

FIT FOR PURPOSE? EDUCATION AND EMPLOYMENT SUPPORT FOR YOUNG PEOPLE

Youth Commission Report 5

Stephen Evans
November 2019

Learning and Work Institute

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ABOUT THE YOUTH COMMISSION

The Commission on Education and Employment Opportunities for Young People (Youth Commission) is considering the current education and employment prospects for young people, the likely impact of changes in policy and the labour market, and proposing new ideas for ensuring all young people have access to opportunity. It is kindly supported by Association of Colleges, Capital City Colleges Group, London South Bank University, NOCN and Prospects. Its commissioners are: Kate Green MP, Maggie Galliers CBE, Amy King and Jo Maher.

Further details of the Youth Commission and its work can be found on our [website](#).

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Executive summary

The **Youth Commission aims to find ways to improve education and employment opportunities** for England's 16-24-year olds. Its first report identified five key challenges:

- better supporting 700,000 young people not in education, employment or training;
- increasing the number of young people qualified to at least Level 3;
- improving attainment in literacy and numeracy and other basic skills;
- creating a diversity of higher-level learning routes through life; and
- support job quality, career progression, and economic security.

Previous Youth Commission reports have analysed how these challenges vary across England, and how demographic and economic changes will alter the context for and impact of these challenges. Taken together, they mean young people will have longer working lives, requiring regular updating of skills and career changes.

This report analyses current education, employment and skills services and planned changes, and identifies how they match up against these future challenges.

A complicated system

There is a wide range of policy, providers and provision to support young people. Most education and employment services are high quality and, as a result, most young people find their way through education and learning into the world of work and build a career.

Progress improving the proportion of young people to level 2 and level 3 has, however, stalled at lower levels in England (84% and 60% respectively) than in many other countries. The biggest gap with other countries is the relatively low proportion of young people in England undertaking vocational or technical education or apprenticeships.

The complexity and constant 'chop and change' of the learning, skills and employment systems contributes to this challenge. It means too many young people do not know where they can go for help or what support is on offer, and some young people miss out on help altogether. Whether it is support to find work or improve skills, policy is too often patchy, siloed and constantly changing.

Work, income and progression

Complexity and the lack of joined-up support contribute to challenges with the transition from education to employment. The number of young people with experience of work has fallen: one in ten 16-24 year olds has never had a job (excluding holiday or casual work), unchanged in the last ten years; and the proportion of 16-17 year olds working alongside

their studies has halved (from 40% to 20%). Employment of 18-24 year olds is back to pre-recession levels, but 100,000 have still been out of work for more than one year.

Local Authorities have a duty to track 16-17 year olds and to re-engage those who have dropped out of education or training. However, sharp funding cuts from central government limit their ability to do this, and up until 2016 support was required for 18 year olds too. This age group (16-17 year olds) is not entitled to claim benefits and so is not able to access support from Jobcentre Plus.

There are similar gaps for 18-24 year olds. Those on Universal Credit and looking for work are enrolled on the Youth Obligation, but there is no data on its impact and, in any case, around 40% of out-of-work 18-24 year olds are not on benefits. A range of programmes and organisations aim to engage this group, but there is no systemic, joined-up approach.

Finding work is not the end of the story. Young people experience greater volatility in income than older people, and some young people become stuck on the first rung of the career ladder. Combined with relatively lower benefit levels (though the benefit system has greater coverage than in some other countries) this can add to insecurity. Meantime, there is little sustained and targeted support to help young people progress in their careers; the proportion of young people getting training at work in the last 13 weeks has fallen by 20% since 2005, further limiting support to progress.

Learning, skills and apprenticeships

A wide range of reports have highlighted challenges with England's 14-19 phase of education. However, efforts to tackle this have often been limited or, as with the response to the 2004 Tomlinson Review, only partly implemented. The result is more fragmentation and complexity, and a narrower field of study for young people than in other countries.

The introduction of T levels can make a difference, though is not an answer on its own. Employers will need support to deliver high quality industry placements. There will be significant challenges sourcing enough industry placements in many areas and sectors. There is a pressing need for clear routeways into T levels from level 2 and on to higher level learning, as well as a vision of the learning landscape for young people. Funding for other qualifications, such as BTECs, should not be shut off before there is a clear and credible alternative in place.

Similarly, apprenticeships are less prevalent than in other countries and the number for young people has fallen since the introduction of the apprenticeship levy and other reforms. The new system does not encourage employers to focus on young people or reflect the costs of supporting those new to the labour market. In this way, it disincentivises apprenticeships for young people.

All of this means a continuing lack of structured, high quality pathways for young people to improve their skills, including alongside work. While each reform contains positive elements, the risk is that the whole is less than the sum of its parts.

English, maths, digital and core skills

English, maths, digital and other core skills, like financial capability, are essential for life and work in the 21st century. It is, therefore, worrying that international surveys show England's young people have lower literacy and numeracy levels than in many countries.

Since 2014, young people staying in further education after the age of 16 have been required to study to level 2 in English and maths (either functional skills or GCSEs, depending on their previous grades) if they have not met the required standard. The proportion gaining these qualifications by age 19 has quadrupled from 5% to 20%, a large improvement even though there is further to go to improve results for more young people and ensure the policy is working in its intended way – avoiding a 'retake treadmill'.

Apprentices must study functional skills to level 2, but passing at that level is not a condition for completing a level 2 apprenticeship (although it is for level 3 apprenticeships). Studying functional skills does not count toward the 20% off the job training requirement in an apprenticeship and is funded at a lower rate than as a standalone qualification. The argument is that apprentices needing functional skills should not get less vocational training, but the risk is that the need for more time away from the workplace puts off employers from taking on apprentices who need functional skills learning.

For young people who need to improve their basic skills but who are not currently in learning there are a range of voluntary schemes, including those funded through the European Social Fund. Jobcentre Plus can also refer young people who are out-of-work to training, but fewer than 10% of young people on out-of-work benefits was referred to literacy or numeracy training in 2018. As 20% of adults have low literacy or numeracy, this is likely to mean that fewer than one half of young people on benefits with low literacy or numeracy are getting training to improve these skills.

Conclusion

There is much to admire in England's learning, skills and employment systems for young people. However, complexities and gaps contribute to too many young people not getting the core skills they need, lacking experience of work and so finding it more difficult to find work or stuck in low paid or insecure work. This is a basic unfairness and storing up problems for the future. Many of the planned changes are welcome but will not be sufficient. A clear, ambitious step change is needed.

Introduction

Many young people get a good education and successfully make the transition to work. However, too many miss out or find limited opportunities to build a career and this has profound implications for their long-term career and life prospects.

Longer working lives and rapid economic change are increasing the importance of a good foundation of education and skills, as well as ongoing employment and career support. This rising bar of skills needed for work coupled with continuing change at work means that young people who do not gain these skills or get ongoing career and employment support are likely to find themselves locked out of a future filled with opportunity.

Given that, how do the education and employment systems stack up? Are they delivering for all young people? Will planned reforms make things better?

This report maps out current education and employment policies and systems. It finds lots to be proud of, with policy and practitioners making a difference every day. Yet there are clear, longstanding and long recognised shortfalls.

There is also an array of reforms underway. These include the introduction of T Levels, reforms to apprenticeships, changes to careers advice, and more. Again, these have lots of positives and are often built on sound principles. But this report also identifies areas in which they fall short, either as individual policies or for specific groups or in how they interact with other policies, which means they do not stack up to a coherent system for young people. It is also true that the constant nature of reforms – a generations-long ‘chop and change’ mentality – makes the delivery of services more difficult.

All told, there are lots of positives to build on. But a number of gaps and overall lack of coherence mean that, without change, too many young people will continue to miss out.

We need a higher ambition for education, skills and employment for young people so they can achieve their potential in work and life.

Mapping the current system

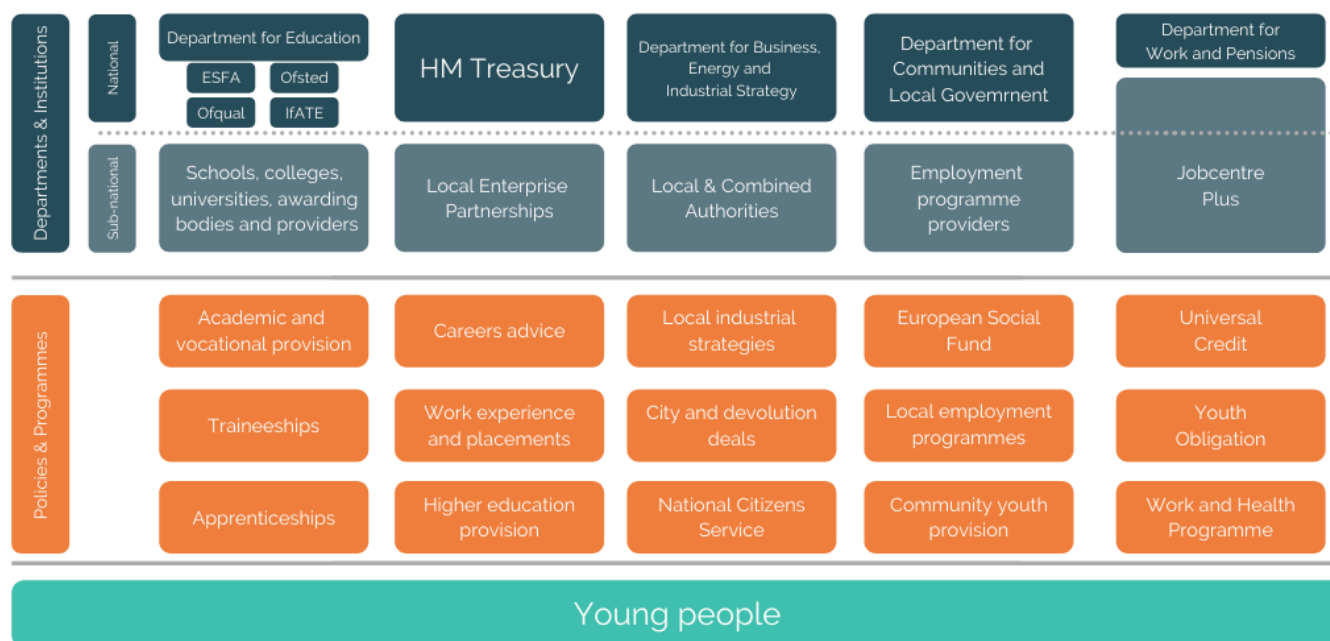
- Many young people have a successful experience of education and employment. However, just 84% of 19 year olds have a level 2 qualification and 60% have a level 3 qualification. This is lower than in other countries and progress has stalled in recent years. One in three 18-24 year olds who are not studying full time is economically inactive – either not seeking or not available for work.
- The complexity of education and employment support, combined with a ‘chop and change’ culture, contributes to poor outcomes for some young people and limits the effectiveness of support. These systems risk being less than the sum of their parts.
- In addition, limited funding and lack of ‘systems thinking’ means some demographic groups slip through the cracks. This includes the technical and vocational routeways for young people. Some 40,000 16-17 year olds are not in education, employment or training – what is the strategy for re-engaging them?
- Significant reforms are underway, including the introduction of T Levels and ongoing rollout of Universal Credit. Many of these changes are underpinned by sound principles. However, collectively they are unlikely to solve the fundamental challenge of a lack of integration and underpowered ambition.

The education and employment systems in England are complex, with a range of interacting policies, funding streams and delivery. They also change on a regular basis. Taken together this can make it difficult for young people to know where to get support, and more difficult for providers to deliver what young people need. The result are systems that work well for some young people, but are inadequate, confusing or missing for others.

