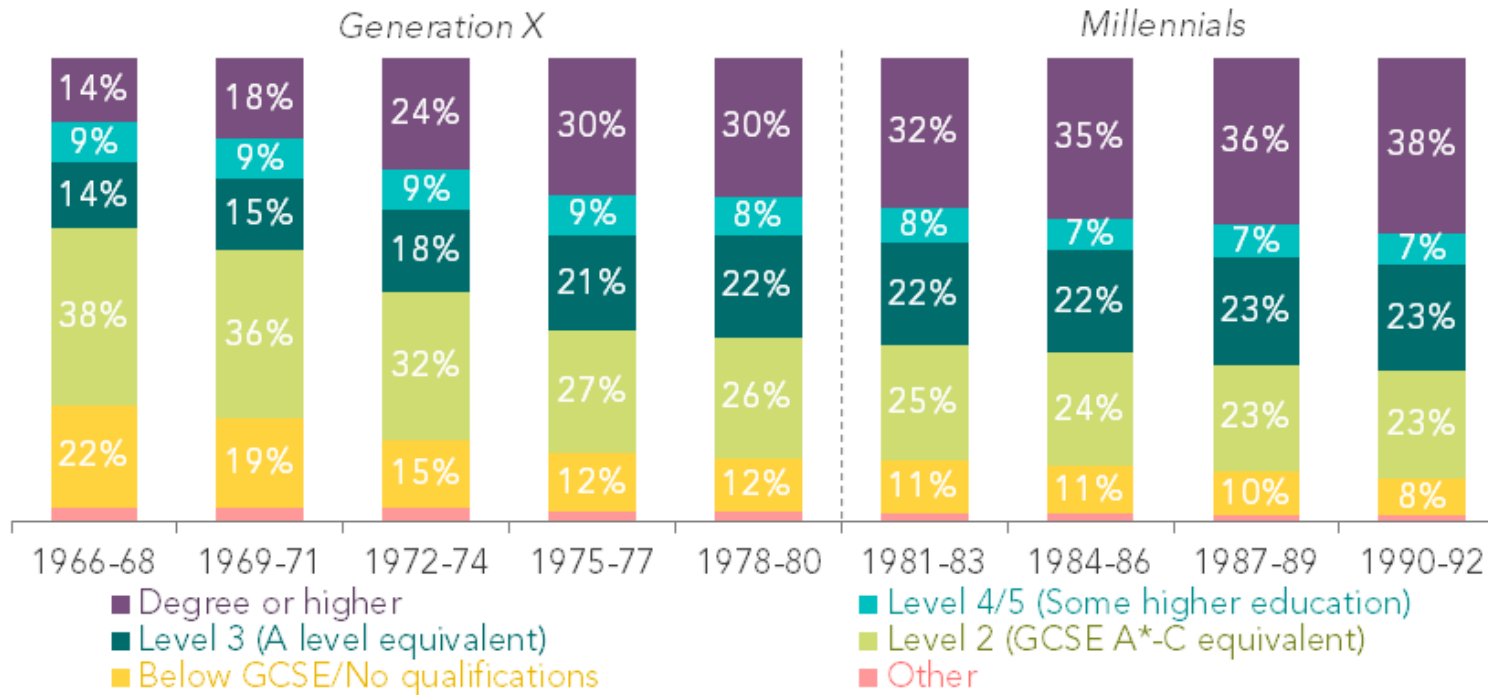


# Human capital accumulation has slowed...

