



Careers Wales submission to the Economy, Trade and Rural Affairs Committee

Introduction

Careers Wales provides a national careers information, advice and guidance service for Wales and supports young people and adults to make successful transitions into education, employment and training (EET). Our all-age service is bespoke to the needs of individuals and has provided invaluable support to the people of Wales during the post-covid period.

The recovery from the pandemic requires fundamental shifts in outlooks and attitudes to work and skills on a national and international scale. During the past year, academic studies based in Scotland, Canada and Wales have proven the benefits of good, timely careers guidance to customer wellbeing, a service that has supported thousands of young people and adults in the shadow of the pandemic.

In every part of our work we see the impact the pandemic and the current cost-of-living crisis has on our customers. Careers Wales is a national organisation that delivers locally, responding to local challenges, labour market demands and supporting the needs of our customers in their communities. Our vision sets out the vital role that our bilingual, all-age, independent and impartial careers support service has in supporting the nation's economic recovery, underpinned by our belief that in these difficult times, we must focus on a brighter future and ensure no one is left behind.

Key messages

1. Young people today face numerous challenges. Technological advancements, globalisation, Brexit, the pandemic, and the cost-of-living crisis have all contributed to a rapidly changing employment landscape. Young people have been amongst the hardest hit during and post-pandemic, losing out on education and work, and this has negatively impacted on their mental health and future aspirations. We have a responsibility to support current and future generations and empower young people to live healthy and fulfilling lives. There is growing evidence that suggests 54% of young people say that their mental health has been impacted by the cost-of-living crisis and 76% are concerned the crisis will restrict their ability to gain secure employment now and in the future.¹ Impartial advice and guidance in this context is important in order to ensure that young people are supported with successful transitions.
2. Young people often find themselves grappling with a competitive labour market, the need for skills, qualifications, work experience, upskilling or reskilling. They may also face practical obstacles, such as transportation and limited access to technology as well as personal obstacles, such as a lack of confidence or limited awareness of

¹ UK Youth, 2023. New UK Youth research shows impact of cost-of-living crisis on young people
[New UK Youth research shows impact of cost-of-living crisis on young people - UK Youth](#)

available opportunities. Addressing these challenges is vital to ensure that young people can secure sustainable and rewarding employment.

3. It is imperative that government continues to invest in young people, and recent announcements from Welsh Government regarding cost-of-living support for young people in education and training are welcomed. Any action taken must recognise the challenges faced for young people in rural areas and continue to respond to inequality.

Detailed response

1. What are the likely economic impacts of the cost-of-living crisis? How are cost of living pressures affecting the workforce, and how are different groups within the workforce being affected?

Following feedback and discussions with our customers and advisers, they tell us they face several daily challenges, some of which are listed below:

- **Financial strain / parental financial strain.** Rising living costs including housing utilities, which reached a record 54% increase in April 2023, transportation costs and daily expenses can be particularly challenging for those with limited or entry level incomes. Customers have told us that any disposable income is often now tied up in paying bills, leaving less money to spend on other activities important to their mental health and wellbeing. For young people living with their parents, this may affect parents' ability to provide for their children's needs, with young people making decisions regarding their future based on affordability and entering work to support family income.
We have seen an increase over the past year in the number of customers requesting financial support to purchase training or employment-related goods such as work boots and overalls or up-front payments for travel costs, CSCS cards and DBS checks. In response to this we have increased our small customer fund to meet increased applications and have ensured that all staff are fully aware of the various alternative sources of funding support for customers.
- **Housing affordability.** High living costs makes it difficult for young people to afford suitable housing, with house prices in Wales on average increasing by 4.8% over the 12 months leading up to March 2023, and private rental increasing by 6.5% to July 2023.² These rapid living costs are forcing young people in Wales to continue living with their parents for longer, resulting in overcrowded living conditions, possible shared accommodation, increased difficulty in saving for a future home and homelessness. 8% of students in Wales experience homelessness due to the cost-of-living crisis.³

