Briefing Note: Youth at risk of limited employment outcomes

To: Hon Chris Hipkins, Minister of Education
Copy to: Hon Kelvin Davis, Hon Jenny Salesa, Hon Tracey Martin
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Priority: High
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METIS No: 1184192
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Purpose of Report

This paper summarises findings from an evidence review of how to improve interventions for young people who are likely to experience poorer-than-average employment outcomes over their lifetime.

Summary

- The evidence review proposes a definition of limited employment that includes people who are in minimum wage jobs and/or underemployed for long or frequent periods, as well as not in employment, education or training (NEET).
- Two key factors affecting employability for young people are work experience and non-cognitive (soft) skills. Young people with the poorest employment outcomes have additional risk factors, many of which are intergenerational.
- International evidence shows that the most effective employment interventions have an explicit focus of work experience and job search assistance. Education and training alone is not effective.
- Fewer, longer and deeper interventions that are coordinated across agencies and focus on addressing a broad range of needs are required. There is also a need for better intervention before young people leave school.
- The reviews conclusions will inform the Ministry of Education's joint advice with the Ministry of Social Development and Ministry of Business, Innovation and Employment on the Government’s response to the Welfare Expert Advisory Report and, where relevant, the Reform of Vocational Education.
- A summary of the report findings is attached. The full report is available on request. The Ministry of Education will publish the summary and full report on Education Counts in early May.
Recommended Actions

The Ministry of Education recommends you:

a. **forward** this briefing to the Minister for Social Development, the Minister for Youth, and the Minister of Employment

b. **agree** that this briefing will be proactively released.

Andy Jackson  
Group Manager  
Tertiary Education  
04/04/2019

Hon Chris Hipkins  
Minister of Education  
3/5/19
Background

1. Following a Ministers' strategy session in August 2018 on Youth Transitions [METIS 1143912 refers], we commissioned an evidence review to determine how to improve interventions for young people who are likely to experience poorer-than-average employment over their life time.

2. The resulting report proposes redefining this group of young people. It investigates what is known about this group, and interventions that may improve employment, immediately and later in life.

3. A summary of the report findings is attached. The full report is available on request.

Reframing the policy problem

4. Current policy discussions focus on young people who are not in employment, education or training (NEET). A limitation of the NEET measure is that it captures many young people who are relatively less at risk of long-run limited employment. Most New Zealand young people are NEET at some stage from ages 15 to 24. It also misses some young people who are moving between low paid and/or short-term jobs.

5. The evidence review report proposes a broader definition of limited employment. This definition includes those who are in minimum wage employment and/or underemployed for long or frequent periods. It aims to capture young people who are likely to be in limited or no employment over much of their lifetime.

How many young people are at risk of long-term limited employment?

6. Exploratory data analysis shows that up to 30% of the total working age population (aged 16 to 65) experience limited employment during a year. The proportions are higher for women (34%), Māori (40%) and Pacific (33%).

7. Most of these people will only be in limited employment for a specific period. However, some are likely to spend most of their life in limited employment. Looking at 24 year olds, we find that:
   a. 8% had been in limited employment every year since they were 16 and can be considered high risk of lifetime limited employment (the proportion was 16% for Māori and 10% for Pacific)
   b. 15% were in limited employment for the majority of years since they were aged 16 and can be considered medium risk of lifetime limited employment (the proportion was 27% for Māori and 21% for Pacific)
   c. 12% were in limited employment for less half of the years since they were aged 16 and can be considered low risk of lifetime limited employment (the proportion was 7% for Māori and 11% for Pacific).

8. The group of young people who are at medium to high risk of limited employment over their life time is wider than those who are NEET or on benefit. Around two thirds of the medium and high risk young people received a welfare benefit, and around three quarters were long-term NEET.

What factors influence employability?

9. Many different factors contribute to a person's lifetime employability. The report categorises these factors into:
   a. Personal factors – describing the individual or their situation
b. Network factors – describing relationships, experience and intergenerational issues

c. Labour market factors – describing supply and demand, and competition for jobs.

10. Two factors stand out as key to why some young people experience limited employment over longer periods of time:

a. **Non-cognitive skills** (also known as soft skills) are important for employment and education outcomes and are highly valued by employers. These skills can be influenced during childhood and adolescence.

b. **Work experience** is a key way to change people’s employment capability and motivations. Lack of work experience is a major barrier for young people who leave school with low or no qualifications.

