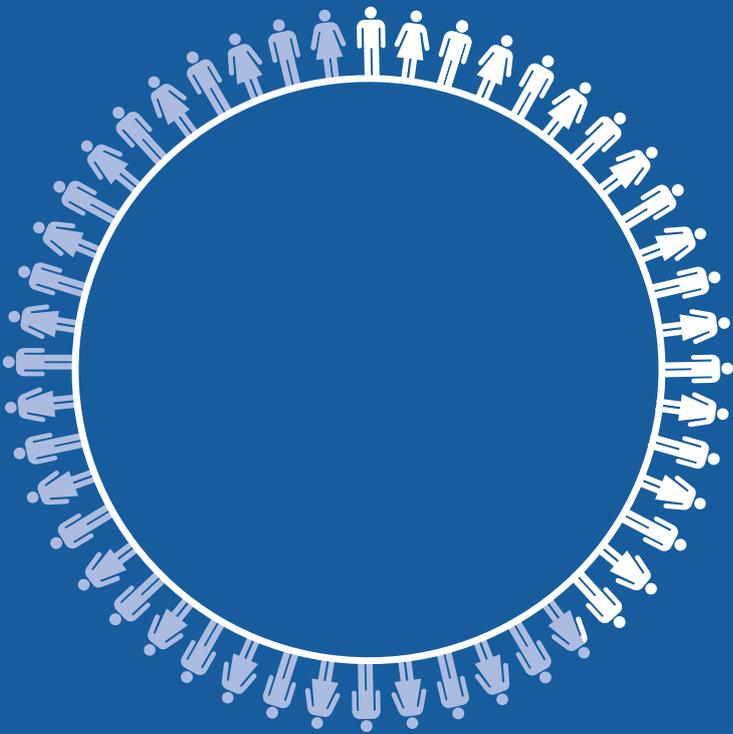


CATCH

16-24



UKCES

UK COMMISSION FOR
EMPLOYMENT AND SKILLS

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The white figures on the cover graphic represent the 40% of unemployed people who are under the age of 25.

FOREWORD

I welcome the findings in this report. They demonstrate the continuing requirement for employers and educational institutions to collaborate to tackle youth unemployment through encouraging better access to the workplace and advocating key career routes such as apprenticeships.

At Nestlé we know how important it is to give young people the chance to get in and on within our business. That's why as part of our Youth Employment Initiative we are creating 1,900 employment opportunities for young people over the next three years.

Employers understand that bringing young people into their workplaces can build talent pipelines for the future, address social mobility and bring in new ideas and perspectives that will help grow and strengthen their businesses.

This report builds on previous work UKCES has done that shows how far we've come in maximising opportunities for young people, but also demonstrates we still have much work to do.

We know that the recession was tough for a lot of people and that young people's prospects were adversely affected. However, we have seen positive developments. In the last two years youth unemployment has fallen and the challenge of ensuring this generation has the skills they need to succeed in the workplace is being proactively tackled across the United Kingdom. Youth employment has shot up the

political agenda and there appears to be some real momentum building as employers, educators and other stakeholders work together to find sustainable solutions which will benefit existing and future generations.

Backed by the Confederation of British Industry (CBI) and the Trades Union Congress (TUC), UKCES recently released *Growth Through People*, a statement of the skills challenge the UK faces which points the way forward to a better, more integrated system that works for individuals and employers.

Two of the report's recommendations are particularly relevant to the youth employment challenge; firstly that meaningful work experience should be a key element of every young person's education. Secondly, that we need to create more earning and learning opportunities; career routes like apprenticeships should be a natural way of enabling talented young people to enter business.

The findings of this report throw considerable light on the challenges that remain. The message is clear: we must continue to work together to raise aspirations amongst young people and strengthen the UK's talent pool to maintain the competitiveness of business and industry now and in the future.

Dame Fiona Kendrick
Chairman & Chief Executive, Nestlé UK and Ireland
UKCES Commissioner



EXECUTIVE SUMMARY

Some young people remain caught in a Catch-22 situation when it comes to getting on in today's labour market finding it difficult to get work without experience and difficult to obtain experience without work. Who you know and where you live have a big impact on the opportunities available.

Youth unemployment is down having risen considerably during the recession. But a persistently high youth unemployment rate is a long term, structural element of the UK economy. Even now, 40% of all unemployed people in the UK are under the age of 25.

The increasingly 'hour glass' effect in the economy with growth in high skilled jobs at the top of the labour market, contraction in the middle and growth in service jobs at the bottom is making it more difficult to progress in work. The evidence shows that young people are most likely to be recruited into these low wage, low skilled jobs where the pathways for getting on are unclear.

Employers value work experience, but the majority aren't engaged with schools and colleges to support young people to learn about and experience the world of work. Whether young people have these opportunities depends on where they live because of significant regional variations in employer-education engagement.

THE ECONOMY IS GROWING BUT YOUTH UNEMPLOYMENT IS STILL HIGH

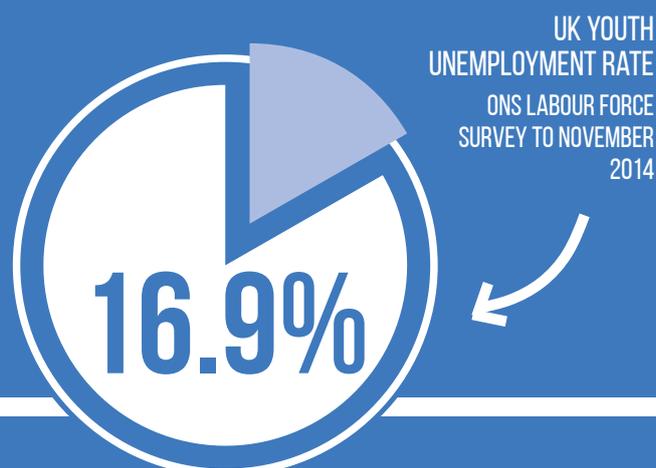
Youth unemployment is falling after rising considerably during the recession. Although overall UK unemployment is down to around 6%, for young people, it remains high at 16.9%. The UK has German levels of adult unemployment but Eurozone levels of youth unemployment.

YOUNG PEOPLE ARE WELL PREPARED FOR WORK BUT THEY LACK EXPERIENCE

Employers rate the young people they recruit highly. A majority of these employers say that even 16 year old school leavers are prepared for the world of work but the main thing they lack is experience.

EMPLOYERS VALUE WORK EXPERIENCE YET NOT MANY OFFER IT

66% of employers say work experience is a critical or significant factor in their recruitment. However the proportion of employers offering work experience placements to people in education is just 30%



WHERE YOU LIVE AFFECTS THE OPPORTUNITIES AVAILABLE TO YOU

There is a postcode lottery of opportunity with work placements and related activities more readily available in areas with higher economic performance. Employers in the South of England are more likely to offer placements whilst London is the internship capital of the UK.

WHO YOU KNOW MAKES A BIG DIFFERENCE TOO

Despite a slight fall since 2012, word of mouth and personal recommendation is still the primary route by which employers recruit young people.

THE NUMBER OF YOUNG PEOPLE EARNING AND LEARNING IS IN DECLINE

The proportion of 16 and 17 year olds combining full time education with a part time job has halved in fifteen years.

BUT MORE EMPLOYERS ARE OFFERING APPRENTICESHIPS AND THE NORTH OF ENGLAND IS LEADING THE WAY

15% of employers now offer apprenticeships; up from 13% in 2012. The North East and North West regions have the highest proportions of employers currently employing apprentices.

With 1 in 5 vacancies in the UK difficult to fill because of a lack of the right skills in the labour market, the importance of developing the skilled and experienced workforce of tomorrow cannot be overstated. Employers should be empowered to lead this agenda and open up their workplaces to more young people.

The worlds of education and employment should be better connected to prepare young people for the world of work. All schools, colleges and universities should have links with their local businesses to help inform and inspire young people about the breadth of career opportunities available to them. Contact with the world of work should be an ongoing part of every young person's education.



Employer leadership with the support of governments and educational institutions is vital to ensuring best fit between the skill requirements of the UK economy and the skills we are developing in our young people. 'Earning and learning' should be the norm with things like high quality apprenticeships becoming an everyday career pathway for many more young people and a natural way for businesses to recruit and develop talent.



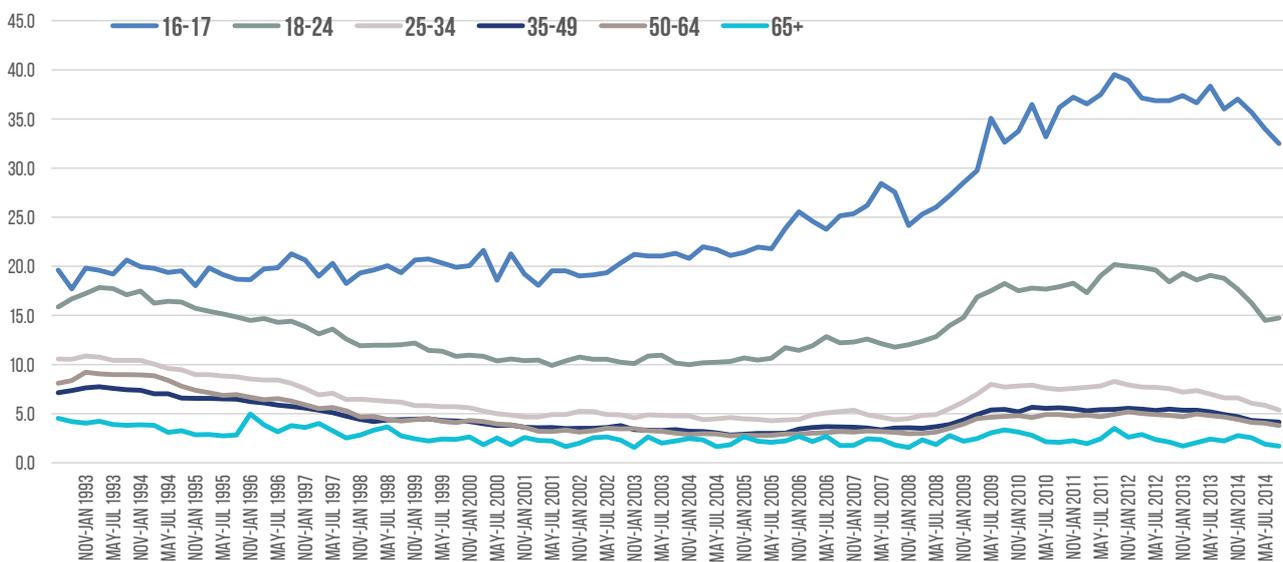
STATE OF PLAY

The economic recovery is leading to significant gains in employment for younger workers following a sharp rise in youth unemployment during the recession. Unemployment for 16 to 24 year olds has fallen by a quarter since the height of the recession and there has been a slight rise in the proportion of employers recruiting under-25s, from 62% in 2012 to 66% in 2014.

