

Recession Report

Number 7 May 2009

Headline statistics

This month we are going to take a more detailed look at the figures we report on in each month's *Recession Report*. Most of the labour market statistics released this week apply to the 3 months from January to March: unless otherwise stated, these are the figures we use.

Employment

The official statistics will tell you that there are 29,204,000 people in work, an employment rate of 73.6%. This is accurate, but you do need to understand what the figures illuminate, and that the employment level is based on a different definition from the employment rate.

The employment level tells us how many people have a job and are old enough to be in employment legally – so this figure measures people aged over 16 and in work.

This figure includes people who are over state retirement age (60 for women, 65 for men). Most people over that age are retired, of course, so the employment *rate* for everyone over 16 (currently 59.2%) would give a misleading picture. So the employment rate looks at the 27,857,000 people in employment who are of 'working age' – 16–59 for women and 16-64 for men. There are nearly 38 million working age people in the UK, and this gives us an employment rate of 73.6%.

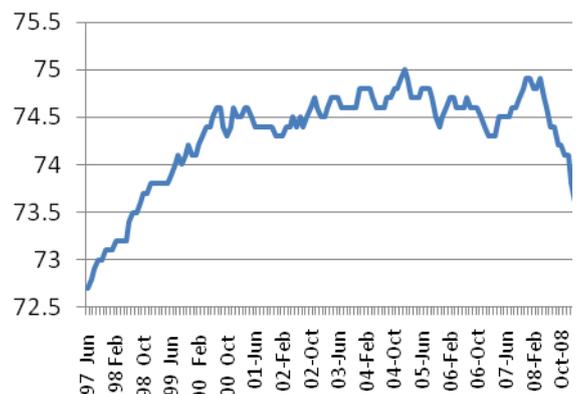
In recent months, the employment level and rate have been coming down:

Employment levels and rates

	Level	Rate
Jan-Mar 08	29,499,000	74.8%
Dec-Feb 09	29,267,000	73.8%
Jan-Mar 09	29,204,000	73.6%

This is obviously disappointing, but a rather longer-term perspective reveals that employment is still substantially higher than it was in 1997:

Employment rates, 1997 – 2009



Men and women have both lost jobs; the decline has been larger for men, but men's employment is still substantially higher than women's:

Men's and women's employment

	Level (000s)		Rate (%)	
	Men	Women	Men	Women
Jan-Mar 08	15,948	13,552	79.0	70.4
Jan-Mar 09	15,706	13,499	77.2	69.6
Change	- 242	- 53	- 1.8	- 0.8

Unemployment

Two figures are commonly quoted for unemployment: the ‘claimant count’ and the internationally agreed definition recommended by the International Labour Organisation.

The claimant count is based on the number of people claiming Jobseeker's Allowance. It is a sign of how difficult it is to get JSA that the claimant count figure is significantly lower than the ILO measure of unemployment.

In the past year, the claimant count has risen dramatically:

Claimant count, UK, seasonally adjusted

	Level (000s)	Rate (%)
April 2008	802.3	2.5
April 2009	1,513.0	4.7
Change	710.7	2.2

Women account for a significantly lower proportion of the claimant count than the ILO measure:

Women and unemployment measures

	ILO measure	Claimant Count
Women's unemployment	880,000	389,600
Total unemployment	2,215,000	1,513,000
Women's share	39.7%	25.8%

One reason for this discrepancy is the fact that the eligibility conditions for Jobseeker's Allowance continue to discriminate indirectly against women. One route to eligibility for JSA depends on having paid enough NI Contributions to qualify. Women are more likely to work in part-time jobs and as a result are significantly more likely than men to have earnings below the threshold for Contributions. The other route is through a means-test, which is assessed on a family basis, and tends to be paid to the man in a heterosexual couple.

This could be quite a significant issue for the future, as eligibility for the Future Jobs Fund (that will provide real jobs for long-term

unemployed young people) will depend upon receipt of Jobseeker's Allowance.

One detail we normally pass over in the *Recession Report* is the effect of rule changes relating to lone parents. Since November, lone parents whose youngest child is aged over 12 have ceased to be eligible for Income Support, and those who do not qualify for any other benefit have no alternative to Jobseeker's Allowance. (In October, this threshold age will be reduced to 10 and in 2010 to 7.) The number on the claimant count has been steadily rising since then and there are now 21,095 lone parents in this position. The impact of the recession has far outweighed the effect of this change, and lone parents only account for about one and a half per cent of the claimant count, but this figure will grow.