Education and employment systems

There is no single education and employment system. Instead there are a range of systems which interact together in an ecosystem, and which young people and employers engage with at various points. Figure 1 gives an illustrative picture of the key institutions and policies of most relevance to education and employment for young people in England.

Figure 1: Education and employment systems in England



There are around six million people aged 16-24 in England.¹ For 16-17 year olds, 86% are in full-time education, 5% are in employment and 5% are not in education, employment or training (NEET).² For 18-24 year olds, 33% are in full-time education, 32% are in employment, 14% are NEET excluding full-time students, others are in part-time education or of other status. Over time, there has been a general rise in participation in education and a fall in employment among both age groups.

Employment: Employment rates for young people vary across England, as shown by the Youth Commission's Youth Opportunity Index.³ More than 400,000 18-24 year olds are unemployed, of whom around 100,000 (21% of those who are unemployed) have been out of work for more than 12 months.⁴ Around three quarters of unemployed young people claim out-of-work benefits and so can access back-to-work support from Jobcentre Plus. In addition, 14% are economically inactive, excluding students.

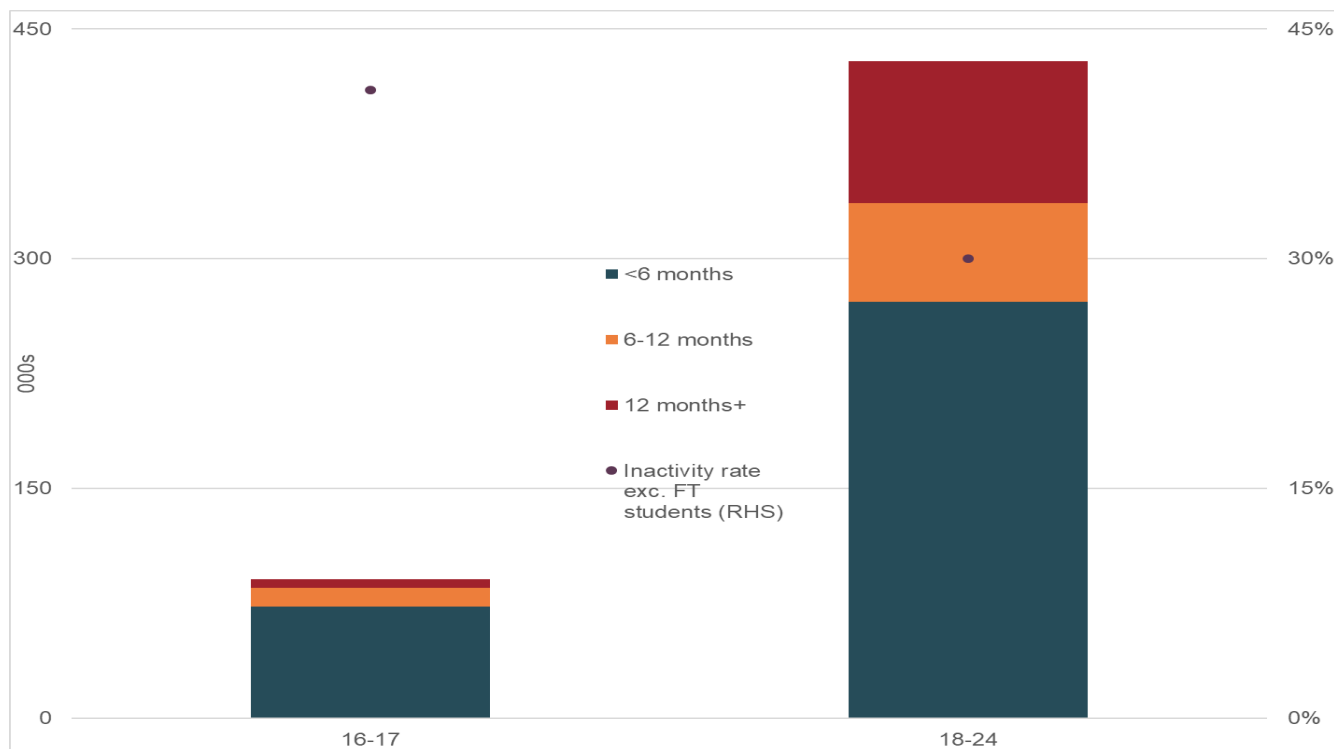
¹ Opportunity knocks? First report of the Youth Commission, L&W, 2018.

² The numbers do not sum to 100% due to rates being calculated in different ways.

³ Youth Opportunity Index: Youth Commission report 2, L&W, 2018.

⁴ Labour market statistics, ONS, 2019.

Figure 2: Unemployment and economic inactivity by age



Young people are more likely to be in low paid and insecure forms of work. For example, 12% of young people report being underemployed (the balance between those who want either more or fewer hours), higher than other age groups.⁵ One in five 16-24 year olds are in some form of less secure work, such as zero hours contracts or temporary work.⁶

In part these patterns reflect young people's first steps on the career ladder as well as working while studying. However, the quality of work matters for people of all ages and for many young people this can become a long-term reality rather than a short-term stage. In addition, young people are changing jobs less often than previous generations, and job changes can be a significant driver of wage rises.⁷ There is relatively little support for young people to progress from low pay, though a growing number of projects are looking at how to do this and Universal Credit includes the option to require people to participate in progression support, so-called in-work conditionality.

Education routes: Around two thirds of 16 year olds achieve a level 2 qualification (rising to 84% by age 19), and 60% of 19 year olds achieve a level 3 qualification. Previous Youth Commission reports showed that these proportions are low compared to other countries.

⁵ Earnings outlook, Resolution Foundation, 2018.

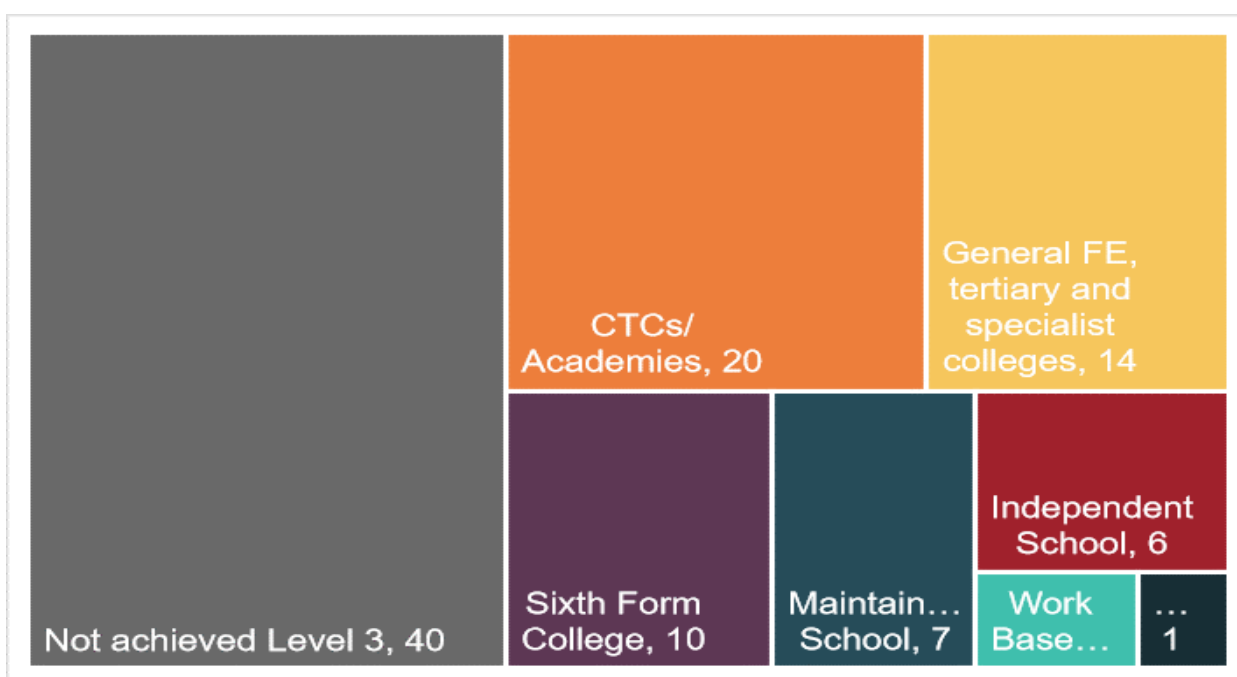
⁶ London's poverty profile, Trust for London, 2017.

⁷ The great escape? Low pay and progression in the UK's labour market, Resolution Foundation, Social Mobility Commission, 2017.

One in two young people participate in higher education, in line with international comparators but with a lower proportion undertaking vocational and technical routes.

Figure 3 shows the proportion of 19 year olds gaining level 3 qualifications via different institutions.⁸ The most popular routes are schools and academies, further education colleges and sixth form colleges. Four in ten 19 year olds have not gained a level 3 qualification: reducing this is one of the challenges the Youth Commission has identified.

Figure 3: Proportion of 19 year olds gaining level 3 qualifications by institution type



Beyond age 19, the bulk of participation in education is accounted for by higher education. Fewer young people take technical and vocational education and work-based learning routes (e.g. apprenticeships) than in other countries.

Complexity and change

Two of the defining features of education and employment support for young people have been complexity and change. A City & Guilds report highlighted the ongoing nature and scale of change, including seven different agencies responsible for learning for adults, a range of Acts of Parliament, Departments and Ministers over the last three decades.⁹

This 'chop and change' culture has a real impact on frontline delivery and on young people and employers. For example, there have been various attempts to raise the status of vocational qualifications including the development of 14-19 Diplomas and NVQs. Each

⁸ Level 2 and level 3 attainment by young people aged 19 in 2018, Department for Education, 2019.

⁹ Sense and instability: three decades of employment and skills policy, City and Guilds, 2014.

foundered for many reasons, including insufficient focus on what was needed in addition to new qualifications (including to build progression routes, support the teaching workforce etc) and being given insufficient time to bed in.¹⁰ Future reforms, including T Levels, should learn the lessons of previous attempts to achieve similar objectives.

Complexity is another defining feature of education and employment support for young people. An often more widely known academic route, with A Levels followed by university applications through UCAS, contrasts with a vocational route involving a choice between a wide range of qualifications and institutions (though to some extent this reflects this route being based around combining learning with entry to a complex and varied labour market).

Meanwhile, there are a range of schemes, projects and routes aiming to reengage young people not in education, employment or training (NEET). Back-to-work support for unemployed young people not in receipt of out-of-work benefits is limited and fragmented (as most Jobcentre Plus support is generally limited to benefit claimants).

But it is not always clear where young people who are NEET should go for help to get back into learning or work. Nor who holds the lead responsibility for engaging and support young people who are NEET back into learning or employment.

To an extent, complexity is inevitable: it is a feature of both people's lives and the modern economy. However, unnecessary and lack of integration or alignment can have negative impacts: preventing young people from finding the support they need and creating additional costs and inefficiencies in support.

The result is that some groups have poorer education and employment outcomes: 50,000 16-17 year olds are NEET; only around 60% of 18-24 year olds who are out of work claim out-of-work benefits and hence are able to access support to find work; and participation in vocational and technical routes is lower than in other countries.

The 2008 Education and Skills Act required Local Authorities to promote cooperation between 14-19 providers, the local authority and other providers. It also raised the education participation age to 18, with a 2009 Act requiring them to secure a sufficient level of education and training to meet the needs of 14-19 year olds. This followed 14-19 Pathfinders, which provided funding to do the same. A government review suggested positive progress, but they were not in place long enough to properly judge effectiveness before the new Coalition Government introduced its own changes.¹¹

Overall, the system works for many young people, but is complex to navigate and constantly changing. This means too many young people miss out on the education and employment support they need, with long-term impacts on their career prospects.