² [Index of Private Housing Rental Prices, UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

³ 2023, National Union of Students Wales [8% of students in Wales have experienced homelessness during cost-of-living crisis - NUS Wales \(nus-wales.org.uk\)](https://nus-wales.org.uk)

- **Nutrition and health.** The cost-of-living crisis can impact on household food budgets, potentially leading to changes in the quality and variety of food, which could affect their nutrition and health. 20% of young people across the UK say their access to regular meals has been negatively impacted.¹ We welcome the introduction of the meal allowance as part of Jobs Growth Wales+ to support some of the most vulnerable in society.
- **Increased debt.** Young people might resort to credit cards or loans to cover essential expenses, potentially accumulating high levels of debt that can have long-term financial repercussions. The Money & Pensions Service survey results show that 18–24-year-olds are especially likely to be ‘borrowing for the everyday’, using credit cards to pay for food and bills. The survey findings also reported that 39% of 18–24-year-olds need debt advice.⁴
- **Employment challenges.** Limited job opportunities mean young people entering the labour market are facing increased competition, unemployment, or underemployment which is affecting their income potential and job stability. Young people have a right to good quality work, and they demand it. Research by the Institute of Employment Studies (IES) investigated the reasons employers are prevented from hiring young people, with the major obstacles being lack of skills (42%), experience (36%) and confidence (34%).⁵ These expectations from employers are making it increasingly difficult for young people to apply for work, especially given the negative impact of missed opportunities during the pandemic and now the cost-of-living crisis. When seeking employment, 53% of young people stated they would like a job that is interesting and fulfilling, with good quality work as one of their top priorities.⁶
- **Education and training decisions.** Some young people reconsider their education and training choices due to financial constraints. They may opt for shorter-term or less expensive options, or delay pursuing higher education, which could potentially impact on their long-term career prospects.⁷
- **Access to technology and the internet.** In the digital age, access to technology and the internet is crucial for education, job searching and social connections. Customers are reporting that barriers to digital inclusion are mainly affordability in purchasing equipment, ongoing costs, connectivity and increasing broadband costs. (Working Wales has partnered with Digital Communities Wales and Communities for Work+ to support customers with limited or no access to digital resource and equipment to ensure they are still able to access training and search for work).

⁴ [Why do so many young people need debt advice? | The Money and Pensions Service \(maps.org.uk\)](#)

⁵ January 2023, Institute of Employment Studies, Bridging the Gap: Making Young People a vital part of every workforce

⁶ November 2021, Institute of Employment Studies, Not just any job, good jobs

⁷ August 2023, Barnardo's – Young People turn away from higher education to fund basic needs [Young people turn away from higher education to fund basic needs | Barnardo's \(barnardos.org.uk\)](#)

- **Transportation.** Young people face challenges with transportation due to rising costs and limited access to affordable options. In some circumstances this is impacting on their ability to commute to EET, affecting their choices and opportunities. Our customers are reporting that travel is a barrier, particularly with the cost of travelling to interviews and work, not being able to drive or afford to drive, and access to public transport in rural areas, which is impacting on the young person's future decisions.
- **Emotional impact.** The stress of dealing with financial hardships, job uncertainties, and housing challenges can lead to increased level of anxiety, depression, and overall mental health struggles among young people.
- **Inequality and diversity.** The cost-of-living crisis can exacerbate existing inequalities, disproportionately affecting those from lower income backgrounds, marginalized communities and vulnerable populations.

2. How are rural communities being affected by the cost-of-living crunch, and to what extent are the pressures they face different to urban areas?

