaps especially some of those who are vulnerable and in hidden groups, are willing or attracted to interacting with the agencies of the state, such as SDS (https://www.skillsdevelopmentscotland.co.uk/media/40691/2869_sds_equalities_action_plan_digital_v7.pdf). The youth, their parents or peers may encourage such attitudes so that acceptance of barriers to conversations and guidance may be a realistic stage in supporting those in need of help. In these cases, in particular the Third sector and other non-governmental organisations can offer to act in partnership with government and its agents.

Helping build the resilience of young people will improve their employability, address mental health issues, and identify alternative life opportunities and chances. This process of transition requires the young person to develop trust and have confidence in the advice and guidance being offered, and so in the mentor offering this. Trained Careers Guidance officers and bodies such as Inspiring Scotland demonstrate such qualities and so have a crucial role to play in ensuring that Scotland's strategies and policies for young people are delivered successfully. However, the former professional staff are not equipped to help youths with a range of difficult issues to meet many challenges, and so a partnership approach is essential.

Policy delivery therefore needs to be flexible and customised at the level of the individual young person, and crucially with partnership working and careful sharing of information about their own story and path travelled. The system underpinning delivery must be constructed to meet the needs of carers, care leavers, the homeless, ex-offenders, etc. with local agents empowered to intervene appropriately and over sustained periods when necessary. There is often a key role for non-state organisations in the Third sector to be involved at the interface between these agencies and the young person.

Interventions

Improved individual and group data allowing improved analyses

Partnership working across agencies crucial

*Building trust and confidence between organisations and young people
essential to build their employability*

*Role for Third Sector in engaging and supporting disaffected and
vulnerable youth*

Impact of Welfare Changes

The Welfare Reform Act 2012 introduced major reforms to the UK welfare system. The aim of the Act was to improve work incentives and simplify the benefits system (Graham et al, 2016). Little is understood about what changes in the benefits system means for low income members of the older age group of 25-34 years and how this may impact their housing options. Of particular concern is the increasing of the age before which young people are treated as being fully adult within the social security legislation since this affects their housing options. Housing Benefit reforms restrict where low income young adults may live and increase (continued) dependence on parents, and their willingness to support their older children even though they receive no assistance from social security for this purpose. Three areas of reform are being analysed to gain a deeper understanding of the interconnections between reforms relating to both housing and welfare policy on younger people aged between 25 and 34 years old.

The main areas of reform identified for analysis are:

- The increases in the non-dependant deduction (NDD) rates from April 2011-14;
- The under-occupancy reduction in benefits in the social rented sector from April 2013 (although becoming less relevant in Scotland); and,
- The increase in age of those affected by the shared accommodation rate (SAR) applicable in the private rented sector from January 2012 and being applied to social rented tenancies signed after 1 April 2016, with the entitlement changing from 1 April 2018.

It remains unclear why (other than to reduce the budget deficit) the SAR was extended to 25-34-year olds in 2012. Shelter (2016) question whether this change implies that people who are unable to afford their full housing costs should share accommodation or continue living with their parents until they are aged 35. In David Cameron's Tory Conference speech in 2015, he recognises this by saying 'a generation of hardworking men and women in their 20s and 30s are waking up each morning in their childhood bedrooms – that should be a wakeup call for us.'

Barnardo's 2016 welfare reform report described how demand for their services has increased due to the concern of the net impact of a succession of welfare changes which puts working-age families at risk. Their services reported that they are increasingly seeing families getting into arrears with their

rent, fearing eviction, or needing to rely on food banks, as their basic income is not enough to provide essentials for their children. Child poverty is widely expected to rise between now and 2020-21 (Browne and Hood, 2016; Hood and Waters, 2017), and the evidence in this report shows just how cutting families' incomes can have a devastating impact on vulnerable children and young people. Key findings from the report state that 60 per cent of Barnardo's services said that recent changes to welfare had had a negative impact on the financial wellbeing of their service users. Moreover, 64 per cent of services who reported seeing some negative impacts said that they were seeing more families and young people using food banks because of cuts to welfare. Furthermore, Housing was also a concern. Of those services who were seeing some negative impact, 47 per cent were seeing an increase in families and young people in arrears with their rent, and 20 per cent were seeing an increase in families threatened with eviction.

Summary of key changes introduced to date, Scotland

(summarised from <http://www.gov.scot/Publications/2016/06/6672/4>):

Abolition of certain discretionary elements of the Social Fund at the UK level

The elements which were abolished included Crisis Loans for Living Expenses and Community Care Grants. These elements were replaced in Scotland by the Scottish Welfare Fund (SWF). The Welfare Funds (Scotland) Act 2015, which places the SWF into law, was passed and received Royal Assent in Spring 2015. Permanent regulations and statutory guidance will be in place from April 2016.

Introduction of a cap on the total amount of benefit that working-age people can receive

Households on out-of-work benefits no longer receive more in welfare payments than the average weekly wage for working households (Department for Work and Pensions, 2012a). The cap applies to the combined income from benefits, although some benefits are exempt from the cap, e.g. certain disability benefits.

Introduction of the Personal Independence Payment (PIP) to replace Disability Living Allowance (DLA)

The key differences with the new benefit are: the absence of an equivalent to the lowest care component of DLA; a stricter mobility test; and the introduction of a face-to-face medical assessment in some cases.

Changes to the entitlement for the contributory element of Employment and Support Allowance (ESA)

Under this change people can now only receive contributory ESA for up to one year if they are in the Work Related Activity Group (WRAG) or assessment phase. Provisions allowing young people to qualify for contributory ESA without meeting the standard National Insurance conditions have also been abolished.

Abolition of Council Tax Benefit (CTB) at UK level

The nationally devised CTB has been replaced by locally administered Council Tax Reduction (CTR) schemes, and subject to a 10 per cent cut in UK Government funding. The scheme provides help for people on low incomes or claiming benefits towards their Council Tax bill. In Scotland the Scottish Government fully mitigates the 10 per cent funding cut from the UK Government.

Introduction of the 'bedroom tax'

Through this element of the Act there has been a percentage reduction in Housing Benefit (HB) for working age households judged to be under-occupying their property in the social rented sector. This is fully mitigated in Scotland through Discretionary Housing Payments (DHP) to affected tenants.

Changes to Local Housing Allowance (LHA)

Changes to LHA have included new caps in the amount of HB that can be paid, and younger single claimants without dependents can only claim HB for private sector accommodation based on the cost of living in shared accommodation.

Changes to the uprating of working age benefits and tax credits

Child Benefit and certain tax credit elements were initially frozen, and thereafter the uprating of working age benefits and tax credits was restricted to 1 per cent for three years.

