

Worlds apart: skills and learning inequalities in the UK

Stephen Evans, Corin Egglestone and
Sara Treneman

December 2024

Supported by



Learning and Work Institute
Patron: HRH The Princess Royal | Chief Executive: Stephen Evans
A company limited by guarantee, registered in England and Wales
Registration No. 2603322 Registered Charity No. 1002775
Registered office: St Martins House, 7 Peacock Lane, Leicester LE1 5PZ

INVESTORS IN PEOPLE
We invest in people Silver



About Learning and Work Institute

Learning and Work Institute is an independent policy and research organisation focused on lifelong learning and better work. Our vision is for a fair and prosperous society where learning and work enable everyone to realise their potential. We research what works, influence policy and develop new ideas to improve practice.

Stay informed. Be involved. Keep engaged. Sign up to become a Learning and Work Institute supporter: learningandwork.org.uk/supporters

Published by National Learning and Work Institute

Office 1.23 St Martins House, 7 Peacock Lane, Leicester, LE1 5PZ

Company registration no. 2603322 | Charity registration no. 1002775

www.learningandwork.org.uk @LearnWorkUK @LearnWorkCymru (Wales)

All rights reserved. No reproduction, copy or transmission of this publication may be made without the written permission of the publishers, save in accordance with the provisions of the Copyright, Designs and Patents Act 1988, or under the terms of any licence permitting limited copying issued by the Copyright Licensing Agency.

Contents

Contents	3
Executive summary.....	4
The geography of skills	6
Comparing skills inequality internationally	10
The impact of migration within the UK	15
How might UK skills inequality change?	20
Conclusion	25
Annex A: Qualification profiles and projections, % of 25-64 year olds	26

Executive summary

Skills inequalities in the UK are larger than other countries and on track to widen further, particularly for low and medium qualifications. This holds back growth and fairness, with parts of the country having world-leading skills bases and others falling further down the international skills rankings. That needs to change.

Learning and skills are crucial for life, work and society: helping our economy to grow; living standards to rise; people to be fulfilled; health and wellbeing to improve; and community engagement to increase. Yet our research has shown the UK compares poorly to other countries, particularly when it comes to low and intermediate skills.

Skills inequalities in the UK are large by international standards

Skills inequalities are stark in the UK and larger than in many countries. Qualification levels are just one measure of skills – subject, learning outside of qualifications, and use of learning and skills matter too. But they allow comparisons over time and internationally.

Almost one in three (30%) of 25–64-year-olds in the West Midlands are qualified below GCSE or equivalent level, double the proportion in West of England, and one in ten has no qualifications. Two in three adults in London has a higher education qualification, compared to just one in three in Greater Lincolnshire.

These inequalities are larger than in many European countries. In the UK, the highest area has triple the proportion people with low qualifications than the lowest area; in Denmark, France and Sweden, it is double. Indeed, if the UK had levels of skills inequality like those countries, then 290,000 more people – the equivalent of the population of Coventry – would have GCSE or equivalent qualifications in the West Midlands.

Disparities are down to both opportunities to learn and job availability

Skills inequalities between areas are the result of the skills gained by people in that area, whether people stay in the area when they improve their skills, and the skills of people moving to and from the area.

A small number of cities, like London, Leeds and Bristol, retain large numbers of local graduates and also draw graduates in from around the country. Other areas, such as Sheringham and Cromer, struggle to retain local graduates and to attract graduates in.

This creates a positive cycle in some areas: highly skilled people move there to work; this attracts more employers and more high skilled jobs. But it risks a negative reinforcing cycle elsewhere: highly qualified people leave or don't move there because of a lack of high skilled jobs; the lack of a high skilled workforce discourages employers from moving there or creating highly skilled jobs.

The challenge for policy is to combine efforts to improve local skills with efforts to improve local growth and job opportunities. The two must go hand in hand to work.

Inequalities will widen further if recent trends continue

We also project qualification profiles by area to 2035, assuming previous trends and patterns of migration within the UK continue. While there is significant uncertainty, this paints a picture of where we are currently headed.

Our projections suggest that on current trends, skills inequalities will further increase over the next decade. By 2035, 74% of 25–64-year-olds in London would have at least a level 3 (A level or equivalent) qualification, compared to just 59% in the West Midlands. One in four people (23%) in Greater Lincolnshire would still be qualified below GCSE or equivalent level, compared to just over one in ten (12%) people in West of England.

Indeed, by 2035 Greater Lincolnshire and Hull and East Yorkshire are projected to *still* have a lower proportion of people with higher education qualifications and a higher proportion of people with low qualifications than the UK averages (22% and 44% respectively) in 2021.

At least one in three adults in the UK (14 million people) live in places projected to have a higher proportion of people with low qualifications in 2035 than Canada, Hungary and Ireland did in 2022.

A tale of two countries?

London and some parts of the south of England are projected to have world-leading skills bases in 2035. The proportions of people with low, medium and high qualification levels in these areas are on track to compare favourably to projections for the best performing countries like Canada, Japan and South Korea.

By contrast, other areas including parts of the north of England would continue to have a relatively high proportion of people with low qualifications compared to other countries, and risk being overtaken by countries including Latvia, Estonia and New Zealand.

London and other prosperous areas are on track to continue to keep pace with the world's best. But other parts of the UK risk falling further behind with significant implications for growth, prosperity and opportunity. Differences at higher education level are particularly stark: 71% of London residents would be qualified to this level by 2035, compared to 58% of people in the rest of the UK, a gap equivalent to 4.1 million people.

The case for change is clear

Skills inequalities within the UK matter and need to change. The skills bar for jobs is rising. Projections suggest that by 2035, three quarters of jobs in the UK will be filled by people with level 3 qualifications or above.

Achieving the Government's ambitions to improve growth and productivity will require a higher skills base and greater skills utilisation. Divides across the country hold us all back. We need a higher ambition and broad-based skills improvements.

The geography of skills

The skills mix varies greatly across the country. 74% of 25–64-year-olds have an A level or equivalent qualification or above in London, compared to just 59% in the West Midlands. In the West Midlands, almost one in three people don't have at least a GCSE or equivalent qualification and one in ten have no qualifications at all, double the proportions in West of England. These inequalities contribute to inequalities between areas, holding back growth and opportunity.

Learning and skills are crucial for life, work and society: helping our economy to grow; living standards to rise; people to be fulfilled; health and wellbeing to improve; and community engagement to increase.

For many of the main challenges of the 21st century, learning and skills will be crucial. They are an engine of growth and driver of social justice.

Yet our Ambition Skills programme, supported by City and Guilds and NOCN, has already shown that the UK compares poorly to other countries in its qualification profile and that, on current trends, this is likely to continue. These shortfalls are particularly stark when it comes to essential skills like literacy, numeracy and digital, as well as intermediate skills.

Our analysis suggests that by 2035 the UK is on track to be 12th out of 39 OECD countries in low skills, 29th in intermediate skills, and 10th in high skills.¹ We need to do better to unlock the economic and social benefits of learning and skills.

These national figures hide wide variation and huge inequalities between areas and groups within the UK. These inequalities are both a cause and a consequence of wider inequalities including in incomes, health and opportunity. Understanding these inequalities is essential if we are to tackle them and make sure everyone in every part of the country has opportunities in life.

The proportion of people qualified to different levels varies hugely across the country. That is a function of both the attainment of young people in different areas and where people move to as both young people and adults. This report is focused on understanding the qualifications of adults according to where they leave, so combines these two effects.

Measuring variations in qualifications across the UK

Qualifications are just one measure of learning and skills attainment. They allow comparisons over time and within and between countries, though such comparisons can be challenging and need to be treated with caution. This report groups qualifications into high (level 4+ in the UK), medium (levels 2 and 3 in the UK), and low (below level 2 in the UK) qualifications.

¹ The great skills divide: how learning inequalities risk holding the UK back, Evans and Egglestone, L&W, 2024.

Data limitations mean this analysis can only be performed at a certain geographic level, meaning the following areas of analysis:

- Cambridgeshire and Peterborough (C&P)
- Cornwall (C)
- Devon and Torbay (D&T)
- East Midlands (EM)
- Greater Lincolnshire (GL)
- Greater Manchester (GM)
- Hull and East Yorkshire (H&EY)
- Lancashire (La)
- Liverpool City Region (LCR)
- London (Lo)
- Norfolk (N)
- North East (NE)
- Scotland (Sc)
- South Yorkshire (SY)
- Suffolk (Su)
- Tees Valley (TV)
- Wales (W)
- West Midlands (WM)
- West of England (WE)
- West Yorkshire (WY)
- York and North Yorkshire (Y&NY).