Nevertheless, whilst the UK economy is approaching full employment¹, youth unemployment continues to be a substantial and persistent issue with around 950,000 under-25s not in employment, education or training.

Despite comprising only 13% of the population², 40% of all unemployed people in the UK are now between the ages of 16 and 24³.

FIGURE 1: UNEMPLOYMENT RATE BY AGE GROUP (MAR – MAY 1992 TO MAR-MAY 2014)



Actual numbers unemployed at Nov 2014: 152,000 16-17, 611,000 18-24, 392,000 25-34, 433,000 35-49, 306,000 50-64, 19,000 65+.

Employers tell us that 1 in 5⁴ of all job vacancies in the UK economy today are hard to fill because of a shortage of skilled and experienced workers yet the unemployment rate for 16-24 year olds is 16.9%⁵, above its pre-recession peak and higher than the unemployment rate in any other age group. Ensuring young people are able to access the right kinds of experience and training is crucial to meeting the UK's skills challenge and bearing down on youth unemployment.

Where young people are recruited it is typically to 'lower level' roles: a fifth of employers who had taken on young people (22%) said the last young person they recruited was to an elementary role (e.g. cleaner, shelf filler, security guard) and a further fifth (20%) said it was to a sales or customer service role. It was rare for

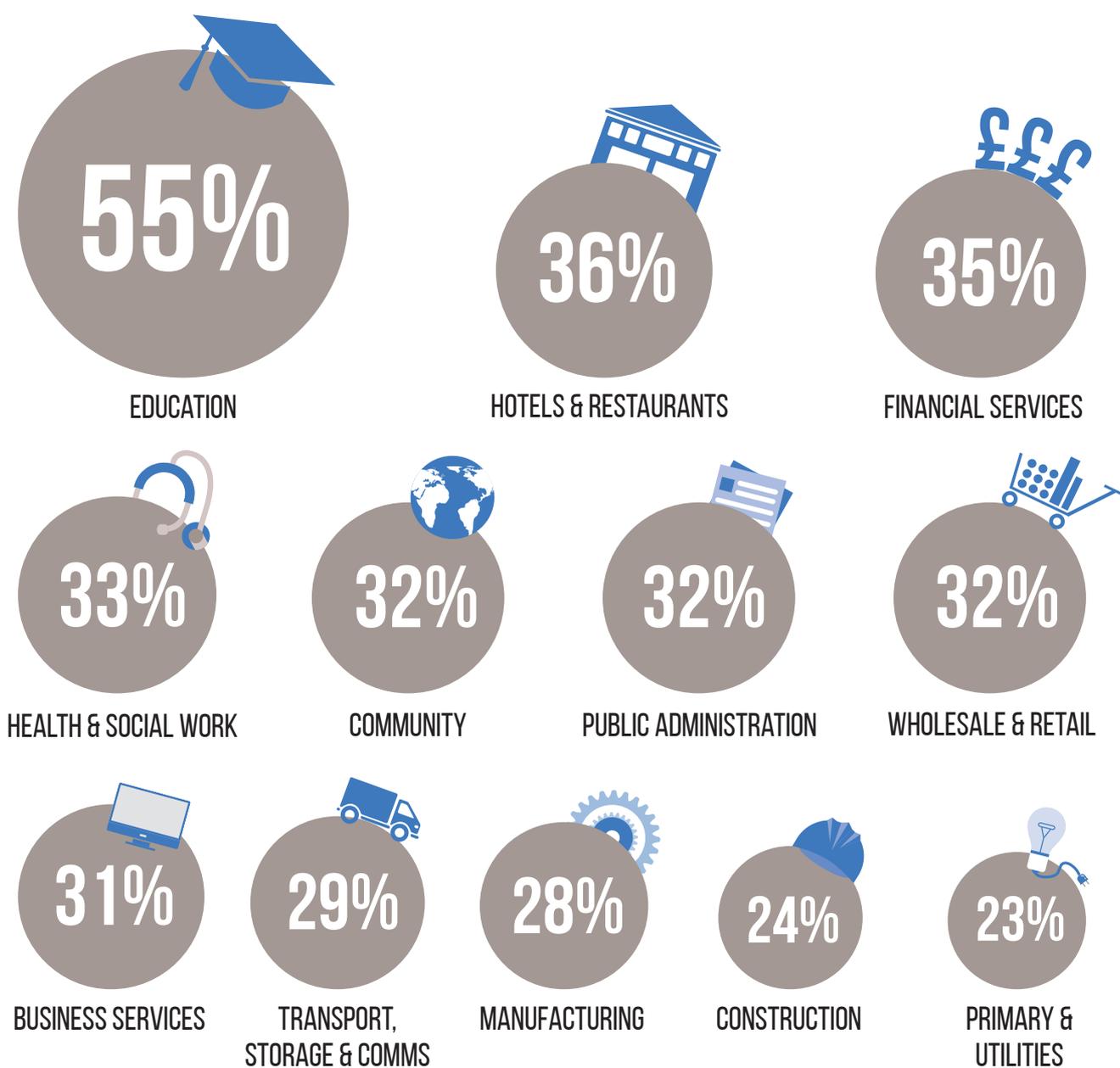
young people to be recruited to managerial roles (1%) or professional roles (5%). This represents almost no change over the previous two years; in 2012, 20% said they'd recruited young people into elementary roles, 21% into sales and customer service roles, 1% into managerial roles and 4% into professional roles.

In the job roles to which many employers recruit young people - elementary staff and sales staff - 31% and 25% of employers respectively offer no training. Without adequate scope for in-work progression, there is a risk of career stagnation in low-paid work. Competition at the bottom of the labour market is fierce and so young people without the right experience and contacts are increasingly finding themselves competing for the lowest paid and most insecure jobs.

Long term trends including digitalisation and the decline of traditional industries are changing the shape of the labour market. UKCES's report *Working Futures* predicts that the coming decade will see a contraction in the number of jobs in manufacturing and the public

services, an expansion in the numbers of high skilled technical and professional roles but also an expansion in job numbers at the bottom of the labour market in low skilled, low pay roles in the care and services sectors; commonly referred to as the 'hourglass' labour market.

FIGURE 2: PROPORTION OF EMPLOYERS THAT HAVE TAKEN ON SOMEONE INTO THEIR FIRST JOB ON LEAVING SCHOOL, COLLEGE OR UNIVERSITY WITHIN THE PAST 2-3 YEARS BY SECTOR - BASE: ALL ESTABLISHMENTS

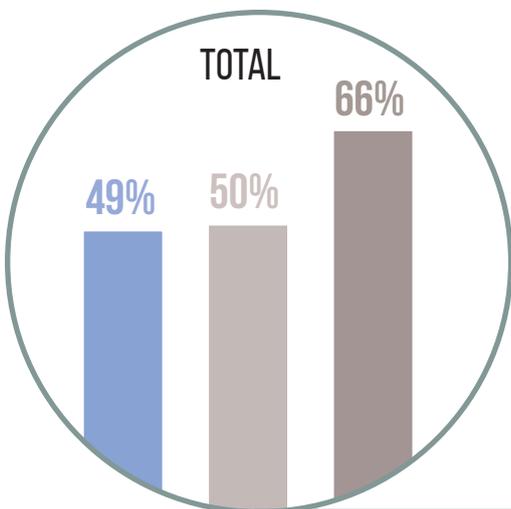


Four in ten establishments that employ staff in Professional occupations (40%) anticipate these staff being their priority in terms of the need to acquire new skills in the next 12 months, and a similar proportion (37%) anticipate the need for their Caring, Leisure and Other services staff to acquire new skills. In contrast, just 12% of establishments employing Administrative and Clerical staff and 14% employing Elementary staff foresee a priority need for these staff to acquire new skills or knowledge in the coming year.

Although 66% of employers had recruited any under-

25s, a smaller proportion (31%) of employers surveyed had recruited someone into their first job from school, college or university within the past 2-3 years; there is significant variation between sectors.

55% of employers in the education sector reported having recruited straight from education institutions. At the other end of the spectrum, only 23% and 24% respectively of primary/utilities and construction firms had done so. Employers in these sectors were also amongst the most likely to say that work experience is a significant or crucial factor in their recruitment⁶.



“ **Contrary to popular wisdom, employers find that the young people they employ are on the whole well prepared for work** ”

| PARTICULAR LEVEL OF ACADEMIC ACHIEVEMENT | RELEVANT VOCATIONAL QUALIFICATIONS | RELEVANT WORK EXPERIENCE



WHAT DO EMPLOYERS WANT?

When recruiting new staff, more employers value work experience⁷ than either academic or vocational qualifications. Contrary to popular wisdom, employers find that the young people they employ are on the whole well prepared for work. The main thing employers cite as lacking in their young recruits is experience rather than a lack of literacy or numeracy.

66% of employers say work experience is a significant or crucial factor in their recruitment compared to 49% that say academic qualifications are critical or significant factors and 50% that say the same of vocational qualifications. Employers in all sectors other than education and financial services rated relevant work experience as a more important factor in their recruitment than either vocational or academic qualifications.

Whilst it is the case that GCSE English and Maths are regarded by employers as fairly important only 4% of employers that had recruited a 16 year old school leaver cited any concerns about literacy and numeracy. Academic attainment was least valued in the Hotels

and Restaurants and Primary/Utilities industries with only 26% and 33% of employers respectively saying that academic qualifications were a critical or significant factor in their recruitment.

As well as valuing work experience, employers increasingly value academic qualifications in their recruits. The proportion of employers placing critical or significant value on academic qualifications in 2012 was 44% (similar to the 43% seen in 2010); in 2014 this has increased to 49%, whereas the comparative figure for vocational qualifications is 50%⁸. Education sector employers valued academic qualifications most highly although this is likely due to the fact that teaching roles at schools, colleges and universities largely require a degree qualification. It is notable that for the first time, employers regard vocational and academic qualifications as being of equal value in their recruits. In several industries, including construction and manufacturing, relevant vocational qualifications are considerably more highly valued by employers than academic qualifications.

