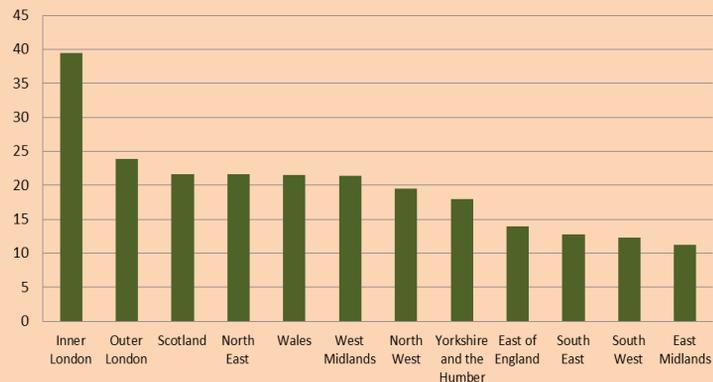


Too few non-graduates routes deliver good life chances

- ▶ 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.