Note that variations will be more substantial within these geographies. Plus, this analysis covers the numbers of people qualified to a particular level, not the subject, inequalities by demographic group, or match across to employer demand or utilisation of skills.

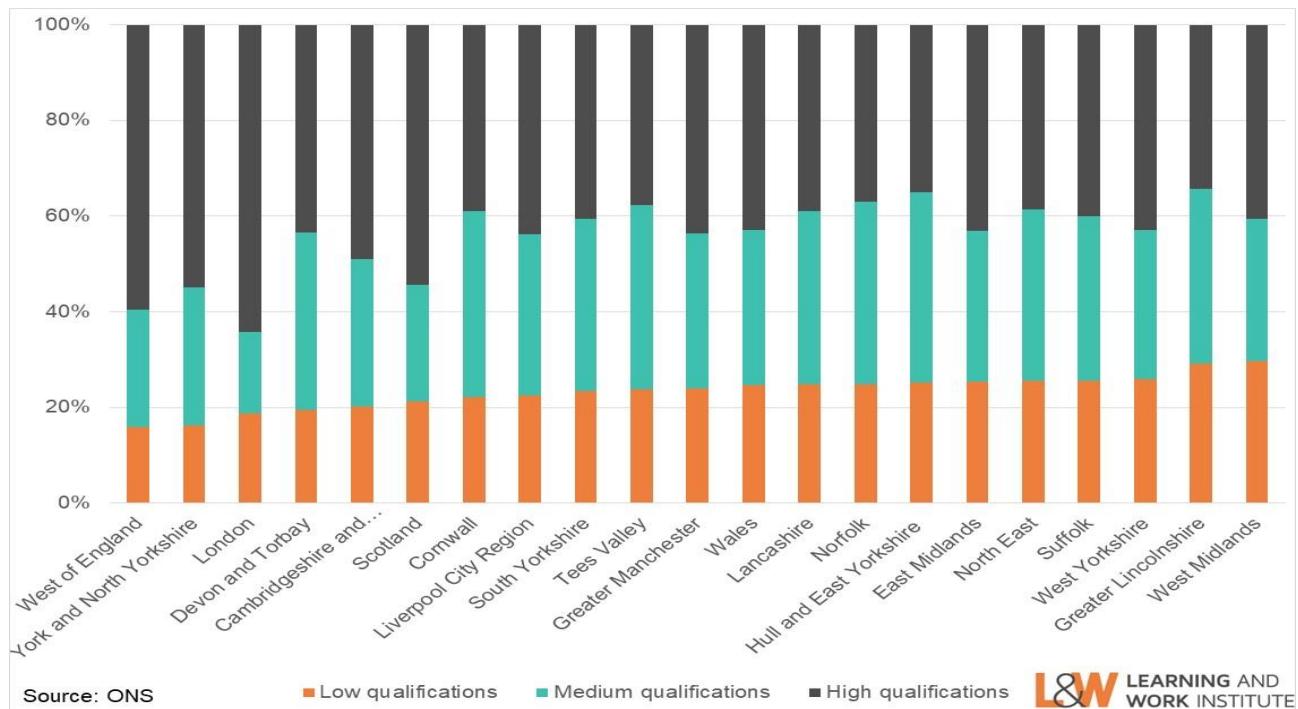
With these caveats in mind, this analysis gives a picture of differences in qualification level between those living in different geographic levels across the UK – these differences are both a cause and consequence of wider inequalities in income, health and so on.

How do qualification profiles vary?

The proportion of people qualified to different levels varies substantially across the country. The proportion of people with low (either no qualifications or below level 2) in the West Midlands (the highest region at 30%) is almost double that in West of England (the lowest region at 16%).

A similar pattern emerges when looking at high qualifications. Almost two thirds (64%) of people living in London have higher education qualifications. That is almost double the 34% in Greater Lincolnshire, the area with the lowest proportion.

Figure 1: Qualification profile, 25–64-year-olds, 2022



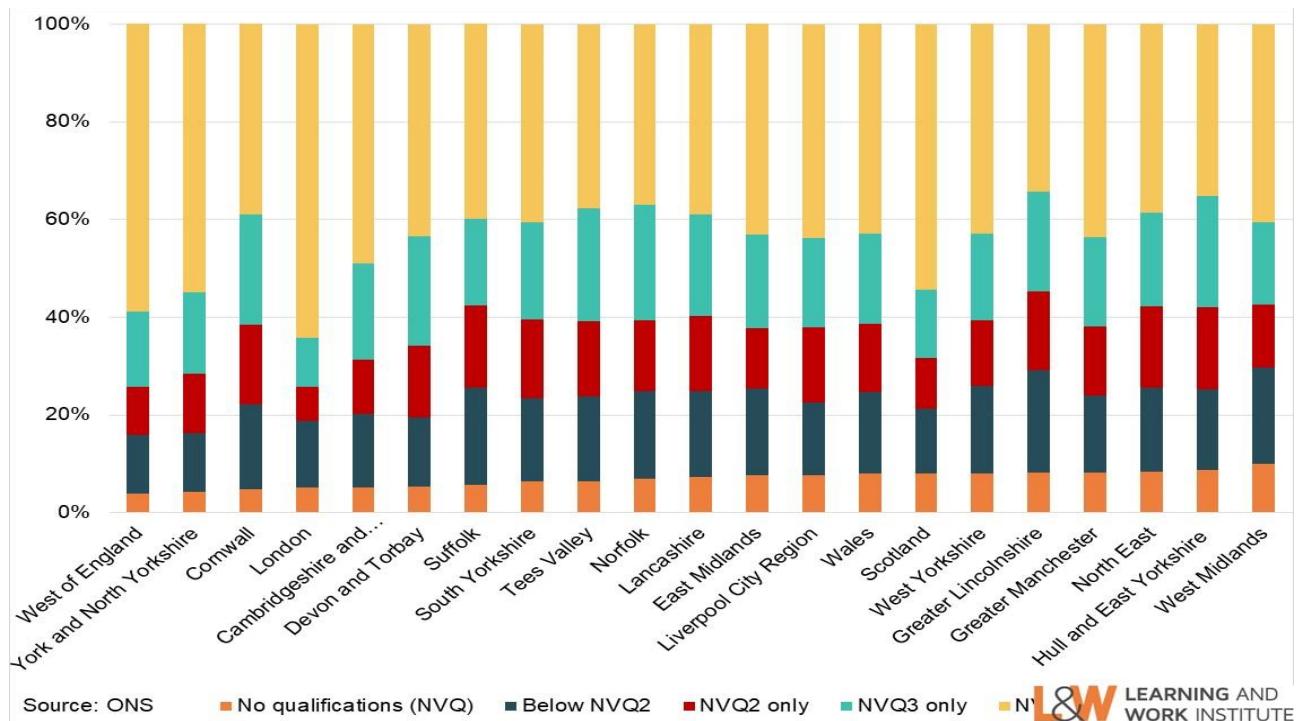
For medium qualifications, the picture is a bit different. London has the lowest proportion (17%) and Hull and East Yorkshire the highest (39%). However, this at least in part reflects the high number of people with higher education qualifications in London (64%), and the low proportion in Hull and East Yorkshire (35%).

Medium qualifications encompass both level 2 (GCSE or equivalent) and level 3 (A level or equivalent), while in many countries level 3 would be considered most likely to be medium or intermediate qualifications. Low qualifications includes both those with no qualifications and those with below level 2 qualifications.

Looking at the qualification split at a more granular adds to the picture. In the West Midlands one in ten people have no qualifications at all, more than double the 4% in West of England. A substantial proportion (ranging between 30 and 50% by area) of people with medium qualifications have level 2 as their highest qualification.

The proportion of people with level 3 qualifications is much lower: ranging from 10% in London (in part because of its much higher proportions with higher education qualifications) to 23% in Tees Valley (which has a lower proportion of people with higher education qualifications than the average and higher than average proportion with low qualifications).

Figure 2: Highest qualification for 25–64-year-olds by level by area, 2022



To put it another way, 63% of people across the UK are qualified to level 3 or above. But this varies from 57% in the West Midlands to 74% in London.

This matters because an increasing proportion of jobs require at least level 3 qualifications and because these qualifications (on average, and depending on the sector, subject and local economy) generally bring higher pay, employment and productivity benefits.²

For example, 68% of jobs were filled by people with level 3 or above qualifications in 2022 (noting that this is not always the same as the proportion of jobs which require these levels of skill or qualification) and that this might rise to 70% by 2035.³

² Time for action: skills for economic growth and social justice, Evans and Egglestone, L&W, 2019.