¹⁰ A qualified success: an investigation in T Levels and the wider vocational system, Policy Exchange, 2019.

¹¹ Moving on up: developing a strong, coherent upper secondary education system in England, IPPR, 2015.

Further changes ahead

Among the most prominent reforms planned to tackle these challenges is the introduction of **T Levels**, level 3 qualifications based on the recommendations in Lord Sainsbury's post-16 Skills Plan.¹² T Levels will be established in 15 pathways covering different industry routes, the first beginning in September 2020. They will involve a higher number of taught hours per week than many existing vocational qualifications, and an industry placement with an employer lasting at least 315 hours (45-60 days).

T Levels will sit alongside A Levels and apprenticeships as the key education routes for young people. **Apprenticeships** have also undergone significant reform, with a new apprenticeship levy (a payroll tax on large employers, ringfenced for apprenticeships) and new standards (replacing previous frameworks). Since their introduction, apprenticeship starts have fallen by around one fifth, with the jury still out about any changes in quality.

The Government is consulting on what approach to take for other existing **vocational and applied general qualifications**.¹³ Many of these, such as BTECs, are highly valued by employers and popular with young people. The post-16 Skills Plan argued for a transition year (to help those not yet ready for a T Level to prepare) and 'bridging' provision to help people link between routes and between academic and technical provision. There will need to be a balance between simplicity, clarity of progression routes, and recognising the complexity of life and work plus what employers and young people already value.

In the social security system, **Universal Credit** is replacing a number of in and out-of-work benefits. It aims to simplify the system and ensure that working an extra hour always pays more than not doing so. Taken together with cuts and caps to other benefits available to young people, the net effect has been to reduce the value of benefits available to them.

To help more young people on out-of-work benefits into work, a **Youth Obligation** has been introduced. This aims to give more intensive support to 18-21 year olds claiming Universal Credit, including an intensive activity period followed by a mix of job search, basic skills training, work-related training and work experience.

Each of these reforms, along with the existing education and employment systems, are more fully analysed in later chapters. However, it is notable that there is no overarching strategy for improving education and employment outcomes for young people. The risk, therefore, is that the existing complexity, change and duplication continues.

¹² Post-16 Skills Plan, Department for Education, 2017.

¹³ Review of post-16 qualifications at level 3 and below in England, Department for Education, 2019.

Work, income and progression

- The proportion of 16-17 year olds working alongside their studies has halved in the last 20 years, while those not in full-time education are also less likely to be in work. The employment rate of 18-24 year olds is back at pre-recession levels, but 100,000 have been out of work for more than one year.
- One in ten (600,000) 16-24 year olds have never had a paid job (excluding holiday and casual work). This lack of work experience can have a long-term effect on career prospects.
- A range of voluntary programmes aim to help young people out of work but not on benefits, but lack a systemic focus. Two thirds of young benefit claimants completing the Universal Credit Youth Obligation find work, but there is no evaluation of its impact and it is not focused on building long-term careers.
- The proportion of young people getting training at work in the last 13 weeks has fallen by 20% since 2005. This risks limiting future progression chances. The number of young people taking part in Apprenticeships, the Government's focus for training, has fallen in recent years and is lower than in other countries.
- Young people earn less than previous generations did at the same age and have more volatile earnings than older people. Increases in the National Minimum Wage have helped, but there is little targeted support to help young people progress in their careers and moves to focus on the quality of work are at an early stage.

Most young people are in work and many progress up the career ladder. However, for too many the transition from education to work does not work, and low pay and insecure work is more prevalent. Gaps and disjoints in policy contribute to these challenges.

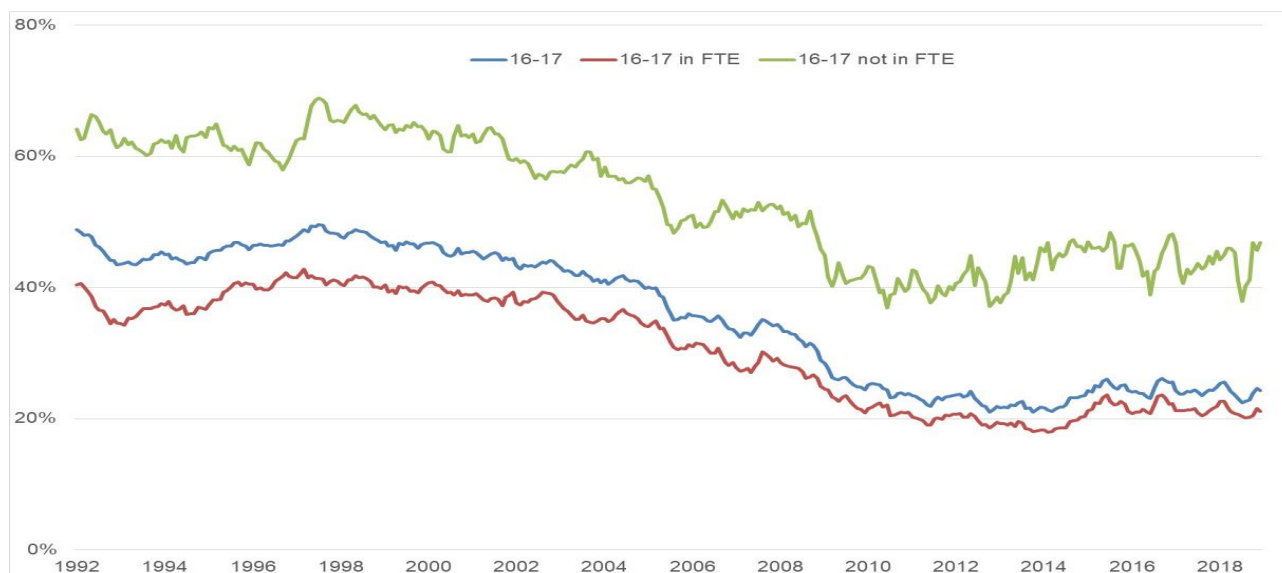
Transition to work

The majority of 16-17 year olds are in education, but the proportion of 16-17 year olds working alongside their education has halved since the 1990s (from around 40% to 20%). This may be a good choice for most in order to maximise their success in their studies. But it also means young people are less likely than previous generations to have at least some experience of paid work once they enter the workforce.

Employment rates for 16-17 year olds not in full-time education have also fallen, from 60% in the 1990s to around 40% today. In part this is the flipside of the increase in education participation – those not in education are a smaller group and more likely to be those with other labour market barriers and fewest qualifications. However, it risks storing up problems as a period out of work when young can have a permanent effect on young people's prospects.¹⁴

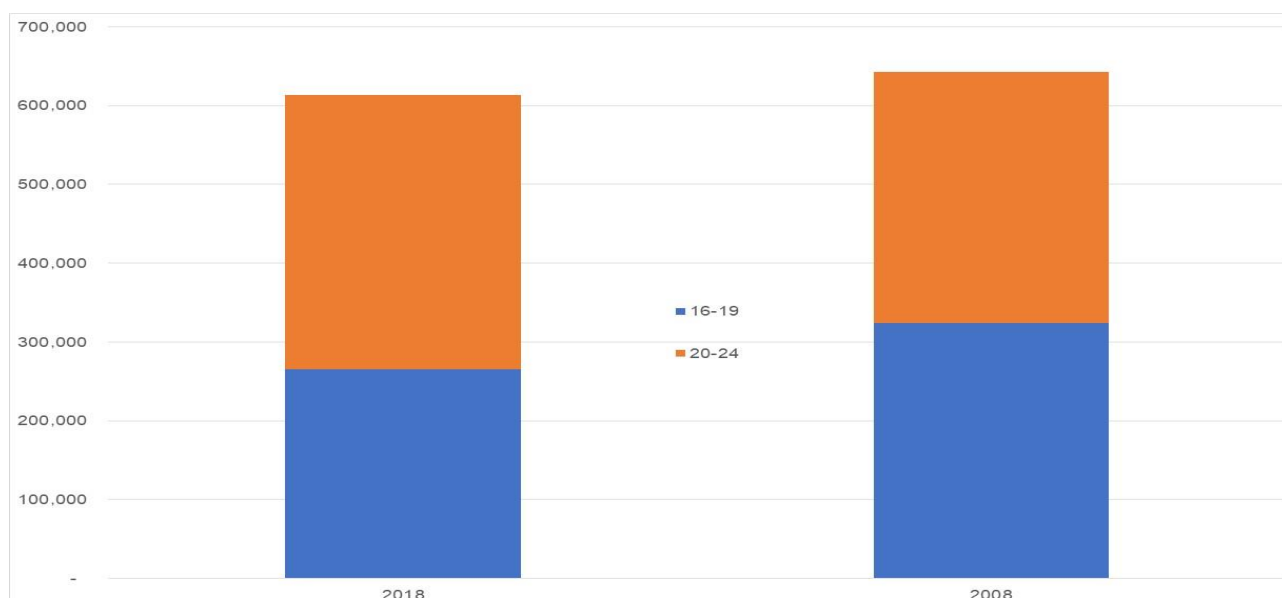
¹⁴ The wage scar from youth unemployment, Gregg and Tominey, University of Bristol, 2004.

Figure 4: Employment status of 16-17 year olds



Just over 600,000 16-24 year olds have never had a paid job (excluding holiday jobs and casual work).¹⁵ This represents 10.4% of young people, little changed from 2008 (10.6%) and the start of recession, despite the strength of the labour market over this period.

Figure 5: Number of young people who have never had a paid job

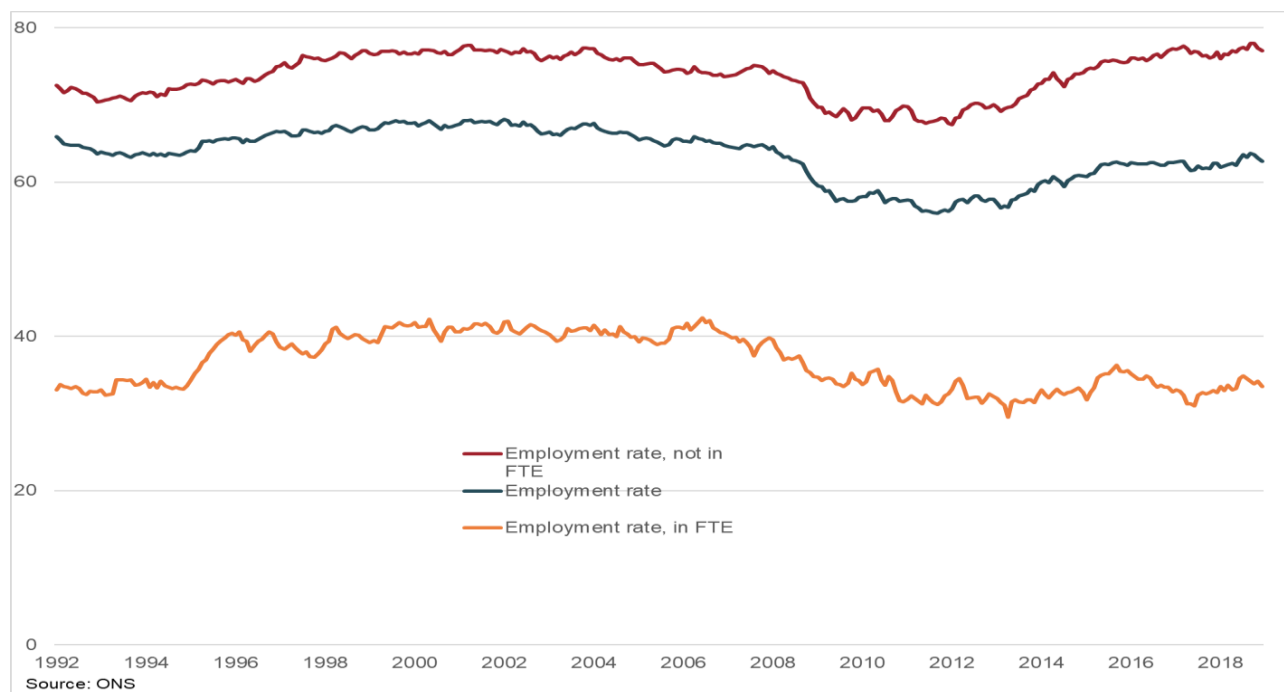


Almost 80% of 18-24 year olds who are not in full-time education are in employment. This is a return to pre-2008 levels, but as the Youth Commission has previously shown, other countries have higher youth employment rates, suggesting the scope to do better.¹⁶

¹⁵ Annual population survey, ONS, 2019.