Changes to procedures in the event of a disputed benefit decision by the DWP

In the event of a disputed decision, the claimant must request a 'mandatory reconsideration' before submitting an appeal. Those wishing to appeal after a mandatory reconsideration must submit their appeal directly to the tribunals service.

New sanctions regime for those on Jobseekers' Allowance (JSA) and ESA

The new regime: introduced escalating fixed term penalties for repeated failures; extended the maximum duration of a sanction for JSA clients from 26 weeks to 156 weeks; and increased the benefit withdrawn from ESA claimants in the first four weeks of a sanction from 50 to 100 per cent.

New conditionality for lone parents

Lone parents whose youngest child has reached the age of five are no longer entitled to Income Support (IS) solely as a lone parent, but could be entitled to JSA, which would require them to look for work. Lone parents receiving IS who have a youngest child aged three or four may be required to undertake mandatory work-related activity.

Introduction of a new Claimant Commitment related to jobseeker activities

From October 2013 new claimants of JSA, ESA and Universal Credit have had to sign a 'Claimant Commitment' that sets out the job readiness and job searching activities which they will undertake as condition of receiving their benefits. Claimants may be sanctioned if they are considered to not have fulfilled their commitment.

Introduction of Universal Credit (UC)

A number of key means tested benefits such as IS, Income Based Jobseekers Allowance (IB-JSA), ESA, HB and Tax Credits have been combined into one single entitlement called Universal Credit. Problems with the development of the IT system have meant that the roll out of UC has been delayed. It has been projected that the majority of claimants will be transferred by December 2019, although this will not include those claiming ESA or tax credits only (National Audit Office, 2014).

The National Landlords Association (NLA) has warned that the UK Government's decision to exclude young adults from receiving housing benefit could also mean exclusion from the private rental market, leaving thousands of the most vulnerable young people at risk of homelessness (<https://www.theguardian.com/society/2017/mar/06/housing-benefit-cuts-young-people-homelessness-landlords>). New single claimants aged 18 to 21 are not entitled to the housing element of Universal Credit unless they meet certain eligibilities or fall into the right categories. The exceptions include people with children, or those where to continue living with their parents would bring a

‘serious risk to the renter’s physical or mental health’ or would otherwise cause ‘significant harm’. While such categories are broad, homelessness charities warned that to prove such potential harm would be so difficult that many young people would instead opt to sleep rough or sleep on friends’ sofas instead. The NLA also say that these exemptions are difficult to prove and therefore young tenants will struggle to find a landlord willing to take them on without verification of having access to housing support.

While a rationale is offered for many of these changes of simplification and integration, the practice is often characterised as complex, confusing and driven by targets and sanctions. For the most vulnerable, these changes of themselves have alienated and distanced many even further from essential help and support. The environment in which state bodies are seeking to identify, guide and work with young people facing multiple barriers and challenges to stability and progression may therefore have been becoming ever more difficult to operate within. Mentors, guidance staff and adults who can gain the trust and confidence of young vulnerable people are therefore even more essential in collaborative efforts to reach out and engage with them, charities and others in the Third sector are well placed to achieve this.

Rising levels of poverty

Welfare changes adversely affecting vulnerable young people especially

Further alienating and exacerbating challenged young people

Confirms need for Third Sector to be means for engagement

At Risk of Difficulties in Transition

There are a number of groups of young people in Scotland who are especially vulnerable to being left behind, not entering the labour market or otherwise suffering setbacks in improving their employability. These include the homeless, carer leavers, carers, offenders, disabled and long-term sick; where available, data on some of these groups are introduced below.

Homeless

In 2016-17, 34,100 homeless applications were made.

The number of homeless applications has been going down, however this is due to the renewed preventative approach adopted by local authorities in the form of housing options, rather than a change in the underlying drivers of homelessness. However, the effect of housing options is slowing which means that there is a growing need to tackle the drivers of homelessness. Housing options statistics are covered in more detail below. (Scottish Government, Homelessness in Scotland 2016-17: <http://www.gov.scot/Publications/2017/06/8907/0>).

The number of single males applying as homeless makes up nearly half of all homeless applications with 46 per cent, 21 per cent are single females and 17 per cent are female single parents. However, females under 24 are slightly more likely to make homeless applications than males under 24.

Proportionally, 15.1/1000 of under-25s applied as homeless in 2016-17, much higher than the rate of homelessness for 25-59s, which is 9.4/1000.

Over half of all homeless applications in 2016-17 were due to relationship breakdown or being asked to leave; and not living with parents at 18 is noted as an indicator of risk of unemployment or inactivity. The category of 'other' includes loss of accommodation tied to employment, an emergency such as a fire or flood, and overcrowding, among other reasons. (http://scotland.shelter.org.uk/housing_policy/key_statistics/homelessness_facts_and_research)

Children being looked after

A key characteristic of developing employability issues is when a young person needs 'looked after', beyond the family home and after their natural childhood years. These are, by definition, adverse

childhood experiences and likely to have lasting effects into adulthood. There were 15,317 children being looked after in 2016, a decrease of 1 per cent from 2015, and the fourth consecutive year of decline. This represents 2 per cent of all children in Scotland being looked after by local authorities or on the child protection register on July 31, 2016.

Over the last 10 years, children have started to be looked after or taken into care at younger ages. In 2006, 30 per cent of children starting to be looked after were under five years of age. By 2016 this had risen to 38 per cent, although this is a decline from a peak of 41 per cent in 2014.

Foster care remains the most common accommodation for these children, with 35 per cent in a foster family. Kinship care accounts for 28 per cent, being looked after at home for a further 25 per cent, 10 per cent are in residential care, and 2 per cent with prospective adopters.

The number of adoptions of looked after children has generally been increasing since 2005, and eight per cent of children (341) leaving care were adopted in 2016, which is the highest recorded level.

Permanence Orders have increased every year since 2012, and now stand at 1971, a 12 per cent increase on 2015.

Only 88 young people were in secure care at the end of July 2016. The average number of young people placed in secure care during 2015-16 was 85, up from 82 during the previous year. If placements from the rest of the UK are excluded, the average number of young people from Scotland placed into secure care fell by five per cent compared to last year. (*Who Cares Scotland*, Scottish Government, 2017: <https://www.whocarescotland.org/who-we-are/media-centre/statistics/>)

Groups at risk

Homeless

Children being looked after

Care leaver destinations:

Carers

Offenders

Disabled

Long-term sick

Leaving care destinations

(Scottish Government, 2017)

A particular set of issues are confronting children once they leave care, with significantly lower rates of progression onto stable and improving lives. Most (61 per cent) will be at home with their biological parents and a further 16 per cent with kinship carers. Beyond this traditional environment, 8 per cent will be adopted, 6 per cent in supported accommodation or their own tenancy, and 2 per cent with former foster carers. Generally, the remaining care leavers will be in the poorest destinations with 5 per cent in any of the 'other' categories (including residential care, homelessness, in custody among other destinations), or lost to the system 'unknown' (2 per cent). There has been much attention given to the plight, and indeed blight, of the lives of these young people, with strategies, policies and resources directed at improving their life chances. However, many continue to suffer negative opportunities throughout their future lives and their experiences with systems and statutory often undermines their trust in authority.