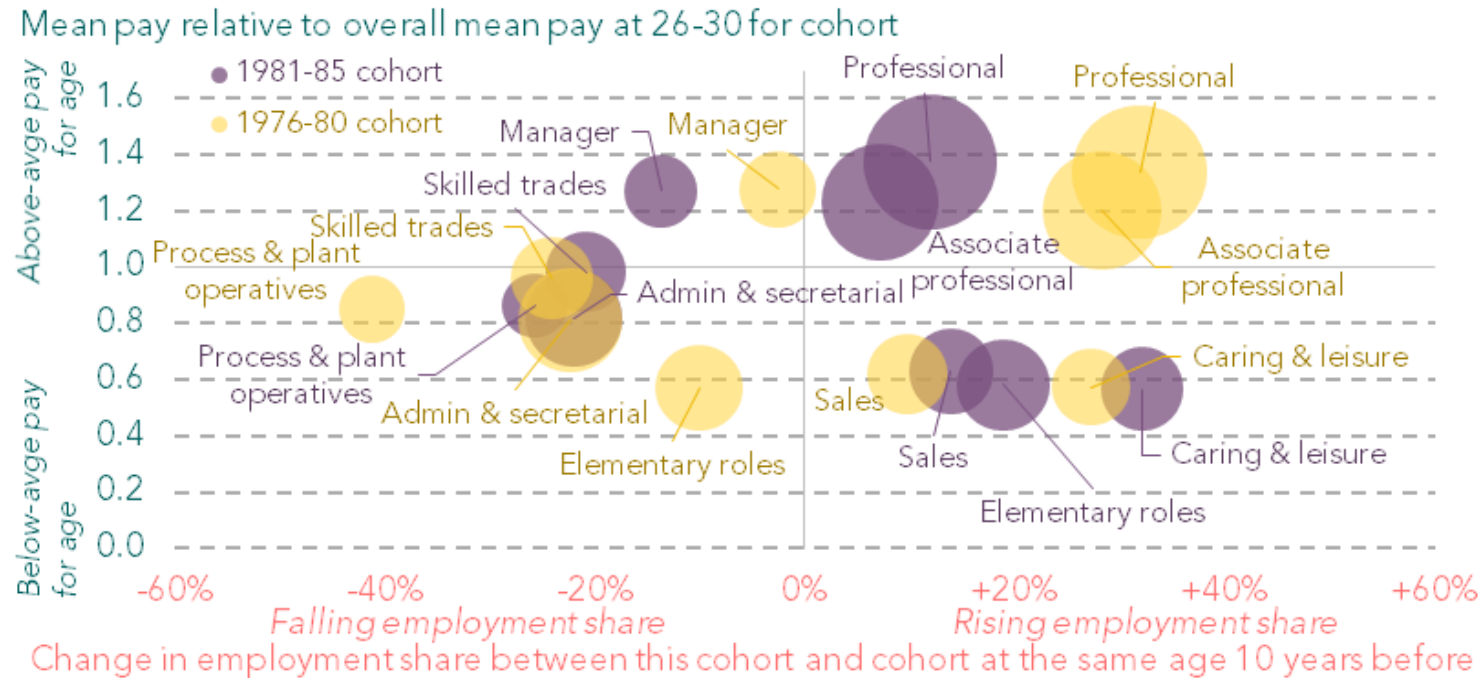
Highest qualification held at age 25-28, by cohort: UK, 1992-2017