The ILO measure is based on the number of people who tell the Labour Force Survey that they do not have a job, want one, have actively sought work in the last four weeks, and are available to start work in the next two weeks. There is also a small group who are waiting to start work in the next two weeks.

Unemployment on this measure has also been on the increase, and this applies to both the level and the rate of unemployment. Whilst the employment rate is calculated for the working age population, the unemployment rate that is quoted in news stories is, like the unemployment level, calculated on a 16+ basis.

The unemployment rate is calculated as the proportion of ‘economically active’ people who are unemployed. (‘Economically activity’ means being either employed or unemployed.) Most people over retirement age who don't have a job classify themselves as retired (and therefore ‘economically inactive’) rather than unemployed, so calculating the unemployment rate on a 16+ basis has less impact than one might expect.

Recession Report

The unemployment rate is rising very quickly, and the current 7.1% unemployment rate is the highest since early 1997. The rise on the quarter was 244,000 people - the second largest quarterly rise since records started in 1971 (the largest increase was 264,000 at the end of 1980). The rise since last month's figures was 115,000:

Unemployment levels and rates

	Level (000s)	Rate (%)
Jan-Mar 08	1,624	5.2
Dec-Feb 09	2,100	6.7
Jan-Mar 09	2,215	7.1

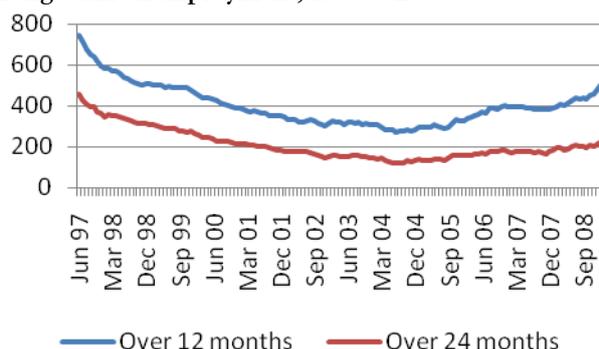
The large numbers of newly unemployed people are having the effect of bringing down the proportion of unemployed people who have been unemployed over 12 months – from 24.6% in Jan-Mar 2008 to 22.8% in Jan-Mar 2009. But this is a smaller proportion of a much larger number, which has been rising very fast, and there is no comfort in the levels of long-term unemployment:

Long-term unemployment levels

	Over 12 mths	Over 24 mths
Jan-Mar 08	399,000	196,000
Dec-Feb 09	481,000	217,000
Jan-Mar 09	506,000	226,000

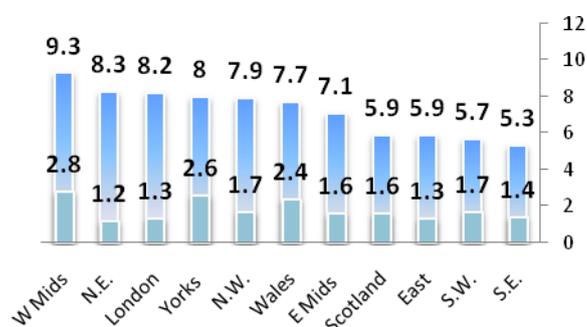
If we put these figures in a longer context, we can see that long-term unemployment has actually been rising for five years, but it has still not reached the levels inherited by the current Government in 1997:

Long-term unemployment, 1997 - 2009



Although the recession has hit jobs across the country, the impact has not been the same in all regions. In the table below, the upper figure is the unemployment rate in each region in February. The lower figure is the number of percentage points by which the rate has increased since March 2008.

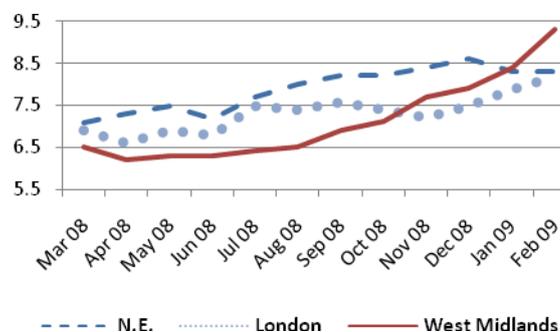
Regional unemployment rates



We can see that the West Midlands has been hard hit, starting with high unemployment that rose rapidly last year; this may well be linked to the decline in manufacturing employment. The North East and London, by contrast, started with high unemployment, but did not see a large increase.