Education

35 per cent of care experienced young people leave school with one or more qualification at SCQF Level 5 or above, compared to 84 per cent of the general population (Scottish Government, 2016)

Care experienced children are automatically deemed to have additional support needs, unless otherwise assessed. Despite this, around half of care experienced children have not been assessed for a coordinated support plan, even though they are entitled in law (Govan Law Centre, 2015)

4 per cent of care experienced pupils go straight from high school to university, compared to 39 per cent of the general population (Scottish Government, 2016). Care experienced pupils are 7 times more likely to be excluded from school (Scottish Government, 2014)

Unemployment

- 9 months after leaving school, 30 per cent of care experienced young people are classed as unemployed, compared to 8 per cent of their peers (Scottish Government, 2016)

Criminalisation

- A third of young offenders, and almost a third of the adult prison population, self-identify as being care experienced (SPS, 2016). Practitioners estimate that these statistics do not represent the reality, with some estimating that around 50 per cent of the adult prison population have care experience

Health

- Amongst looked after young people aged 5–17 years, 45 per cent have been assessed as having mental health issues (Office for National Statistics, 2004)
- It is estimated that one of the highest rates of youth smoking exists for care leavers at 67 per cent (ScotPho, 2009)

The Future

- 26 per cent of young people leave care without a formal plan for what happens next (Scottish Government, 2016)
- Formal statistics suggest that at least 21 per cent of care leavers become homeless within five years of leaving care (Scottish Government, 2016), however this relies on self-declaration of care experience. Practitioners estimate the figure could be between 30-50 per cent
- It has been estimated that care experienced people are 20 times more likely to be dead at the age of 25 than anyone else

Transition impacts for care leavers

Poorer education opportunities and outcomes

Unemployment – 3.5-4x higher rates

Criminalisation – 2x as likely to have a criminal record

Health – almost half have mental health problems

Prospects – ongoing negative lifechances

In-work data and policy analysis

Living in Poverty

One of the most comprehensive analyses of the implications of young people living in poverty was undertaken by the New Policy Institute for the Joseph Rowntree Foundation (2015). This offered some useful insights beyond the updates by more recent statistical reports and worth introducing here.

It showed that young adults under the age of 30 make up the biggest share of those experiencing poverty in Scotland. The under 30s are also the most at risk (25 per cent) of poverty and are the only age cohort to have seen an increase in poverty levels since 2003.

The last ten years has also seen shifts in both housing costs and in tenure. The average private renter now spends almost a quarter of their income on housing, compared to 18 per cent of social renters' income and 11 per cent for owner-occupiers with a mortgage. Over the same period the portion of homes in the private rented sector has almost doubled to 15 per cent.

- Young adults under 30 are now at a higher risk than any other age group of experiencing poverty in Scotland – the only age group to have seen an increase over the last 10 years.
- The attainment gap, based on the results at S4, between pupils who have lived in deprived and wealthier areas remains wide. The gap has narrowed slightly, but at the current rate of progress, it would take 28 years for pupils in the bottom quintile to reach today's level of attainment of those in the top.
- Those who have higher education degrees are increasingly finding themselves in low-paid work. In 2013, 13 per cent of low-paid workers had a degree, compared to 5 per cent in 2003, while the proportion with no higher education qualifications had fallen from 23 per cent to 9 per cent.
- In 2002/03, there were 187,722 16-29-year olds living in poverty. The number had increased to 216,903 in 2012/13.

The focus on young adult poverty must be supported by an account of other shifts. A factor underlying the shift towards young adult poverty is the changing risks of unemployment for different age groups.

During the recession, the unemployment rate for under-25s rose much more quickly than for other adults. Despite falling subsequently to 13 per cent, that rate was at least twice the rate of any other age group and confirms the insecurity and precariousness of those who have entered the labour market since the financial crisis.

In terms of the sorts of initiatives introduced in the last decade, and discussed earlier in the review of employability policies in Scotland and the UK, there are continuing challenges in reducing the gaps in school attainment between children from deprived and non-deprived areas. However, since 2005/06, attainment at S4 (15-16-year olds), has shown improvement for children from all areas, regardless of deprivation and household circumstances.

Other strategic policy interventions, such as the Living Wage, are confirmed by the NPI and analogous studies as only one part of the answer to in-work poverty. The challenge is to identify other complementary solutions, including improved opportunities for in-work training for the lowest paid and the least qualified. Individual employers alone cannot provide a whole answer.

Changes in the labour and housing markets mean that younger adults, especially those who are working and / or renting from a private landlord, are more likely than in the past to be in poverty. The challenge there is to meet their needs, especially around housing, but many of the underpinning policy requirements will depend on UK budget decisions and so there are limitations of what can be achieved within Scotland. An increase in demand for construction workers and apprentices should be generated by moves to increase housebuilding.

There are ongoing challenges in addressing educational inequalities to close the attainment gap. Solutions will be both generational and dependent on improving the income of households as the challenge is to bring poverty further into the debate on education, as well as vice versa. These issues are about more than just academic qualifications and participation.

With JSA, and increasingly Universal Credit, conditions for eligibility and associated sanctions having serious implications for young people claiming social security, there is the danger that those struggling to make successful transitions around the labour market will become more disaffected and detached from support and guidance providers. For as long as the system is administered as it is now, with the number of referrals and sanctions much greater than in the past, the challenge is to ensure that these young people are identified and supported when and before they are in crisis.

Living in poverty

Under 30s facing increasing and greatest risk of poverty

Young face insecure and precarious labour market

Need in-work training for the lowest paid and the least qualified

Self-employment poverty increasing amongst young especially

Advice and support for those in work crucial to avoid embedding problems

Modern apprenticeships

As well as addressing the need for a skilled workforce to contribute to raise productivity and meet demands for qualified workers, training can enhance the life chances of individuals. Participation in training can take a number of forms and the outcomes from such skills, talent and other developments can vary in how they are viewed and rewarded in the market, how they serve to progress the young person onto further learning and better job prospects, etc. Analysis of participation in modern apprenticeships attracts much interest and some confusion. While research is ongoing into who applies, is selected and undertakes such training, there are some entry statistics on vulnerable and disadvantaged groups. An exploration of these statistics and studies offers insights into who faces difficulties in accessing training opportunities.