¹⁶ National and international case studies: Youth Commission report 4, Learning and Work Institute, 2019.

Figure 6: Employment rate of 18-24 year olds, per cent



Around 400,000 18-24 year olds are unemployed. Of these, 100,000 have been out of work for more than one year. Just over 200,000 young people who are out of work are claiming Jobseeker's Allowance or Universal Credit, meaning that around 40% of unemployed young people, excluding students, are not claiming benefits and hence able to access support from Jobcentre Plus.

Policy and provision

Local authorities have a duty to track 16-17 year olds who are not in education, employment or training (NEET) and 'encourage, enable and assist' them to engage in education or training.¹⁷ Guidance requires them to identify young people not participating in education or training, or at risk of not doing so, and target resources at those that need it most. Until 2016, the requirement for this tracking included up to age 18. It is now limited to 16 and 17 year olds (and up to 25 for those with an education, health and care plan).

The status of 2.3% of 16-17 year olds is recorded as unknown by their local authority, ranging from 7.6% in Haringey and 7.4% in Sunderland to 0% in Darlington and Thurrock, though these figures vary significantly by local authority from year to year.¹⁸ This means that the status of around one in two 16-17 year olds NEETs is unknown.

¹⁷ Education and Skills Act, 2008.

¹⁸ 16-17 year olds recorded in education and training and NEET by local authority, Department for Education, 2019.

The support that local authorities can put in place to re-engage NEETs is limited by the scale of cuts to their funding since 2010. Most will be reliant on commissioned provision, such as the European Social Fund, and coordinating the action of others. Beyond this, individual colleges and training providers also seek to engage young people who are NEET in their provision. 16-17 year olds are not eligible for benefits like Universal Credit and so would not generally access support to find work or training through Jobcentre Plus.

There is no statutory duty relating to 18-24 year olds who are NEET. Engagement of this age group is down to a combination of: commissioned projects, such as through the European Social Fund; colleges and providers recruiting young people for provision; and Jobcentre Plus and employment programmes for those claiming out-of-work benefits.

Young people who are out of work and over the age of 18 can claim Universal Credit. A Jobcentre Plus work coach can then help them find work, agreeing an action plan set out in a Claimant Commitment which can include referral to other provision, such as training or financial advice, if it would help them to find work. For 18-21 year olds, claiming Universal Credit begins with an intensive activity period followed by work coach support – the Youth Obligation. If they remain out of work after six months, the young person will be offered a sector-based work academy placement or traineeship. After 24 months, they would be referred to the Work and Health Programme if they had not found a job. This is delivered by a range of private, public and voluntary sector organisations and lasts for 15 months. Any young people still out of work after this will return to Jobcentre Plus.

There are three main challenges with this back-to-work support:

1. it is only open to those who are in receipt of benefits. The rollout of Universal Credit is increasing the proportion of unemployed young people who receive benefits, but there is still a substantial minority who do not;
2. DWP has only recently started collecting data on the Youth Obligation.¹⁹ Almost two-thirds of those completing the Youth Obligation find work, though this is broadly in line with the number of young people who leave unemployment benefits within this timeframe in any case. As yet, there is no evaluation to show the programme's additional impact or which elements are most effective; and
3. the primary focus of support is on helping young people find work, but not to sustain work or increase their earnings and skills. This is likely to be an increased focus as Universal Credit beds in, but at present no data is published.

Taken together, support is too often a patchwork quilt with gaps and lack of clarity about leadership, responsibilities and integration of support. For example, only 6,680 19-24 year olds moved from benefits into an apprenticeship in 2017-18.²⁰

¹⁹ Youth Obligation Support programme statistics, DWP, 2019.

²⁰ Further education for benefit claimants in England: 2017-18, DfE & DWP, 2019

Training and quality of work

Most of us need to start on the bottom of the ladder and work our way up. However, it is important that all work is of good quality and offers fair pay and scope for development.

Defining the quality of work and security of employment is difficult, for example flexibility can benefit employees as well as employers. Headlines about the quality of work often focus on the number of zero hours contracts or temporary work. However, any form of work can feel insecure or lacking opportunities for development. For example, people say that almost one third of jobs require work at high speed most or all the time, up from one quarter in 2012.²¹

Young people are disproportionately likely to be in insecure or temporary work. To some extent, this is inevitable as they often represent entry-level roles or jobs that can be combined with studying. However, as these forms of work are more prevalent in some sectors, such as retail and hospitality, there is a risk that young people choosing a career in these sectors could become trapped in insecure work that does not meet their needs.

Almost one in ten (9%, 350,000) of 23-28 year olds in work in England report being underemployed.²² Overall, underemployment has fallen since 2008 but remains significant. The Youth Commission's Youth Opportunity Index showed how under- and over-employment vary across England.²³

In addition, while young people are better qualified than previous generations, one study suggested that around one in three people feels they are overqualified for their job.²⁴ However, there are caveats: this measure is self-reported (asking people whether they need their particular qualification level for their job); employers continue to pay extra wages for those with higher qualifications (though varying widely by subject and institution); and only 10% of workers said they were over skilled (as opposed to overqualified) for their job.

Learning and training at work is one way to build skills and improve both performance in your current role and future career prospects. Young people are more likely to get training at work than older people. However, the proportion of employed young people saying they got training at work in the last 13 weeks has fallen from 36% in 2005 to 29% in 2018.²⁵ There have been smaller declines in the proportion of older age groups getting training at

²¹ Insecurity at work in Britain: first findings from the Skills and Employment Survey, Cardiff University, 2017

²² They are in work, working for less than 40 hours per week and either looking for an additional job, looking for a new job with longer hours or wanting to work more hours in their current job.

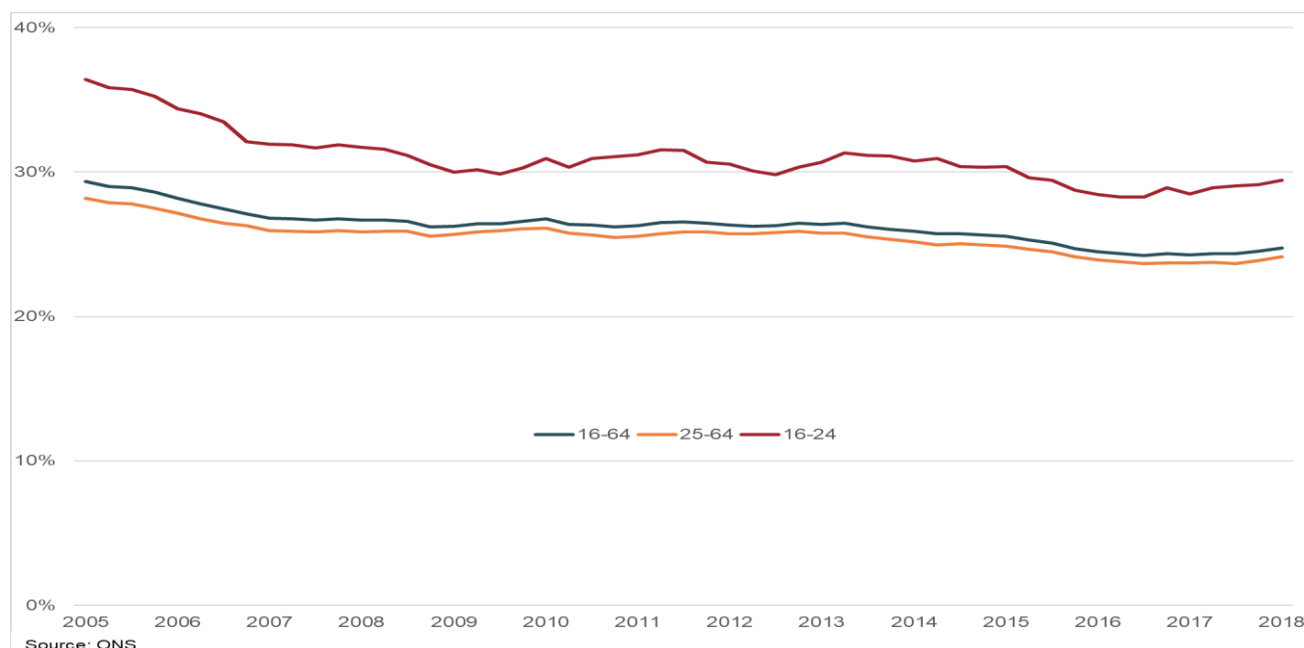
²³ Youth Opportunity Index: Youth Commission report 2, Learning and Work Institute, 2018.

²⁴ Survey of adult skills first results: England and Northern Ireland, OECD, 2013.

²⁵ Annual population survey, ONS, 2019.

work over the same time period. The result is that in 2005 young people were 30% more likely to get training at work than older people; today they are 20% more likely.

Figure 7: Proportion of employees getting training at work in the last 13 weeks



Policy and provision

The Government accepted the Taylor Review recommendation that the UK should aim for all work to be fair and decent with realistic scope for development and fulfilment.²⁶ It set out measures to make employment rules clearer, promote compliance and strengthen enforcement, and launched consultations on potential changes to employment rules.

A number of Mayors have developed Good Work Charters, to identify what makes work of good quality and encourage employers to sign up to these measures.²⁷ Investors in People also sets out a framework for employers to encourage employee engagement and development.

Apprenticeships are the Government's main route for workforce development. The next chapter shows that, while many apprenticeships are high quality, there remain problems with both quality and fair access and that the number of young people doing apprenticeships has fallen in recent years.

²⁶ Good work: a response to the Taylor Review of modern working practices, BEIS, 2018.

²⁷ See, for example: <https://www.greatermanchester-ca.gov.uk/what-we-do/economy/greater-manchester-good-employment-charter/>

Pay and progression

Young people were hardest hit in the pay squeeze that followed the Great Recession, with real hourly pay for 18-29 year olds falling by 9.4% between 2008 and 2014.²⁸ Since then this age group has enjoyed the biggest increase in real earnings, but this generation of young people still has lower pay than previous generations did at the same age – the effects of the recession have persisted.

Figure 8 shows growth in both nominal weekly wages and employment for 18-21 year olds by sector (with the size of each bubble reflecting how many people are employed in that sector). Most sectors have seen nominal wage increases over the last decade, reflecting in part increases in the National Minimum Wage. More sectors saw employment falls than growth, partly because a higher number of 18-21 year olds are staying in education and not working. The biggest employment growth for this age group is in accommodation and food service activities, along with real estate and arts, entertainment and recreation. This is perhaps not surprising, reflecting wider changes in the economy and the kind of jobs that can be combined with education.