These three regions are a good example of how differently the recession has affected areas:

Rising unemployment rates



Rising unemployment accelerated in the West Midlands, grew more slowly in the North East and took off suddenly at the end of 2008 in London.

Part-time work

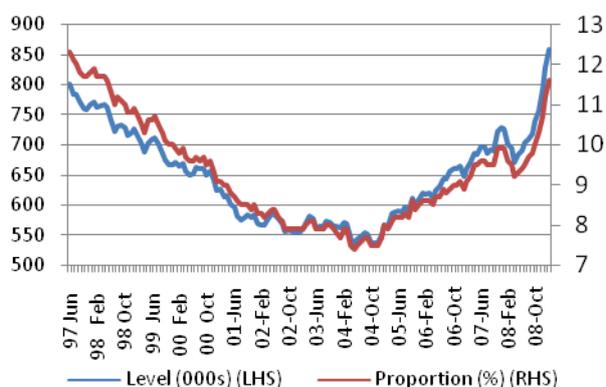
The TUC has been increasingly concerned about the impact of the recession on workers who have been faced with a choice between unemployment and part-time jobs, even though that is not what they would prefer. Between Jan-Mar 2008 and Jan-Mar 2009 there has been an increase in the number workers saying they work in part-time jobs because they can't find full-time alternatives, and in the proportion of part-time workers who say this:

Involuntary part-time work

	Level (000s)	Proportion (%)
Jan-Mar 08	701	9.6
Dec-Feb 09	829	11.2
Jan-Mar 09	859	11.6

As with long-term unemployment, this is a trend that has been noticeable for five years, but the trend has accelerated with onset of the recession:

Involuntary part-time work, 1997 - 2009



Pay and earnings

Unemployment is rising and inflation is low; no one should be surprised that wage settlements have been drifting downwards. The Labour Research Department reports average settlements falling to 1.5%, with low increases are especially noticeable in manufacturing. IRS reported a similar story, with awards standing at 2.8%, when their report was published in mid-April, but they expected the average for the period Feb – April to be 1.5%.

All the main surveys include a significant minority of freezes or cuts. IRS reported that 26% of deals in their most recent survey were freezes and IDS found that the same was true of one fifth of all 2009 deals.

There are still a number of long-term deals; several of these have seen recent increases determined by the comparatively high inflation Britain experienced in September. In other firms, continuing high profit levels and skills shortages are producing significant increases. The LRD survey noted that many deals remain above the average, including 5% for film performers and extras, 5% for Barclays bank staff and 6.25% for bus drivers at Stagecoach Peterborough

In other words, pay settlements are slowing, and there are significant freezes, but this is not equivalent to freezes being the norm. Indeed, the official earnings data (which include the effect of promotions, pay progression etc) show that, while bonuses have fallen, average earnings excluding bonuses were 3.0% higher in March 2009 than they were in March 2008.

This perspective is important because the coverage of this subject in some newspapers and magazines might convince the unwary that no-one is getting an increase. In April, the British Chambers of Commerce released the results of a survey of their members, showing that 58% were planning wage freezes. The survey mainly covered SMEs, and related to employers' intentions, rather than what they were actually doing.

The correct picture is more mixed. Undoubtedly, some firms are in genuine difficulties, and in these cases, unions have agreed to defer pay increases to save jobs. Many companies, however, are still profitable and able to afford pay rises. A more general policy of holding down wages during the recession would cut the level of overall demand and exacerbate the problem.

Young people and recession

Introduction

Since the recession started, unemployment has been rising particularly sharply for young people, leading to an increased policy focus upon supporting young workers through the downturn. In this section of the recession report, we therefore consider the consequences of unemployment for young people, the particular causes of youth unemployment, recent trends in young people's unemployment rates and the likely effectiveness of the policy responses to tackle rising youth unemployment.

Why focus on young people?