Disability

Fewer than 0.5 per cent of all Modern Apprenticeship placements are taken by a young person with a declared disability, compared with around 8 per cent of the target population (16-24) who are disabled.

Gender

Almost all (98 per cent) of construction placements are still taken by men. As the 2012 EHRC report argues, although men are increasingly moving into “traditionally female” apprenticeship programmes, there is no evidence of an increase of women entering “traditionally male” apprenticeships. However, further and more recent analysis suggests this is a complex issue with informal careers advice within the home and family having a very strong influence on training choices. Eisenstadt (2017) argues that young people are not being adequately advised with careers guidance in school. She is suggesting that, if a child does not express an intention to pursue Higher Education, then there is minimal help, with support only for applying to UCAS etc. For those not continuing in education, there are ‘personality tests’ given. Other primary research confirmed this practice with some respondents stating they did not receive any advice or any indication that an apprenticeship was a viable pathway; this was especially common amongst females surveyed (Macfarlane, 2016).

Ethnicity

Fewer than 2 per cent of all apprenticeships in Scotland are taken by ethnic minorities. Around 4 per cent of the target population (16-24) is from an ethnic minority. Whether this relatively low participation is due to a preference for higher education or entry into employment, for example, rather than to discrimination or exclusion is another area undergoing research currently.

Religion and Sexual orientation

There are no data available on these strands in Scotland.

Supporting this analysis and approach, recent work on ‘Young people and UK labour market policy: a critique of ‘employability’ as a tool for understanding youth unemployment’ (Richard Crisp and Ryan Powell, Sheffield Hallam University, Centre for Education and Inclusion Research) has questioned the usefulness of youth employability analyses and policies in understanding and diagnosing youth urban unemployment as they focus on the supply-side of the labour market to the exclusion of other significant factors. In particular, with a more balanced emphasis on the demand-side of the labour market, this research highlights the growing complexity of school to work transitions for young people, paying especial attention to social security reforms affecting the entitlement of young people to welfare benefits since the 1970s. They contend the notion of ‘youth transitions’ (i.e. from school to work) offers more potential for understanding youth unemployment and informing future policy.

Modern Apprenticeships

Same groups with employability barriers face training challenges

Disabled young people under-represented

Occupational segregation by gender continues

BME schoolleavers tend not to enter Modern Apprenticeships

School-work transitions have become more complex and prolonged

Local geographies across Scotland

Although many of those facing challenges in the labour market are distributed across the country rather than being focused in particular communities, housing and other factors do lead to spatial concentrations of issues and so place-based interventions may be appropriate. Data and other labour market information have limitations and often are generated by extrapolating from regional and national statistics; however, they present some intelligence on challenges and opportunities for local communities and more local areas.

Youth employment

According to data published by the Scottish Government, the youth employment rate in Scotland in March 2017 increased over the year by 1.5 per cent from 55.9 per cent to 57.4 per cent, outperforming the UK as a whole where the rate increased by 0.1 per cent from 53.7 per cent to 53.8 per cent. In total, 18 local authority areas presented an increase in their youth employment rates from March 2016 to March 2017, with the remaining 14 areas presenting decreases.

For the period to June 2017, the local authorities with the highest youth (16-24) employment rates in Scotland were: Orkney Islands (86.2 per cent), Shetland Islands (78.8 per cent) and Midlothian (77.3 per cent). The local authority areas with the lowest youth employment rates during this period were Glasgow City (45.5 per cent), West Dunbartonshire (47.7 per cent) and East Ayrshire (50.0 per cent). From 2008/09, youth employment rates have decreased in 18 local authority areas in Scotland, with the remaining 14 areas presenting increases.

Significant decreases were seen in Aberdeen City where youth employment was down 20.3 percentage points from 73.5 per cent to 53.2 per cent, East Ayrshire also down a significant margin with a 17.7 percentage point decrease in youth employment (from 65.0 per cent to 50.0 per cent) and Angus down 12.9 per cent from 72.6 per cent to 59.6 per cent.

Clackmannanshire presented a significant increase of 20.4 percentage points over this period, up from 48.1 per cent to 66.2 per cent, other notable improvements greater than 16 percentage points were recorded in Midlothian, Argyll & Bute and Na h-Eileanan Siar. Over the year to 2017, the most significant improvements can be seen in Clackmannanshire as youth employment increased 31.3 percentage points from 35.0 per cent to 66.2 per cent, Midlothian increased 19.1 percentage points from 58.2 per cent to 77.3 per cent, East Lothian increased 15.9 per cent from 52.0 per cent to 68.0

per cent. West Dunbartonshire, however, experienced a significant drop in employment during this period, and was down 16.7 percentage points from 64.4 per cent to 47.7 per cent, and South Ayrshire also suffered a fall of 11.0 percentage points from 66.6 per cent to 55.6.

It could be argued that areas which are known as 'university cities' are likely to have lower youth employment rates due to higher levels of economically inactive students. Furthermore, both

**Employment rates and levels for those aged 16-24 by local authority, Scotland: Jul 2016-
Jun 2017**

Geography (Residence Based)	Jul 2016 - Jun 2017	Change over year	Change since Jul 2008-Jun 2009
	Rate	Rate (% points)	Rate (% points)
Scotland	57.8%	1.6	-2.1
<i>Local Authority Area</i>			
Aberdeen City	53.2%	-5.3	-20.3
Aberdeenshire	73.2%	3.8	-0.4
Angus	59.6%	-3.6	-12.9
Argyll & Bute	69.5%	8.2	16.4
Clackmannanshire	66.2%	31.3	20.4
Dumfries & Galloway	60.8%	-1.0	-1.1
Dundee City	50.3%	6.3	1.2
East Ayrshire	50.0%	-1.4	-17.7
East Dunbartonshire	52.4%	3.9	2.4
East Lothian	68.0%	15.9	-1.3
East Renfrewshire	51.7%	-6.1	-1.6
Edinburgh, City of	54.6%	11.4	-2.3
Falkirk	69.4%	9.9	2.8
Fife	51.6%	-6.8	-6.9
Glasgow City	45.5%	-2.3	-3.9
Highland	63.5%	-6.3	4.7
Inverclyde	60.2%	4.8	6.5
Midlothian	77.3%	19.1	19.6
Moray	57.8%	2.2	-9.4
Na h-Eileanan Siar	63.1%	-0.4	16.3

North Ayrshire	53.8%	9.4	-3.9
North Lanarkshire	62.8%	-3.3	-1.5
Orkney Islands	86.2%	4.8	6.0
Perth & Kinross	65.2%	3.5	2.5
Renfrewshire	64.1%	-0.6	-2.9
Scottish Borders	53.4%	-4.6	-8.4
Shetland Islands	78.8%	2.6	1.9
South Ayrshire	55.6%	-11.0	-6.9
South Lanarkshire	67.1%	5.5	6.5
Stirling	60.2%	11.0	2.0
West Dunbartonshire	47.7%	-16.7	-9.7
West Lothian	61.3%	0.0	-1.1

Clackmannanshire and East Ayrshire were both once based on thriving industrial towns and, with the dramatic decrease in industrial activity across Scotland, these areas have seen a sharp decrease in general employment rates. What would have once been a linear transition from school into the labour market has now become fragmented, with transitions into adulthood becoming more precarious and full of risk.