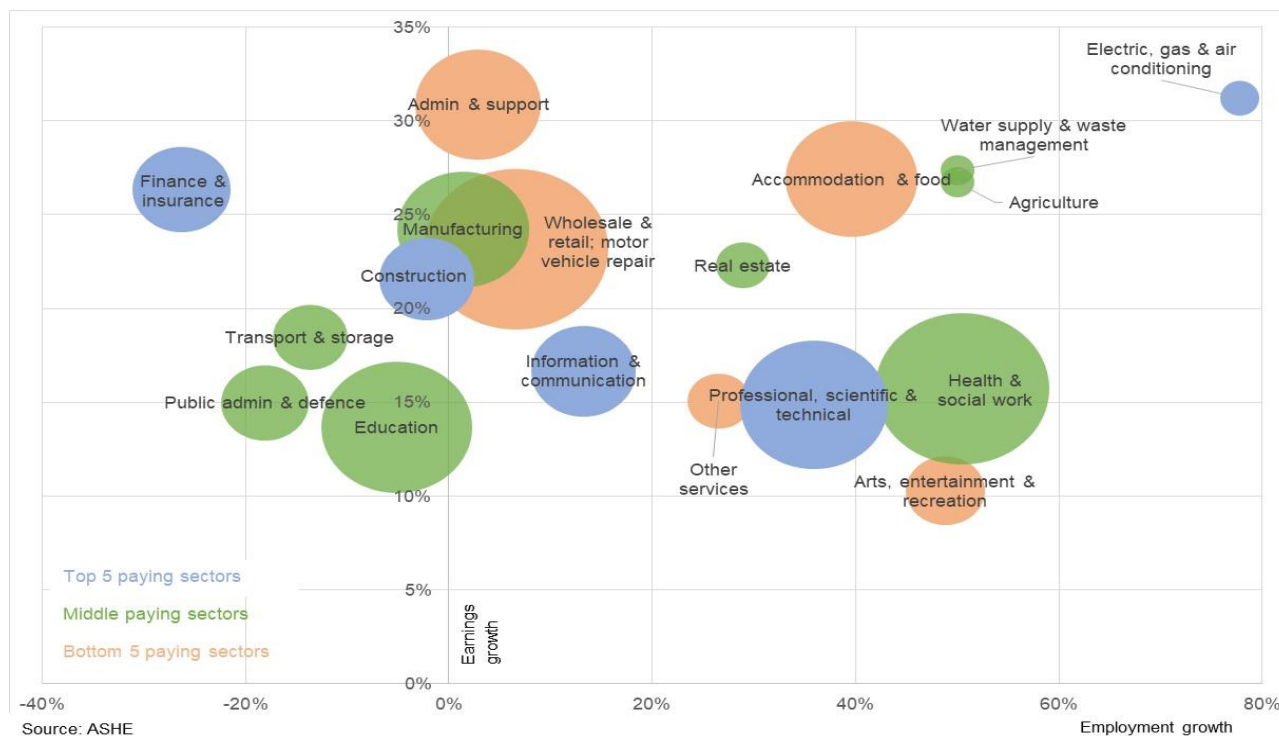
Figure 8: Employment & nominal earnings changes for 18-21 year olds, 2008-18



Figure 9 shows the same data for 22-29 year olds. Some of the lowest paid but largest employers for this age group are administration and support, accommodation and food service activities, and wholesale and retail. These have seen relatively larger wage rises over the last decade, the result in large part of increases in the National Minimum Wage.

²⁸ An intergenerational audit for the UK: 2019, Resolution Foundation, 2019.

Figure 9: Employment & nominal earnings changes for 22-29 year olds, 2008-18



A significant minority of young people are paid below the relevant National Minimum Wage rate. For example, Learning and Work Institute research shows that around one in five current or recent employers of apprentices do not know all the minimum wage rules for apprentices.²⁹ Around one fifth of apprentices report being paid below their legal minimum, rising to one in two in hairdressing. This highlights a major challenge to both promote compliance and increase enforcement.

Young people have higher volatility in their earnings than other age groups: over 80% of those aged under 23 had volatile pay, defined as notable (not just a pay rise, bonus, promotion etc) changes in pay from month to month that are negative as well as positive. This compared to 70% of those aged 40 and under, and young people's swings in earnings tend to be larger (both increases in earnings as they progress, but also falls).³⁰

Taken together, we need to help young people boost their earnings and careers – the lasting effects of the Great Recession means they start behind previous generations and many young people are working in low paid sectors that have seen low wage growth.

²⁹ Apprentice pay: sticking to the rules, Learning and Work Institute, 2017.

³⁰ Irregular payments: assessing the breadth and depth of month to month earnings volatility, Resolution Foundation, 2018.

Policy and provision

The National Minimum Wage has increased in recent years, though the higher rate (called the National Living Wage) only applies to those aged 25 and over. The Government has a Director of Labour Market Enforcement, whose remit includes enforcement of the minimum wage rules. However, the number of prosecutions and enforcement actions remains low and the evidence cited above shows that non-compliance remains a persistent challenge.

There is relatively little policy focus on helping young people to progress from low pay. Apprenticeships, discussed more fully in the next chapter, can be one way to do this. The National Careers Service can support young people in low paid work. However, while each year it delivers face-to-face careers advice to 474,000 people of all ages and 200,000 contacts with its call centre, only 25% were aged 19-24 and most were long-term unemployed.³¹ The funding model and levels of funding mean it is unable to deliver longer-term support that could help deliver lasting career progression.

Universal Credit provides means-tested support including for housing and childcare costs. Out-of-work benefit support is around 18% of average earnings in the UK, compared to an OECD average of 29% (though many other countries have greater restrictions on eligibility and contributory elements that vary over time – paying a higher proportion of people's previous earnings for the first period out of work and then falling over time).³²

Concerns have also been raised about the design and rollout of Universal Credit more generally, including whether it adequately supports people in self-employment and adapts to fluctuating earnings.³³ Universal Credit includes the option to introduce 'in-work conditionality' to support career progression. Trials of requiring those in low paid work to engage on a regular basis with a Jobcentre Plus Work Coach showed a small positive impact on earnings of around £5 per week, with slightly larger effects for younger people.³⁴

Local authorities, Housing Associations and voluntary sector organisations have led pilots focused on helping people progress from low pay. Learning and Work Institute has evaluated many of these and created a Better Work Network to share best practice.³⁵ Many have helped participants to increase earnings, but suffered from limited funding.

Overall, support for young people not in work or looking to build their skills and progress is patchy and policy lacks strategic focus.

³¹ Careers strategy: making the most of everyone's skills and talents, Department for Education, 2017; An economic evaluation of the National Career Service, London Economics, 2017.

³² Benefits in unemployment: share of previous income, OECD, 2018.

³³ Rough justice: problems with monthly assessment of pay and circumstances in Universal Credit and what can be done about them, Child Poverty Action Group, 2018.

³⁴ Universal Credit: in-work progression randomized controlled trial, DWP, 2018.

³⁵ <https://www.learningandwork.org.uk/our-work/work-and-careers/better-work-network/>

Learning, skills and apprenticeships

- The proportion of young people gaining a level 2 or 3 by age 19 has stalled at lower levels than in many comparator countries. There have been ongoing concerns about the depth and breadth of learning during the 16-19 phase as well as the framework for and content of vocational and technical education.
- T levels are the Government's answer, with a 315 hours industry placement and more taught hours. However, there is likely to be a shortfall of placements in some sectors and areas of the country, calling for an alternative route into these jobs.
- Apprenticeships are another important route into work, but numbers have fallen since government reforms. The principles of the changes are sound, but reforms are needed to increase apprenticeships for young people.
- Fewer young people take apprenticeships than in other countries, the proportion of young people getting training at work has fallen, and already-highly qualified young people are more likely to get this training. The net result is to risk reinforcing existing inequalities and limiting opportunities to progress.
- Up to one in two young people participate in higher education, in line with other countries. However, there are significant inequalities in participation with little evidence of the impact of efforts to widen participation. There are too few opportunities for young people to progress through level 3 and on to a range of higher education routes, including at levels 4 and 5.

This chapter explores the 16-19 education phase, apprenticeships and work-based learning, and higher education. It concludes that planned policy changes are unlikely to sufficiently tackle deep-rooted challenges in education and employment for young people.

16-19 education

Around two thirds of 16 year olds achieve a level 2 qualification (rising to 84% by age 19), and 60% of 19 year olds achieve a level 3 qualification. Sustained improvements in these proportions over previous decades have ground to a halt in the last five years, leaving the qualifications attainment of young people lower than in many comparator countries.

What young people are studying, and the currency that qualifications and learning give them for their future careers, matters as much as how many young people are studying. As such, a number of reports have raised concerns about how well understood vocational routes are, a perceived proliferation of qualifications, and the narrowing of the range of subjects that young people study, particularly between ages 16 and 18.

Many have argued that we need to consider education across the whole 14-19 phase. For example, the Tomlinson Review argued for Diplomas that identified core knowledge that would be required for all 14-19 year olds together with up to 20 'lines of learning' for

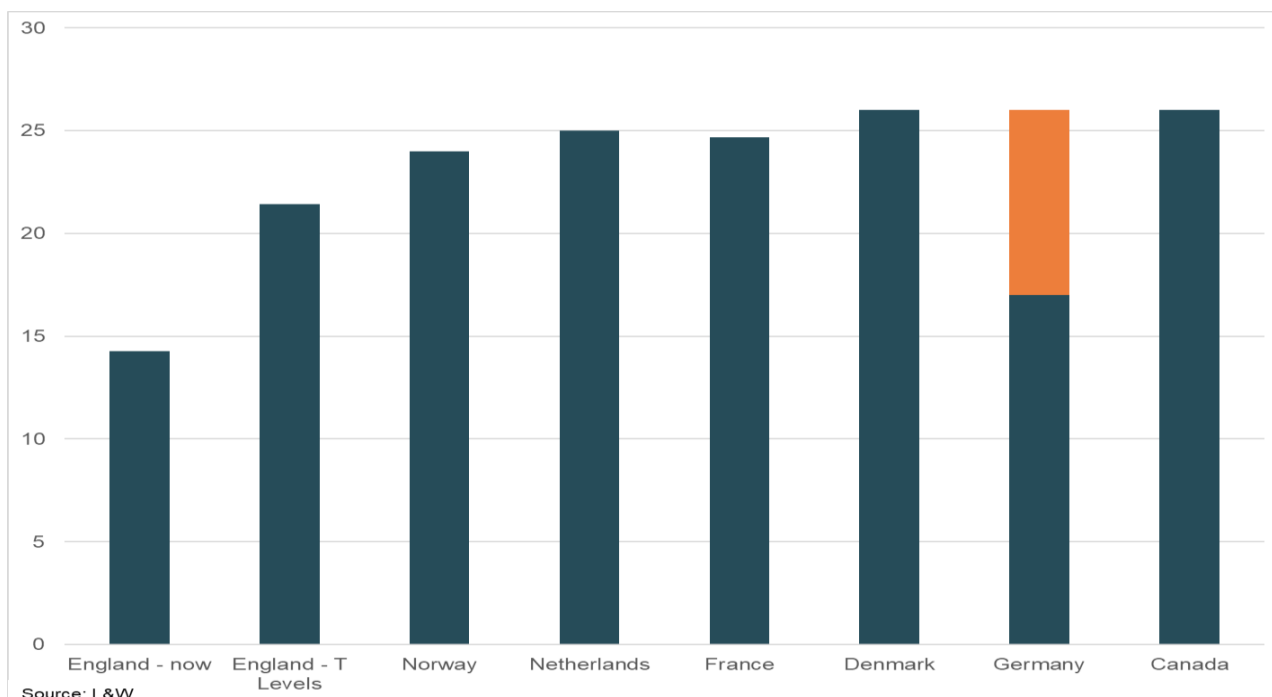
specific subjects.³⁶ This was intended to bring vocational and academic learning together, reduce the volume of assessment, and allow broader and deeper study. However, the Government did not want to replace GCSEs and A Levels, instead adding Diplomas to the existing system and they did not take off.