FIGURE 3 - EMPLOYERS CITING VARIOUS FACTORS AS SIGNIFICANT OR CRITICAL FACTORS IN RECRUITMENT, EPS 2014 - BASE: ALL ESTABLISHMENTS

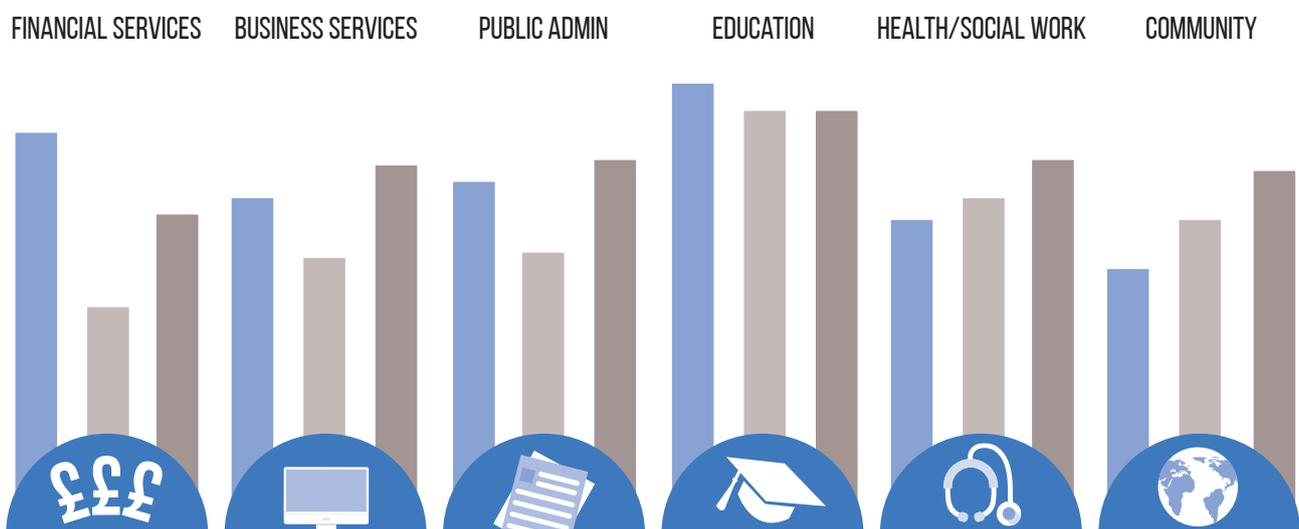
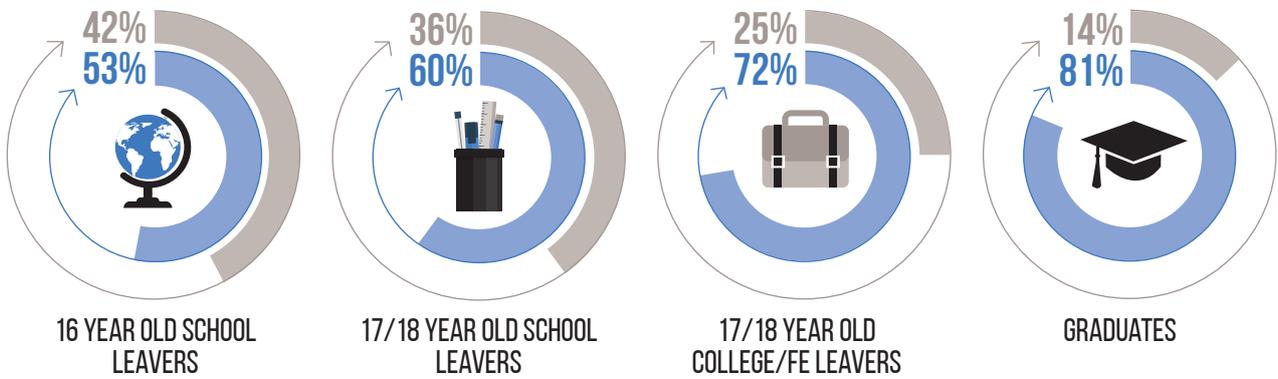


FIGURE 4: HOW PREPARED FOR THE WORLD OF WORK ARE RECRUITS FROM EDUCATION - BASE: ALL ESTABLISHMENTS IN ENGLAND, NI, WALES WHO HAVE RECRUITED TO FIRST JOB FROM SCHOOL, COLLEGE OR UNIVERSITY IN LAST 2-3 YEARS



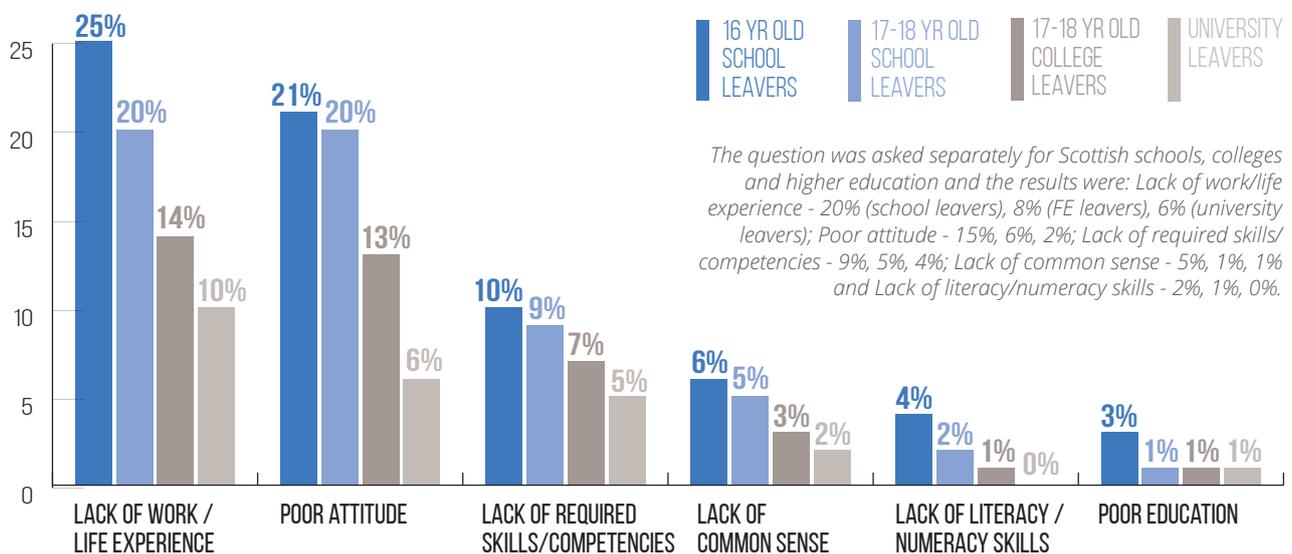
WELL OR VERY WELL PREPARED
POORLY OR VERY POORLY PREPARED

NB Results for Scottish employers does not make distinction between different aged school leavers. Results: 63% say Scottish school leavers well or very well prepared, 81% say the same of Scottish Further Education leavers and 88% of Scottish university leavers.

In terms of work preparedness, 17/18 year olds who had attended Further Education college beat their contemporaries attending school with 72% of employers that had recruited them saying they were prepared for the world of work compared with 60% saying the same of the similarly aged school leavers. Higher education graduates were regarded as the most well prepared for the workplace with over 81% of employers saying they are well or very well prepared for work.

The evidence shows that where young people are recruited, they are regarded as well prepared for work. However for the minority of employers that regard young people as poorly prepared the main concern is about a lack of experience. Better linkage between the worlds of education and employment is key to ensuring that all young people are able to get this experience in advance of entering the labour market proper.

FIGURE 5: SKILLS LACKING AMONG EDUCATION LEAVERS RECRUITED TO THEIR FIRST JOB - BASE: ALL ESTABLISHMENTS IN ENGLAND, NI, WALES WHO HAVE RECRUITED TO FIRST JOB FROM SCHOOL, COLLEGE OR UNIVERSITY IN LAST 2-3 YEARS



GETTING EXPERIENCE

Exposure to the world of work is critical for young people to get a start in their careers and employers say that work experience is the thing they value most in their recruits. Yet the opportunities available for young people to get that work experience are not currently as extensive as they could be. Only 20% of employers had someone from a local school doing a work experience placement at their establishment in the past 12 months. Even fewer, 12%, offered the same sort of placements to further education institutions.

18% of employers have been involved with their local schools, colleges and universities to offer the kind of 'inspirational' activities that engage young people with

the world of work; things like mentoring, careers talks and mock interviews.

Of those employers that have engaged with schools, colleges and universities in these ways, the vast majority reported that they did not experience any difficulties in doing so. The small minority that did find problems cited a lack of interest on the part of the educational institution or difficulties communicating. Overall employers who are collaborating with educational institutions do not on the whole find it problematic. However, the majority of employers are yet to engage in this way.

FIGURE 6: PROBLEMS ENCOUNTERED WHEN ENGAGING WITH EDUCATIONAL INSTITUTIONS FOR THE PURPOSES OF PROVIDING WORK EXPERIENCE/INSPIRATION - BASE: ALL WHO HAVE ENCOUNTERED DIFFICULTIES ENGAGING WITH EDUCATIONAL INSTITUTIONS

	SCHOOLS	FE COLLEGES	UNIVERSITIES
THESE INSTITUTIONS ARE NOT INTERESTED IN ENGAGING WITH OUR ORGANISATION / INDUSTRY	36%	22%	36%
POOR QUALITY CANDIDATES / TUITION	21%	23%	8%
DIFFICULTIES COMMUNICATING WITH THESE INSTITUTIONS - INITIAL CONTACT	15%	15%	28%
DIFFICULTIES COMMUNICATING WITH THESE INSTITUTIONS - AFTER INITIAL CONTACT	13%	18%	19%
TOO MUCH BUREAUCRACY / RED TAPE	13%	7%	16%
HARD TO FIT WORK EXPERIENCE AROUND ACADEMIC CALENDAR / TIMETABLE	5%	5%	5%
INTERNAL ISSUES WITHIN THE INSTITUTIONS (INTERNAL POLITICS, LACK OF ORGANISATION)	3%	7%	4%
NOT BEEN APPROACHED BY THESE INSTITUTIONS	2%	1%	0%
VERY FEW INSTITUTIONS IN THE LOCAL AREA	2%	0%	1%
OTHER	9%	22%	14%

There is a postcode lottery for young people when it comes to accessing work experience placements with most English regions lagging behind Northern Ireland, Scotland and Wales in terms of the proportions of employers offering these types of opportunity, particularly to schools.

London is the internship capital of the country with 14% of London employers having had someone on an internships, either paid or unpaid in the previous

12 months; this is double the proportion of any other region and dwarfs the proportion (8%) of London employers that have employed an apprentice over the same period.

Northern Ireland employers are the most engaged with schools with almost one in three (28%) having had school students on a placement within the previous 12 months. Engagement with sixth form and FE colleges in Northern Ireland is also significantly higher

than elsewhere in the UK and Northern Ireland is beaten only by London in terms of the proportion of employers that have collaborated with universities for the purpose of offering work placements.

