

Briefing Paper: Youth Unemployment

Prepared by the Corporate Research, Strategy Team Borough of Poole, June 2011



Purpose of this paper

The purpose of this paper is to provide a summary of research and analysis regarding youth unemployment. This will include why it is an important issue for Poole and the extent and nature of the problem, including geographic variations.

Key Facts

- **In April 2011, there were 490 people aged 16-24 claiming Job Seekers Allowance. 3.1% of the youth population in Poole.**
- **Three areas in Poole (Bourne Estate, Poole Town Centre and Turlin Moor West) had youth unemployment rates of 10% or over.**
- **There were 613 16-19 year olds in Poole classified as 'currently not being in education, employment or training (NEET). 8.6% of all 16-19 year olds in Poole.**

Introduction

Youth¹ unemployment is a long-term national problem. Young people make up one in five (21%) of the national population, yet two in five (40%) of all those unemployed, and this is likely to rise further as they are disproportionately hit by the drop in labour demand caused by the recession. Since the recession began in September 2008, national youth unemployment has risen from 700,000 (13.9%) to 900,000 (20.0%). In contrast, the adult unemployment rate has risen from 3.5% to 5.6% over the same time period².

Young people are not only more vulnerable to unemployment but are more likely to be 'scarred' by periods outside the labour market, facing a future of job instability and slow labour market progression. This is one of the central economic justifications for investing more money in ensuring young people, as opposed to other age groups, are not disengaged from the labour market.

Trends in Poole's Youth Unemployment

In April 2011 there were 490 people in Poole aged 16-24 years old that were claiming Job Seekers Allowance.

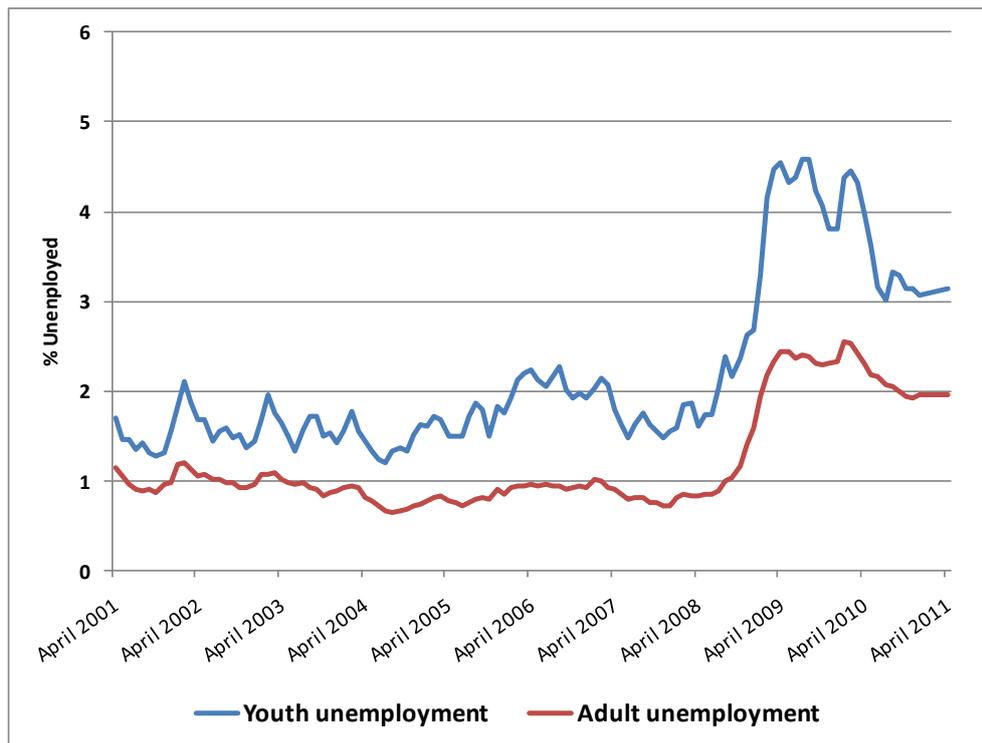
Figure 1 illustrates that the current level of unemployment among 16 to 24 year olds has risen since 2001 from 1.7% to 3.1%. Youth unemployment peaked at 4.6% in August 2009 and has since fallen to its current level.

Over the same time period, adult unemployment has also increased, but by fewer percentage points - from 1.1% to 2.0%. Economic activity rates among young people have also fallen compared to adults

¹ Youth unemployment is defined as those aged between 16-24 years old. Adult is defined as 25-64 years old.

² Labour Force Survey, Labour Market Statistics, May 2008 and May 2011.