In part, the reasons for focusing on young people's unemployment are the same as those for other groups: unemployment leads to lost output and to workers losing skills; being out of work increases incidences of illness including mental health problems and poorer physical health; long-term unemployment places workers at particular disadvantage when seeking new jobs and as unemployment rises so do crime and other social and economic costs, including the ongoing provision of social security benefits.¹

But young people are particularly badly affected by the experience of unemployment, and more likely than other groups to experience ongoing impacts over the course of their working lives. Research shows that unemployment experienced by young labour market entrants leads to long-term impacts in terms of skills, earnings and progression: one recent study² found that the wages of those who experience youth unemployment are 13 to 21 per cent lower than they would otherwise have been. The lowering of expectation and ambition among young workers can also place concerning limits on their future productivity and creative potential. In a recent paper, Professor David Blanchflower stated that "unemployment while young,

especially of long duration, creates permanent scars rather than temporary blemishes."³

What causes unemployment among young people?

Personal characteristics

Unemployment among young people is affected by a range of personal characteristics, including work experience, skills and their domestic circumstances (such as their housing, their parents' experiences of employment and whether or not they have caring responsibilities).

Education is a particularly significant factor. Recently published Bank of England research⁴ shows that over the ten year period from 1997 to 2007 the average unemployment rate for those with Level 1 skills or below was three times higher than those with skills at Level 4. This difference was also reflected in the workers' job-finding rate, with the latter group twice as likely to find new employment as those in the low-skill category.

Separate research⁵ has also shown the particular impact that qualifications have on the chances of young people being unemployed. Between April – September 2008 the unemployment rate for young people with no qualifications was 28.9 per cent, compared with 10.7 per cent for those with A-Levels. Further trends can be seen in the following table, which is reproduced from Bell and Blanchflower's analysis.⁶ The findings demonstrate that young people with low-skills face a penalty that is significantly higher than that experienced by other working age adults.

Unemployment rates by skill level and age, April-September 2008

	All ages	18-24 years
Overall	5.8	13.4
No quals	11.6	28.9
Apprenticeship	3.2	6.2
0-Level	7.1	15.1
ONC/OND	5.3	15.4
A-Level	5.9	10.7
HNC/HND	2.6	8.7
Degree	3.4	11.3

Economic and social change

While individual characteristics make a significant difference to the likelihood of young people experiencing unemployment, wider economic changes have also contributed to young people's unemployment trends.

Historically, levels of youth unemployment (and the reasons why young people's unemployment rates tend to be more extreme and counter-cyclical than other age groups) have been linked to three main factors: the size of the youth labour force; young people's wage rates and aggregate demand for young people's labour.

In the UK the size of the working age population has increased in recent years, although the proportion of young people in this population has shown relatively little change: the proportion of 18-24 year olds within the total working age population increased from 13.5 per cent in June – Aug 2000 to just over 15 per cent in Nov – Jan 2008.⁷ Over the same period, economic activity rates among young people have fallen, from 75.2 per cent (Q2, 2000) to 73.3 per cent (Q2, 2008). Since the recession started, there has been a further drop to 72.3 per cent (Q1, 2009). And there have been corresponding increases in the proportion of economically inactive young people, with 27.7 per cent of working age young people currently in this position. This partly reflects increasing rates of participation in further education, but

also demonstrates rises in economic inactivity among young people who are not engaged in full-time study.

Analysis⁸ of 15 OECD countries has found that a percentage point increase in the size of the population of young people leads to a 0.5 percentage point increase in the unemployment rate. But in the UK, the increase in young people's unemployment since 2000 has been at least twice the rate of the increase in population – which itself has not been large (particularly when young people's increased rates of economically inactivity are considered). It therefore seems unlikely that rising population is responsible for rising unemployment among young people.

Another factor often cited as a potential cause of youth unemployment is increasing competition for jobs between young people and other workers. Research undertaken for the Low Pay Commission (LPC)⁹ has found little evidence to suggest that young people are being substituted by older workers or migrant workers (beyond anecdotal evidence from some employers who commented that they had a preference for migrant workers who were seen to have more developed skills). The LPC also note that young people's high unemployment rates started before the recent wave of immigration. It is however probable that rising numbers of working students have increased competition for limited jobs in the service sector, which is likely to have made entry to employment more difficult for those with low or no qualifications.