The areas which have the highest youth employment rates are known to be rural, tourist areas with low populations. Being a prime location for tourism means there are jobs which favour young adults. These jobs typically include retail, catering and bar work etc. Further, these areas host sites which are used for production, and can export to other countries. Taking the Shetland Islands for example, there are employment opportunities in fish production, abattoir, oil and gas, as well as catering, bar work and retail.

It is not obvious that there are any simple patterns, convergences or divergences being displayed in these statistics confirming that initiatives and interventions may need to be taken locally over a short period. Even then, how different vulnerable young people are impacted by localised changes in the

labour market is not well documented or understood, so that flexible and tailored responses, informed by intelligence derived from agents embedded in the locality are essential.

Cities and large towns

A very recent report on 'Job creation for inclusive growth in cities' (for the Joseph Rowntree Foundation by Andy Pike, Neil Lee, Danny MacKinnon, Louise Kempton and Yohan Iddawela) has discussed the extent to which Britain's major cities suffer from a 'more jobs gap' – compromising those who would like to work but are currently unemployed or inactive, and the underemployed who would like to work more hours. They also identify and analyse the 'better jobs gap' of the insecure, those who are low paid – workers earning less than the National Living Wage and the insecure workers – workers on temporary contracts who would prefer to be on permanent contracts.

Their analysis discloses that Glasgow (effectively the broadly defined conurbation of East Dunbartonshire, East Renfrewshire, Glasgow City, Inverclyde, North Lanarkshire, Renfrewshire, South Lanarkshire, West Dunbartonshire) has a relatively low 'better jobs gap' (15 per cent of all economically active – employed, unemployed and inactive and seeking work) and also the 'more jobs gap' is one of the lowest (22 per cent) totalling 34 per cent overall (there are rounding errors and double counting). Edinburgh (City of Edinburgh, Fife, West Lothian, East Lothian, Midlothian, Scottish Borders) has a different balance between these two elements but at 34 per cent the same total. This means the two Scottish cities have the second lowest jobs gaps of any of the largest dozen cities in Britain. There is no reason to expect that other cities and large towns of Tayside and the North East of Scotland differ from these sorts of levels of insufficient demand.

In analysing the supply and demand interactions in local labour markets, lessons from across the country and internationally, and forecasts of job developments, they highlight the need for region wide approaches that include support for employment which has 'high probabilities of good employment for less well educated workers', 'targeting support for social enterprise development and labour demand generation with inclusive growth aims (e.g. focused on social innovations and unmet social needs within the city)', and encouraging productivity 'improvement (e.g. hospitality, leisure, retail, social care) with leading and more innovative sectors and initiatives for knowledge transfer (e.g. localising corporate social responsibility among utilities, supermarkets and banks) addressing the low skills trap, building resilience and adaptability.

Their lengthy analysis and report concludes with recommendations for local strategies which include: identifying and targeting inclusive growth sectors, fostering demand-led skills development, building closer public and private sector employer engagement and partnership focused on priority sectors. They argue that these are largely consistent with the Scottish Government's refreshed national economic strategy and so congruent with the promotion of a 19-24 Inspiring Scotland programme.

Young people and local labour markets

Highest youth employment rates in rural, tourist areas with low populations

Old industrial towns and cities face greatest problems

Scottish city regions have lower 'better jobs gaps' than all other UK cities

Recommended interventions are consistent with Scottish Government's economic strategy:

*a focus on inclusive growth sectors,
fostering demand-led skills development,
building closer public and private sector employer engagement and
partnership focused on priority sectors*

As mentioned earlier, there are important similarities across Scotland in the problems facing disadvantaged young people in the labour market while urban-rural differences undoubtedly also create contextual issues for delivering support outwith the cities and towns. In recent years those in the 16-24 age group have seen a decrease in employment levels, though much of this change has been due to higher participation in education. Some rural local authorities continue to record high youth employment rates, though this varies considerably by area and again reflects movement away for university and further education and training.

A study into rural labour markets in 2013 revealed that the economy was faring well for all age groups in rural Scotland *except* for those 16-24 where only 52.6 per cent were in work. Across Scotland, however, the highest employment rates observed for young people tend to be in rural local authority areas: Orkney Islands (73 per cent) and Aberdeenshire (65 per cent) along with Aberdeen City (72 per cent).

Research conducted by Cartmel and Furlong (2000) suggested that, while long term youth unemployment may appear less common in rural than in urban areas, low skilled and insecure employment and demand for qualified workers also tended to be lower in rural areas, meaning employment tended not to offer a suitable career path for young people. In addition, research conducted by Pavis et al. (2000) revealed that for young people in rural communities with a bad reputation, trying to secure employment could be difficult.

Similar to the 'more jobs gap' in the cities, a lack of employment opportunities is acknowledged in the literature as a strong contributing factor influencing the migration of young people from rural areas (Jamieson and Groves, 2008). The 2009 report for Highlands & Islands Enterprise by Cogentsi (2009) on 'Young people in the Highlands and Islands. Understanding and influencing the migration choices of young people to and from the Highlands and Islands of Scotland' identified that job opportunities and truncated career ladders applied strongly in the north of Scotland and this was mirrored and affirmed in SRUC's discussion of youth migration patterns in 2014 for the south also (Skerratt, 2014 page 29).

The Scottish Health Survey records almost 90 per cent of 16-24-year olds being in good or very good health, with no differences observed between rural and urban respondents. Young people in rural areas tend to report higher levels of positive mental wellbeing than their urban counterparts, with a

mean WEMWBS score of 51.3 compared to 50.2 for those in urban areas. There is some evidence, though, of a lack of service provision for drug and alcohol misuse in rural areas and this may have a greater impact on younger people, particularly in relation to drug misuse (De Lima, 2008).