Source: RF analysis of ONS, Labour Force Survey

# ..young adults are increasingly working in lower-paid sectors...

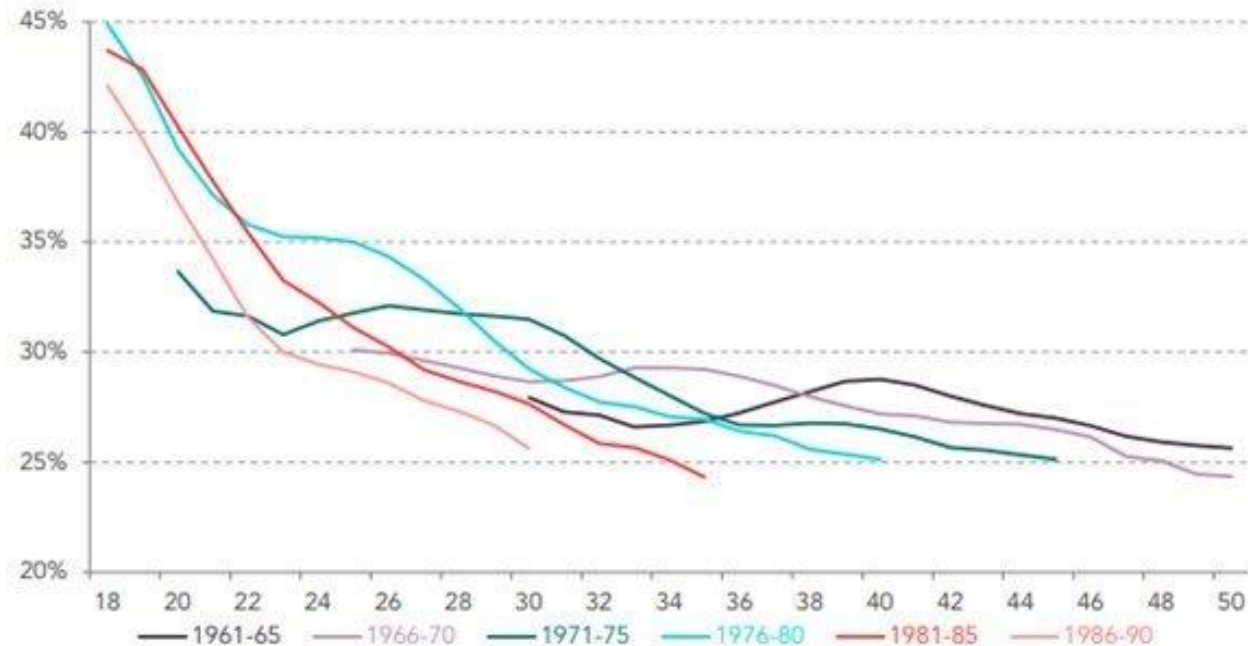
Change in employment composition of 26-30 year olds, by occupation and cohort: UK, 1992-2015



Notes: See notes to Figure 6 in: S Clarke & C D'Arcy, The kids aren't alright: A new approach to tackle the challenges faced by young people in the UK labour market, Resolution Foundation, February 2018  
 Source: RF analysis of ONS, Labour Force Survey

And overall, young adults are receiving less in-work training than in the past...

Figure 4: Younger cohorts are trained less often than previous cohorts at the same age



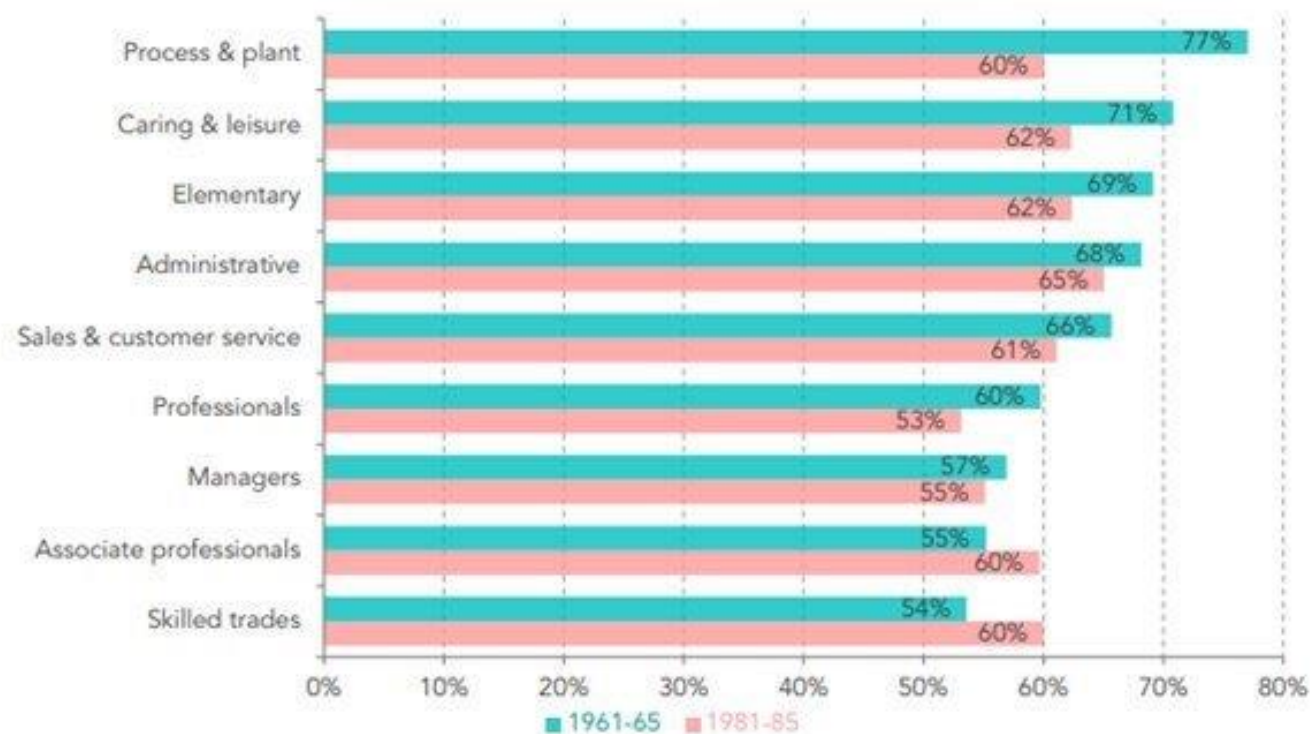
Notes: \*Training\* refers to the proportion of people who reported having had work-related in the past 13 weeks.