But overall, evidence suggests that the most significant factor in rising youth unemployment has been a reduction in aggregate demand for young people's labour. A combination of industrial restructuring and changes to types of employment has contributed to a longer term pattern of youth unemployment, which has accelerated since the recession started. The long-term decline in the manufacturing sector

has had a significant impact on young people (particularly those with low skills), as craft apprenticeships were traditionally an important route into employment, particularly for young men. In the mid 1990s, 19 per cent of 18 – 24 year olds were employed in manufacturing, but by 2008 this figure had fallen to just 9 per cent.¹⁰

Young people's changing employment

The types of jobs available to young people have therefore experienced significant change, and young workers now tend to be concentrated in low paid, low skilled and less secure employment in a narrow range of service industries. In 2008, 12 per cent of 18 – 24 year olds were in temporary jobs,¹¹ and among those who were not in education, 40 per cent reported that they could not find permanent work.¹²

In recent years, the proportion of young people employed in the service sector has significantly increased. For example, in 2008, 36 per cent of 18 to 24 year olds worked in distribution, hotels and restaurants compared to 30 per cent in 1995.¹³ The table below, replicated from ONS research¹⁴, illustrates that during 2008 around half of 18 – 24 year olds were employed in personal services, sales and customer service and elementary occupations.

Young people in employment by occupation, average for 2008

Occupation	% of 18-24 year olds employed
Mangers and senior officials	4
Professional occupations	5
Associate professional and technical	12
Administrative and secretarial	12
Skilled trades	12
Personal services	10
Sales and customer service	19
Process, plant and machine operatives	4
Elementary occupations	20

As opposed to the largely full-time nature of manufacturing employment, service sector work is more likely to be temporary, part-time and casual. While many new jobs have been 'white collar' occupations, young people can find themselves without the skills and experience to access these posts, which leaves them concentrated in the lower level positions.¹⁵ It has also been argued that the 'bridge' between lower-quality and better-quality jobs is disappearing, meaning the opportunities for young people to progress have been reduced.¹⁶ This concentration in a small range of industries and types of role also makes young people particularly susceptible to effects of recession.

Young people and the current recession

This recession is hitting young people hard. Both young people's unemployment rates, and the extent of the increase in the rate since the recession started, are significantly higher than those of workers in other age groups. The unemployment rate for young people aged 18-24 is now 16.1 per cent, and has risen 3.9 percentage points on the year. This increase is over twice as much as that experienced by adults aged 25-49 (who have seen an annual increase of 1.6 percentage points) and three times as much as those aged 50 and over (who have seen a 1.3 percentage point increase).

Around 28 per cent of the increase in unemployment since the beginning of 2008 has been accounted for by those aged 18 – 24 years, and of the 2,215,000 people unemployed in the UK in the first quarter of this year, 676,000 were aged 18-24. 17.8 per cent of these young people (120,000 young people) have already been unemployed for over 12 months, and a further 127,000 (18.8 per cent) have been unemployed for 6-12 months. It therefore seems highly likely that by the end of this year, at least 200,000 young people will have been unemployed for a year, and a large proportion

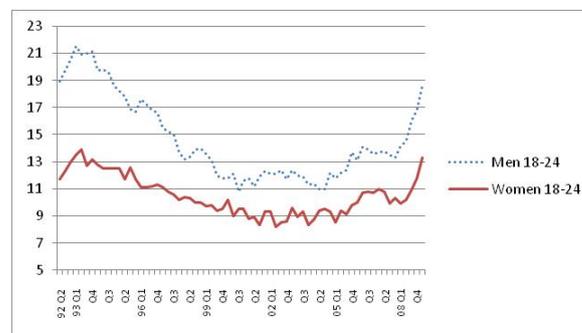
will have spent over two years out of work.

While services have so far seen lower levels of job cuts than manufacturing or construction, ONS have noted that the slump in the services sector over the last two quarters of 2008 was unprecedented in UK economic history,¹⁷ and within the service sector it is those industries that employ the most young people that have suffered the largest impacts. For example, distribution, hotels and restaurants has seen a 37 per cent reduction in vacancies over the year to the March 2009.

More widely, employers' responses to the recession have had an adverse affect on new entrants to the labour market. Recruitment freezes have a disproportionate impact on young people, who are most likely to be looking for work. Young workers are also often the first to be laid off in recessions. This may be as a result of 'last in first out' agreements (although these have declined in line with the decrease in collective bargaining coverage) but, more commonly, employers will view older workers as more skilled, experienced and harder to replace. Although older workers may be more expensive in terms of the wage bill, there are sunk costs in recruiting and training replacement workers and employers may feel less able to operate without their skilled core workforce. Making younger workers redundant can also be much cheaper, particularly if they have not been post for two years and do not therefore qualify for redundancy pay. And if workers have been employed for less than 12 months, which is more likely for younger staff, they have no protection from unfair dismissal.