New analysis carried out by the think tank Centre for Cities, featured at Annex 1, visualises the regional disparities in opportunities available to young people. Access to work experience placements and other work inspiration activities depends on where you live. Areas that perform better on economic indicators

such as Gross Value Added and areas with higher levels of knowledge intensive businesses tend to have higher proportions of employers offering these kinds of opportunities to young people. However, some parts of the country like Liverpool buck the trend with highly engaged employers despite high unemployment levels. The 'heat maps' at Annex 1 break down these opportunities to Local Enterprise Partnership level in England. Similar breakdowns for Scotland, Northern Ireland and Wales will be released shortly.

FIGURE 7: WHETHER ESTABLISHMENTS HAVE HAD ANYONE ON DIFFERENT TYPES OF PLACEMENTS IN PREVIOUS 12 MONTHS, BY REGION - BASE: ALL ESTABLISHMENTS

● WORK PLACEMENTS: SCHOOL ● WORK PLACEMENTS: FE COLLEGE ● WORK PLACEMENTS: UNIVERSITY ● INTERNSHIPS

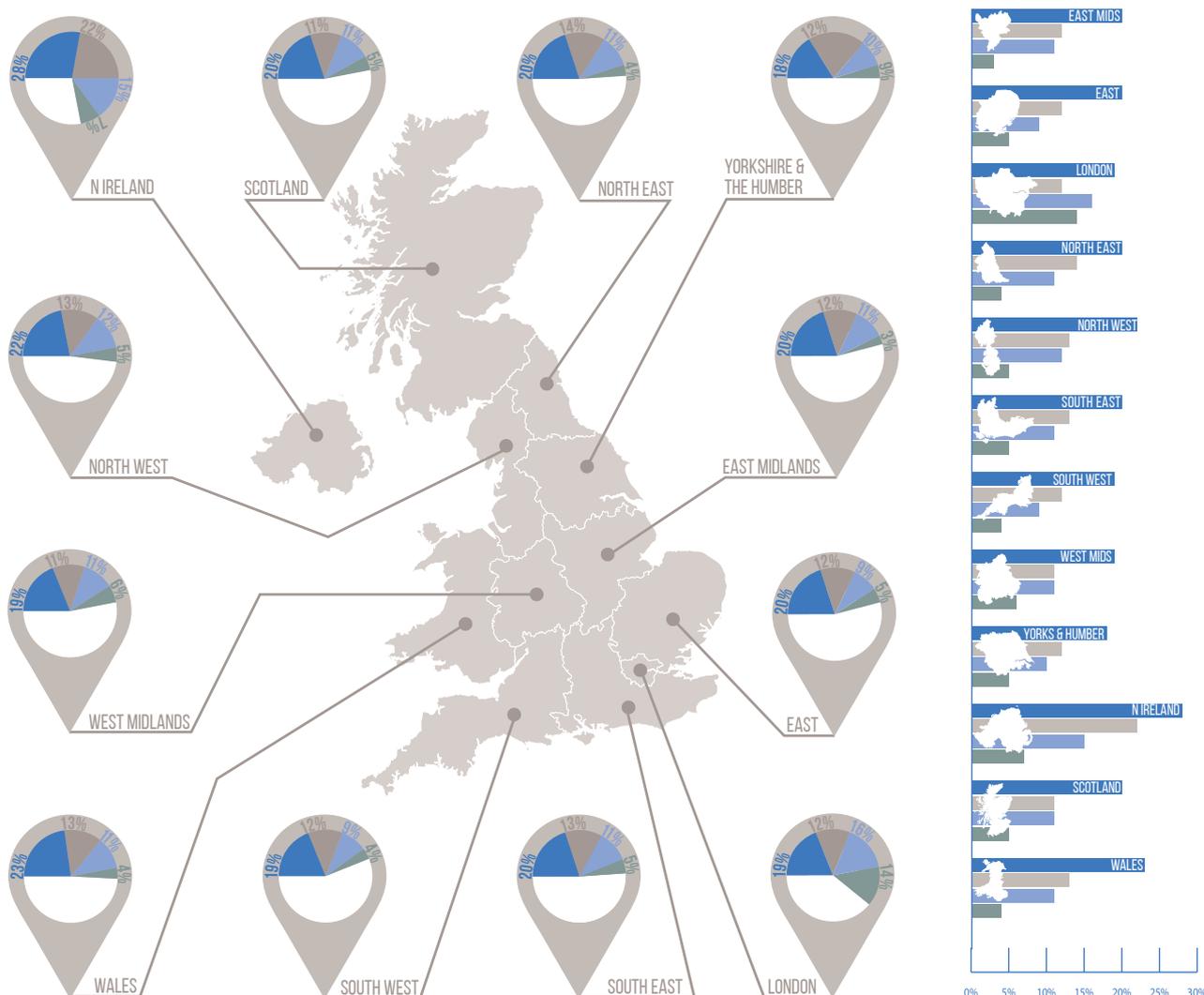
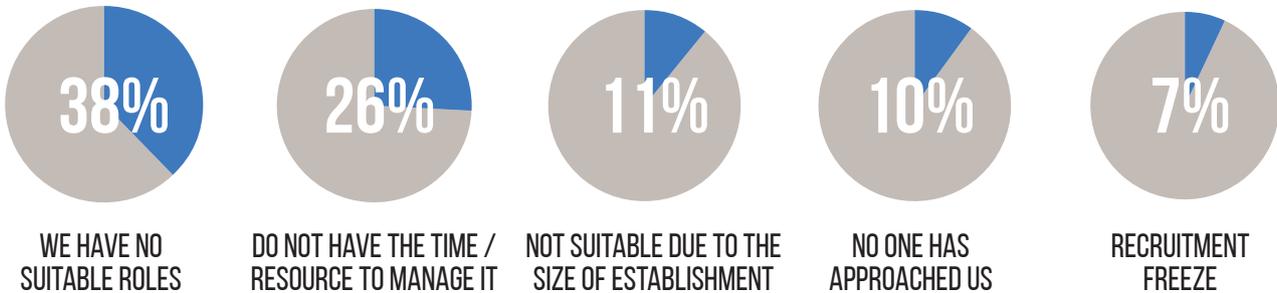


FIGURE 8: MAIN REASONS FOR NOT OFFERING PLACEMENT/INTERNSHIP PROGRAMMES OR OFFERING OTHER WORK INSPIRATION TO STUDENTS OF EDUCATIONAL INSTITUTIONS - BASE: ALL WHO HAVE NOT HAD ANYONE ON WORK PLACEMENTS OR ENGAGED WITH EDUCATIONAL INSTITUTIONS TO OFFER OTHER WORK INSPIRATION TO STUDENTS IN THE LAST 12 MONTHS.



Although most establishments that offered work placements in the previous 12 months said that their main reason for offering placements were altruistic such as to give people experience (54%), a large proportion (28%) also said that placements aided their recruitment, 4% said it raised their profile in the recruitment market and 2% said it was beneficial to the company in terms of new ideas and skills.

Only 18% of all employers surveyed had engaged with an education establishment for the purposes

of offering work inspiration⁹ that help to introduce young people to the world of work. Education and public sector employers were the most likely to offer this kind of work engagement activity with 48% of education sector and 34%¹⁰ of public sector employers having engaged with education institutions for these purposes. The construction industry appears to be most disengaged from education with only 6% of employers in this sector having offered these work engagement type activities to young people in education.

FIGURE 9: PROPORTION OF EMPLOYERS THAT HAD ENGAGED WITH EDUCATIONAL INSTITUTIONS FOR 'WORK INSPIRATION'¹¹ TYPE ACTIVITIES - BASE: ALL ESTABLISHMENTS

ESTABLISHMENT SIZE



The likelihood that an establishment is offering these kinds of work inspiration type activities to educational institutions is proportional to the size of organisation with the biggest establishments more likely to be engaged.

34% of employers that are not currently engaging with educational institutions in order to offer work related experiences say that nothing would encourage them to begin doing so. 15% of employers said that they would carry out this kind of engagement if there was a

financial incentive even though the costs, for example, of visiting a school to talk to students would be very low.

Employers cite a clear need for experienced and mature recruits. Since work placements and wider engagement with the world of work is one of the best ways to ensure that young people are as prepared as they can be, both employers and educational institutions have a responsibility to improve these kinds of opportunities through closer collaboration.

FIGURE 10: THINGS THAT COULD BE DONE TO ENCOURAGE EMPLOYERS TO ENGAGE WITH EDUCATIONAL INSTITUTIONS - BASE: ALL WHO HAVE NOT HAD ANYONE ON WORK PLACEMENTS OR ENGAGED WITH EDUCATIONAL INSTITUTIONS TO OFFER OTHER WORK INSPIRATION TO STUDENTS IN THE LAST 12 MONTHS



Internships

Internships can be valuable for both employers and young people and are increasingly being used by employers as a recruitment tool. 6% of surveyed employers offered internships at their establishment. The Education sector (13% of employers) and Public Services (10%) were the most likely to have had anyone on an internship, either paid or unpaid, over the previous 12 months.

In fact 23% of employers that have had internships within the previous 12 months report that they have recruited someone following the internship compared with 8% that have recruited someone after a graduate programme.

Recent research from the Sutton Trust however has found that 31% of interns are working for no pay.¹² The

report estimates that a six month unpaid internship will cost a single person living in London - the internship capital of the UK - a minimum of £926 a month, and £788 a month in Manchester.¹³ This places a significant number of internships, and the opportunities opened up by them, beyond the reach of many young people who simply cannot afford to work for free.

