

No Talent Wasted

A roadmap to ending ethnic inequality in youth employment



RACE EQUITY IN EMPLOYMENT TASK FORCE

BUSINESS
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**ACTION FOR RACE
EQUALITY**

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“They say you need experience to get the job, but you can’t get experience without a job.”
Young person

Foreword

We meet at a critical juncture for the UK economy. With over one million young people aged 16–24 currently not in education, employment, or training (NEET), the crisis of youth worklessness is becoming a defining challenge of our time. For Black, Asian and Mixed Heritage young people, these challenges are compounded by ongoing racial discrimination.

This report sets out a clear and compelling case for change, grounded in evidence and shaped by the lived experiences of young people across our communities. It highlights the scale of the challenge and the urgency to act.

We know Black, Asian and Mixed Heritage young people achieve strong academic results. Yet too many experience barriers at the critical transition point from education into work. As a result, talent is lost, confidence is eroded, and inequalities become entrenched. Correcting this failure is at the centre of our response.

Employers have a crucial role to play, and this report makes the case powerfully. There is both a moral and an economic imperative to act - closing the ethnicity participation and pay gaps could benefit the UK economy by £37 billion per annum¹. At the current rate of progress, it could take decades to close these gaps.

Diverse and inclusive workplaces are stronger, more innovative, and better

equipped to succeed. However, change must be shared across systems and institutions, supported by clear leadership and effective policy. This must be done thoughtfully, with a clear understanding of how data can be used to create meaningful progress.

This report is about life chances. It challenges us to ask why opportunity is still unfairly distributed, and what we are prepared to do about it. It offers practical, ambitious recommendations that, if implemented, can make a real difference to the futures of young people across the country.

By bridging the gap between high-level policy recommendations and grassroots delivery, the Task Force is committed to ensuring that equitable access to meaningful, sustainable employment is no longer a privilege, but a foundational standard for every young person in Britain. Action for Race Equality and Business in the Community are ready to lead, to innovate, and to work in partnership with government, employers, and communities to deliver change.

Jeremy Crook OBE
Chief Executive
Action for Race Equality

Sandra Kerr CBE
Race Equality Director
Business in the Community



About the Race Equity in Employment Task Force

The Race Equity in Employment Task Force brought together racial justice experts, charity and business leaders, academics, and local and national government officials, and elected representatives to address persistent racial inequalities for Black, Asian, and Mixed Heritage young people aged 16-24 in the UK labour market. Convened by Action for Race Equality in partnership with Business in the Community, and chaired by the Mayor of Greater Manchester Andy Burnham, the Task Force leverages rigorous data, research, and lived experience to drive

actionable policy reform reflecting a national government focus on boosting UK growth and productivity, and a national mission to support young people to thrive.

Recognising the growing urgency as over one million 16- to 24-year-olds in the UK are not in employment, education, or training (NEET), The Task Force aims to catalyse long-term, systemic change, ensuring that all young people, regardless of their ethnicity, have equitable access to meaningful and sustainable employment opportunities.

“This initiative is crucial in addressing the barriers faced by minoritised communities in the workforce. Despite clear evidence on what works, change has been slow, and under-representation and higher unemployment rates remain an issue. This Task Force brings together academic expertise with business leaders and the public sector to design a roadmap for real, lasting change that delivers equal opportunities for all.”

Andy Burnham, Chair of the Race Equity in Employment Task Force

Recommendations



1. Set a national target to end racial disparities in youth employment within each region by 2035

Government should commit to a clear, measurable national target to eliminate racial disparities in employment outcomes for young people aged 16–24 by 2035. This should include closing gaps in employment rates, unemployment rates, and outcomes for young people who are NEET.

Progress should be tracked annually by the Cabinet Office, Office for Equality and Opportunity and the Race Equality Unit, using published, disaggregated data by ethnicity, age, gender, disability, socio-economic status, and region. This data should be analysed with an intersectional lens, considering further impact of neurodiversity, caring responsibilities, and homelessness. Interim milestones should be set for 2028 and 2031. Accountability should sit with a named Department for Work and Pensions minister, supported by a cross-departmental task group including the Cabinet Office, Department for Education and the Department for Business and Trade. This group should report to parliament to ensure transparency and sustained focus.



2. Incentivise employer action through the Growth and Skills Levy

Government should introduce targeted flexibilities within the Growth and Skills Levy to incentivise employers to improve recruitment, retention, and progression outcomes for Black, Asian, and Mixed Heritage young people.