³ The great skills divide: how learning inequalities risk holding the UK back, Evans and Egglestone, L&W, 2024.

Comparing skills inequality internationally

Qualifications in the UK are more unequally distributed than in many European countries, particularly for low qualifications. The best performing UK area, with the lowest proportion of people with low qualifications, wouldn't even make the top third in Germany. If the UK had the inequality of Denmark or France, then 290,000 more people in the West Midlands (the UK's poorest performing region) would have at least GCSE or equivalent qualifications – equivalent to a city the size of Coventry. This inequality holds back national prosperity and means growth and opportunity are more limited in some places than they should be.

The previous chapter showed the large variation in the qualifications of adults living in different parts of the UK, reflecting both differences in educational attainment of those growing up there and also internal and international migration across the UK.

This chapter considers how large (or not) these inequalities are compared to other countries. The available data, from Eurostat, is for European countries and so the analysis focuses on these.

How does qualification inequality in the UK compare to other countries?

As discussed in the previous chapter, qualifications are just one measure of learning and skills attainment. The benefit is they allow comparisons across countries, though these do need to be treated with caution. In line with the definitions in the previous chapter, we have looked at the proportion of people qualified at low, medium and high level within selected European countries for which sufficient data is available. This is only possible at a particular geographic level, and variations are greater within smaller areas.⁴ But this analysis allows us to compare between countries and at a geographic level that is reflected in local government structures.

Low qualifications

The proportion of people with low qualifications in the UK is three times higher in the highest region (27%, West Midlands) than in the lowest region (9% in Inner London – West).

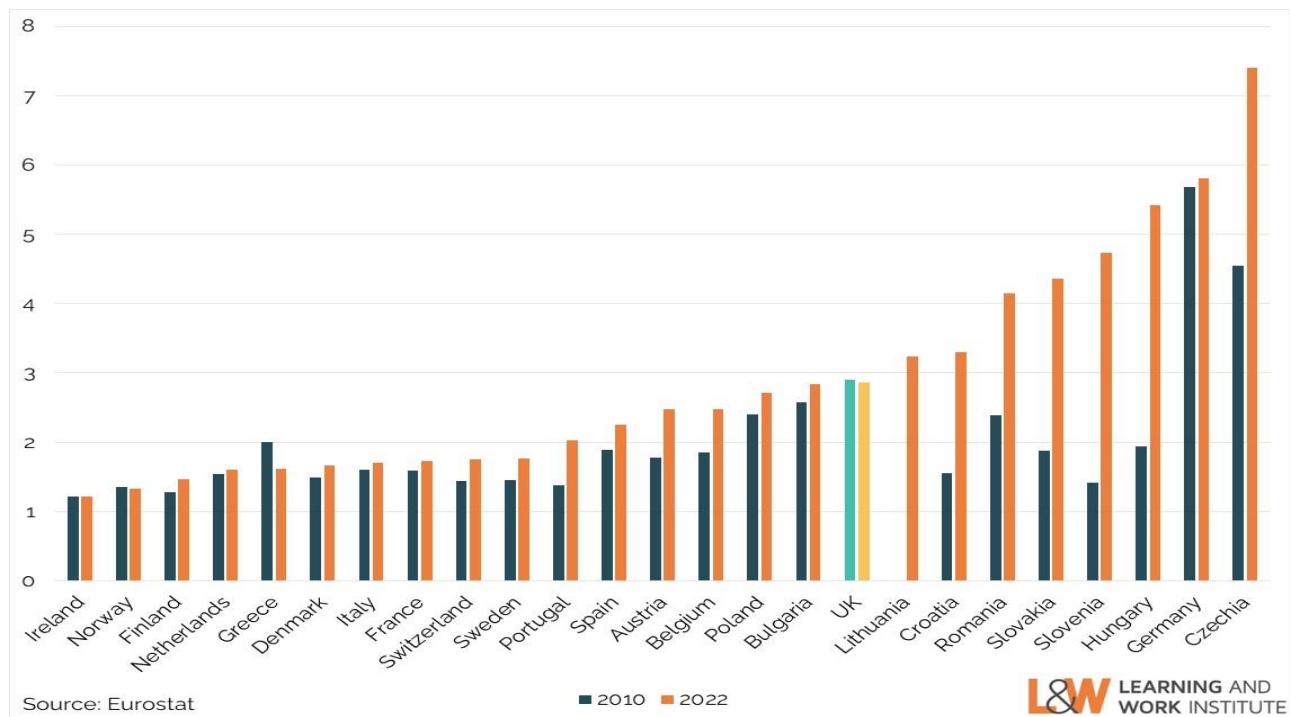
This ratio has barely changed since 2010 and is relatively large by European standards.⁵ In the UK, the average resident in the least qualified areas are three times as likely to have low qualifications than those in the best qualified areas. In Ireland, Norway and Finland there would be very little difference in that likelihood, in Denmark, Italy, France and

⁴ NUTS 2, usually areas with a population of between 800,000 and 3,000,000. Some of these geographies therefore differ from those considered in the previous chapter.

⁵ Germany is a perhaps surprising outlier with high inequality in low qualifications. This partly relates to population in Germany over this time period, the ongoing work to reduce inequalities after reunification, and also the difficulties of international qualification comparisons.

Sweden you would be twice as likely to be low qualified in the least qualified area than in the best qualified area.

Figure 3: Ratio of area with highest proportion of low qualifications to the lowest



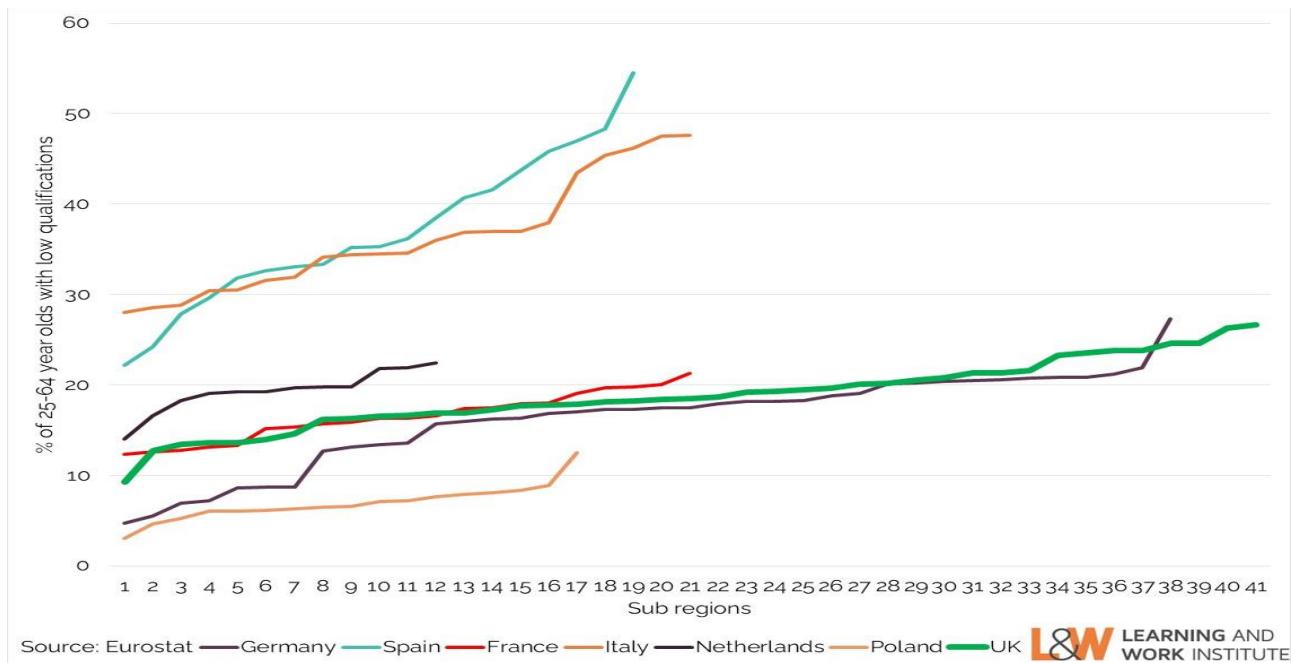
To put it another way, if the UK had the inequality of Denmark, Italy, France or Sweden, then 8% (290,000) fewer adults in the West Midlands would have low qualifications.⁶ That is equivalent to more than the working-age population of Coventry (226,000) that would have at least GCSE-equivalent qualifications where they don't now.