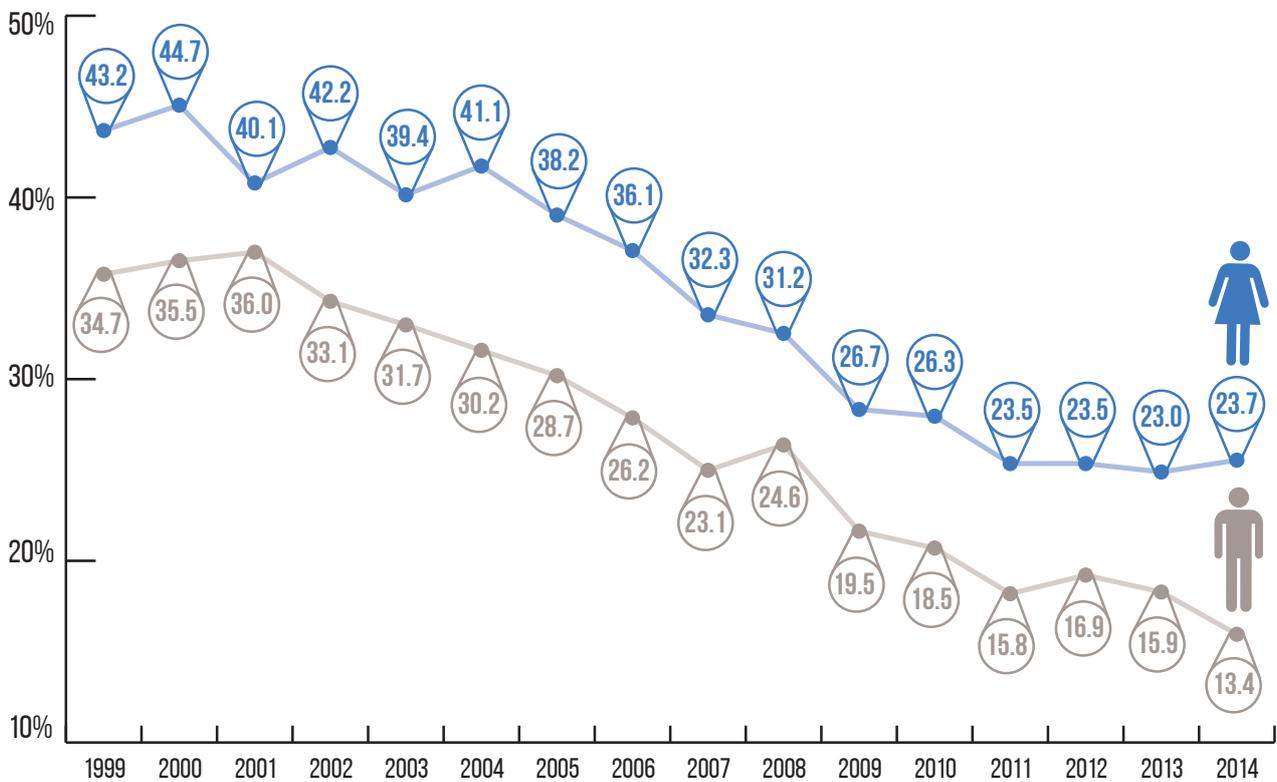
Earning and learning is vital; it allows young people to gain new skills and experience whilst being paid and contributing to their workplace. Internships are a potentially valuable avenue for young people looking to enter a particular industry. With over a quarter of the largest employers¹⁴ offering them, ensuring internships are advertised competitively and pay a wage will ensure they are open and accessible to all.

Earning and learning

The last 15 years have seen a halving of the numbers of 16 and 17 year olds who hold down a part-time job whilst in full time education. In 1999, over 40% of 16 and 17 year olds in full time education combined earning and learning; by 2014 the proportion had declined to less than 20%.

Male 16 and 17 year olds are less likely to combine education and work than their female peers; the gap is now over 10 percentage points. Only 13% of 16 and 17 year old boys are working part time whilst in full time education compared to 24% of girls. 15 years ago, 35% of boys and 43% of girls combined full time education with work.

FIGURE 11: PERCENTAGE OF 16 AND 17 YEAR OLDS COMBINING WORK WITH FULL-TIME EDUCATION, GENDER SPLIT¹⁵



Comparable figures for 18-24 year olds are not available.

It is unclear what is behind this decline. There does not on the face of it appear to have been a significant recessionary impact; indeed there was a decline throughout the boom of the 2000s. The decline in this valuable way of securing work experience, not to mention additional income is concerning for 16 and 17 year olds. Technological and behavioural change may be contributing to a decrease in the kinds of 'small jobs' (such as news delivery, glass collecting, milk delivery)

we might usually associate with younger part time workers. These jobs may increasingly be being filled by more qualified, slightly older people, who themselves might be employed in different roles following the recession.¹⁶

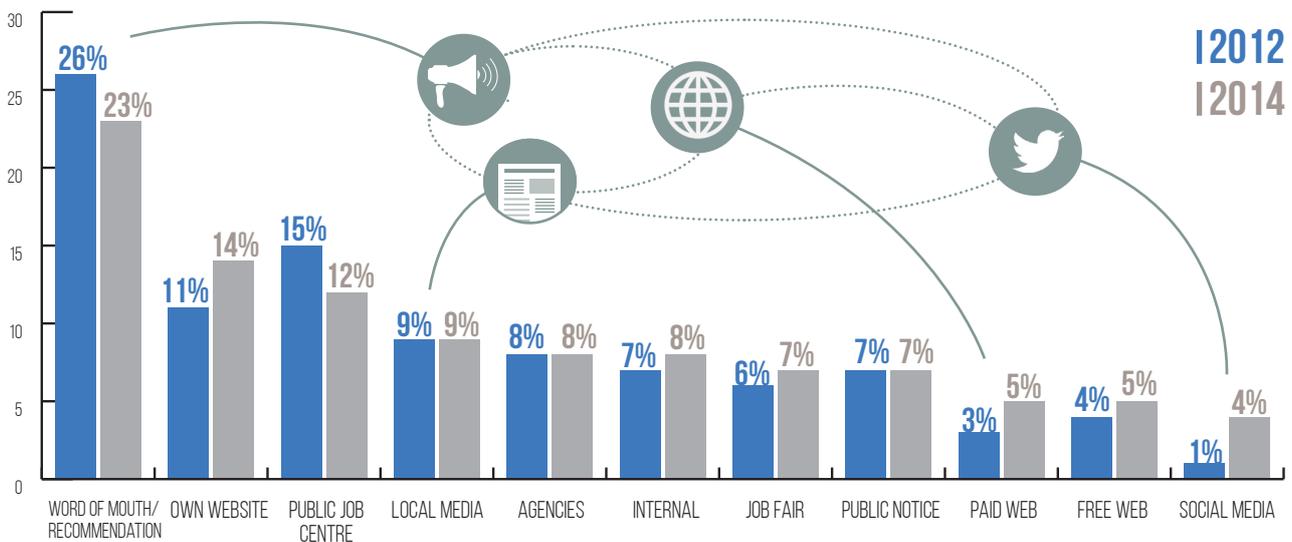
The factors behind this fifteen year 'death of the Saturday job' will be explored further in forthcoming UKCES research.

GETTING IN

Personal recommendation and word of mouth remain the top recruitment channel for UK employers when it comes to employing young people.

Just under one quarter (23%) of employers recruited the last young person to join their organisation in this way; almost double the proportion that recruited via the Job Centre¹⁷.

FIGURE 12: CHANNEL USED TO FILL LAST YOUNG PERSON ROLE, 2012 VS 2014
BASE: ALL WHO HAVE RECRUITED YOUNG PEOPLE



Open access to vacancies level the recruitment playing field yet only 17% of employers that had recruited a young person in the past 12 months had used free public recruitment channels (including Job Centre Plus and Universal Job Match) to recruit the most recent young person to their organisation.

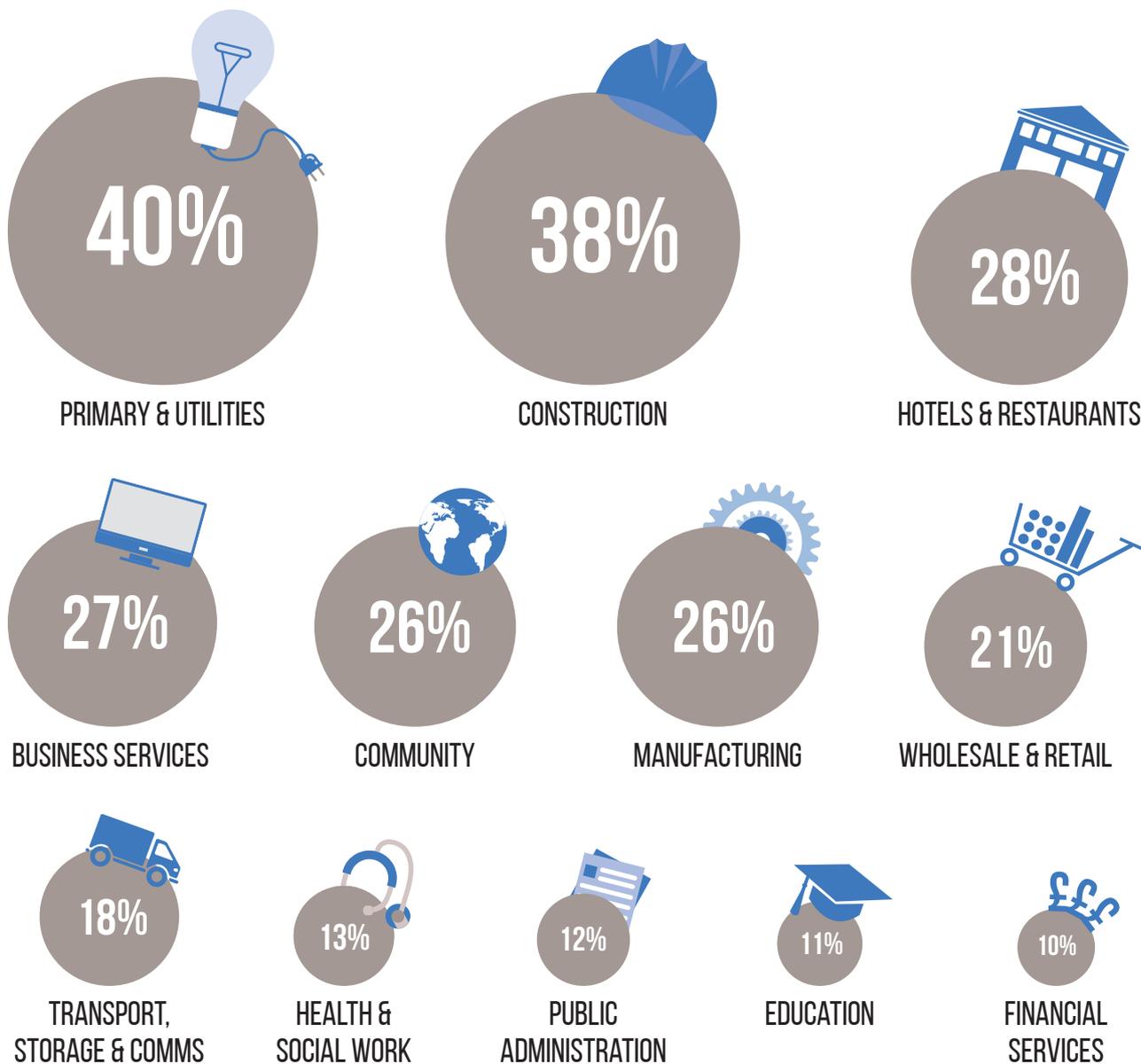
Reliance on informal recruitment methods, at the expense of more open and accessible methods can mean that young people are at a labour market disadvantage without even realising it if they lack the right networks and contacts.

As detailed above, it is not straightforward for young people to come in contact with the world of work, either through work experience or through part time work, whilst they are in education. Yet it appears that this personal contact is key to finding employment, particularly in the primary & utilities and construction industries. In these sectors, 40% and 38% of employers¹⁸ recruited their most recent young person via word of mouth or personal recommendation.