To qualify, employers should commit a defined proportion of their levy funds towards high-quality training, apprenticeships, and progression pathways that directly benefit ethnic minority young people. This should include setting and publishing workforce diversity targets, reporting annually on progress as part of ethnicity pay gap reporting, and implementing evidence-based inclusive recruitment and progression practices. Enhanced levy flexibilities or matched funding should be conditional on demonstrable progress, such as increased hiring rates, improved apprenticeship completion, or reduced progression gaps, with eligibility independently reviewed every two years.

Where there are unspent levy funds, these should be more effectively redistributed to small and medium sized organisations. A second-tier levy mechanism should ensure SMEs, which often have greater capacity to create new opportunities, can more easily access and utilise these funds.



3. Deliver race equity in employment through a devolved, regional, and local place-based approach

Ensuring that young people across the country have equal opportunities and fair access to training, education, and employment must be central to the government’s drive to tackle high NEET rates. Combined authorities should be supported to design and deliver a tailored response to local labour markets and demographic needs which ends race inequity in employment. Local leaders should look at good practice examples by the Mayor of Manchester and the Mayor of London for opportunities to invest funding into young people who are NEET - as the Mayor of London did in diverting underspend².

The government should select 10 key youth employment zones where combined authorities and local community-based partners are supported to develop and deliver on a pilot race equity in employment action plan by 2027. Plans should seek to deliver the regional target through employer engagement strategies, and coordinated delivery across Jobcentre Plus, local authorities, and training and education providers. This could include the introduction of a ‘skills passport’ for young people, which documents their experience and training, endorsements from employers and key figures, in a way which removes some of the application fatigue that young people experience.

Public procurement should be leveraged to incentivise improved inclusive employment practices, introducing targets with social value criteria tied to youth employment outcomes.

Progress should be monitored regionally, with support from the Cabinet Office, Office for Equality and Opportunity and Race Equality Unit, with a focus on reducing geographic disparities and ensuring opportunities are accessible beyond major cities.



4. Ensure the Youth Guarantee is responsive to young people’s needs

The Youth Guarantee should be delivered at a local level in a way that reflects the lived experiences and specific barriers faced by Black, Asian, and Mixed Heritage young people. This includes ensuring that young people who are NEET and not accessing universal credit can engage with the guarantee offer³. This should include proactive identification and outreach, especially in areas with high NEET rates, and partnerships with trusted community organisations who receive proper resource to support delivery.

Young people accessing the support through the guarantee should have the opportunity to co-design their experience, ensuring access to tailored, high-quality support such as mentoring, careers guidance, work experience, and direct employer engagement, with a particular emphasis on sectors with growth potential. Local areas should have flexibility to align provision with regional labour market demand while maintaining national minimum standards.

Success measures should go beyond participation to include sustained progression outcomes, such as retention in employment, earnings progression, and transitions into secure work or further learning⁴. To support accountability, all Youth Guarantee provision should collect and publish ethnicity disaggregated outcomes data by summer 2027, with regular reporting to Parliament, the Cabinet Office, Office for Equality and Opportunity and the Race Equality Unit, to monitor equity of access and outcomes and support improved data-collection.



5. Create high-quality 16+ pathways aligned to the changing labour market

Government, employers, and education providers should expand and adapt post-16 pathways to reflect labour market changes, particularly amid technological shifts such as AI. A clear focus should be placed on work experience, job quality, retention, and progression, ensuring apprenticeships and technical routes lead to sustained, well-paid careers rather than low-value or short-term roles. High-quality careers advice should sit alongside these pathways, giving young people clear information on labour market demand and progression routes.