The previous analysis looks at inequality within countries. But the proportion of people qualified to each level matters too – there could be a high proportion of people with low qualifications but relatively equally distributed across the country. That would not be a good outcome.

Figure 4 shows a line for each country (a smaller group than above due to data availability and focusing on countries with a sufficient number of regions to make comparisons meaningful). The line runs from the region with the lowest proportion of people with no qualifications up to the area in the country with the highest. A flat line denotes lower inequality, a low line denotes a low proportion of people with low qualifications.

⁶ Assuming the qualification profile of the best qualified area remained the same, so inequality was reduced by improving the performance of the least qualified area.

Figure 4: Proportion of people with low qualifications by area by country



Every part of the UK has a lower proportion of people with low qualifications than even the best performing parts of Spain and Italy. However, the top third of areas (those with the lowest proportions of people with low qualifications) of the UK perform much worse than the top third in Germany. The region with the lowest proportion of people with low qualifications in the UK wouldn't even make the top fifth of regions in Germany.

High qualifications

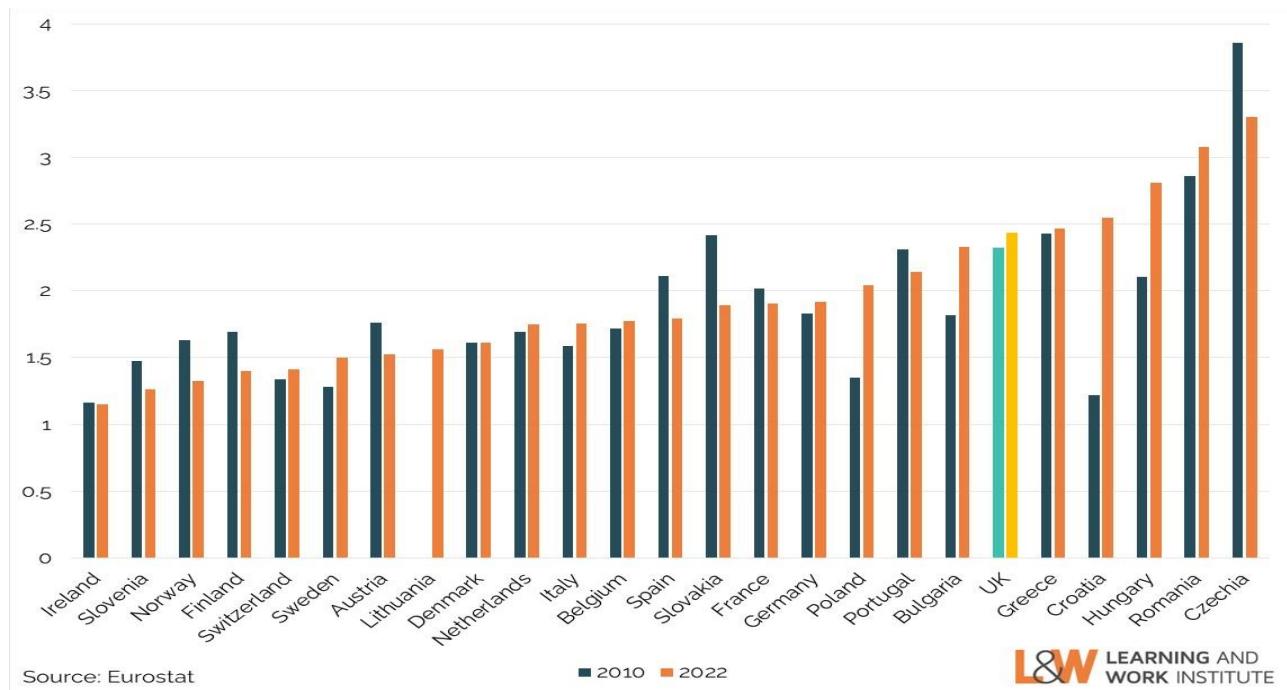
The proportion of people with higher education qualifications is 2.5 times higher in some parts of the UK than others, varying from 73% in Inner London – West to 43% in East Yorkshire and North Lincolnshire. Again, this ratio has barely changed since 2010, even as the total proportion of people with higher education qualifications has risen across the UK.

As with low qualifications, the UK appears more unequal than many other European countries. In most countries analysed, you are 1.5-2 times as likely to have higher education qualifications in the most qualified region compared to the lowest.

If the UK had the inequality of France, Lithuania or the Netherlands, then 6% (34,000) more people in East Yorkshire and Northern Lincolnshire would have higher education qualifications, assuming the best performing area remained unchanged. That is equivalent to two thirds of the working-age population of Beverley or twice the population of Bridlington.

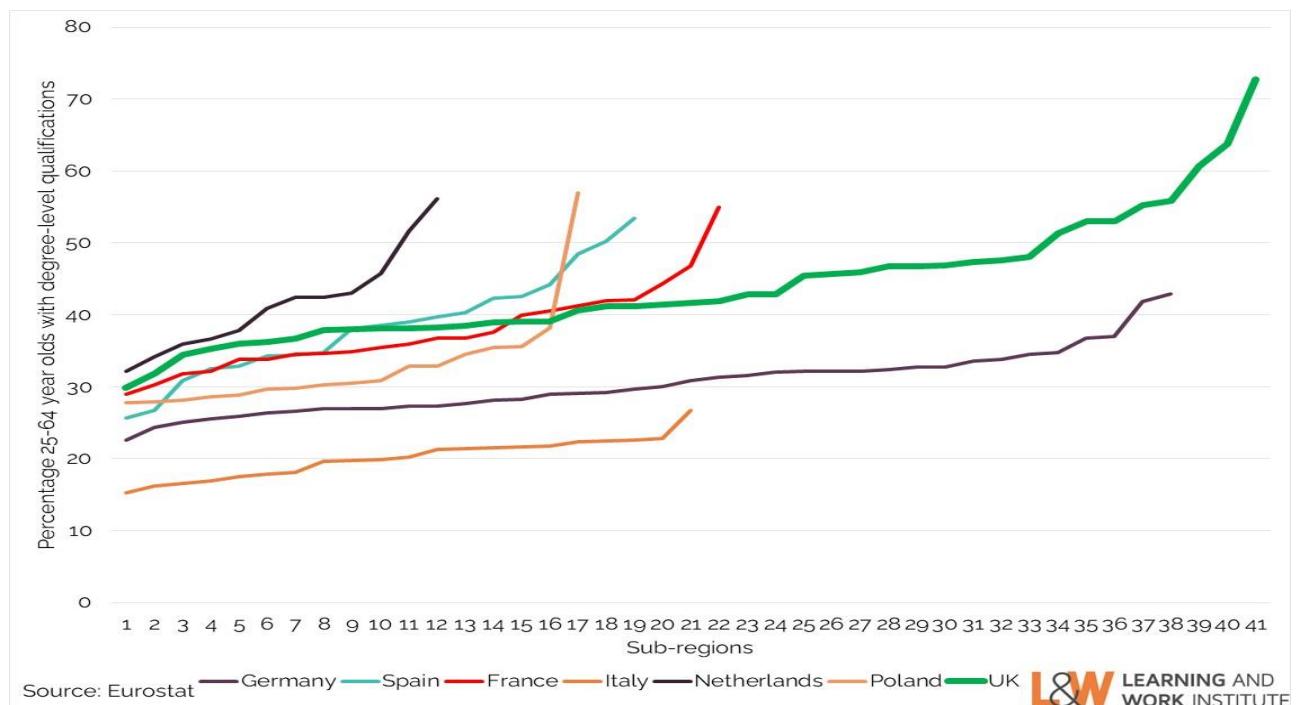
Similarly, it would equate to an extra 5% (37,000) in Tees Valley and Durham, more than half the population (67,000) of Darlington (where the Government has established the Darlington Economic Campus housing various Government policy jobs).

Figure 5: Ratio of area with highest proportion of high qualifications to the lowest



Mirroring the approach for low qualifications, Figure 6 looks at levels and inequality in higher education by country. Again, a flatter line is more equal, a higher line means more people with higher education qualifications.

Figure 6: Proportion of people with high qualifications by area by country



The UK line is fairly flat until the top 10 regions. This shows that it is largely the very high proportions of people with higher education qualifications living in London and the South East that is driving the UK's overall high inequality in higher education qualifications.

The area with the lowest proportion of people with high qualifications in the UK (East Yorkshire and Northern Lincolnshire, 30%) would be in the highest region in Italy, and in the top half of German regions (partly this reflects Germany's greater focus on medium skills). Many countries have a skew in the proportion of people with higher qualifications in their capital city region so the UK is not unique in this, but the scale of the skew is particularly high.