Other countries have a National Curriculum that continues to age 18 (England's stops at 16) and require study of a broader range of subjects, including:

- Finland requires 16-19 year olds to study their own language, a foreign language, maths and natural sciences, humanities and social sciences, religion or ethics, physical and health education, and arts and practical subjects;
- Ontario's high school diploma requires study in science, languages and social sciences plus 40 hours community involvement, with additional optional units; and
- In France the technical certificate requires study in a particular vocation, but also French, foreign languages, maths, physical education and sports.³⁷

In England, young people who stay in education past the age of 16 generally either take A levels or vocational qualifications such as BTECs. Some also retake some of their GCSEs, while 7% of 16-18 year olds undertake an apprenticeship. On average, young people get fewer teaching hours per week than young people taking vocational qualifications in other countries, though T levels (see below) will cut this gap.

Figure 10: Average teaching hours per week for vocational qualifications



³⁶ 14-19 curriculum and qualifications reform: final report of the working group on 14-19 reform, Tomlinson Review, 2004.

³⁷ Moving on up: developing a strong, coherent upper secondary education system in England, IPPR, 2015.

Policy and provision

There have been calls for GCSEs to be scrapped, arguing that the rise in the education participation to 18 renders them redundant. However, England's system is based on young people making choices about routes, institutions and qualifications at age 16. Without reforming the whole system to remove or change these choices, some form of assessment would likely still be needed at age 16 to determine the best route for young people and the performance of their school.

This could, of course, be much lighter touch than GCSEs. But young people moving into an apprenticeship at age 16 could find themselves without any accreditation to reflect their educational attainment to date. The goal should be a more coherent and high quality 14-19 phase: achieving this requires system reform rather than qualification reform alone.

The Government's main planned reform is the introduction of T levels. These new technical education qualifications, based on 15 routes, were proposed by the Sainsbury Review and contain a higher number of teaching hours than current vocational qualifications as well as a 315 hour (45-60 days) industry placement. Learning and Work Institute research has also shown that, while employers are keen to engage in T levels, they need support to understand how to ensure industry placements are of high quality.³⁸

The availability of these placements is likely to be a challenge even in high employment areas like cities. This is because they require a significant commitment from employers, and sit alongside other requests of them like apprenticeships, work experience, work placements, work trials etc. This challenge will be multiplied outside cities and in certain sectors. If there is no employer able or willing to offer an industry placement, should the young person should choose a different career path, or will there be an alternative route?

There are currently a range of other qualifications at level 3, and the Government has been consulting on whether funding for those which might overlap with T levels should be stopped. This could increase the visibility of T levels and take-up. However, stopping funding for qualifications that currently have traction with people and employers does not mean that T levels will be a success. There is a clear case for cutting qualifications with minimal take up and poor labour market returns, but not for those qualifications that have stood the test of time and which are open to a wide range of young people (given that not all young people will meet the entry requirements for accessing a T level course).

Significant work is also needed to set out a clear level 2 route into T levels, as well as progression on from T levels to higher level learning. On their own, these reforms will leave England some way short of a coherent 14-19 phase of education.

³⁸ Employer engagement and capacity to support T level industry placements, L&W and IFF, 2018.

Apprenticeships and work-based learning

Young people improve their skills at work in a range of ways, including informal on-the-job learning and coaching and internal and external training courses. The previous chapter showed that the proportion of young people getting training at work has fallen by 20% since 2005. Much is short in duration and includes things like induction training and health and safety, which are important but not enhancing technical and vocational skills.³⁹

The main publicly-funded route for workplace learning is apprenticeships. After decades of decline mirroring falling employment in industries most associated with apprenticeships, recent decades have seen renewed attention. Successive governments have expanded them into a wider range of sectors and for people of all ages, in part to reflect lengthening working lives and the changing nature of work. There have, though, also been concerns about quality, including whether all apprenticeships lead to genuine skills improvements.

Apprenticeships involve investment from government, employers and apprentices. For apprentices the investment is generally a lower wage than they could otherwise get, compensated by training to benefit their future careers. In the UK, apprentices are entitled to a lower National Minimum Wage rate (see below), although many are paid above this legal minimum. Apprentices also face other costs, such as potentially increased travel costs (if they need to travel away from work for their off-the-job training for example).

Overall, young people are less likely to participate in an apprenticeship than in many comparator countries. Only 2% of 16-29 year olds in 2012 were apprentices, compared to 4% in Finland, 5% in Australia, 8% in Denmark, and 15% in Germany.⁴⁰

Policy and provision

In May 2017 an apprenticeship levy was introduced for larger employers. This payroll tax of 0.5% on employer's wage bills above £3m per year is ringfenced for spending on apprenticeships via a digital account. Money in these accounts expires if not used in two years and helps to fund apprenticeships at small and middle enterprises. New apprenticeship standards, designed by employers, have also been introduced. Small employers must contribute 5% of the cost of an apprenticeship, the rest funded by the government. All apprenticeships must last for a minimum of one year.

The number of apprenticeships has fallen by around 20% since the introduction of these reforms.⁴¹ There has also been a significant change in the composition of apprenticeships: a fall of 122,000 (45%) at level 2 compared to a similar time period before the introduction of the levy and a rise of 42,000 for level 4+ (>200%); and apprenticeships for both under 19s and over 25s each down by around 30,000 (27% and 18% respectively). Taken

³⁹ Skills 2030: why the adult skills system is failing to build an economy that works for everyone, IPPR, 2017.

⁴⁰ Society at a glance 2016, OECD, 2016.

⁴¹ Apprenticeship and traineeship data, Department for Education, 2019.

together, this means fewer apprenticeships for young people particularly at level 2, and a growth at level 4 and above.

To benefit people and employers, apprenticeships must be high quality. Many are, but Ofsted found that one in three apprentices are at training providers rated as requiring improvement or inadequate.⁴² Ofsted also raised concerns about how to maintain quality as the number of providers has grown significantly. Others have also questioned how the breadth and depth of apprenticeships compares to other countries.⁴³

There are significant inequalities in access to apprenticeships. People with health problems and disabilities are under-represented in apprenticeships as are people from black, Asian and minority ethnic (BAME) backgrounds. Learning and Work Institute research shows significant gender segregation: fewer than 10% of engineering apprentices were women.⁴⁴ Young people from Free Schools Meals backgrounds are half as likely to gain a level 3 apprenticeship than other young people in some parts of the country.⁴⁵ There are projects to help tackle these inequalities, but the National Audit Office described the Government's targets for doing so as 'lacking ambition'.⁴⁶

The National Minimum Wage rate for apprentices (applying for the first year of an apprenticeship for those aged 19+) is £3.90 per hour. For subsequent years of an apprenticeship, the relevant age-related rates apply: £4.35 for under 18s; £6.15 for 16-18 year olds; £7.70 for 21-24 year olds; and £8.21 for 25+. The Living Wage (independently calculated based on living costs) is £10.55 in London and £9.00 in the rest of the country.

Around one in five apprentices report being paid below their legal minimum, rising to one in two in sectors such as hairdressing. Learning and Work Institute research found that many employers are unsure of the minimum wage rules, with most reported underpayment taking place when apprentices moved between age bands or into the second year of their apprenticeship.⁴⁷ This suggests a need to increase awareness, promote compliance and enforce rules. The Government also pledged to support apprentices with travel costs but have taken little action to date. Some local areas have done this, for example apprentices in London are entitled to a 30% public transport travel discount in the first year of their apprenticeship.

The net result is that young people are less likely to get training at work, including formal training such as apprenticeships, than in other countries. And it is young people who

⁴² The annual report of Her Majesty's Chief Inspector of education, children's services and skills 2017/18, Ofsted, 2018.

⁴³ The skills we want and why we don't have them, Policy Exchange, 2016.

⁴⁴ Three million apprenticeships: building ladders of opportunity, L&W, 2017.

⁴⁵ State of the nation 2017: social mobility in Great Britain, Social Mobility Commission, 2017.

⁴⁶ The apprenticeships programme, NAO, 2019.

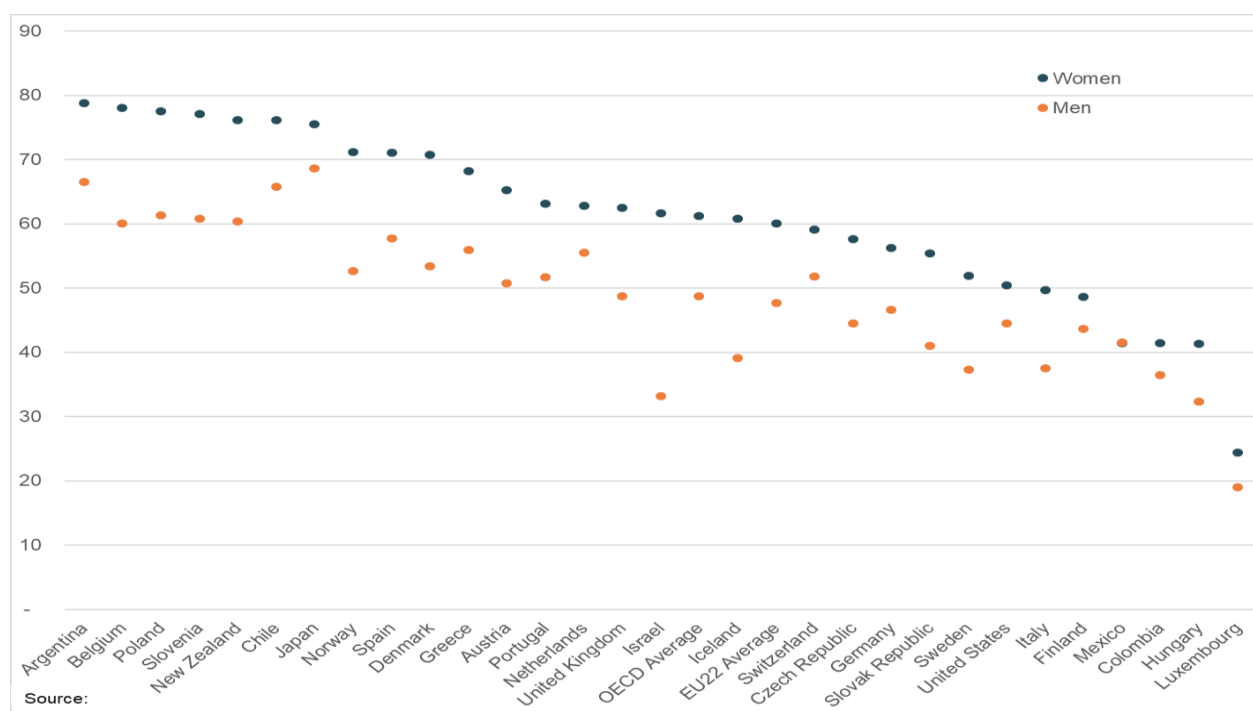
⁴⁷ Apprentice pay: sticking to the rules, L&W, 2017.

already hold higher skills or qualifications that are more likely to get training. If this continues, it will reinforce existing inequalities and limit young people's opportunities.