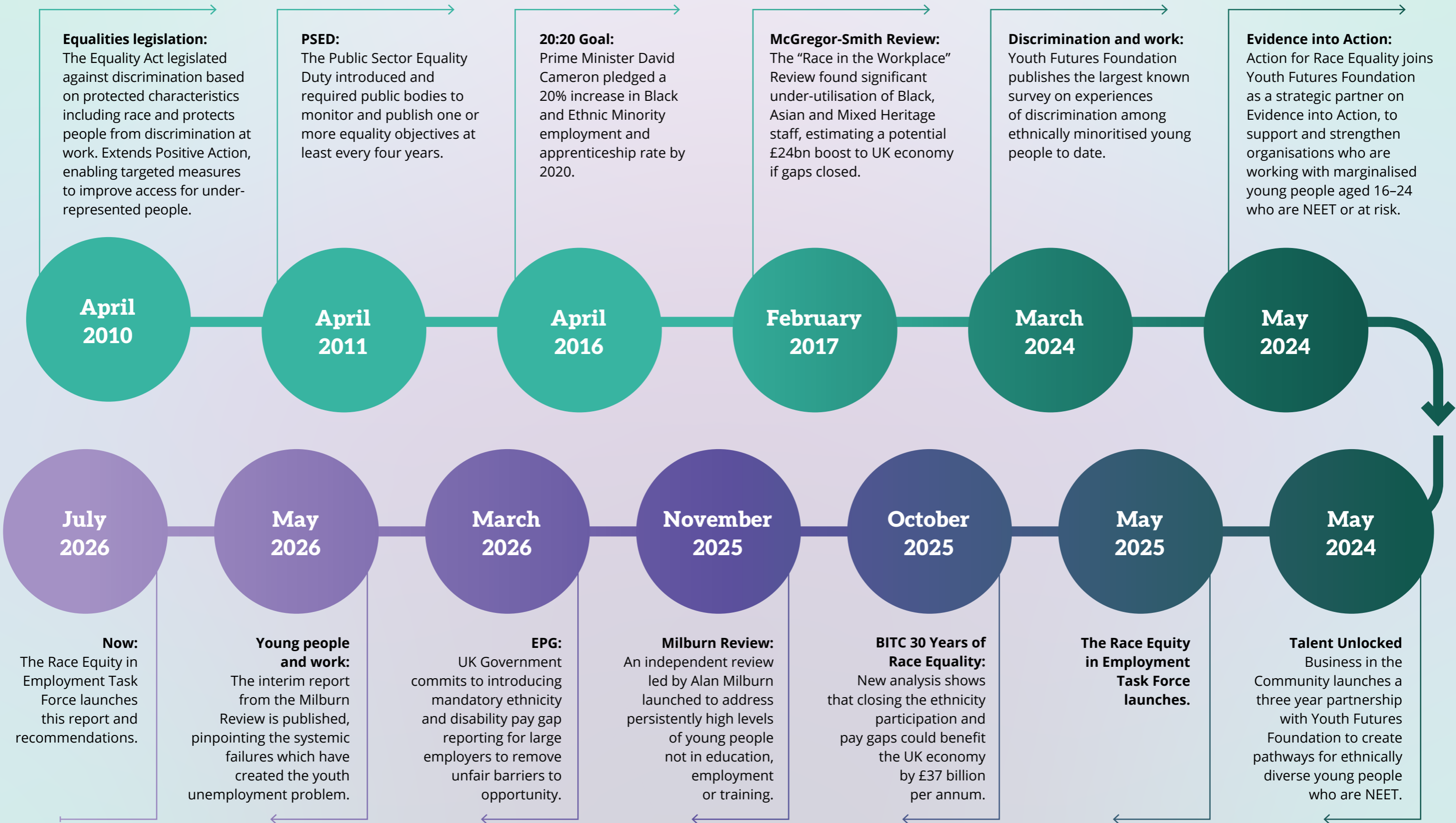
Existing legislation, including the Education and Skills Act 2008, should be reviewed to better understand how participation requirements for 16–17-year-olds can be leveraged to improve outcomes. Stronger opportunities through high quality apprenticeships and technical routes into growth sectors, such as digital technology, clean energy and advanced manufacturing, should be prioritised, ensuring equitable access for Black, Asian, and Mixed Heritage young people.

Regional inequalities must be addressed, particularly the deficit of high-quality opportunities outside of major cities, through targeted investment, employer incentives, and considered provisions for young people such as travel support, remote training options or local training hubs. Local targets should be set to reduce disparities in apprenticeship starts, completions, and sustained employment by 50% by 2030.

Provision should be reviewed at least every two years to ensure alignment with emerging sectors and regional skills needs.

“They’re asking you about your race, your religion, and I’m a proud Muslim, but you know, why are they asking me? Am I going to be the diversity hire? It just makes me question things.” Young person

Timeline



● Evidence

There is clear and persistent evidence of racial disparities in employment outcomes for young people aged 16-24 in the UK. Overall youth unemployment remains high at 15.8%, with 713,000 young people unemployed, and has increased in the past year⁵. Pakistani and Bangladeshi young people experience particularly low employment rates of 35%, whilst those in the 'other' ethnic category experience even lower rates of 29%⁶.

Over one million young people are NEET⁷. Black, African, and Caribbean young people had the highest NEET rate of 15.2%⁸. The chances for young Black, Asian, and Mixed Heritage people who are NEET to escape are much lower, as these demographic experiences disproportionately higher rates of unemployment in older age groups.