Conclusion

The UK compares reasonably well to other countries on the proportion of people with high qualifications. It is more unequal in its distribution, but this results from a starker skew toward London and the South East, rather than any parts of the UK having a lower proportion of people with high qualifications by most European standards.

On low qualifications the UK combines a relatively high proportion of people with low qualifications with high inequality between regions. This means that someone even in one of the better performing UK regions is more likely to have low qualifications than someone in one of the better performing regions of several of the countries analysed.

This poor overall performance combined with higher levels of inequality holds back overall growth and opportunity and also contributes to regional inequalities in prosperity and fairness.

The impact of migration within the UK

The qualifications of young people varies across the country and many graduates move to cities with higher paid jobs regardless of where they grew up. This creates a positive self-reinforcing cycle in more prosperous areas, with higher skilled workers drawn to places with the best prospects and more high skill jobs created as a result. But risks a low skills equilibrium in some parts of the country. Reducing skills inequalities requires thinking about employer demand and job creation as well as increasing the number of people in an area gaining better qualifications.

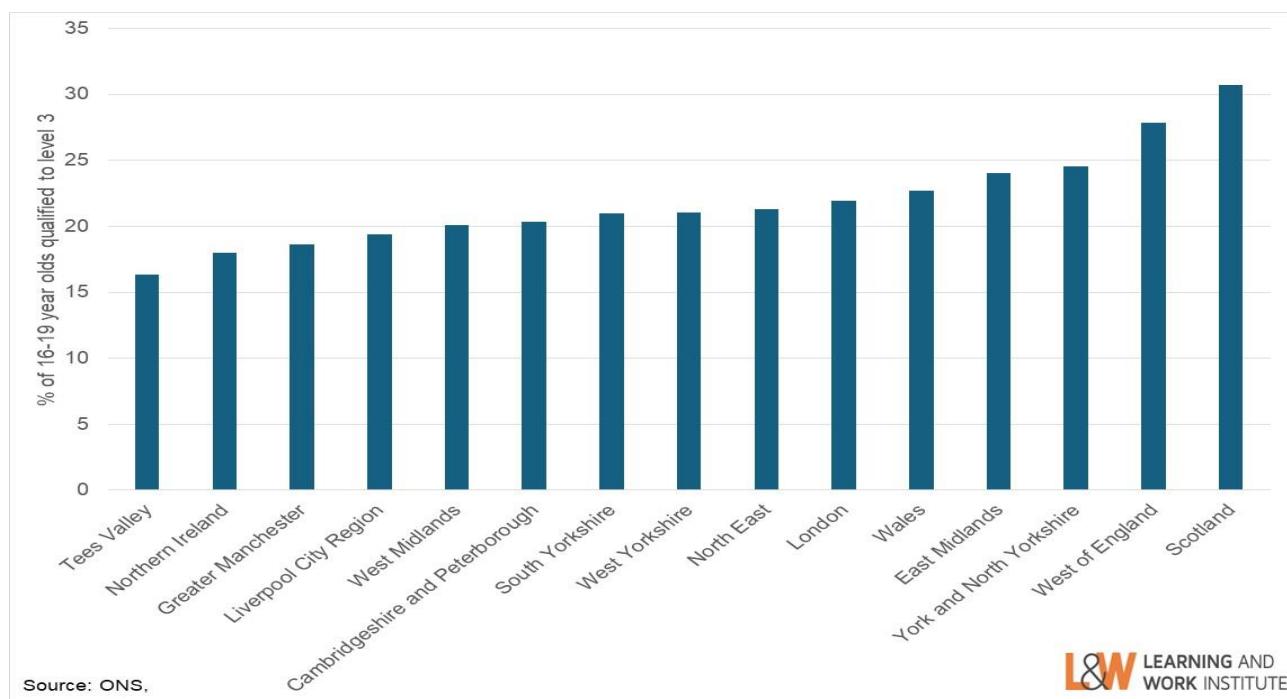
The qualifications profile of different parts of the UK is a combination of the qualifications of those joining the workforce from education in that region plus net migration to the area by qualification level. The analysis in this report focuses primarily on the 25–64-year-old population. This is partly because much internal UK migration takes place among younger age groups (particularly moving for and after higher education) so gives a more settled picture rather than being distorted by the location of higher education institutions.

However, it is important to consider the three components that drive this overall picture: the qualifications of young people in an area; upskilling of people resident in an area as adults; and the net migration to or from the area by qualification level.

Qualifications of young people

The proportion of 16–19-year-olds qualified to level 3 in Scotland (30%, though noting the qualification system is different to England) and West England (28%) is almost double that in Tees Valley (16%), Northern Ireland (18%) and Greater Manchester (19%).

Figure 7: Proportion of 16–19-year-olds qualified to level 3, 2016–19



Of course this is a partial measure: qualifications above and below this level matter; the subjects taken and content of courses matter; and most people progress to level 3 when they are 18 or 19 so not everyone in this age cohort has had time to get to that level.

However, it is consistent across areas and so gives an indication of the relative qualifications at an important level which is required by an increasing number of careers. The time period 2016-19 is used to ensure the data aren't affected by any outlier years and also by the effects of the pandemic on how qualifications were graded.

Though young people entering the workforce each year represent a small proportion of the total workforce, this affects both the life chances of young people and also the skills of the workforce of an area over time. A lower qualified cohort of young people is likely to mean a combination of employers needing to fill their more highly paid, highly skilled roles with people from outside the area or not creating those roles in the first place, with knock on effects for the local economy.

Understanding the brain drain

The qualifications gained by young people living in an area matter. However, they and other adults may move elsewhere in the country or abroad, and other people will move into the area too.

Recent data looks at levels of migration between travel to work areas (TTWAs)⁷ for graduates (qualified to level 6+) and non-graduates.⁸ It looks at:

- **Retention rate.** The proportion of graduates and non-graduates who studies Key Stage 4 (KS4) in a TTWA and stayed in the TTWA
- **Net migration rate.** The proportion of graduates and non-graduates who studied KS4 in a different TTWA to the one they now live in
- **Net gain rate.** The number of graduates and non-graduates who live in a TTWA minus the number of people who studied KS4 there, divided by the number who studied KS4 there.

The data show that non-graduates are far more likely to be living and working in the TTWA where they grew up compared to graduates. On average across England, 77% of non-graduates are living in the TTWA where they studied at Key Stage 4 compared to 51% of graduates.

But this masks huge variations across England. London has a huge net graduate gain rate (44%), along with cities like Leeds (49%), Brighton (55%) and Bristol (62%). Other cities like Manchester (10%), Newcastle (10%), Nottingham (14%) and Sheffield (15%) have

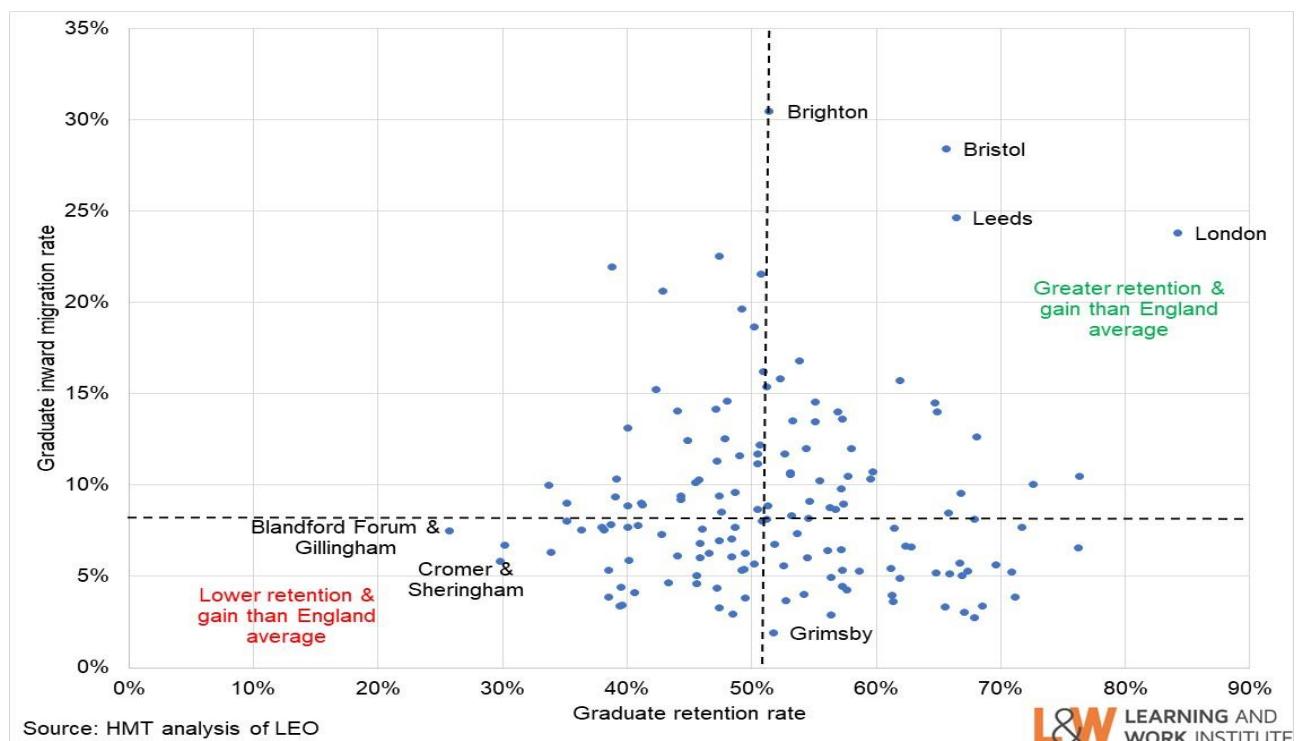
⁷ Travel to work areas are that are self-contained labour markets: areas in which the people who live there generally work. This takes account of commuting patterns so that in a TTWA at least 75% of people who live in its boundaries also work there, and at least 75% of people who work in the area also live there.

