

SAVE THE STUDENT LABOUR MARKET!



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The pandemic has created a youth unemployment ticking time bomb and we all have a role to play. ISE is championing government support for employers. What else can be done?

We all remember that fateful week in March when the UK was locked down. News of the pandemic meant that we all knew that something was going to happen, but when the government announced lockdown it was tighter than most of us expected. It quickly became apparent that we were moving into an unprecedented period. But, what none of us could have known was how long it was going to last.

Four months later and we are only just coming out of lockdown. What is more, as the local lockdown in Leicester shows, the end of lockdown is not going to be smooth or quick.

Implications for the student labour market

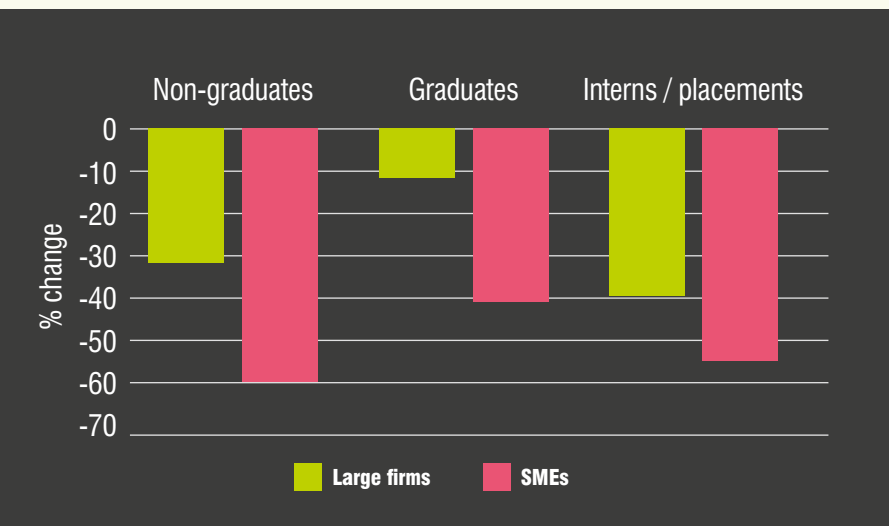
The government quickly realised that lockdown was going to have a major impact on employment. With businesses closed and no one going out, there was a danger of the numbers of unemployed people quickly swelling. Thankfully they moved quickly and decisively to introduce the furlough scheme

and then to extend it when it became apparent that the lockdown was going to go on longer than expected.

Despite this over three million new people have started claiming universal credit since the start of lockdown, suggesting that unemployment is growing rapidly. Meanwhile analysis by the Institute of Employment Studies tells us that there are less than half the number of jobs being advertised at the moment than were available this time last year.

ISE surveys show the early impact on the student labour market. Overall employers look set to hire 23% fewer students this year than they were planning prior to lockdown. As lockdown drags on and the likelihood of long-term recession increases, the idea of a quick bounceback looks less likely. Student hiring has contracted substantially this year, and there is a good chance that it will contract even further next year.

Changes to hiring plans due to Covid-19 by business size



ISE report: Covid-19: The impact of the crisis on student recruitment and development.

“The ISE’s proposals for government to guarantee access to career guidance for young people is vital to support a generation of young people leaving our schools, colleges and universities who will need to make very difficult choices about jobs, apprenticeships and further study. We cannot betray this generation their futures. Further government investment in our young people is a Covid-19 imperative.”

Keith Herrmann, degree apprenticeships consultant, UA92



“Reconstruction is not just about infrastructure projects but people. Young people, and especially under represented young people, are always hardest hit in times like these. Smart thinking and actions around, for example, the use of the levy is an easy win for government and will support employers do what they want to which is hire more apprentices.”
Simon Reichwald, strategic lead for talent, MyKindaFuture

If you are one of the 800,000 young people who are leaving school, college or university this year, these figures are pretty worrying. Not only is student hiring down, but the wider labour market is also depressed. As the furlough scheme begins to wind down from August, many businesses will be making staff redundant. Students will increasingly be competing with a glut of recently redundant workers with more experience than them.