There is variation in the ways that young women and young men are being affected, and their different unemployment rates can be seen in the following chart:

Unemployment rates among young men and women aged 18-24, Q2 1992 – Q1 2009



The data show that young women remain less likely to be unemployed than young men, but that unemployment rates for both young women and young men have been rising sharply since the recession started. The last time young men experienced such high unemployment rates was the third quarter of 1994, and the last time young women saw such high rates was the second quarter of 1993. Young women are more likely than young men to be economically inactive, and during the Jan-Mar 09 rolling quarter, 31.8 per cent of 18-24 year old women were in this position, compared to 23.8 per cent of young men.

Research suggests that some black and minority ethnic young people experience much higher unemployment rates than white young people. For example, analysis of the 2008 statistics¹⁸ shows that while overall unemployment rates among young people were 12.9 per cent, black young people experienced unemployment rates of 33.4 per cent.

There are also regional variations in young people's unemployment rates, as there are for the rest of the population. Recent analysis has shown that even before the recession started some areas of the country had unemployment rates of over 15 per cent – and in Merseyside, the unemployment rate for those aged 18-24 was 20.7 per cent. This can be seen in the following table (reproduced from Bell and Blanchflower's analysis¹⁹).

Recession Report

Unemployment rates among the populations of working age and young adults, April-Sept 2008

	All ages	18-24 years
Rest of North	6.3	13.4
South Yorkshire	8.2	19.3
West Yorkshire	6.8	15.2
Rest Yorks/Humber	3.8	7.7
East Midlands	5.8	13.6
East Anglia	4.7	11.6
Inner London	8.0	19.0
Outer London	6.4	15.6
Rest of South East	4.4	11.0
South West	4.0	8.2
West Midlands	8.7	18.4
Rest West Midlands	4.5	10.3
Greater Manchester	7.6	16.5
Merseyside	8.9	20.7
Rest of North West	5.0	12.8
Wales	5.8	12.0
Strathclyde	5.4	11.7
Rest of Scotland	4.0	10.0
Northern Ireland	4.3	11.8

It is likely that given that there have been significant increases in these rates since the downturn began.

Young people who are NEET (not in education, employment or training) comprised around 13 per cent of 18-24 year olds before the recession started.²⁰ This group attract particular policy attention as a result of concerns for their future labour market achievements and because the size of the NEET group has proved particularly difficult to reduce.

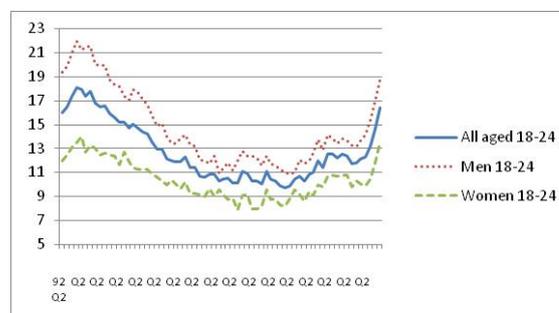
Among NEET young people, there is a strong gender split with young men much more likely to be unemployed and young women more likely to be economically inactive. Overall, young women are more likely to be NEET than young men.

Education is a significant contributory factor in the incidence of being NEET, with around a quarter of 18 – 24 year olds in the NEET group

having no qualifications. Research undertaken for DfES²¹ also offers a range of other causal factors for young people becoming NEET, including having parents with no or low qualifications and experiences of truancy and exclusion at school. One concerning figure from research into the NEET group is that when asked whether they would definitely work again in the future, only 65 per cent of young people answered positively, compared to 94 per cent in the non-NEET group.²²

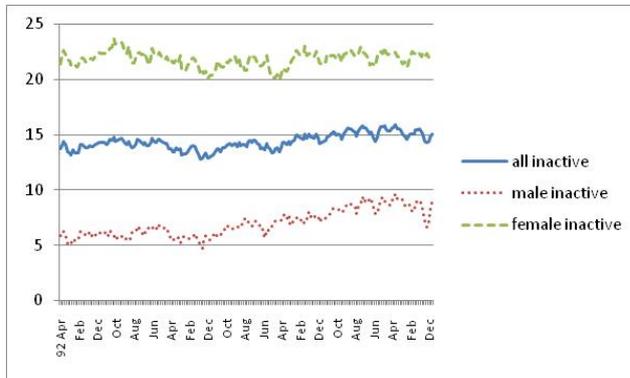
During the recession there have been concerning rises in the numbers NEET young people. The following chart shows that there have been sharp recent increases in the proportions of unemployed young people who are not engaged in education and training.