Figure 1: Trends in unemployment by age, 2001-2011



Source: NOMIS Claimant Count, April 2001 – April 2011

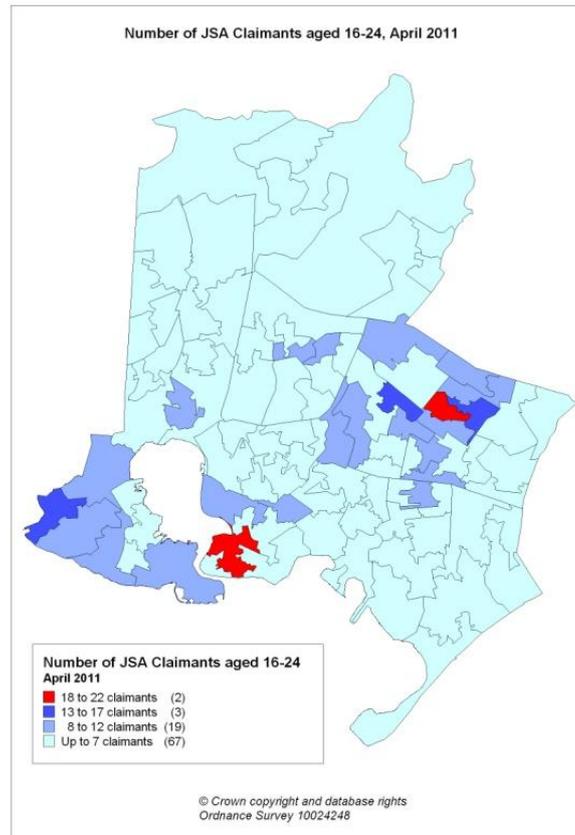
Young people are particularly vulnerable during a recession, because firms stop hiring and are more likely to make young people redundant. The labour market also becomes more competitive, making young people less attractive compared to more experienced applicants. In this scenario young graduates are likely to find themselves underemployed, having to lower their job and wage expectations. Young people without qualifications are even more disadvantaged, as even the most basic entry-level jobs become harder to get.

As well as the impact of the recession, Figure 1 demonstrates that youth unemployment is not a new problem. Youth unemployment has been higher than adult unemployment for some time in Poole.

Analysis of unemployment rates at Lower Super Output Area (LSOA) level can reveal pockets of unemployment that can be masked when looking at borough or ward averages. Figure 2 illustrates that LSOA's E01015384 (Bourne Estate) and E01015469 (Poole Town Centre) contained the highest number of JSA claimants in April 2011.

The data from the JSA claimant count is rounded to the nearest five. This means that an LSOA with 5 claimants actually has between 3 and 7 claimants.

Figure 2: Number of JSA Claimants aged 16-24, April 2011³



Source: NOMIS Claimant Count, April 2011

2009 Mid Year Population Estimates were used to calculate the youth unemployment rate⁴ at LSOA. Table one below shows that three LSOA's (Bourne Estate, Turlin Moor West, and Poole Town Centre) recorded an unemployment rate amongst young people of 10% or over. The criteria used were that a LSOA must have an estimated youth population count of over 140 people. This allows a more reliable estimation that around 10% of the population of young people in that LSOA are unemployed as of April 2011.

Table 1: Youth Unemployment Rate, April 2011

LSOA	Description	Approximate Unemployment rate (%)
E01015384	Bourne Estate	11%
E01015430	Turlin Moor West	10%
E01015469	Poole Town Centre	10%

Source: NOMIS, Claimant Count, April 2011 & ONS Mid-Year Population Estimates 2009

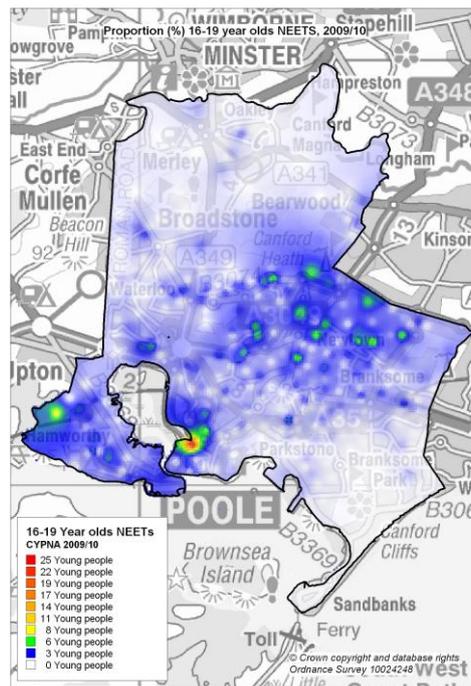
³ JSA Claimant counts are rounded to the nearest five.

⁴ The rate of unemployment is defined as the percentage of economically active people aged 16-24 years in an area who are without a job, have actively sought a job in the last four weeks and are available to start work in the next two weeks, or are out of work and are waiting to start a job in the next two weeks. We cannot know the exact rate of youth unemployment because the data is rounded but we can make a reasonable approximation.

Not in Education, Employment or Training (NEET)

The high rate of national youth unemployment is indicative of a large proportion of 16 to 18 year olds classified as 'currently not in education, employment or training' or NEET. The most recent figures show that over 150,000 16 to 18 year olds (8.3%) and over 900,000 16 to 24 year olds (15.3%) in England can be categorised under this heading⁵. According to the 2009/10 Children and Young People's Needs Analysis (CYPNA) there were 613 (8.6%) young people aged between 16-19 year olds that were classed as being NEET in Poole. Figure 3 illustrates the areas in Poole with the highest levels of young people classified as NEET are concentrated in Poole Town Centre (E01015469), Bourne Estate (E01015384) and Turlin Moor West (E01015430).

Figure 3: 16-19 Years 'Not in education, employment or training (NEET)'.



Source: CYPNA 2009/10

The economic costs of youth unemployment

Youth unemployment is argued to be more serious than adult unemployment for several economic reasons:

- **Scarring:** Scarring is a causal link between unemployment history and a negative future experience in the labour market. It includes long-term outcomes such as: lower wages; underemployment, and; low-pay no-pay cycles. This results in lost productivity over a lifetime.
- **Inactivity:** High youth unemployment or underemployment may discourage young people from investing in education and training as it does not necessarily translate into better labour market outcomes.

Extended and repeated unemployment spells are likely to impair young people's longer-term labour market outcomes.

⁵ Department for Education, NEET Statistics Quarterly Brief May 2011.