73% of primary & utilities employers and 68% of construction employers place either a significant or critical importance on relevant work experience in their recruitment. For young people looking to enter these industries, it is vital that they are able to access relevant work experience and qualifications that not only prepare them for work but that provide them with direct contact with the industry, particularly where personal contact is such a vital component of recruitment for firms in these industries. The need for new skills in these industries as older workers retire is particularly acute. For example, UKCES's sector insight projections suggest that the construction industry will require 400,000 skilled tradespeople by 2020 simply to replace the skills being lost from the industry naturally.

Financial services companies are least reliant on this word of mouth method of recruitment, sourcing young employees primarily through applications through their own websites and via recruitment agencies. 26% of financial service companies also report recruiting someone following an internship.

FIGURE 13: PROPORTION OF ESTABLISHMENTS THAT RECRUITED THE MOST RECENT YOUNG PERSON TO JOIN THEIR ESTABLISHMENT VIA PERSONAL RECOMMENDATION OR WORD OF MOUTH (EPS 2014) - BASE: ALL WHO HAVE RECRUITED YOUNG PEOPLE



It appears that the recruitment of young people follows a slightly different track to overall recruitment. Whereas only 12% of employers say they recruited the most recent young person to join their organisation through the public Job Centre, when it comes to general recruitment, 32% of employers reporting a vacancy within the previous 12 months had used the Job Centre to recruit.

Although personal contact looks to have the edge over public recruitment channels, the concern must be that unless young people have pre-existing networks of work contacts, they may struggle to find ways to come in contact with the world of work. Open and accessible recruitment through a variety of channels including private channels, that can also be free for employers to use, can be of benefit to employers as it increases the pool of talent from which they are able to draw.

YOU'RE HIRED

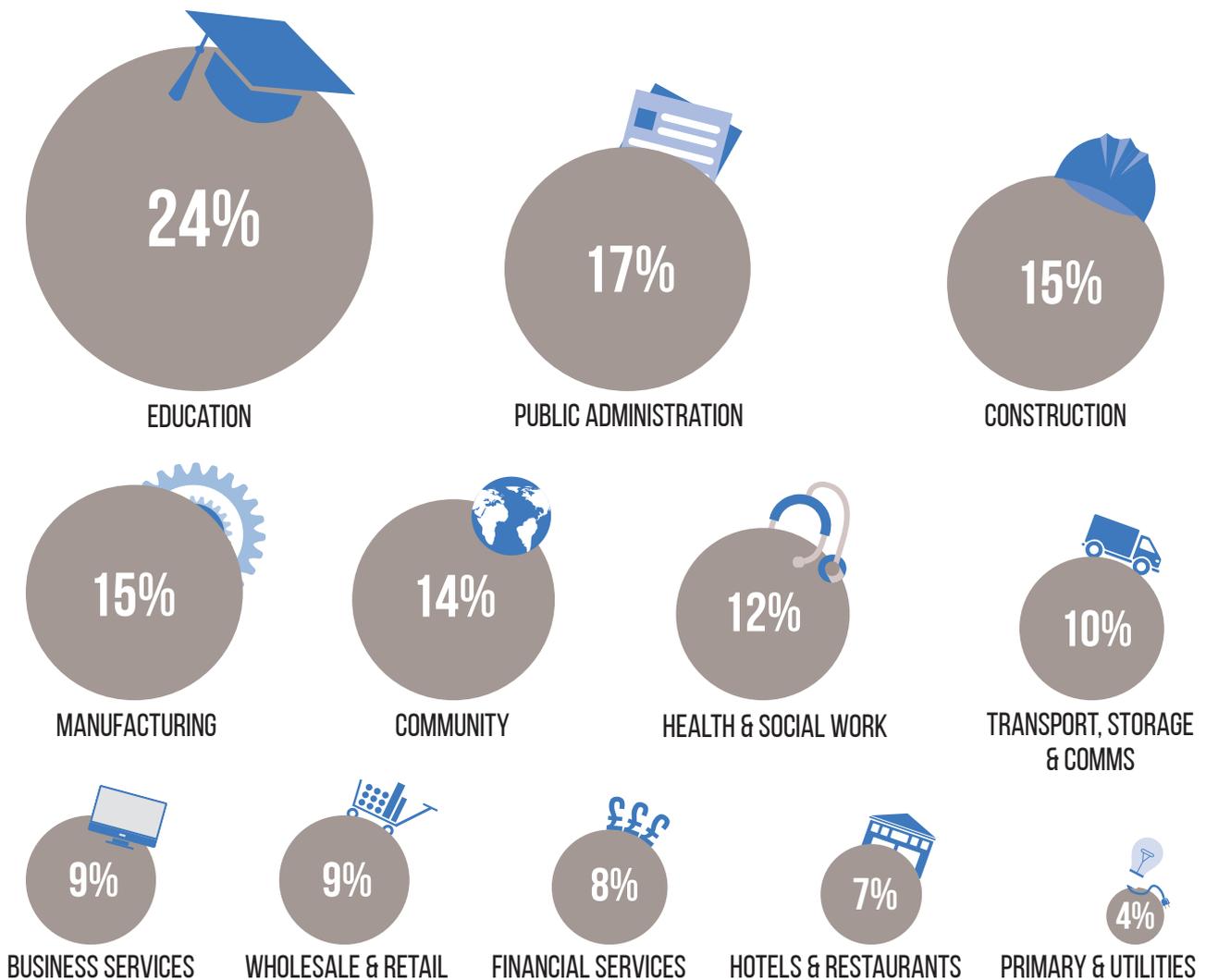
There is a growing consensus between industry, trade unions and political parties that an expansion of high quality apprenticeships can be a key element in meeting the UK's skills and productivity challenge. Development of these kinds of earning and learning routes into work is one way of ensuring that young people are able to obtain on-the-job skills training and experience of the workplace whilst also studying towards a qualification. There is a positive trend in the proportion of employers offering apprenticeships and movement in the right direction in terms of the length of typical apprenticeships being offered.

15%¹⁹ of employers currently have or offer formal

apprenticeships; up from 13% in 2012. The large majority of employers (84%) however still do not have or offer apprenticeships of any kind. The education, public administration and construction industries are most likely to have an apprentice on site currently, whereas only 4% of primary & utilities employers, 7% of hotels and restaurants and 8% of financial services companies currently employ an apprentice.

Building on what appears to be a considerable untapped interest in apprenticeships will be key to any future expansion; 88% of employers that currently offer them plan to continue to do so and 24% of employers not currently offering apprenticeships say they plan to

FIGURE 14: PROPORTION OF EMPLOYERS WITH APPRENTICE(S) CURRENTLY ON SITE, SECTOR BREAKDOWN (EPS 2014)- BASE: ALL ESTABLISHMENTS



begin doing so. There is a challenge to inform both employers and young people about apprenticeships and accurately and engagingly describe why they can be of benefit. 57%²⁰ of employers said that they had either never heard of apprenticeships or had only limited knowledge of what was involved. 40% of those employers that had heard of apprenticeships had not heard of any specific government run apprenticeship scheme.

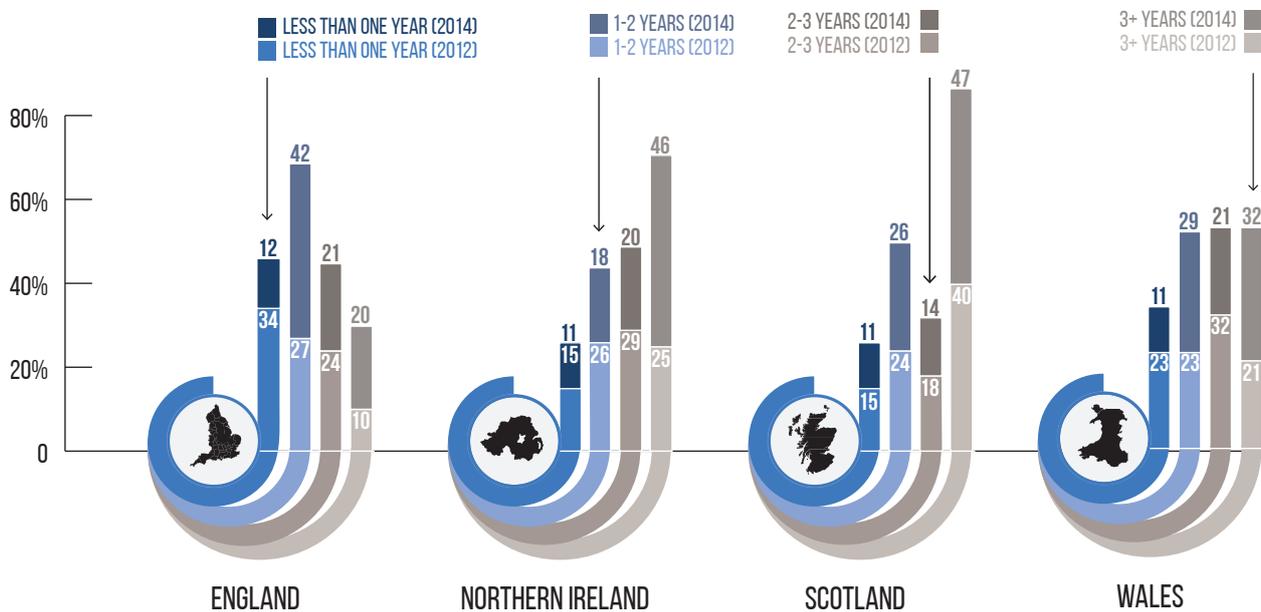
There is some improvement in the length of typical apprenticeships being offered. For example, there has been a large fall (20 percentage points) in the proportion of apprentice employers offering apprenticeships typically lasting for less than one year, although 12% of apprentice employers still report that their typical apprenticeships are of this length. This practice is particularly prevalent in the financial services and hotels/restaurant industries with an apprenticeship length of less than one year being

the norm with 31% and 28% of employers in these industries respectively.

There is also a positive trend in the proportion of employers offering longer apprenticeships; the proportion offering apprenticeships lasting between 3 and 5 years rose from 13% in 2012 to 21% in 2014. The commitment to longer apprenticeships indicates that employers are increasingly seeing their value in terms of supplying the skilled and experienced employees that they need.

It is notable that half (49%) of apprentice employers report that they offer them to their existing staff; a slight rise since the last survey. This suggests that in some quarters, apprenticeships are still regarded as more of a training scheme than a recruitment tool, although the evidence indicates that many employers offer apprenticeships both to new recruits and existing staff.