Proportions of young men and women aged 18-24 unemployed and not in full-time education, Q2 1992 – Q1 2009



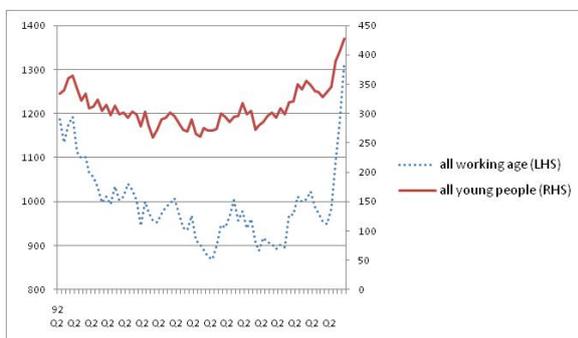
There have also been increases in economically inactive young people who are not in full-time education, although these trends have been ongoing since the late 1990s and have been less pronounced since the recession started. Although non-participation in work or full-time training is a policy concern, it is also important to remember that some young people in this group may be engaged in part-time courses or have caring responsibilities.

Proportions of young men and women aged 18-24 not in full-time education and economically inactive, Q2 1992 – Q1 2009

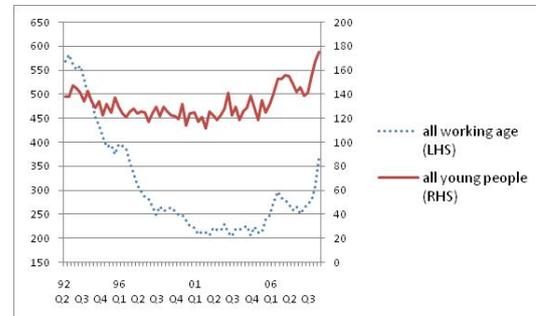


Long-term unemployment among young people can be particularly damaging. The following charts show how trends in unemployment among young people compared with those for the entire working age population. They show that in recent years young people’s unemployment of less than 12 months has fallen proportionally less than working age unemployment overall – and that since the recession started youth unemployment has followed a similar upward trend to that of working age unemployment overall, despite already being relatively high:

Unemployment for up to 6 months, Q2 1992 – Q1 2009

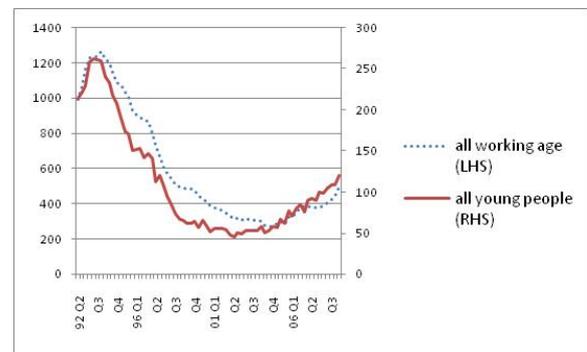


Unemployment for 6-12 months, Q2 1992 – Q1 2009



While long-term unemployment among young people has been falling in recent years, it has also recently started to rise at a faster rate than the overall working age long-term unemployment rate. This trend began before the current downturn, but has been exacerbated since the recession began.

Unemployment of over 12 months, Q2 1992 – Q1 2009



Policy responses

The Government are committed to taking action to address unemployment among young people. In the Budget, Chancellor Alistair Darling announced that getting young people into work was a primary objective for the Government, defining his mission as “preventing a new generation of young people becoming a lost generation”.²³ We welcome this commitment, which we believe demonstrates the importance of continuing to invest in the economy during the recession. But while we are in agreement with the Government’s broad approach, we also believe that there is more that could be done in the immediate term.

A jobs guarantee for young people

The policy intended to achieve the Government's aim is the young person's guarantee, which, from January 2010, should mean that under-25 year olds who have been unemployed for 12 months or more will be guaranteed a job or training place.