These and some other challenges, e.g. advice on sexual health, confirms there may be gaps in provision for young people with specific barriers to gaining access to the labour market and training in smaller rural communities where public provision is limited by low numbers and high costs.

A shortage of suitable housing for young people in rural areas from a lack of availability and cost of appropriate housing, poor condition of some of the housing stock, and shortage of social housing (Excluded Young People Strategy Action Team, 1999 cited in de Lima, 2008; SCVO 2008) can lead to accommodation, travel to work and training barriers in rural Scotland. Prioritising social housing for families may limit the availability of housing for young, single people and young couples (Rural Poverty and Inclusion Working Group, 2001). This can lead to young people having to move to urban centres for accommodation, further education, training and work (SCVO, 2008; Jamieson and Groves, 2008), putting pressure on local employers and raising the average costs of support services for those with less capacity to be mobile.

Although some disabled groups, and residents of peripheral estates within the cities, face issues of accessing support and other services, this is more of an issue for some young people in more remote rural areas, lack of transport in particular can seriously impact on access to employment opportunities (Pavis et al, 2008; Cogentsi, 2009).

The Rural Poverty and Inclusion Working Group (2001) has noted that accessing training and employment opportunities can be particularly difficult for young people, if they are enough to drive or may not be able to afford driving lessons or private transport; In many rural areas, the need to rely on public transport can be problematic with a limited service which may not be available at the times when work is available and/or does not serve all locations.

Often public and private transport costs can be prohibitive for young people with low rates of pay, benefit, or training allowances further restricting access to paid employment, education and training (SCVO, 2008). Knowledge or perceptions of these constraints can inhibit employers from making job offers (Cartmel and Furlong, 2008) and to social isolation for some as they cannot access leisure and sporting activities and facilities (Pavis et al, 2008).

Such mobility issues and consequences can extend beyond the individual and their family exacerbating existing challenges and barriers so that they either stay and miss out on opportunities or must leave home and face higher costs each to the detriment of their home community and for society overall.

Overall, it appears that many school leavers conclude that they have no choice but to leave rural areas to continue to higher education (Pavis et al, 2000; Jamieson and Groves, 2008; Cogentsi, 2009). The study by Pavis et al. (2000) revealed increased financial and emotional burdens on these young people, due to lack of social supports and social networks. Cogentsi (2009) has shown how establishing the University of the Highlands and Islands (UHI) and the joint Crichton campus for Glasgow, UWS and the Open University in Dumfries has enhanced the opportunity for young people to attend university locally in these parts of rural Scotland. There is scepticism, however, whether this is significantly reducing outward migration as much depends on the availability of subsequent suitable employment opportunities (Jamieson and Groves, 2008; Cogentsi, 2009).

For returning graduates and those who have not completed their studies furth of their home community there can be struggles to engage with the labour market and further training so that support interventions may be required locally. For some, these issues may be hidden or developing while help is being arranged, making local provision essential if barriers and lost potential are not to grow.

Rural Scotland

Low skilled and insecure employment and demand for qualified workers lower

Career ladders and prospects truncated

Out-migration of young people

Mental wellbeing poorer with sparse support services

Housing, private and public transport restricted and reduce mobility

Limited opportunities for returning graduates

Local labour markets

SDS has commissioned research and projections for local authority areas across Scotland as a proxy for local labour or travel-to-work areas. While these forecasts are subject to the limitations of all such exercises, being driven by top-down models and national or regional data availability, they do offer some insights into conditions in the local areas of, usually fairly immobile, hidden groups.

A useful dimension to the SDS analysis is the separation of expected labour demand changes into job openings due to people retiring as well as due to any net emigration and movement into other occupations (i.e. known as replacement demand) and those that open up due to new, additional positions being created minus any closures or movement of jobs away from the area (expansion demand). Overall, Scotland is expected to show some slow growth in jobs (less than 1 per cent over the period 2016 to 2024 after a 10 per cent rise since 2000) but interestingly, as revealed over the last decade by analyses from SDS, much of the dynamism in the labour market comes from replacement demand. A slight increase in full time jobs held by women and fewer held by men is anticipated, but generally their predictions suggest very little change. This is important because it suggests training and on-the-job development may be important for local lesser skilled and experienced entrants – and attractive and open to local disadvantaged young people.

As with the Pike et al. analysis, fewer manufacturing and public administration jobs are expected, with some small increases in caring, leisure and other service occupations. Elementary occupations are forecast to offer a proportionately significant set of openings – mostly through replacement demand; again, this suggests that the young people hidden from many statistical analyses could see relatively good career futures if they can access the labour market.

Changes in labour demand

Job openings:

Replacement of workers very important

Expansion and contraction in workforce

Overall little change in numbers

More full-time women, fewer full-time men

All suggests opportunities for entrants and less skilled in

caring, leisure and other service occupations

Below forecasts of the labour requirements between 2016 and 2024 are presented for some key local labour markets, drawn from the SDS regional skills accounts for Scottish local authorities. These have been selected to represent areas with a range of challenges of demographic change and employability located outwith the Central Belt, with employment rates below (the 3 Ayrshire authorities and Dundee) or above (Dumfries and Galloway, Highland) the Scottish average.

South Ayrshire

Forecasts are provided for the three Ayrshire authorities together and suggest a total requirement in 2024 of 5,300 people, driven by replacement demand and, overall, decreasing between 2016 and 2024 (1,100 less people required) although less so from 2017 (500 less people). Dominant in this revealed demand, focusing on the areas of the market where disadvantaged young people might best pursue employment, will be Elementary occupations (1300 positions to be filled), followed by Sales & customer service occupations (700 jobs), and Caring, leisure and other service occupations (500 jobs). Complementing these changes, there is also forecast demand for 4,200 people in 2024 with no qualifications.

Economic inactivity –

- 3,800 students (22.1 per cent) economically inactive

Claimant count by age

- 0.2 per cent (5) 16-17-year olds unemployed
- 4.8 per cent (405) 18-24-year olds unemployed
- 5.1 per cent (250) 18-21-year olds unemployed

North Ayrshire

Economic inactivity –

- 3,500 students (15.7 per cent) economically inactive

Claimant count by age

- 0.5 per cent (15) 16-17-year olds unemployed
- 7.1 per cent (805) 18-24-year olds unemployed
- 7.4 per cent (485) 18-21-year olds unemployed

East Ayrshire

Economic inactivity –

- 3,500 students (16.5 per cent) economically inactive

Claimant count by age

- 0.2 per cent (5) 16-17-year olds unemployed
- 6.2 per cent (615) 18-24-year olds unemployed
- 6.7 per cent (375) 18-21-year olds unemployed

Dumfries and Galloway

By 2024, 1,100 new Elementary workers are projected to be required in the South of Scotland, with net growth in Sales & customer service occupations. With employment opportunities declining overall but with a better qualified workforce, there may be upward pressure from firms for qualifications.