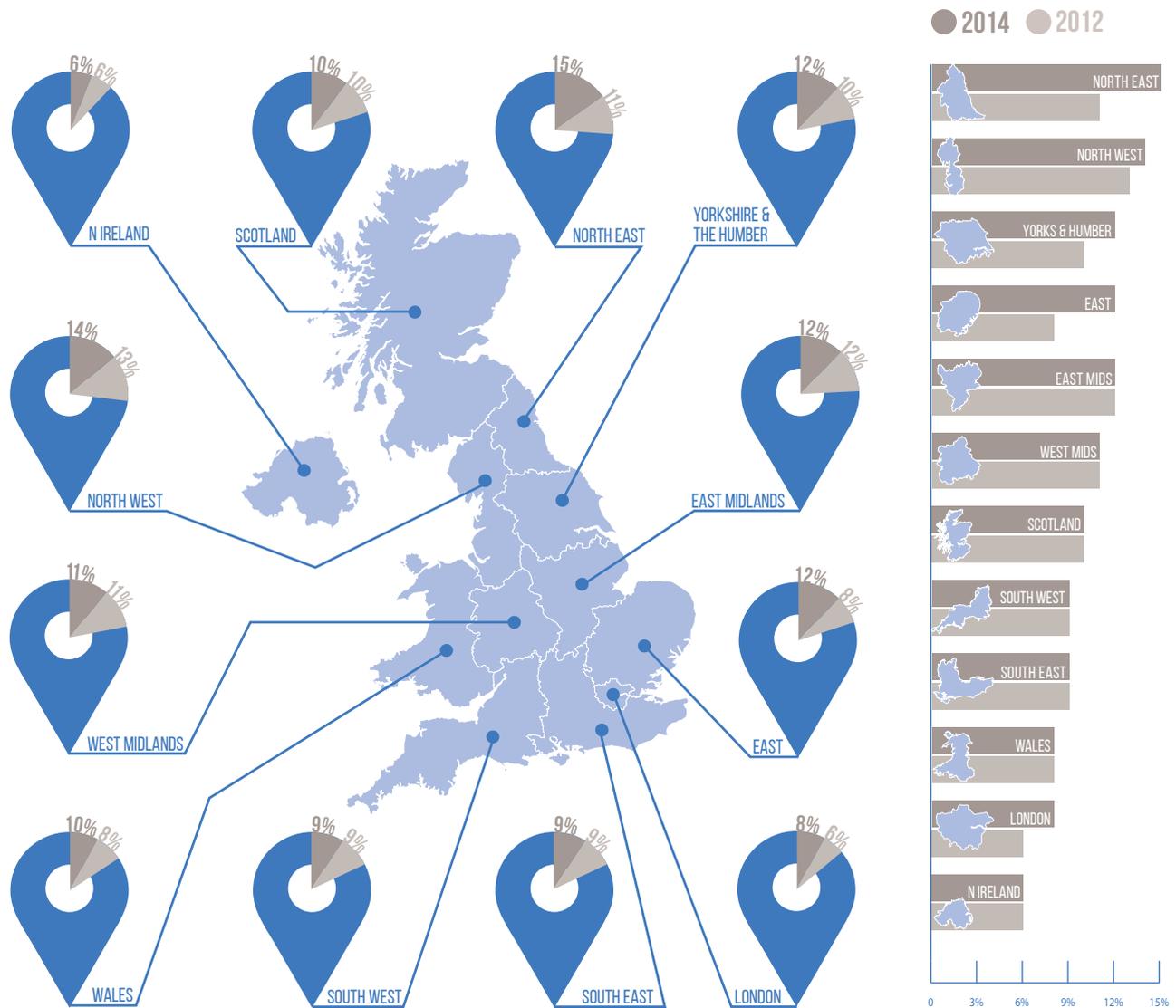
FIGURE 15: TYPICAL APPRENTICESHIP LENGTH OFFERED, 2012 VS 2014 - BASE: ALL EMPLOYERS THAT HAVE OR OFFER APPRENTICESHIPS



Although there are positive trends in the duration of apprenticeships, there is still work to do to enhance their quality and attractiveness to young people. One in five employers that have or offer apprenticeships tell us that their apprentices don't receive any formal

training, and just under half of employers say that their apprentices spend less than 5 hours per week on activities outside of their daily work such as studying, training or meeting their supervisor.

FIGURE 16: WHETHER ESTABLISHMENTS CURRENTLY HAVE ANY STAFF UNDERTAKING APPRENTICESHIPS ON SITE, BY REGION (2012 VS 2014) - BASE: ALL ESTABLISHMENTS



The North of England is leading the way in the growth in employers employing apprentices. 15% of employers in the North East and 14% of employers in the North West currently employ one or more apprentices and both have seen a growth in the proportions doing so since 2012.

On the other hand, London and the South East with 8% and 9% of employers respectively currently employing apprentices are down towards the bottom of the regional league table. London employers are more likely to have had someone on an internship

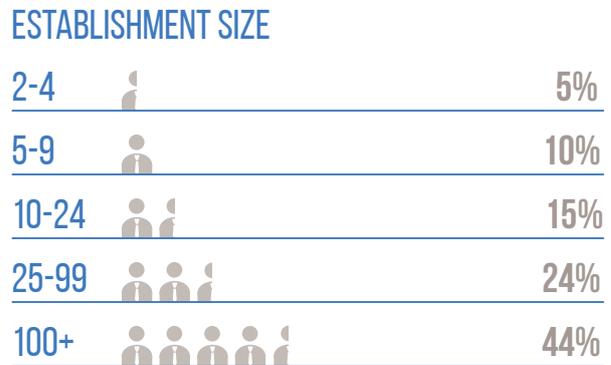
(14% of London employers have done so in the past 12 months) than they are to have had someone on an apprenticeship.

The most significant growth has been in the East of England and the North East both of which have seen a large rise in the proportion of employers employing apprentices. In most of the rest of the UK, there has been little change, but in no region has the proportion of employers employing apprentices fallen back. Only 6% of employers in Northern Ireland currently have apprentices; the lowest proportion in the UK.

The likelihood of having staff undertaking apprenticeships also varies with the size of establishment. Although almost half (44%) of the largest establishments (100+ employees) currently have staff undertaking apprenticeships, only 5% of the smallest (between 2 and 4 employees) establishments do. Where establishments are not offering apprenticeships, structural barriers (such as regulatory or bureaucratic impediment or being unable to afford to do so) were cited by 56% of employers as the reason for not doing so. 33% said they were actively choosing not to offer apprenticeships and a further 10% did not have sufficient awareness of apprenticeships to consider offering them.

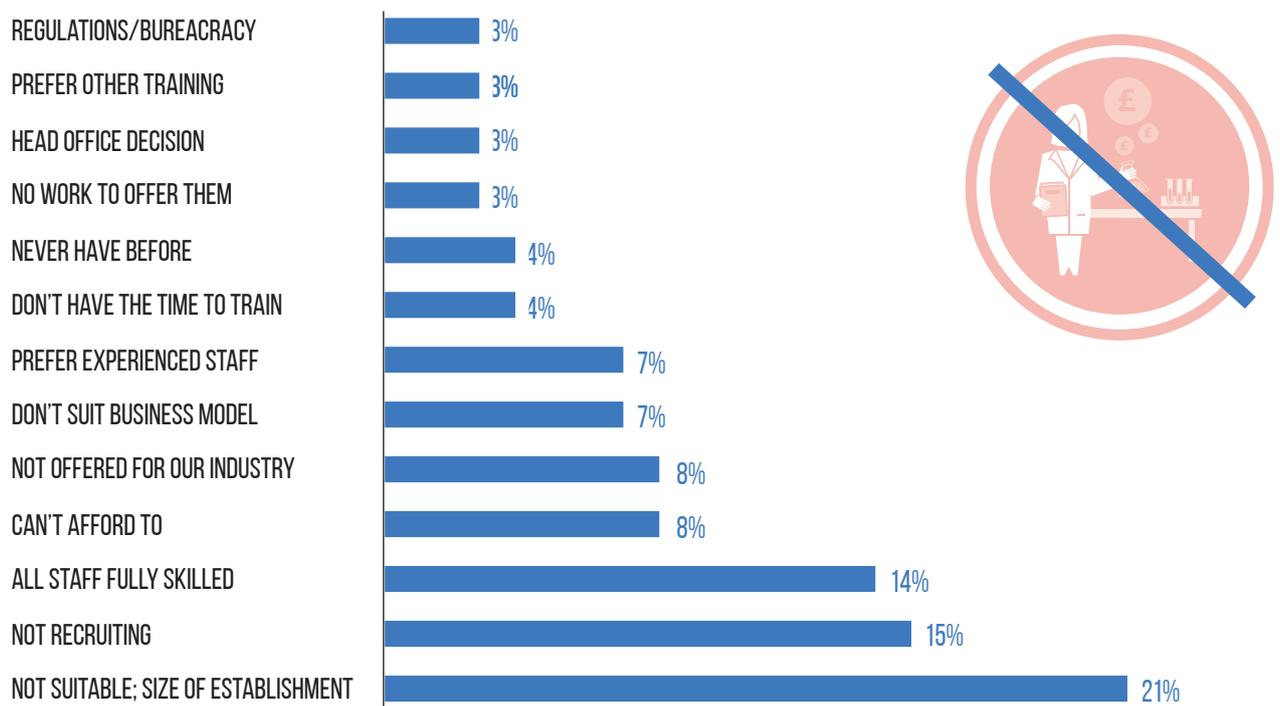
The trends are upwards with more employers offering apprenticeships and a positive trajectory in the length of apprenticeships being offered. And the data indicates that there is significant untapped potential with a large proportion of employers expressing their intentions to consider offering apprenticeships in future. However, there are some cold spots, most notably in Northern Ireland and London where the proportions of employers offering apprenticeships are still low in comparison to the rest of the UK. In terms of

FIGURE 17: WHETHER ESTABLISHMENTS CURRENTLY HAVE ANY STAFF UNDERTAKING APPRENTICESHIPS ON SITE, BY ESTABLISHMENT SIZE - BASE: ALL ESTABLISHMENTS



the quality of apprenticeships there is clearly much to be done. The fact that the majority of employers report that their apprentices receive little or no off the job training makes it challenging to convince young people and their parents that these are viable alternatives to traditional academic pathways.

FIGURE 18: MAIN REASONS FOR NOT OFFERING APPRENTICESHIPS- BASE: ALL ESTABLISHMENTS THAT DO NOT HAVE OR OFFER ANY TYPE OF APPRENTICESHIP



CONCLUSION

Young people face a postcode lottery of opportunity in the UK. Who you know and where you live have a huge impact on your chances of getting into work. Without opportunities to come in contact with the world of work and get into the labour market, young people can be caught in a Catch-22 situation - unable to get work without experience and unable to get experience without work.

Despite falling from its mid-recession peak, high youth unemployment is a longstanding feature of the UK economy. Overall unemployment figures are amongst the best in Europe but this is masking a significant age disparity with a youth unemployment rate almost four times as great as the rate for adults.