Access to pathways into employment is unequal. Apprenticeship start rates for young people from Black, Asian and Mixed Heritage backgrounds are roughly half those of their white peers. In the 2022/2023 academic year the start rate per 1,000 young people aged 16-24 was 31.8 for white young people, compared to just 16.8 for those from ethnic minority backgrounds with particularly low participation among Black young people⁹.

Research also indicates that experiences vary across different regions, with inequality in full earnings most severe in London and the South East¹⁰.

These disparities persist despite strong educational attainment, pointing to structural barriers including discrimination in recruitment and progression that limit access to employment and fair outcomes in employment.

● Tackling Discrimination in the Workplace

Discrimination remains a significant and persistent barrier to equitable employment outcomes¹¹. Recruitment practices continue to disadvantage Black, Asian, and Mixed Heritage job candidates. Studies show that, despite being well represented in applicant pools, Black and Asian candidates are significantly less likely to receive job offers, including for graduate roles and apprenticeships. Ethnic minority graduates from a low socio-economic background are 45% less likely to be offered entry-level professional roles compared to more advantaged White applicants¹². This highlights that disparities cannot be explained by skills or qualifications alone.

The cumulative persistence of racial discrimination, which has a deeply negative

making 1.6 million jobs more accessible by employers embedding responsible business actions into their recruitment practice. At its heart is a simple framework of 25 actions to make the world of work more accessible and inclusive. Employers commit to a minimum of 3 actions to support practical change across their recruitment process, from how jobs are advertised to how candidates are assessed, supported and welcomed into work.

Case Study

In Greater Manchester, T Levels are being embedded as a central pillar of the Greater Manchester Baccalaureate (MBacc), strengthening technical routes into employment. These two-year programmes combine classroom learning with substantial industry placements of at least 45 days, giving young people meaningful exposure to the workplace and job-ready skills equivalent to three A Levels.

The city-region has mobilised strong employer engagement, with over 350

organisations pledging over 1,000 placements across sectors including digital, construction, and health. This coordinated approach is improving progression outcomes, with high completion rates and most learners moving into employment or further study. This model demonstrates how aligned local leadership, employer commitment, and structured work experience can create clearer, more equitable pathways from education into good jobs.

impact on the mental health of ethnic minority people¹³, underscores the need to focus not only on supporting young people, but also on changing employer behaviour and addressing systemic barriers. Without tackling these structural issues, efforts to improve skills and access will have limited impact.

Access to sectors and quality jobs varies significantly by region, and labour markets do not reflect local demographics in key industries such as technology. This results in uneven access to opportunity, with young people's life chances shaped as much by where they live as by their potential.

● The opportunity gap

The opportunity gap for young people is not rooted in a lack of aspiration, but in a failure of the education and work systems to translate ambition into outcomes¹⁴. At age 16, aspirations are high across all groups¹⁵, yet pathways into employment do not align with those ambitions. This disconnect is particularly pronounced for Black, Asian, and Mixed Heritage young people, whose educational attainment is often strong, despite facing inequitable treatment in these settings, but whose access to opportunities is constrained at key transition points.

Inequality is compounded by multiple and overlapping factors. Young people who also experience school exclusion, have special educational needs or disabilities, are at higher risk of becoming disconnected from education and employment pathways.

● Transitions for 16+

The transition from education into employment is a critical pressure point where inequalities widen.

There is a need to strengthen pathways from secondary school age, ensuring that young people are supported before they become disengaged. This includes recognising that young people follow diverse routes, not limited to academic, technical and employment, and that these pathways must be equally valued and clearly structured. A more effective transition system would connect education more directly to labour market demand, reflect local economic opportunities, and provide earlier, more tailored support that aligns with young people's aspirations, which may include enterprise and business ownership.

Case Study

As employers continue to face skills shortages, unfilled vacancies including the growing numbers of young people not earning or learning, BITC's Opening Doors Campaign¹⁶ offers a practical route through these challenges by helping employers widen access to jobs and reach talent that has too often been overlooked.

Since its launch, the campaign has built strong momentum. It now has 175 employer signatories, collectively

● Support into careers

Access to high-quality work experience, mentoring and careers advice is uneven, yet these interventions are critical in shaping outcomes. Members highlighted that structured, paid work experience can significantly improve confidence and progression into employment, particularly when placements are long enough to allow young people to meaningfully engage.

Mentoring also plays a key role. Young people with access to workplace mentors demonstrate greater clarity about career pathways and improved progression. However, provision is inconsistent, and many employers, particularly small and medium sized businesses, lack the capacity to offer structured mentoring at scale.