Claimant count by age -

- 0.0 per cent (0) of 16-17-year olds unemployed (0.3 per cent Scotland as a whole).
- 3.3 per cent (365) of 18-24-year olds unemployed (3.7 per cent Scotland as a whole).
- 3.4 per cent (215) of 18-21-year olds unemployed (4.1 per cent Scotland as a whole).

Economic inactivity -

- 3,900 students (19.5 per cent) economically inactive (24.4 per cent Scotland as a whole).

Highlands

As elsewhere, the SDS forecasts suggest an increase in Construction and Business Services, but openings will be led by Elementary occupations with 1,700 positions forecast in 2024, driven almost entirely by replacement demand. Expansion demand is important but in net terms only for those jobs which higher qualifications so that expansion demand for those with no or few qualifications is important for disadvantaged young people.

Economic inactivity –

- 3,500 students (13.7 per cent) economically inactive

Claimant count by age –

- 0.4 per cent (20) 16-17-year olds unemployed
- 3.1 per cent (515) 18-24-year olds unemployed
- 3.1 per cent (295) 18-21-year olds unemployed

Dundee City

Dundee is at the core of Tayside and forecasts are provided for the region as a whole. Health and social care is projected to be the largest Key Sector in Tayside in 2024 after a marginal increase to 32,700 jobs. Tourism and Construction are also forecast to expand. Elementary occupations, Clerical and Services, and Sales Occupations are projected to have the significant replacement demand with replacing exits from existing occupations rather new opportunities created dominant.

Economic inactivity –

- 8,200 students (27.0 per cent) economically inactive

Claimant count by age

- 0.3 per cent (10) 16-17-year olds unemployed
- 4.6 per cent (870) 18-24-year olds unemployed

- 5.1 per cent (510) 18-21-year olds unemployed

Generally, therefore, although lower skill and elementary jobs are expected to decline, the need to replace retiring workers and those progressing up through the occupational structure are expected to create openings. Across Scotland, this suggests that there will be opportunities to identify openings where disadvantaged young people could aspire to be recruited over the coming decade.

Conclusions and Recommendations

The latest and fairly comprehensive statistics suggest there are record low numbers of schoolleavers not in employment, education or training, and Scotland has some of the very lowest rates of youth unemployment in Europe. However, there is a belief within many in communities and charities that hidden unemployment and inactivity is much higher. In time, analysis of information being gathered on all young people in Scotland, generated and shared by government agencies across Scotland - building a comprehensive picture of young lives, their qualifications, environments, qualifications, transitions, barriers, etc. - will allow a better understanding of who is struggling to enter the labour market and sustain employment, what challenges they face and how young people can be helped to overcome obstacles to training and work. All that suggests some years before the full power of this world-leading database can be applied to recognising challenges, identifying the long-term impacts of adverse childhood experiences and evaluating and applying remedial measures to address these effectively.

Agencies and organisations are placing much trust into the capacity of this longitudinal database to facilitate analysis in a couple of years to see what works. The sharing of information to generate this very comprehensive database will require some data protection protocols to be extended to the analysts. Experience with trying to access and interrogate such databases, both within and between organisations, suggests this will be problematic. Such rich sources can be used to generate tables of aggregates but there are still many issues to be addressed to allow the full benefits of this database to be realised. These include having the researchers with the skills to undertake the analyses, the resources to interrogate the specific types of data (especially qualitative, behavioural, diverse interventions and outcomes), the commitment and capacity to refine training and employability programmes to realise the benefits of adopting best practice, etc.

Data and analysis

Improved and coordinated information should allow better understanding and customisation of support for young people

Until then, there is a continuing role for the Third sector to support disadvantaged young people, especially where the agencies of the state and market are not appropriate, inaccessible or do not work for them. This means there is a continuing need and opportunity for Inspiring Scotland to lead on helping facilitate programmes and projects for those in the gaps, between programmes and agencies,

hidden from official stats and support. The experiences, effectiveness and outcomes achieved by the *Inspiring Scotland 1419 Programme* suggest there is a clear rationale that those who are hardest to reach can be accessed, supported and helped in their transition into sustained employment and enhanced employability.

Third Sector often best placed to gain trust and to deliver support for vulnerable young people

While there are individual and societal reasons to commit to all young people having access to career opportunities and advancement on their own terms, for those facing major challenges gaining access to positive destinations can, should and for many will be the primary aim in the short- and medium-term. In the context of the Scottish economy of 2017, the reality is that for most of the disadvantaged and hidden groups aspiring to get a good job at the lower end of the labour market is a realistic objective. Considering these employment needs and opportunities is helpful therefore in determining what can be done and how. That requires looking at the skills and requirements for such jobs. First it is necessary to introduce the macroeconomic and migration contexts.

The emerging position of the UK government on the free movement of labour suggests that low skilled EU migrants will be controlled from entering the UK labour market. What this means is rather confused but (i) research suggests most migrants who have been arriving since 2004 from central and eastern Europe have been educated to university degree level or equivalent; however, (ii) many of even these migrants have been employed in low skilled jobs.

The expectation in the SDS regional skills accounts is that there will be a continuing need across Scotland for elementary and low skilled jobs to be filled over the period to 2024. The forecasts underpinning g these job openings do not appear to consider the changes in migration patterns following Brexit but, other things being equal, this creates the need for new entrants to the market to be recruited.

With almost ‘full employment’ – due to social security changes and more flexible labour markets – there is the potential for NEET and others at the margins of the labour market to be filling these emerging gaps. This of course was the rationale for many ‘Leave’ voters. Brexit will have many unforeseen impacts on local and national markets, continuing austerity will encourage some to move down through the labour market to take lower paid jobs and the economy will shrink, but it is expected

that there will still be opportunities to ensure that there are sufficient workers to take these low-level jobs.

Research in the early 2000s described a similar labour market environment developing –filling labour shortages through the recruitment of women returners, people staying on in jobs for longer, etc had almost been exhausted so that real efforts were having to be made to recruit new groups of workers – those approaching retirement age, disabled, and the employability agenda was stepped up quite markedly. Those being helped into the labour market at that point were those being identified as ‘hidden’ now. The agenda was then abandoned as EU Enlargement allowed the gaps to be filled with unprecedented arrivals of migrant workers – and these were spread right across the UK, which had never happened before. All the research also shows that new jobs were created in large numbers so that there was not an adverse impact on unemployment or economic activity, apart from relaxing the upward pressure on wages at the bottom of the market and a reduction in efforts to encourage and support vulnerable groups into training and employment.