- The issues identified in question one can be exacerbated for young people living in rural communities in Wales including fewer EET opportunities, limited internet services, lack of robust transport links, higher transport costs and limited mobility, cost of housing not aligning with local incomes, social isolation, and limited opportunities for networking.
- Reliability of broadband speed and coverage impacts a young person's choice in how they can access EET remotely / virtually.
- Transport in rural Wales is a major obstacle in accessing EET, with rural Wales primarily dependent on cars rather than public transport. This limits the options available for young people seeking EET, placing a higher burden on family time and finances to travel further or purchase a second vehicle.
- Comprehensive support to young people in rural communities seeking EET requires a range of strategies and needs to continue. This could include local outreach, digital access to resources and partnerships with local organisations. Careers Wales addresses this issue by having outreach locations based in rural areas, ensuring that trained advisers are available to offer face-to-face guidance and support to young people in these communities, as well as providing access to a suite of support via digital resources.

- Due to the lack of availability of well-paid employment in rural areas,⁸we are hearing that more young people are considering leaving rural areas of Wales to seek training and employment. With young people leaving Welsh communities and unlikely to return, this will have a detrimental impact on the future of rural Welsh economy and the Welsh language. Only 22% of young people consider employment opportunities in local / rural areas as good.⁹
- Rural areas in Wales rely on hospitality and tourism businesses, yet local employers within the sector are still recovering from the pandemic and have faced a rise in utility and energy bills, forcing some businesses to close as they are no longer viable. Other businesses are having to reduce hours to save on staff and energy costs. This is impacting greatly on local economies and the availability of work for young people who would have traditionally worked in this sector part-time or seasonally around their studies and gained vital experience of work and financial independence.

3. How effective are the support measures that the Welsh and UK governments have put in place, and what further support might be needed over the coming months?

Careers Wales welcomes Welsh Government’s announcements in August detailing increase Cost of Living support for young people, including increases in EMA, the Financial Contingency Fund, FE transport costs and Free school meals for eligible Sixth formers. These steps will help to mitigate some of the barriers listed previously under question one and continues to show support to help young people to make successful transitions.

We welcome the additional support that UK Shared Prosperity funding will provide, however, analysis suggests that Wales will receive less than previous funding commitments. With less funds in the system, programmes and partners need to work collaboratively, however we are concerned that there might be potential for duplication of services and support not reaching those young people most vulnerable in our communities.

The other important step taken by Welsh Government in support of young people is the Young Person’s Guarantee (YPG):-

- The YPG provides 16–24-year-olds in Wales with the offer of support to gain a place in education or training, find a job or become self-employed. It provides an umbrella structure that sits above Welsh Government funded programmes for young people, aiming to fully utilise existing interventions, and to create a straightforward journey for young people regardless of circumstances and background. It aims to make their journey smoother, easier and is a shared responsibility among all organisations involved.

⁸ July 2023 Centre for progressive policy: The cost-of-living crisis across the devolved nations

⁹ 2022, Aberystwyth University – Young People in Rural Wales [Rural Wales Youth Survey Report.pdf \(aber.ac.uk\)](https://www.aber.ac.uk/research/young-people-in-rural-wales/)

- We welcome the new Welsh Government Employability and Skills programmes and the enhancements made to each of these programmes in providing more flexibility in the system. Each of the programmes is unique in its approach and delivery, and between Jobs Growth Wales (JGW+), ReAct+ and Communities for Work (CfW+) they can work seamlessly to reach a broader customer cohort, providing the appropriate level of support where needed.
- Our Working Wales service maximises opportunities for young people through collaboration with Welsh Government programmes that provide valuable resources and support to young people in their educational and career journeys. Through strategic partnerships, Careers Wales extends its range of services, offering access to work placements, employment opportunities, vocational training, and community-based support. This comprehensive approach helps us to address the challenges posed by the cost-of-living crisis. We ensure that young people receive tailored and diverse opportunities, maximising their chances of success amidst the evolving economic landscape.
- In support of the YPG,¹⁰ Working Wales offers a service from over 100 locations across Wales, strengthening and operating via a partnership approach to provide seamless referrals to EET. Working Wales is also positioned as the gateway to the YPG for every 16–24-year-old to receive high quality, impartial careers support, including access to course search facilities, employability support finder, jobs bulletin and labour market information.
- As part of our support for the YPG, Working Wales has supported over 20,000 young people (aged 16-24) since the YPG launched in October 2021, (of which over half were not in education, employment or training (NEET) at the point of contact) and over 45,000 since the launch of Working Wales in 2019. This indicates a strong demand for support from this cohort.