Careers advice remains a significant gap. Too often, Black, Asian, and Mixed Heritage young people are not encouraged to pursue ambitious pathways. Effective careers guidance is most impactful when it is linked to real labour market information, clearly setting out routes from education into jobs, including skills requirements and earnings.

Taken together, these findings point to the need for a more systematic, inclusive approach where high-quality experiences and guidance are not dependent on

background or networks. Addressing this requires coordinated action to expand access to structured, paid work experience, scale employer-led mentoring, and strengthen careers guidance through clearer alignment with labour market pathways and accountability for equitable provision.

● Evolving Job Market and AI Innovation

The Task Force highlighted concerns about the impact of artificial intelligence on entry-level opportunities and uncertainty around the future availability of work experience and junior roles which are crucial to the building the foundations of young people's early career.

This shift risks deepening existing inequalities. If entry routes narrow, those without networks or social capital are likely to be disproportionately affected. At the same time, there are questions about whether the education system is equipping young people with the digital and technical skills required as the nature of employment shifts so rapidly. Moreover, the risk of bias in AI systems and the need to ensure that technological change does not reinforce existing patterns of racial inequality.

and embed inclusive practices within recruitment and progression pathways to improve access to and progression in good work for underrepresented groups, including young Black men, Black women, and Pakistani and Bangladeshi women. This model shows how coordinated, employer-focused interventions which are grounded in data and sector collaboration can drive more inclusive growth.

Members



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Chair of the Task Force,
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“The recommendations from the Task Force are evidence-based and solutions-focused, designed to ensure that no one is left behind.”

*Sandra Kerr CBE, Race Equality
Director, Business in the Community*

Case study

The Greater London Authority's Workforce Integration Network (WIN) provides a strong example of how employer-led, evidence-based approaches can address structural labour market inequalities.

Through initiatives such as its Design Labs and Inclusive Employer Toolkits, WIN supports businesses to identify barriers, test practical interventions,



Acknowledgements

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Wine Nation CIC, Youth Leads, Youth Focus NW, Hype Enterprise, Salford Gov, Eversheds Sutherland and all employers who engaged with the Task Force, for your support and contributions to the research roundtables.

This report was authored on behalf of the Race Equity in Employment Task Force by Meka Beresford, Head of Policy and Research at Action for Race Equality, with support from ARE's Policy and Research Officers Bowale Fadare and Qasim Alli.

The Race Equity in Employment Task Force is an initiative co-convened by Action for Race Equality and Business in the Community.

"What would have made the biggest difference is having more support from 16 to 19. You're very lost and you don't really know."

Young person

"Why don't companies come into schools and say, 'this is what we have, this is what we offer'." Young person

"A lot of advice cannot be applied practically, it is quite generic. Most people already know what to do, help needs to be more specific for different types of applications like internships or work placements". Young person

"This report shines a light on the pressing need for action to end racial disparities in youth employment. This work is a crucial part of the solution to our unemployment crisis."
Jeremy Crook OBE, Chief Executive, Action for Race Equality

Endnotes

- [Addressing racial disparities could benefit UK economy by £37 billion | BITC](#)
- [Support for Young Londoners | NEET programme: Funding and Delivery for 2026-27 and 2027-28 | London City Hall](#)
- [Trends in young people not in education, employment or training | Youth Futures Foundation](#)
- [Business in the Community | Then Now Next: 30 years of Action and Impact Report](#)
- [Unemployment in the UK | House of Commons Library](#)
- [Employment Ethnicity facts and figures | Gov.uk](#)
- [Young people not in education, employment or training \(NEET\) | Office for National Statistics](#)
- [Trends in young people not in education, employment or training | Youth Futures Foundation](#)
- [Ethnic disparities and apprenticeship participation | Youth Futures Foundation](#)
- [Ethnicity, poverty, and in-work inequalities in the UK | Joseph Rowntree Foundation](#)
- [Ethnic Penalties and Hiring Discrimination | Wouter Zwysen, Valentina Di Stasio, Anthony Heath](#)
- [Inequalities in Access to Professional Occupations | UCL Centre for Education Policy & Equalising Opportunities \(CEPEO\)](#)
- [Cumulative effect of racial discrimination on the mental health of ethnic minorities in the United Kingdom | Understanding Society](#)
- [Interim Report: Young people and work report | Survey with education professionals | GOV.UK](#)
- [Understanding Society | Insights 2026](#)
- [Opening Doors | BITC](#)

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