11. These two factors are closely tied to how well young people can signal their suitability for jobs to employers.

What are the characteristics of young people most at risk of long-term limited employment?

12. The report finds that young people with the poorest long-term employment outcomes have additional risk factors, including:

a. experiencing intergenerational benefit dependency

b. contact with CYF/Oranga Tamariki during childhood or adolescence, and/or with the Justice system

c. being a young parent (particularly before age 19)

d. leaving school with no or low qualifications.

13. Young people most at risk of long-term limited employment cannot be easily sorted into discrete subgroups. There are many overlapping groups and young people may only be part of a subgroup for a short point in time. Not all young people who exhibit these risk factors will end up in limited employment.

14. Needs and employment barriers are often multiple. Much of what distinguishes young people who are most likely to end up with limited employment outcomes in adulthood, compared to their peers, is intergenerational in nature.

What programmes are most effective for improving employment outcomes?

15. International evidence shows that interventions involving job-search assistance and work experience or on-job training are most effective in improving longer-term employment outcomes. Education and training on its own is ineffective in general. It can even be harmful if it locks people into training activities rather than job search and building work experience.

16. Effective education and training programmes share a range of characteristics:

a. including a work experience or on-job training component

b. combining with job seeking assistance

c. not making academic outcomes the only programme success measure
d. being tightly targeted to the needs of a certain group

e. being aligned to specific skill shortages for identified industries or locations

f. including a range of supports or activities that holistically address multiple needs or barriers, including:

i. individual needs assessment, and semi-tailoring of individual plans or programmes

ii. pastoral support and personal coaching, mentoring or case management.

What do we need to focus on?

17. Various gaps in our current policy focus are identified in the research.

A clearer, shared understanding of youth employability interventions

18. We have a diverse mix of programmes and services for improving youth employability, involving a range of government agencies and sectors. More effective cross-sector intervention requires a common understanding of employability interventions that are effective in the long-term.

Move away from current focus on youth transitions

19. The review concludes that the current focus on youth transitions has resulted in siloed and sequential interventions. Fewer, longer and deeper interventions are preferable. This could involve creating access to combinations of interventions from more than one government agency:

a. at the same time (e.g. allowing simultaneous enrolment in two services)

b. for a period after moving into or out of work, or education, or for longer (e.g. as a settling in phase to help adapt to new work, education or other life environments)

c. that are more preventative and sooner in the life of young people who match known risk profiling criteria (e.g. access to extra support for non-cognitive skills development and work experiences before age 15, or before becoming NEET or unemployed again).

20. There could be better timing of interventions to match certain life experiences, i.e. those experiences that appear to act as risk-triggering or opportunity-triggering events.

A broader focus is required

21. The focus needs to be wider than just NCEA Level 2 and NEET, and include a fuller range of employability factors and barriers, particularly work experience and non-cognitive skills.

22. Interventions need to start earlier than age 15 to develop employability before young people leave school.

23. External factors need to be addressed. Current interventions tend to focus on individuals, rather than their wider community and labour markets.

Improving our knowledge about specific groups and needs

24. Areas where further knowledge and information is required include:
a. Work experience and job referees – particularly working with young people to compile information on their work experience and people who can provide references

b. Driving licence and access to own transport – this may be a significant barrier for some groups of young people in some locations

c. Caregiving – we need to better understand the needs of young people with caregiving responsibilities, including those caring for other family members rather than their own children

d. Mental health and disabilities – more work is needed to understand how these young people can be supported effectively

e. Those entering work with only NCEA 2 – these young people may fall into the gap between foundation education and vocational education.

Policy implications

25. We have shared the evidence review with other government agencies, including the Ministry of Social Development, Oranga Tamariki, the Ministry of Business, Innovation and Employment and the Tertiary Education Commission.

26. The review’s conclusions will inform the Ministry of Education’s joint advice with the Ministry of Social Development and Ministry of Business, Innovation and Employment on the Government’s response to the Welfare Expert Advisory Report and, where relevant, the Reform of Vocational Education. The review will also inform the Ministry of Business, Innovation and Employment’s advice to the Minister of Employment on an Employment Strategy.

27. We are undertaking related work to improve the quality of our ‘at-risk’ provision in compulsory schooling and to improve post-school outcomes for this group of learners. This includes working with the TEC to support more informed student study and career choices through the TEC’s Career Systems Strategy.

Publication

28. The Ministry of Education will publish the summary and full report on Education Counts in early May. We will provide your office with a communications plan prior to publication.