⁸ Exploring educational attainment and internal migration within Travel to Work Areas: 2002-19, HMT, 2023.

much smaller net graduate gains. Almost all the other TTWAs have negative net graduate gain rates, they lose graduates to other parts of the country.

Overall, most areas (133 out of 149 TTWAs) had a lower share of graduates living there than residents who had studied to graduate level – in other words, they had a net loss of graduates. The data show a general (though not universal) correlation: areas where local graduates to move out also tend to be areas with fewer graduates moving in from elsewhere as well.

Figure 8: Graduate retention and inward migration rates by TTWA



The general picture, then, is of a small number of cities (like Brighton, Bristol, Leeds and London) which both retain graduates and attract large numbers of graduates from other parts of the country. And then other cities where the magnetic draw is less pronounced. Plus other areas, like Cromer and Sheringham, which struggle both to retain local graduates and to attract graduates from elsewhere.

Understanding the labour market effects and drivers

This pattern of graduates flocking to bigger cities is not a surprise given relative job opportunities. But the difference in net gain between cities is striking, as is the fact that some cities, like Liverpool (-1.3%), Leicester (-9%) and Birmingham (-6%), have net losses of graduates.

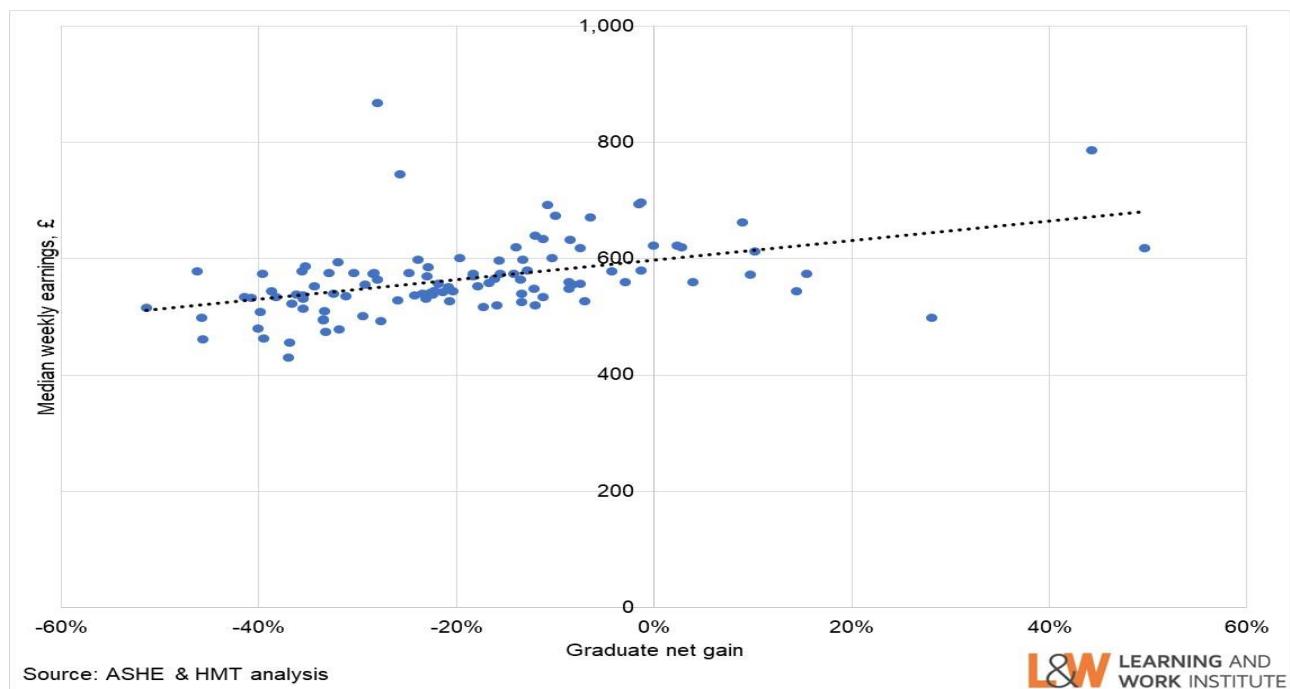
This is partly related to the availability of job opportunities at different levels and in different sectors and occupations, and the wages and progression opportunities available.

Research found that male graduates that move areas for work earn 10% more than those

that don't move, with female graduates who move earning 4% more than those that don't.⁹ These moving premiums vary significantly, higher for those studying law, technology, business or economics, and lower for those in nursing, education or social care.

The same research reiterates the point above; that graduates (in particular) are moving to cities with higher average pay and more opportunities. Overall, the graduate wage premium is highest in London and the south east, and low or even negative in Cornwall, parts of the north of England, and east coast. The chart below shows a positive correlation (with some outliers) between net graduate gain and median weekly earnings. That is, areas that gain more graduates than they lose tend to be the ones with higher average earnings.

Figure 9: Median weekly earnings and net graduate gain by TTWA



The balance of effects and drivers here is uncertain. On the one hand, people moving to areas where there are higher earnings returns to qualifications is rational. This might be expected to reduce the difference in returns between areas over time, as supply of high skilled people in an area rises to meet the demand. On the other hand, it might be that this becomes a self-reinforcing cycle, with high skilled jobs drawing in high skilled people and leading to the creation of more high skilled jobs. This would be linked to agglomeration effects and the idea of high and low skilled equilibria.¹⁰

One study suggests that migrants (overall, not differentiated by qualification level) to a wealthier region from a lower income region reduces the earnings of non-migrants in the wealthier area. But after three years, at least in urban areas, in migration is correlated with

⁹ London calling? Higher education, geographical mobility and early-career earnings, IFS, 2021.

¹⁰ Job creation and local economic development: escaping the low skills equilibrium trap, OECD, 2014.

higher earnings growth. This suggests that labour mobility can help to promote economic and earnings growth in an area.¹¹

Another study finds that at least two thirds of difference in earnings between areas are down to the characteristics (including qualifications) of those working in those areas.¹² The remainder is to some extent a place effect, including of clustering of highly skilled workers leading to the creation of more highly skilled and paid jobs and hence attracting more highly skilled workers.

Whatever the approach or balance of effects, it is clear that in part there is a self-reinforcing cycle of high skill jobs attracting high skilled workers leading to the creation of more high skilled jobs. Of course, trying to encourage that cycle to begin in an area with relatively low skill and pay is easier said than done. This is an issue future reports will return to.

Conclusion

Taken together, this tells us several things. The first is that the qualifications of young people vary significantly across the country. This is both unfair, holding back opportunities of young people based on where they grow up, and growth limiting for the country and for those areas.

The second is that graduates are more likely to move to other parts of the country than non-graduates, and that they tend to move to parts of the country where there are higher paid jobs and more opportunities. This creates a brain drain to London and other cities predominantly in the south of England and a self-reinforcing cycle.