The TUC are supportive of this guarantee, and welcome the Government's fast implementation timetables for the programme. But success will be contingent upon ensuring that as far as possible new jobs are additional, sustainable and provide decent working conditions. Full trade union involvement in identifying and developing the new posts will therefore be important to ensuring this happens in practice.

Security for apprentices

The TUC has welcomed recent announcements by Government focused on increasing the number of Apprenticeships. In January, Government announced that it would fund an additional 35,000 apprentices over the coming year and that the public sector would account for 21,000 of these additional places.

We have also supported Government moves to use public procurement in a more proactive way to require companies winning government construction contracts to recruit a certain number of apprentices (e.g. contractors involved in the Building Schools for the Future programme will be obliged to recruit 1,000 apprenticeships over the coming year). However, we are pressing for this approach on procurement to be extended to other government contracts as soon as possible, for example by requiring companies delivering large IT contracts in public services to recruit apprentices.

We also believe that the 'Clearing House' initiative, developed in the construction sector to enable apprentices at risk of redundancy to complete their training, should be applied in

other areas. For example, the Public Services Forum Learning and Skills Task Group has called on the Government to draw on this initiative and to give "a clear commitment to work with employers, unions, training providers and apprentices to minimise the risk of non-completion and maximise the employment opportunities open to public sector apprentices".²⁴

Access to education and training

We believe that the Government should ensure that more young people have the opportunity to continue in education and training post-16, rather than having no choice but to join the ranks of the unemployed. The Government's guarantee of an education or training place for all 16- and 17-year-olds by September 2009 is welcome, as was the Budget announcement that additional funding will be provided over the next two years to ensure delivery (£250 million this year and £400 million next year). However, the Government may also need to give further thought to expanding places in Further Education (FE) and Higher Education (HE) as a response to rising unemployment among young people.

Notes

¹ Bell D and Blanchflower D (2009) *What Should Be Done About Rising Unemployment in the UK?* Discussion Paper No. 4040 Bonn: IZA

² Gregg P and Tominey E (2005) *The Wage Scar From Male Youth Unemployment* Labour Economics, Volume 12, Issue 4, August 2005, pp 487-509.

³ Bell D and Blanchflower D (2009) *Ibid.*

⁴ Gomes P (2009) *Bank of England of England working paper 367: Labour market flows: facts from the United Kingdom* London: Bank of England

⁵ Bell D and Blanchflower D (2009) *Ibid.*

⁶ *Ibid.*

⁷ Office for National Statistics (2009) *Economic and Labour Market Review*, Vol 3, No. 4, April 2009. The reason for this relatively small increase is that more young people are remaining in full time post-compulsory education (with the increase for 18-24 year olds reflecting a growing number of working students in this age group).

⁸ Korenman S and Neumark D (1997) *Cohort Crowding and Youth Labour Markets: a cross national analysis* NBER Working Papers no. 6030, Cambridge, USA: National Bureau of Economic Research

⁹ Low Pay Commission (2008) *National Minimum Wage: Low Pay Commission Report 2008* London: Low Pay Commission

¹⁰ Office for National Statistics (2009) Ibid.

¹¹ Ibid.

¹² Ibid. Figures relate to the average for 2008.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Bell D and Blanchflower D (2009) Ibid.

¹⁷ Office for National Statistics (2009) *Economic and Labour Market Review*, Vol 3, No. 2, February 2009

¹⁸ Bell D and Blanchflower D (2009) Ibid.

¹⁹ Ibid.

²⁰ Office for National Statistics (2009) April Ibid.

²¹ Department for Education and Skills (2005) *Young People Not in Education, Employment or Training: evidence from the education maintenance allowance pilots database* Research Brief RB628, DfES: London cited in ONS (2009) April Ibid.

²² Kent K, (2007) *New LFS Questions on Economic Inactivity* Economic and Labour Market Review 2007, vol 1, no.12, pp.30-36 ONS (2009) April Ibid.

²³ Chancellor of the Exchequer's Budget statement, April 2009, available to download from:

http://www.hm-treasury.gov.uk/bud_bud09_speech.htm (accessed 15th May 2009).

²⁴ Cabinet Office (2008) *Quality Skills, Quality Services: final report of the Public Services Forum Learning and Skills Task Group* London: Cabinet Office.