Working Wales helps to ensure that the support measures put in by Welsh Government policies are effective:

- We are uniquely placed as the ‘one stop shop’ for anyone over the age of 16, regardless of personal circumstance, to access independent and impartial careers, information, advice and guidance (CIAG), which underpins the lifelong journey of an individual in relation to EET opportunities. Working Wales specialises in supporting customers with their short-, medium- and long-term career and work aspirations, regardless of employment status.
- We act as a referring agent not only to WG Employability & Skills programmes such as JGW+, ReACT+, CfW+, Personal Learning Accounts and Business Wales, but also to local and regional employability and specialist support programmes to ensure customers are able to overcome any barriers to employment.
- We are actively involved in the YPG Stakeholder Advisory Group, working alongside government agencies, stakeholders and employers ensuring effective support services for young people in Wales.

¹⁰ [Young Person's Guarantee | Working Wales \(gov.wales\)](#)

- We collaborate with the Department of Work and Pensions to gain valuable insights into the challenges faced by young claimants during the cost-of-living crisis, tailoring our support accordingly.
- We are a key member of the Youth Engagement and Progression Framework (YEPF) strategic meetings and lead the facilitation of the 5 Tier Model, ensuring comprehensive support is in place for all young people aged 16-18 years.
- We work in partnership with regional skills partnerships, education institutions, training providers, civil society organisations and employers to create diverse opportunities and enhance young individuals' employability. Our collaboration across various platforms is key to empowering young people and addressing the complexities of the cost-of-living crisis. Through partnerships and collaborations with various organisations such as the Money and Pensions Service, Citizens Advice and Working Wardrobe, we ensure young individuals receive the right support, at the right time and in the right place. All Working Wales advisers have / are undertaking Money and Pensions (MAPS) Money Guider training so that we can identify potential debt or financial difficulties and refer to appropriate support

In terms of further support over the coming months: -

- We would like to call on Welsh Government to actively continue to pursue the benefits of data insights in collaboration with Careers Wales. Following the results of the Careers Wales Data Linking Feasibility Study,¹¹ we have commissioned a report to assess the advantages of developing a data intelligence hub for Wales, specifically focusing on how it can strengthen initiatives like the YPG. Alongside this, we have partnered with the Regional Skills Partnership (RSP) in the North to create a suite of (NEET) reports that demonstrate the benefits of using data as intelligence to inform partnerships work. The initial phase of the work has been completed, and we are currently engaging with Welsh Government's YPG team to assess the findings and determine next steps.
- We would encourage the exploration of greater flexibility within ReAct+ to support upfront pre-employment costs such as the cost of transport to access training or to purchase licences such as CSCS cards etc. Currently customers must pay and wait to be reimbursed which for some due to the cost-of-living is not feasible. Working Wales has a limited customer fund that can support upfront costs and requests to access this fund is increasing. Without this support customers would have to decide whether to attend training, pay utility bills or purchase food.
- This cost-of-living crisis is hitting Wales at a time when we are seeing a reduction in funding that is focused on tackling poverty and inequality, with further budget cuts imminent across the public sector. This has the potential to impact on the ambitions set out in the Well-being of Future Generations Act in improving the social, economic, environmental and cultural well-being of Wales. With challenging budget decisions facing Welsh Government across all departments including Education, Health,

¹¹ [Careers Wales data linking feasibility study | GOV.WALES](#)

Employability and Skills there is a risk that more young people will be adversely affected, become NEET, and be left with fewer training and employment opportunities, potentially leaving more young people behind and a lost generation due to service cuts.

- We would call for improved public transport links to provide young people and adults with the opportunity to travel to training and work as well as possibly reduced or free transport for young people in rural areas.