Higher level skills

Around one in two 18-30 year olds have participated in higher education, with women more likely to do so than men.⁴⁸ This is just above the OECD average, with countries like New Zealand, Japan and Denmark having higher participation. There remain significant wage premia for graduates (though these vary by subject and institution and an increasing proportion of graduates say they are overqualified for their job).

Figure 11: Proportion of under 25s participating in higher education by country



There are significant and persistent gaps in participation in higher education by geographic area and socioeconomic group. Young people with free school meals are 18 percentage points less likely to participate in higher education than other young people, and there are similar inequalities in participation by parental background and levels of deprivation.⁴⁹

As previous Youth Commission reports have pointed out, the UK is an outlier in its central focus on full-time, three year undergraduate courses for 18 year olds. It has lower take up of learning at levels 4 and 5, a greater focus on academic rather than technical subjects, and funding rules have caused declines in part-time and mature higher education in the last decade. All too often, this makes higher education a one-shot chance for 18 year olds.

⁴⁸ Education at a glance, OECD, 2018.

⁴⁹ Widening participation in higher education in England – 2016/17 age cohort, DfE, 2018.

Policy and provision

Higher education students face tuition fees of up to £9,250 per year and can also take out maintenance loans to support with living costs. Most students have substantial debt when they graduate, with poorer students likely to have a larger debt as they are more likely to need a maintenance loan.⁵⁰ Graduates repay their loans at 9% of their earnings once they earn more than £25,000. After 30 years, any unpaid debt will be written off.

The result is that only 55% of student debt will be repaid, with around 80% of graduates not repaying their loans in full.⁵¹ The Office for National Statistics has now included the amount likely not to be repaid in the government's accounts.⁵² This will add around £12bn to the government's annual deficit, though in practice nothing has changed.

The government-commissioned Augar Review proposed reducing tuition fees to £7,500 per year, extending the repayment period to 40 years, and reintroducing means-tested maintenance grants.⁵³ Overall, this would benefit better-off graduates (who are more likely to repay their debts in full) and potentially lower-paid graduates (as maintenance grants would mean they had less debt, but they are unlikely to pay that debt off anyway), with middle-earning graduates paying less per month but for a longer period of time.

The Augar Review also proposed changes to increase take-up of the 'missing middle' of level 4 and 5 learning, and to reverse declines in mature learning. These include ending the equivalent or lower qualification rule, which restricts funding for maintenance loans or tuition fees from those already qualified at the level they wish to study, and a lifelong learning loan entitlement, covering up to four years tuition to be used throughout life.

It is not clear whether the Government will implement the recommendations of the Augar Review's or take a different approach. Labour's policy is to abolish tuition fees altogether.

Higher education providers must reach Access and Participation Agreements with the Office for Students, detailing plans to widen participation in higher education. It is estimated that higher education providers spend around £800m per year on widening participation.⁵⁴ However, there is little evaluation of its impact.

The current system has supported the development of a mass higher education system, with more of the cost of this being paid by graduates themselves. However, it has not made significant enough inroads into unequal participation by socioeconomic groups. Nor does it adequately support learning at higher levels through life or technical higher skills.

⁵⁰ Higher education funding in England: past, present and options for the future, IFS, 2017.

⁵¹ Higher education finance reform: raising the repayment threshold to £25,000 and freezing the fee cap at £9,250, IFS, 2017.

⁵² New treatment of student loans in the public sector finances and national accounts, ONS, 2018.

⁵³ Independent panel report to the review of post-18 education and funding, Augar Review, 2019.

⁵⁴ Access agreements for 2018-19: key statistics and analysis, Office for Fair Access, 2017.

English, maths, digital and core skills

- English, maths and other core skills such as digital and financial capability are increasingly central to life and work for young people. A higher proportion of young people lack these skills than in many other countries. Each year 160,000 young people reach age 19 without good grades in GCSE English and maths.
- The condition of funding policy, requiring young people to continue studying English and maths past the age of 16 until they achieve level 2 qualifications, has led to a sharp rise in the proportion of young people improving their grades: 20% do this by age 19, compared to just 5% before the policy. However, it doesn't work for some young people, creating a 'retake treadmill' rather than a culture of learning.
- Young people in other forms of learning have English and maths learning built in, for example apprenticeships must contain functional skills provision for those that need it. Other core skills can be built in or referred to separately. This embedding can help to contextualise learning but must be properly funded and planned for.
- Outside of this, Jobcentre Plus can refer young people on out-of-work benefits to literacy and numeracy provision if it is a key barrier preventing them from finding work. However, there is no structured approach to try and drive a higher ambition for these core skills for young people.

Core skills, such as literacy, numeracy and digital will increasingly be the minimum bar for being in employment and progressing in work, as well as participating in society more generally, accessing the best deals as consumers, and engaging with many public services that are increasingly digital by default.

Attainment of core skills

Two main measures of literacy, numeracy and other core skills are most generally used.⁵⁵ The first is qualifications: 68% of 19 year olds gained level 2 (GCSE and equivalent) English and maths in 2018, up from 44% in 2005.⁵⁶

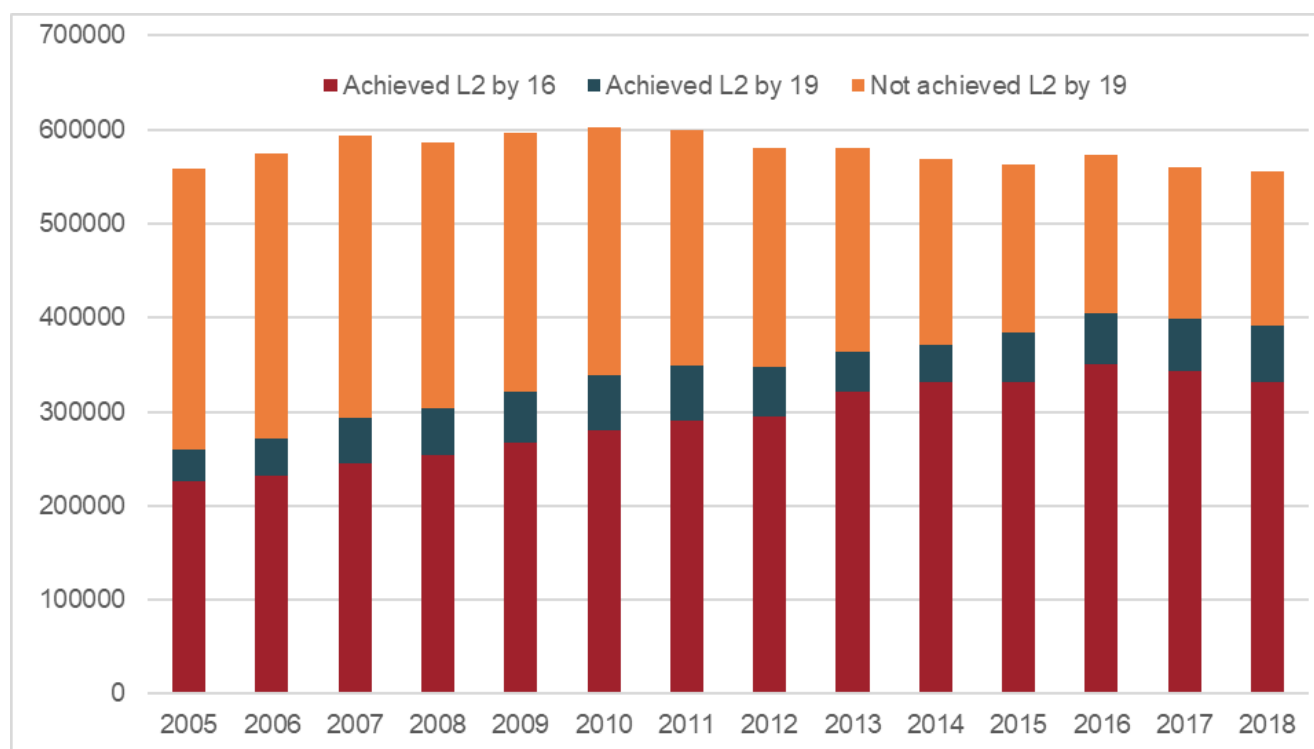
This is driven by a rising proportion of young people gaining these qualifications at age 16 (60% compared to 43% ten years ago) and an increasing proportion also doing so between ages 16 and 19 (see below for analysis of this). However, this still means that 160,000 young people do not have level 2 qualifications at a 'good' grade in English and maths by age 19. It is also worth noting that progress has been stronger in English (77% reaching level 2 by age 19) than in maths (73%).

⁵⁵ Relatively little data is available on core skills, such as digital and financial capability, outside literacy and numeracy. Some of these wider skills can be embedded in other provision, while some can also be standalone learning and qualifications.

⁵⁶ Level 2 and level 3 attainment by young people aged 19 in 2018, Department for Education, 2019.

Qualifications can be a measure of people's skills (certainly at the point in time of attaining them) and have currency with employers. However, they are clearly not a perfect measure and skills can change over time as people do (or do not) apply them in practice.

Figure 12: Attainment of level 2 English and maths by age 19

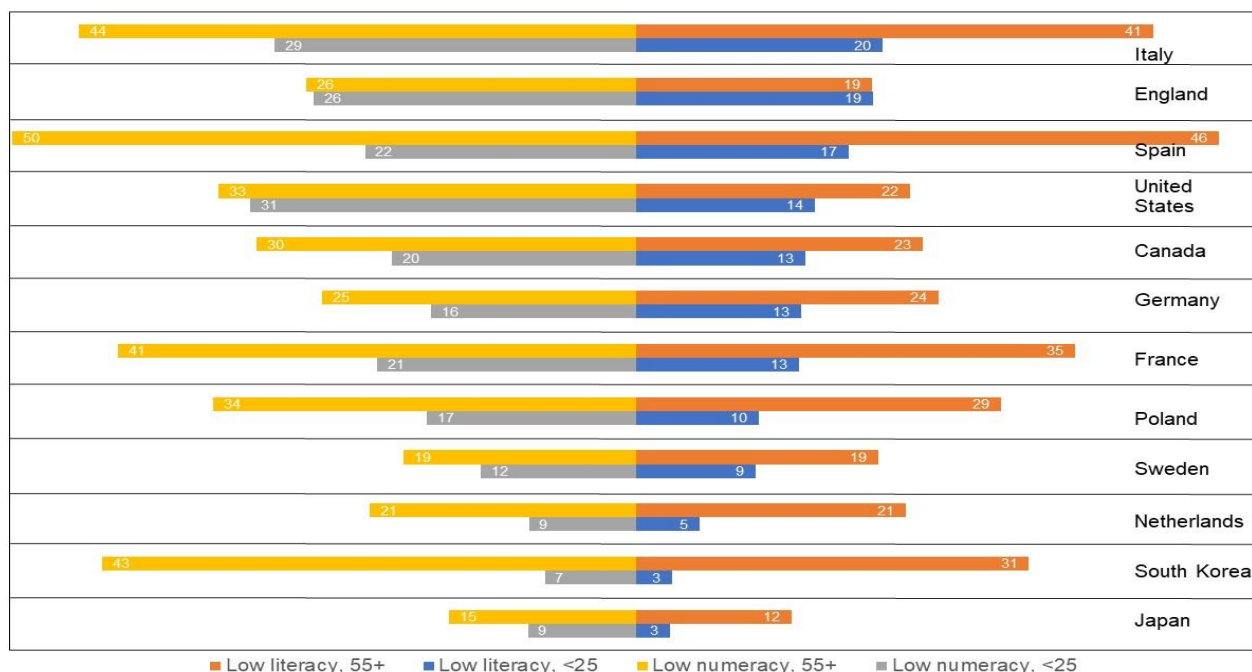


The second measure are surveys of people's literacy, numeracy and other skills, which tests whether they can apply them in a practical context. Young people in England compare relatively poorly on this measure both to other countries and to older age groups in England, with significant gaps in scores between different socioeconomic groups.⁵⁷ Only 3% of 15-24 year olds lack basic digital skills, although those lacking these basic digital skills are more likely to be socially excluded and young people may not always know how to apply their digital skills at work.⁵⁸

⁵⁷ Comparative analysis of young adults in England in the International Survey of Adult Skills 2012, BIS, 2014.