The UK economy is in for a tough few years, and changes compared with 2004 will not be symmetrical but there are obvious arguments that it will be essential that the disadvantaged are available to do the elementary jobs over the coming years as migrants leave and others cannot enter the UK.

Labour market trends and opportunities for disadvantaged young people to 2024

Brexit will see loss of many migrant workers

Significant job openings forecast in elementary and low skilled jobs

Need positive interventions to engage with disadvantaged and disaffected to fill these jobs

This confirms there are a range of arguments for supporting those at the margins of the labour market into the workplace, albeit not in the best of circumstances. There is a continuing need and opportunity for IS to lead on helping facilitate programmes and projects for those between the gaps, hidden from official statistics and support. With record low levels of inactivity and unemployment amongst school leavers, but emerging issues in the late teens and through their 20s for many, there is a clear rationale

for the 1419 programme being adapted into a programme for older young people. Many of these will have had complex, disrupted and chaotic lives often with difficult and suspicious relationships and interactions with state authorities and agencies. Again, the involvement of charities, the Third sector and IS especially is apparent and indeed essential. The value for money demonstrated in the *Draft Report on the Inspiring Scotland 14:19 Fund* confirms that effective and efficient long-term projects can be a key part of the employability and inclusion landscape in Scotland.

Best estimates of the numbers facing problems of transition in the years 16-24 have been established in the preceding sections. They are presented here to suggest the nature and range of their respective constituencies, although some will appear in more than category and so the totals cannot be simply aggregated. However, the scale is larger than suggested just by looking at unemployment or inactivity figures and confirms the role for the Third sector in helping to address their employability and transition needs:

Disadvantaged groups: latest available statistics

Care leavers: much data are missing for those leaving care after the minimum school leaving age but these number about 1000-1200 each year (<http://www.employabilityinscotland.com/key-clients/care-leavers/>). While some return to their biological parents, about half do not. Practitioners estimate that 30-50% of care leavers become homeless within five years of leaving care. A total of 3,599 young people (15 – 25 years) were eligible for aftercare services in 2015 but with changes introduced to aftercare eligibility in April 2015, this number will have increased significantly. There are no updates to this so, assuming 1000 leave each year and 30-50% encounter difficulties over the following 10 years, that means 300-500 of each cohort per annum will face problems:

2700 – 4500 of those who have left care after age 15 at any one time will need aftercare up to the age of 25, with some requiring ongoing support.

Young adult carers: there are estimated to be 657,000 unpaid carers in Scotland, with an estimated 100,000 young carers who are in education (<http://www.employabilityinscotland.com/key-clients/carers/>). About 30,000-50,000 are between ages of 16-25, estimated from Census and other sources (<https://carers.org/key-facts-about-carers-and-people-they-care>). Aged between 16 and 18 years are twice as likely to be not in education, employment, or training (NEET), so with 4-12% NEET overall this suggests:

1,200-6,000 young adult carers with barriers to entering and sustaining work

Homelessness: among 18-25 year olds, 7000-8000 have been making applications each year (<http://www.employabilityinscotland.com/key-clients/homelessness/>); this will increase with changes to benefits and the Scottish Government estimates around 768 young people will not meet exemptions. Centrepoint estimates for Scotland, 2015: c3000 homeless (statutory or otherwise) [others overcrowding, etc.] (<https://centrepoint.org.uk/media/1712/known-unknowns-policy-briefing.pdf>). So 8000 – 9000 new homeless applications each year and almost all of these (over 85%) will not be in employment, education or training and struggle with low qualifications, low self-esteem, poor labour market information, long and frequent spells of unemployment.

4,000 homeless with major barriers to gaining employment, education or training

Ex-Offenders: about 1650 under 25s in prison at any one time, all but 80 being young males. With a steady state position that implies that the same number leave prison every year. On average about 75% leave without a job. So about 1200 in need of employability support each year.

1,200 re-enter the labour market each year without moving into a job immediately, and many of the remainder will be in insecure positions and so similarly facing barriers to sustainable employment. In any year about 1500 would benefit from support, guidance, and other support.

Ethnic minorities: although children of ethnic minority communities perform better than the population overall, there are two significant issues making some hidden from official statistics: young people from families where English is not the heritage language late into entering the labour market after higher education so that they are doubly disadvantaged and those who have been brought up bilingually with issues with both English medium subjects and with their “mother’s tongue”. The latter affects many of the 12,000 children raised in Polish families and they need interventions to help them realise the benefits of being bilingual as they face some barriers /disadvantages in entering the labour market because their English skills are not as good on average as others. They do not appear in the statistics because they are not BME and too few been through the system as only arrived post 2004. “The ‘Scottish Government should clearly define and reflect in statistical analysis what it means by ‘Ethnic and Cultural Minority communities’ not only predicated on colour of skin but reflecting the broad definition outlined by EHRC and the demographics of Scotland”. http://www.parliament.scot/S4_EqualOpportunitiesCommittee/Inquiries/BEMIS.pdf

About 70 children of Polish families enter the labour market as NEET each year and might benefit from dedicated interventions.

NEET: appears to be similar to unemployment rate for Scotland. However, there are many in full time education who are also unemployed, in employment but also in ft education etc. Of 596,000 16-24 year olds in Scotland in 2016/17, there appear to be 14,000 unemployed and not in education between 20 and 24, and another 10,000 under 20. This represents 4% of young people. Estimates of numbers with no labour market activity, excluded, marginalised, etc. therefore vary greatly and many in the other groups above will also be in the NEET category:

At least 25,000 young people under 25 are not in education, employment or training and, as they grow older, they become increasingly stigmatised, excluded from support and further from the labour market.

Disabled: data and information on disabled young people are unreliable and not fit for purpose (various sources: <http://www.gov.scot/Topics/People/Equality/Equalities/DataGrid/Disability>). c10-11% of 16-24 young people are disabled (<http://www.gov.scot/Publications/2017/07/3569/5>) and their rates of employment, training, education and other positive activities are significantly lower than the average. Their barriers tend to be exaggerated by other factors, such as living in deprived areas, etc.

About 60,000 under 25s are disabled with half facing labour market transition problems.

Lone parents: Becoming a parent when young (under 20) is known to lead to and be associated with poorer transitions into work. About 3000 babies are born to young mothers each year. Given the ongoing issues early parenthood creates, there is a need for projects to alleviate lower educational qualifications and employment levels.

About 25,000 young women under 25 will have become a parent and be facing continuing issues with transition.

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