The situation is going to be tough. The lockdown is already hardening into global recession. This is going to be bad for everyone, but it is likely to hit young people hardest. But there are still many possible economic futures and what we, our businesses and the government do will help to determine the path that the economy takes.

We need government support

The furlough scheme has helped the UK to avoid a serious economic collapse, but it will come to an end. This doesn't mean that government can walk away from the labour market altogether. There is going to be strong need for No.10 to work in partnership with business until the crisis is over.

ISE has just unveiled its [plan for the reconstruction of the student labour market](#), setting out three ways in which government can work with employers:

#1. Increase employers' capacity to hire young people

Many employers will face pressure to slow down or stop entry-level recruitment, to slash training and development and reduce the quality of jobs. Decisions to stop hiring or training workers will disproportionately impact young people. A race to the bottom is likely to exacerbate the recession and locking young people out of the labour market will reduce the chance of recovery. Government should seek to support employers to continue to recruit and develop young people by:

- Cutting national insurance contributions for all staff under 24 for a year.
- Covering the costs of the 20% off-the-job (study) time for all new apprentices under 24.
- Freeing employers up to spend their apprenticeship levy on the real costs of apprenticeships such as travel and management.
- Providing a small incentive for employers who offer work experience.

#2. Underpin the functioning of the labour market

The recession is likely to be too big for employers to handle alone, even with government support. Government must step in and ensure the effective functioning of the labour market throughout the crisis. It should try to avoid mass unemployment and use the public purse to provide opportunities for young people rather than leaving them to languish on benefits by:

- Appointing an independent labour market monitor
- Offering an opportunity guarantee for all young people who have been unemployed for six months or more.
- Targeting additional support to areas and industries that are particularly hard hit by the crisis.

“No single measure will be sufficient to stem the loss of a generation of talent. We need a pragmatic package of support from government to help employers and educators enable our early talent, future-proofing the UK economy.”

Deborah McCormack, ISE chair and head of talent for Pinsent Masons

“The challenge facing young people in an uncertain jobs market as we come out of the pandemic is enormous. It will take sustained and combined support from government, employers and educators to ensure that they have access to opportunities to begin their careers.”

Jayne Rowley, head of Prospects, Jisc

#3. Support young people

Young people are facing the worst employment market for a generation. It is important that government provides a strong infrastructure for support to help them to successfully transition into work by:

- Supporting educators by providing resources for tutoring and support.
- Reviewing the fairness of the examination system in the current context.
- Providing access to career guidance and wider employment support.
- Investing in vocational education and providing young people with a maintenance allowance if they choose this route.
- Providing funding and support for young entrepreneurs.

Read our [plan in full](#). Get involved by encouraging your organisation to support these policies by contacting ISE and through any direct links with policymakers.

Businesses are currently involved in strategic planning for the post-lockdown future. As someone committed to entry-level and early careers staff, you have a job to do in fighting the corner for these people. Key points that you could include:

- Evidence from previous economic downturns shows that employers who switched off student recruitment damaged their reputation and created long-term resourcing issues.
- Having a strong pipeline of talented people positions organisations well for when the economy recovers. If you weaken your organisation’s foundations it is very difficult to quickly hire your way out of a resourcing crisis.
- There are dangers in closing down student recruitment altogether. While you may need to reduce numbers, keeping your programme running makes your organisation more flexible and preserves organisational memory and expertise.
- It is better to manage changes to your hiring approach in a way that minimises the negative impact on your talent pipeline and on your organisation and ensures that you will be able to grow again when the climate changes.
- The pandemic will require you to re-engineer some of your recruitment and development processes e.g. moving face-to-face processes online. Business will need to invest in these processes to keep things running efficiently.
- Businesses that plan for a changed situation will thrive, whilst those that put off decisions and wait for a return to normal will struggle.