Source: RF analysis of ONS, Labour Force Survey

...This is particularly the case for those in lower-paid sectors

**Figure 7:** Training length has fallen most for those in lower-skilled occupations

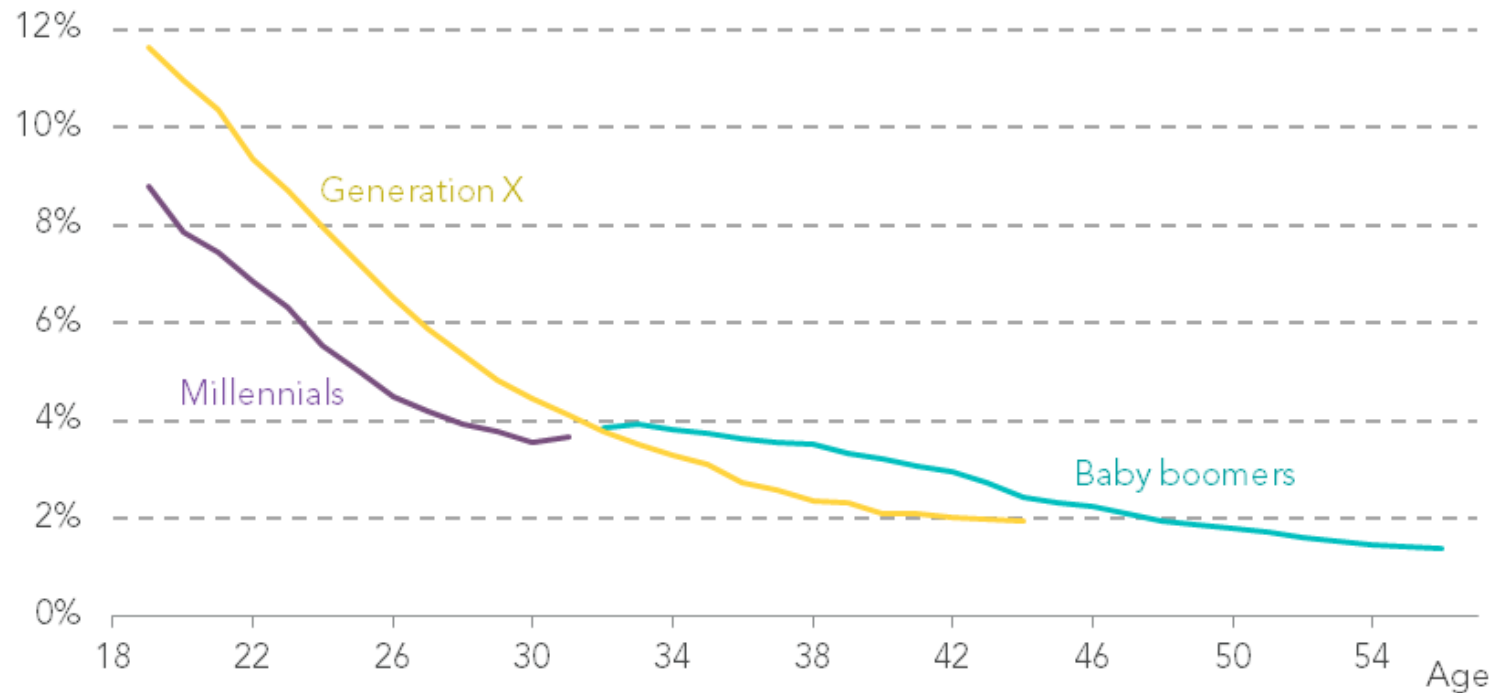
*Proportion of trained whose training lasted 1+ weeks at ages 25-34; UK, 1996-2018*