The third is that this variation in graduate earnings premia is partly a reflection of differing labour markets, opportunities and employer demand for skills. This means that just increasing the number of people in an area qualified to a particular level would not necessarily boost the economy of that area on its own (though it would boost the opportunities for the people gaining the qualifications). It is important to also look at job creation and employer demand for and utilisation of skills too.

¹¹ It's not me, it's you: internal migration and local wages in Great Britain, Ioramashvili, Regional Studies, Regional Science, Volume 10, 2023.

¹² Spatial disparities across labour markets, Overman and Xu, Oxford Open Economics, Volume 3, 2024.

How might UK skills inequality change?

Inequalities in the proportion of people without at least GCSE or equivalent level qualifications are set to widen by 2035 if recent trends continue, while higher education is set to remain a tale of extremes. London and parts of the south east are on track to match the skills bases of world leaders like Japan, South Korea and Canada. Other parts of the country risk being overtaken by countries including Latvia, Estonia and New Zealand. This would hold back growth, increase inequality, and limit opportunity.

Previous chapters set out the scale of skills inequality in the UK and how this compares to other countries. This chapter looks at how that might change over the next decade. To do so, we take the methodology used in *The great skills divide* to produce qualification projections for the UK and other countries and apply it to UK nations and regions.¹³

In essence, this approach applies trends in qualifications profiles in the last decade to the next decade and the population projected for 2035. An extra assumption we need to make for this more granular analysis is that patterns of migration within the UK (or at least the mix of qualifications of those moving regions or nations) will be the same as the last decade. To minimise the impact of this, we focus on 25–64-year-olds, given the majority of migration within the UK takes place below that age (a result of participation in higher education and choosing where to live to start a career).

Data availability means the focus is on the same geographies as in the first chapter, which for ease of reference are:

- Cambridgeshire and Peterborough (C&P)
- Cornwall (C)
- Devon and Torbay (D&T)
- East Midlands (EM)
- Greater Lincolnshire (GL)
- Greater Manchester (GM)
- Hull and East Yorkshire (H&EY)
- Lancashire (La)
- Liverpool City Region (LCR)
- London (Lo)
- Norfolk (N)
- North East (NE)

¹³ The great skills divide: how learning inequalities risk holding the UK back, Evans and Egglestone, L&W, 2024.

- Scotland (Sc)
- South Yorkshire (SY)
- Suffolk (Su)
- Tees Valley (TV)
- Wales (W)
- West Midlands (WM)
- West of England (WE)
- West Yorkshire (WY)
- York and North Yorkshire (Y&NY)

Lastly, of course variations will be more substantial within these geographies. Plus, this analysis covers the numbers of people qualified to a particular level, not the qualification subject, inequalities by demographic group, or match across to employer demand or utilisation of skills.

Given the assumptions involved and these caveats, this analysis is of course indicative. It is not a definitive prediction of what things will look like in 2035. Rather it gives a picture of what things will be like in 2035 if recent trends continue.

Projected changes in skills inequalities

There are two key findings from the analysis. The first is that, as with the analysis in our previous report looking at the UK, the qualifications profile of every part of the UK analysed is set to improve by 2035. This is a product largely of better qualified young people entering the labour force and less qualified older people leaving it.

However, the second key finding is that inequalities between the areas analysed in the proportion of people with low qualifications are set to widen if trends over the last decade continue.

Low qualifications

The proportion of people with low qualifications is on track to fall everywhere, but with wide variations remaining. The proportion would range from: 12% in the West of England, 13% in York and North Yorkshire and 13% in Devon and Torbay; to 24% in Hull and East Yorkshire, 23% in West Midlands and 23% in Greater Lincolnshire.

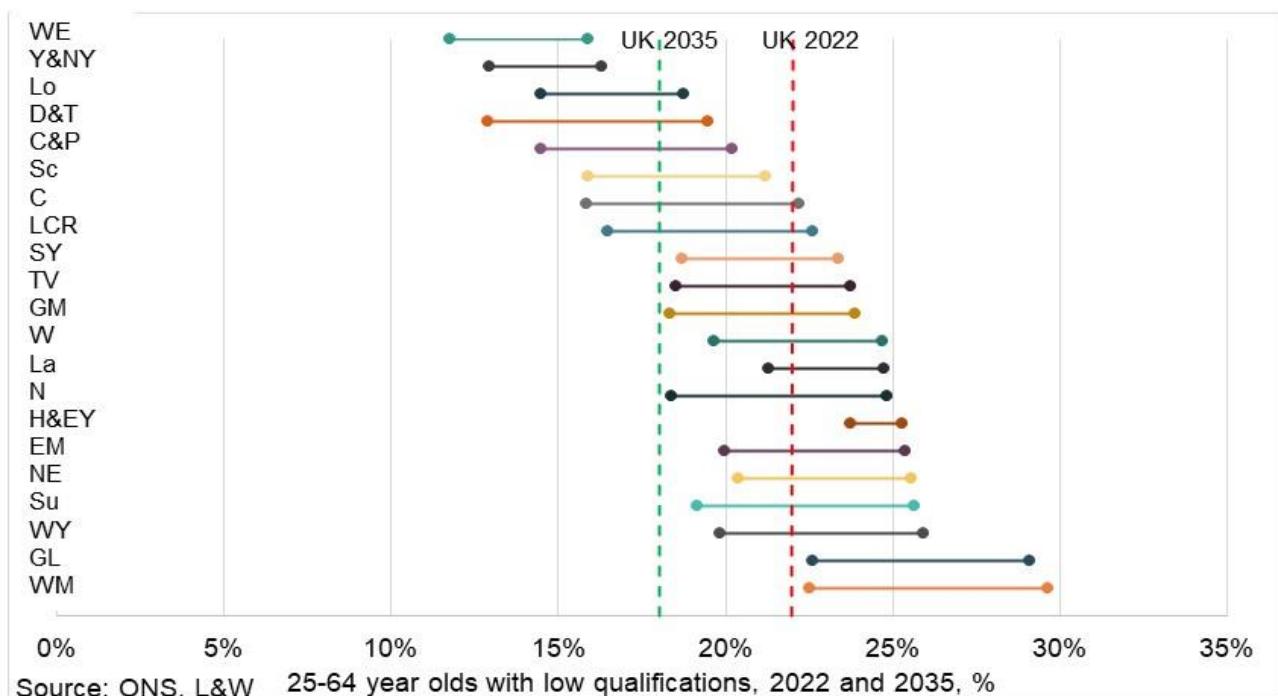
Three regions – West Midlands, Greater Lincolnshire and Hull and East Yorkshire – would still have a higher proportion of people with low qualifications in 2035 than the UK average in 2022.

To put this into context, more than half the areas analysed are on track to have a higher proportion of people with low qualifications in 2035 (15% or higher) than countries including Canada, Hungary and Ireland did in 2022. That means areas with a population of

14 million (33% of the UK population) will have a higher proportion of people with low qualifications than those countries did in 2021.

If other countries continue to improve at rates seen over the last decade, then these areas of the UK would be overtaken by countries including Latvia, Estonia and New Zealand by 2035. That would be a measure of both the success of those countries in improving their qualifications profile and also of a relative stalling in progress and tackling inequality in the UK over, by 2035, a 25-year period. The good news is that this is not inevitable; future reports will consider how we can change track.

Figure 10: Proportion of 25–64-year-olds with low qualifications, 2035 projection



Geographical inequalities in the proportion of people with low qualifications are set to widen if previous trends continue:

