

## Too few non-graduates routes deliver good life chances

- ▶ Only 6.5% of 16-18 year-olds are on apprenticeships. Demand for apprenticeships outstrips supply. In 2014/15, just over 190,000 apprenticeship vacancies were posted, compared to over 1.5 million applications.
- ▶ Few young people do the highest level apprenticeships, which offer better lifetime earnings than most undergraduate degrees. In 2014/15, 4,200 people aged 19-24 started Higher Apprenticeships, compared to around 170,000 UK-domiciled undergraduate degree starts.
- ▶ Many non-graduate routes lead to work in lower-paying industries, with fewer opportunities for progression.
- ▶ In 2014, those with degrees were 18.2% more likely to be in work than those without.
- ▶ In the UK, the biggest gap in the employment rate between non-graduates and degree holders is in inner London at 39% - the lowest is in the East Midlands, but it is still more than 10%.

Percentage difference in employment rates between non-graduates and graduates in Britain in 2014



## The non-graduates track lacks coherence and does not prioritise progression

- ▶ The non-graduate route has no single admissions process - unlike the university system. There is no clear way for young people to assess the quality and likely outcomes of their choices.
- ▶ Health and social care is the largest category of Level 3 Vocational courses for over-19s, a sector linked to poorer progression and pay. Sectors with greater earning potential, engineering and construction, make up less than 5% of the top 100 Level 3 vocational qualifications by certificates awarded.
- ▶ Vocational courses offer less attractive routes into work or chances to transfer from the non-graduate to university track. A student gaining CDD at A level is more likely to go to university than a student gaining three distinctions in Level 3 BTEC courses.

# The problem of NEETs and chronic youth unemployment persist

- ▶ The percentage of 16-24 who are NEET *with no qualifications* has halved since 2005 (28% vs 16%), but the overall number is only 10,000 less (780,000 vs 770,000), suggesting higher qualifications are not protecting young people from worklessness.
- ▶ In 2014, 10,000 school-leavers achieved no GCSEs at all. This is double the 2013 figure and equivalent to more than 60 year 11 school cohorts.
- ▶ The UK comes close to the bottom when comparing the percentage of 15-19 year old who have NEET status in OECD countries. The UK rate is 8.4% and only seven countries do worse (incl. Greece, Spain and Turkey).
- ▶ Youth unemployment is declining as a whole in the UK, but in North East and Wales over 20% of 16-24 year olds are unemployed. Over the last year the percentage of unemployed young people has increased by 14% in Wales, 9% in the West Midlands, and 8% in London.

Change in rate of 16-24 unemployment by region: May-July 2014 vs May-July 2015



## Government needs to address these problems. The Commission recommends:

### 1. Expand non-graduate routes

- New apprenticeships should be targeted at higher-level courses and at young people: there should be 30,000 young people starting a higher-level apprenticeship a year by 2020.

### 3. Tackle failing colleges

- Failing FE colleges should become FE academies along the lines of the initial city academies, with an external business sponsor.

### 2. Clearer vocational routes to jobs

- A new UCAS-style website should be created for vocational education within two years so that young people can see what progression, employment and earnings opportunities they are likely to achieve.

### 4. Reduce NEETs

- By 2020 the Government should reduce the NEET rates of 16-18 year-olds to 3% or less, in line with the best performing OECD countries. This should be underpinned by a new social investment fund to pay for the successful outcomes of NEET prevention schemes.