Source: ONS, Labour Force Survey

## And yet...young adults are moving jobs less frequently than in the past, which damages both their skills accumulation and long-term patterns of pay

*Proportion voluntarily moving from one job to another each year, by age and generation: UK, 1992-2017*



Notes: Data are smoothed using a three-year rolling average over the age range.  
Source: RF analysis of ONS, Labour Force Survey

This leaves us with two sets of challenges...

First: how to progress those in low-paid jobs, in lower-paying sectors

## Policy recommendation

**Boost pay progression via new sector deals in lower-paying sectors as part of the industrial strategy, and provide new guidance on pay review processes within businesses to improve transparency.**

- There should be sector deals for social care, retail and hospitality. These should involve government, firms and worker representatives working together to design and publicise clear progression paths. There should also be a recognition that greater professionalisation and investment in staff is a way to boost productivity in these sectors.
- All firms should have formal pay review processes in place that are understood by employees. To promote this, the government should provide publicly available guidance outlining the standards a good pay review process needs to adhere to. At each review, staff should be provided with information on their current rate of pay, any pay increase they will receive (in cash and percentage terms) and how inflation has affected their pay in real terms since their last review.



Second: how to help those who would be better off moving industries, occupations (and potentially, place) altogether

## Policy recommendation

**Introduce a £1 billion 'Better Jobs Deal' – an active labour market programme offering practical support and funding for younger workers most affected by the financial crisis to take up opportunities to move jobs, change region for work, or train to progress.**

- The programme should provide financial incentives and support to help with the upfront costs of taking up a new job, relocating for better work, and training for those who lack the skills to progress.
- The programme should be voluntary and it should be targeted at those most in need of support: those aged under 35 without degrees who are in low-skilled occupations and have remained so for a significant period. It should not just be aimed at benefit recipients. We estimate that up to 1.2 million workers in the UK could be eligible for the programme, with costs of around £1 billion, based on the unit costs of similar schemes.<sup>1</sup>
- Entry criteria should be based on evidence of a job interview, job offer, or a willingness to complete training.<sup>2</sup>

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1 This is estimated based on an assumption that up to half of those eligible take up the scheme, and that it has costs towards the higher end of those recorded for comparable schemes in the UK and abroad. Our costings are for the UK as a whole and we recommend all parts of the country implement such a programme, but we recognise that Scotland and Northern Ireland have devolved powers in this policy area. For further details, see: *The kids aren't alright* (Intergenerational Commission report 17)

2 For further details on the group potentially eligible and other specifications, see: *The kids aren't alright* (Intergenerational Commission report 17)

## Thoughts?

- Are the sector vs individual approaches right?
- Are we targeting the right sectors/individuals?
- Are we offering the right policy prescriptions?
- Is this at all realistic?