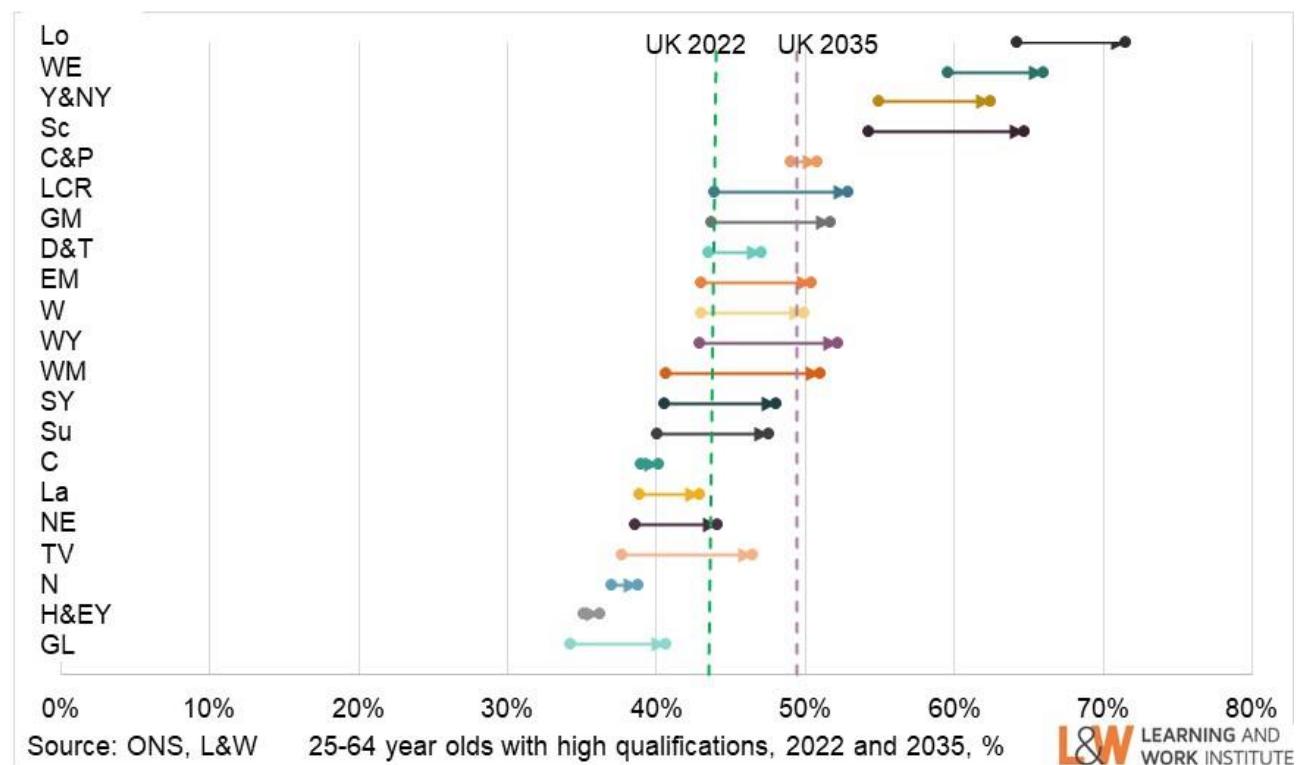
- The **coefficient of variation** (which measures how much values vary relative to the average – a good measure here given the average proportion of people with low qualifications is falling over time) would rise from 16% to 19%. In essence, this means that there will be more variation, or inequality, around the mean
- The **interquartile range** (a measure of the gap between the top and bottom quarters, thus removing the impact of any outlier values) would rise from 5% to 6%. This is perhaps particularly striking given the proportion of people with low qualifications is projected to fall – it's a bigger range around a lower value.

High qualifications

The proportion of people with high qualifications is on track to rise everywhere, but again with big differences between areas. The proportion would range from: 71% in London, 66% in West of England and 65% in Scotland; to 36% in Hull and East Yorkshire, 39% in Norfolk, and 40% in Cornwall.

Five regions – Greater Lincolnshire, Hull and East Yorkshire, Norfolk, Lancashire, and Cornwall – would still have a lower proportion of people with higher education qualifications in 2035 than the UK average in 2022.

Figure 11: Proportion of 25–64-year-olds with high qualifications, 2035 projection



Geographical inequalities in the proportion of people with high qualifications are set to be little changed in 2035 if previous trends continue:

- The **coefficient of variation** (which measures how much values vary relative to the average – a good measure here given the average proportion of people with low qualifications is falling over time) would remain at 18%. This means that there will be just as much variation, or inequality, around the mean
- The **interquartile range** (a measure of the gap between the top and bottom quarters, thus removing the impact of any outlier values) would fall from 18% to 7%.

The two findings (an unchanged coefficient of variation and narrower interquartile range) suggest that there is a general rise in the proportion of people with higher education qualifications across many areas. But that inequality remains starker at the two extremes: the lowest proportion of people with high qualifications was 34% in 2022 and projected to

be only slightly higher at 36% in 2035; the highest proportion of people with high qualifications was 64% in 2022 and projected to rise to 71% in 2035.

This is consistent with the international analysis in the previous chapter: the UK currently has a generally flat distribution of people with higher education qualifications but with particularly high and low extremes. This pattern is set to persist if previous trends continue.

Conclusion

Inequalities within the UK in low qualifications will widen if previous trends continue. Inequalities in higher education won't widen, but nor will they fall and there will be a stark contrast between the extremes of very high proportions of people with higher education qualifications and areas with much lower proportions.

This brings the risk of a divided country. By 2035, 65% or more will have higher education qualifications and fewer than 15% will have lower qualifications in London and parts of the south east. This is in line with projections for the best performing countries like Canada, Japan and South Korea.

But in other parts of the country, particularly more deprived parts of the north of England, fewer than 45% will have higher education qualifications and one in four people will still be qualified below GCSE or equivalent level. That means parts of the UK will still have a higher proportion of people with low qualifications in 2035 than Greece, Belgium and Hungary did in 2022 (noting that of course there will be large variations within those countries too).

Gaps are starker at higher education level and comparing the south east to the rest of the country. London is on track for 71% of residents to have higher education qualifications by 2035, compared to 58% in the rest of the UK. Closing that gap would mean 4.1 million more people qualified to higher education level in UK outside London.

This ongoing, and in some cases widening, inequality in skills and poor comparisons to other countries would hold back growth and limit the ability of our economy and employers to take advantage of the opportunities ahead. If we want our economy to grow, if we want everyone to have a fair chance in life, if we want prosperity to be broadly based across the country, that has to change.

Conclusion

Learning and skills are central to growth, opportunity and so much more. If we want more broadly-based prosperity across the country, then we need to ensure people everywhere can access learning and skills and that opportunities are broadly spread too. Yet our research shows large inequalities particularly in low and intermediate skills, and that these are at risk of growing in the next decade.

One in ten people in the West Midlands has no qualifications, double the proportion in the West of England. 74% of adults in London are qualified to level 3 or above, compared to 59% in the West Midlands.

These inequalities are relatively large by international standards. If the UK had the level of skills inequality seen in countries like Denmark and France, then 290,000 more people in the West Midlands – equivalent to a city the size of Coventry – would have at least GCSE or equivalent qualifications.

What's more, inequalities (particularly for low qualifications) are on track to widen over the next decade on current trends. The risk is a tale of two countries: highly skilled London and the south east which compares well to leading international comparators; and a higher concentration of lower qualifications elsewhere, with those areas dropping further down the international league tables.

This risks holding back the Government's ambitions to grow the economy and ensure every part of the country has rising prosperity. Global economic changes, including technological advances, are raising the bar of skills required in our economy and the need for people to update their skills through longer working lives.

It also risks becoming a self-reinforcing cycle. People often move to where the opportunities are if they do improve their skills. This in turn makes employers in those already highly skilled areas more likely to create new jobs, generate new ideas, or indeed for new employers to locate to that area. To improve opportunity across the country, we need to help people improve their skills, but in a way joined up with efforts to promote high skill jobs and encourage employers to invest in and utilise skills.

We need to set a path for a higher ambition for learning and skills, and make sure people in every part of the country can benefit from this.

Annex A: Qualification profiles and projections, % of 25–64-year-olds

Area	Year	Low	Medium	High
Cambridgeshire & Peterborough	2021	20	31	49
	2035	14	35	51
Cornwall	2021	22	39	39
	2035	16	44	40
Devon and Torbay	2021	19	37	43
	2035	13	40	47
East Midlands	2021	25	32	43
	2035	20	30	50
Greater Lincolnshire	2021	29	37	34
	2035	23	36	41
Greater Manchester	2021	24	32	44
	2035	18	30	52
Hull and East Yorkshire	2021	25	40	35
	2035	24	40	36
Lancashire	2021	25	36	39
	2035	21	36	43
Liverpool City Region	2021	23	34	44
	2035	17	30	53
London	2021	19	17	64
	2035	14	15	71
Norfolk	2021	25	38	37
	2035	18	43	39

North East	2021	26	36	39
	2035	20	36	44
Scotland	2021	21	24	54
	2035	16	19	65
South Yorkshire	2021	23	36	40
	2035	19	33	48
Suffolk	2021	26	34	40
	2035	19	33	48
Tees Valley	2021	24	39	38
	2035	19	35	46
Wales	2021	25	32	43
	2035	20	30	50
West Midlands	2021	30	30	41
	2035	23	26	51
West of England	2021	16	25	60
	2035	12	22	66
West Yorkshire	2021	26	31	43
	2035	20	28	52
York and North Yorkshire	2021	16	29	55
	2035	13	25	62
UK	2021	22	34	44
	2035	18	33	49