⁵⁸ Lloyds Bank consumer digital index 2017, Lloyds Bank, 2017.

Figure 13: Literacy and numeracy by age and country



The policy context

Six in ten young people gain level 2 in English and maths, ordinarily through GCSEs, by the age of 16. This is up from 40% in 2005, though progress has stagnated since 2015 and OECD survey data show that increases in qualifications do not always translate into increases in skills.⁵⁹

Young people staying in further education past the age of 16 are required to retake GCSE English and maths if they do not have at least a grade 4 in each. This policy was introduced in 2014 for those that did not achieve at least a GCSE grade C. It was based on the Wolf review, which highlighted that most countries required study of core language and maths through to age 18 and that these skills were increasing in importance.⁶⁰

In 2015 the policy was altered to require those with a grade D to only undertake a GCSE rather than a functional skills alternative. A further change has now been introduced, ending the requirement for those that scored a 2 or below (E or below) to undertake a GCSE even if they pass a functional skills qualification. The government has also changed functional skills qualifications, with a stated intention of improving quality.

⁵⁹ Level 2 and level 3 attainment by young people aged 19 in 2018, Department for Education, 2019.

⁶⁰ Review of vocational education: the Wolf review, Department for Education, 2011.

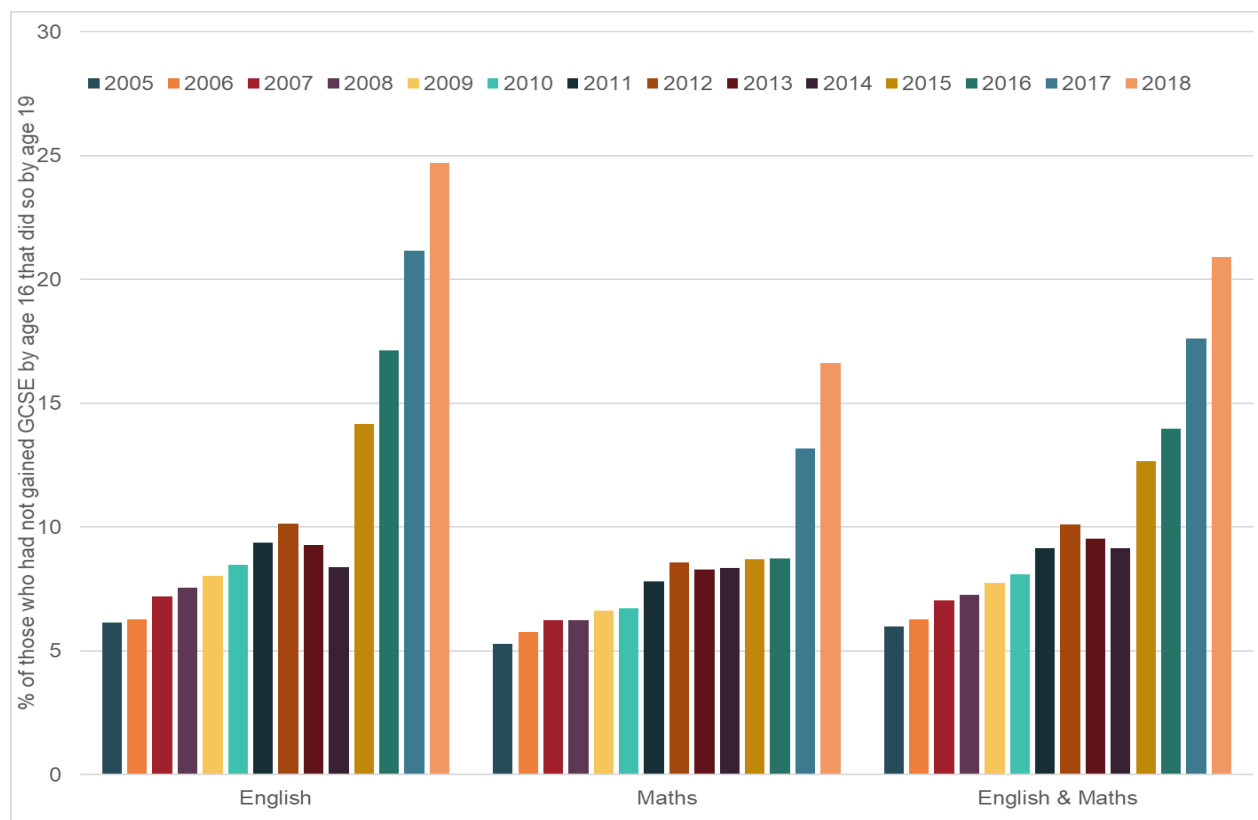
In 2018, 23% of the 161,000 people aged 17 and above who took GCSE maths gained a grade 4 or better, compared to 33% of the 149,000 people aged 17 and above taking GCSE English.⁶¹

The policy requiring ongoing study of English and maths has been controversial, largely due to the focus on GCSE retakes. There has been criticism of:

- the focus on GCSEs rather than functional skills (though, as set out above, only those who gained a grade 4 are not able to take functional skills);
- the requirement for continual retakes, which have left some young people retaking their GCSEs up to nine times; and
- insufficient information (e.g. on the detailed breakdown of the young person's GCSE results to allow a focus for teaching).⁶²

However, the proportion of young people gaining a GCSE at least at grade 4 or equivalent has risen sharply since the policy was introduced. In 2013, just 5% of 16 year olds who did not attain a GCSE at this grade had done so by age 19. Today that has risen to 20%, or 27% when functional skills qualifications are included.

Figure 14: GCSE English and Maths attainment by age 19 having not attained by 16



⁶¹ GCSE (full course): results summer 2018, Joint council for qualifications, 2018.

⁶² Life after school: confronting the crisis, Impetus, 2017.

The current policy, therefore, clearly gets improved results for some young people: the proportion progressing has quadrupled since its introduction. The challenges are to design and deliver policy that works for a greater number of young people, and to ensure that increased attainment of qualifications also leads on to real increases in people's skills.

Young people in apprenticeships are required to study functional skills to level 2 if they are not already qualified to this level. Completion of these qualifications is required in order to complete a level 3 apprenticeship, but not to complete a level 2 apprenticeship. Studying for them does not count toward the 20% training off-the-job required as part of an apprenticeship. The argument is that an apprenticeship itself requires 20% off-the-job training, and that functional skills learning must therefore be over and above this. Functional skills qualifications are funded in addition to the apprenticeship standard rate, but at a lower rate than as a standalone qualification outside an apprenticeship.⁶³

This risks reducing the likelihood of providers and employers taking on a young person requiring functional skills as an apprentice – the additional costs are not covered, and the extra learning time takes an apprentice away from work for longer. The requirement for apprentices to study functional skills but not to pass them, combined with the lower funding rate, risks sending mixed messages about the value and importance of functional skills.

Young people not in work can be referred by Jobcentre Plus to learning if they receive out-of-work benefits. Around 10% of 19-24 year benefit claimants undertook training during 2017/18, in line with previous years and higher than for older age groups.⁶⁴ Of these, 33,000 were studying English, ESOL or maths to entry level, level 1 or level 2; 104,000 had their learning aims recorded as 'other', this could include job-specific qualifications. Taken together, this means 2-10% of 19-24 year olds benefit claimants got training to improve literacy or numeracy. One in five young people have low literacy or numeracy, and they are more likely to be out-of-work. This means substantial numbers of young people on benefits have low literacy or numeracy but don't get training to help with this.

As set out above, a substantial minority of young people who are out of work do not claim benefits. They can be engaged by voluntary programmes, which often include core skills as part of employability support.

One of the key shortfalls is that there is no systematic drive to ensure all young people who are out of work get the chance to improve their literacy, numeracy and other core skills, including continuing study of these when they find work through flexibly delivered provision. The Youth Commission identified case studies suggesting the best way to deliver these skills is integrated with other vocational support and work placements.⁶⁵

⁶³ Making the functional skills reform a success: AELP submission 55, AELP, 2018.

⁶⁴ Further education for benefit claimants in England: 2017-18, DfE & DWP, 2019.

⁶⁵ National and international case studies: Youth Commission report 4, Learning and Work Institute, 2019.

Conclusions

Employment rates for young people and the proportion not in education, employment and training (NEET) have recovered back to pre-recession levels.

However, this leaves longstanding challenges to be tackled. These include relatively low levels of literacy and numeracy for some young people, stalled progress in improving the proportions of young people qualified to levels 2 and 3, low take up of apprenticeships, and concentrations of worklessness and low pay among some demographic groups and geographic areas. England compares relatively poorly on a number of these measures to many other countries.

The learning, skills and employment systems have contributed to the progress made over the last decade. However, their complexity combined with gaps in provision means that without further action they are unlikely to tackle the underpinning long-term challenges without further action. Too often, we have a collection of individual policies rather than a joined-up system.

A good example is policy to reduce the number of young people who are NEET. The Government has scaled back the duty on local authorities to track and re-engage young people as well as sharply cutting overall local authority funding. The result of all policy shortfalls and funding cuts is that, while NEET rates for 16-17 year olds are relatively low, for some groups they are disproportionately high.

This challenge links to a wider need to build a more integrated and aligned education system across the 14-19 and 16-19 phases. T levels are founded on good principles and involve more taught hours per week than current qualifications, more in line with other countries. However, likely shortages of industry placements mean they will not work everywhere, or for all young people. We need a system-wide approach to look at whether young people's fields of study narrow too much during this phase of education – this certainly seems the case compared to other countries.

There are similar problems with learning, skills and employment support for those aged 18-24. No-one has overall responsibility for organising efforts to engage young people in this age group who are NEET, while the employment system is focused on finding people a job rather than helping them build their skills or longer-term career prospects. Combined with a 20% fall in the proportion of young people getting training at work, employment risks being something of a revolving door of low paid work, rather than a ladder of opportunity.

Apprenticeships should sit alongside A Levels, T levels and other vocational qualifications as a high quality routeway for young people, as well as being a way to combine learning and earning as a first step on the career ladder. However, take-up of apprenticeships is lower than in other countries and has fallen since the introduction of the apprenticeship

levy and other reforms. Funding and policy have contributed to this challenge, with insufficient effort made to tackle inequalities in access to apprenticeships.

Finally, the expansion of higher education over recent decades has reflected economic need and mirrored similar trends around the world. However, stark inequalities in participation remain, in part the product of policy and funding approaches that drive an excessive focus on three-year, full-time undergraduate degrees. England needs to increase the number of people studying higher technical routes (including at levels 4 and 5) and increase the opportunities to access higher education throughout life.

Each of these challenges has multiple causes and potential solutions. But they need to be considered as a system: changes to one area impact on others. Looking at policy areas in isolation is a recipe for further fragmentation and gaps in support.

Ultimately, England needs a clear ambition for education and employment outcomes for young people and a clear strategy for delivering it.