The evidence shows that young people are still most likely to be recruited into low skilled, low paid roles at the bottom of the labour market where they are least likely to receive training and where the pathways to higher skilled, higher paid jobs are not clear.

The hourglass shape of the economy can make it difficult to progress from low paying, low skilled work. Jobs growth at the top end of the labour market and at the bottom end with increasing numbers of service type jobs is coupled with contraction in mid-skilled work making it increasingly difficult to progress.

UKCES's *Growth Through People* outlined the need for governments, schools, colleges, universities and

employers to work towards an environment where the transitions from education to employment are clearer with routes that combine earning and learning becoming more common and more accessible.

Employers are clearly saying that the thing they value most in their recruits is experience, yet the evidence shows that opportunities for young people to come into contact with the workplace are limited. These opportunities are also inconsistent across the country.

Only a minority of employers have engaged with schools, colleges and universities for these purposes but of those that have, the overwhelming majority found it straightforward to do so. And almost a third of employers offering placements now say they do so because it aids their recruitment.

A number of promising initiatives across the UK are aimed at bridging the divide between education and work with employers increasingly being placed front and centre to help develop tomorrow's workforce.

A Careers and Enterprise Company for schools in England has just been announced by government aimed at encouraging employers to link directly to pupils throughout their education and inspire them about the career options available. The company will be employer led and independent of government although it will work closely with existing public services. Its focus will be on young people aged between 12 and 18, helping them access advice and inspiration about the world of work.

In Northern Ireland, a major review of apprenticeships and training is underway and has already made a number of recommendations that are being



implemented. These focus on supporting microbusinesses, small and medium enterprises to take on apprenticeships. Furthermore, work experience is becoming a mandatory element of the youth training system. Industry led sectoral partnerships are being set up to define and design qualifications in the youth training system.

Following the Commission for Developing Scotland's Young Workforce, the Scottish Government has set a target of cutting youth unemployment by 40% by 2021. The focus will be on developing closer links between schools, colleges and employers and enhancing the role of employers in providing work based learning. The Welsh Government's Jobs Growth Wales programme aims to provide job seekers under the age of 25 with paid six-month placements to provide them with the experience that employers value so highly.

In line with the aim of connecting skills to industrial strategy, government with support from UKCES has invested £130 million in 8 industrial partnerships. These partnerships are voluntary associations of employers and trade unions that have come together in particular sectors to take responsibility for the future skills needs in their industries. This has been matched by £220 million of employer investment, demonstrating the commitment industry is making to ensure these partnerships succeed.

A pilot programme based in the North West of England, led by employers from the Energy and Efficiency Industrial Partnership, is offering young people not in employment, education or training the opportunity to get real life experience in the industry. The programme aims to offer more flexible entry points into

employment in this sector and through collaborative employer-led training, to equip the young people with the skills that are directly relevant to employers in the sector.

The Staffordshire Ceramics Skills Academy which is backed by UKCES funding is building on the industrial heritage of the area and developing a new generation of pottery and ceramics specialists. Business partners have come together to share resources and provide training that is unique to the ceramics industry. By engaging young people through work experience placements, school visits and through apprenticeships, the Ceramics Skills Academy is aiming to ensure that the skills requirements for a revitalised ceramics industry in the heart of England are met, and that ceramics manufacture is able to continue into the next generation.

The barriers facing young people entering the labour market are not new, and neither are the solutions. Youth unemployment is a long term, structural problem and it will take time and a concerted effort from governments, educational institutions, unions and employers to turn things around. Initiatives aimed at breaking down the barriers between education and work and creating high quality alternative routes into the labour market are all positive steps towards developing a labour force and creating a labour market that will enhance the UK's ability to compete globally.

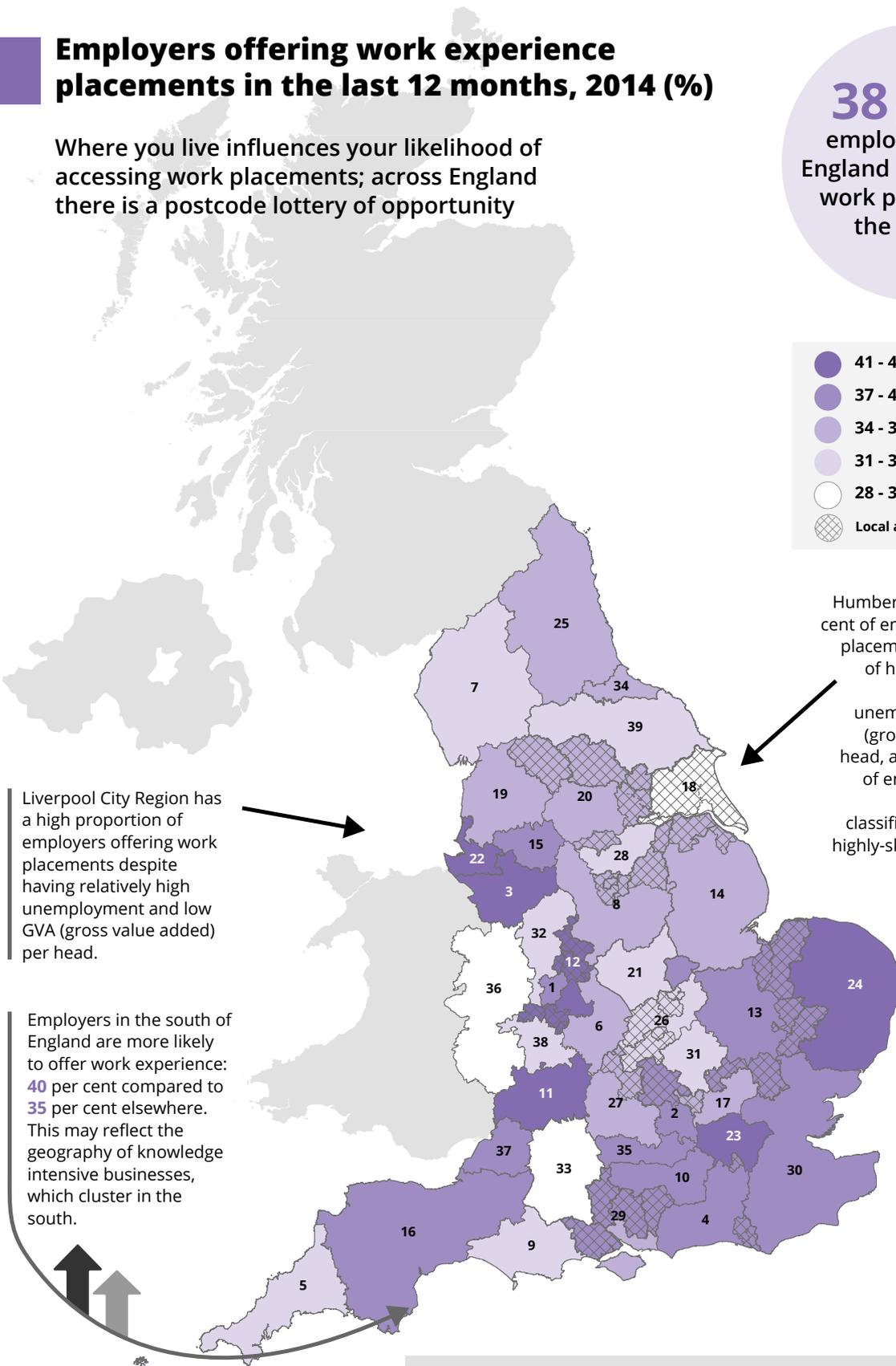
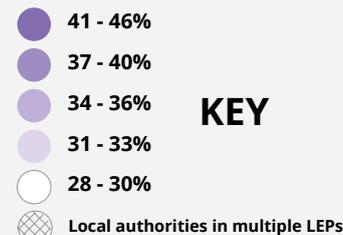


ANNEX 1: Heat maps

Employers offering work experience placements in the last 12 months, 2014 (%)

Where you live influences your likelihood of accessing work placements; across England there is a postcode lottery of opportunity

38 per cent of employers across England had offered a work placement in the last year



Liverpool City Region has a high proportion of employers offering work placements despite having relatively high unemployment and low GVA (gross value added) per head.

Humber, where only 29 per cent of employers offer work placements is also an area of high unemployment, including youth unemployment, low GVA (gross value added) per head, and low proportions of employees in the top three occupational classifications, a proxy for highly-skilled professionals.

Employers in the south of England are more likely to offer work experience: 40 per cent compared to 35 per cent elsewhere. This may reflect the geography of knowledge intensive businesses, which cluster in the south.



Note: This map shows the proportion of employers by LEP offering all work placements, including adult placements, work trials and internships, as well as placements for those in education.

To access the underlying data used on these maps please go to:
<https://www.gov.uk/government/publications/Employer-Perspectives-Survey-2014-England-and-local-data>

1 Black Country	11 Gloucestershire	20 Leeds City Region	30 South East
2 Buckinghamshire Thames Valley	12 Greater Birmingham and Solihull	21 Leicester and Leicestershire	31 South East Midlands
3 Cheshire and Warrington	13 Greater Cambs and Greater Peterborough	22 Liverpool City Region	32 Stoke-on-Trent and Staffordshire
4 Coast to Capital	14 Greater Lincolnshire	23 London	33 Swindon and Wiltshire
5 Cornwall and Isles of Scilly	15 Greater Manchester	24 New Anglia	34 Tees Valley
6 Coventry and Warwickshire	16 Heart of the South West	25 North Eastern	35 Thames Valley Berkshire
7 Cumbria	17 Hertfordshire	26 Northamptonshire	36 The Marches
8 Derby, Derbyshire, Nottingham and Nottinghamshire	18 Humber	27 Oxfordshire LEP	37 West of England
9 Dorset	19 Lancashire	28 Sheffield City Region	38 Worcestershire
10 Enterprise M3		29 Solent	39 York and North Yorkshire

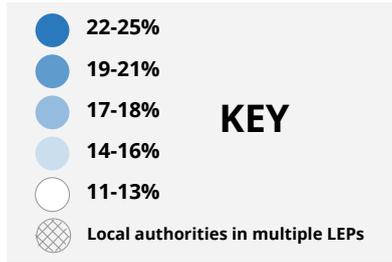
Employers offering work inspiration in the last 12 months, 2014 (%)

Work inspiration is defined as employers being involved in one of the following:

- organising site visits for students;
- undertaking careers talks;
- providing one-to-one mentoring support;
- conducting mock interviews;
- helping design or set coursework
- sponsoring, supporting or participating in enterprise competitions

17 per cent of employers across England had offered some kind of work inspiration activity in the previous 12 months

Employers tend to offer work inspiration activities in regions with a higher proportion of knowledge-intensive businesses and low youth unemployment



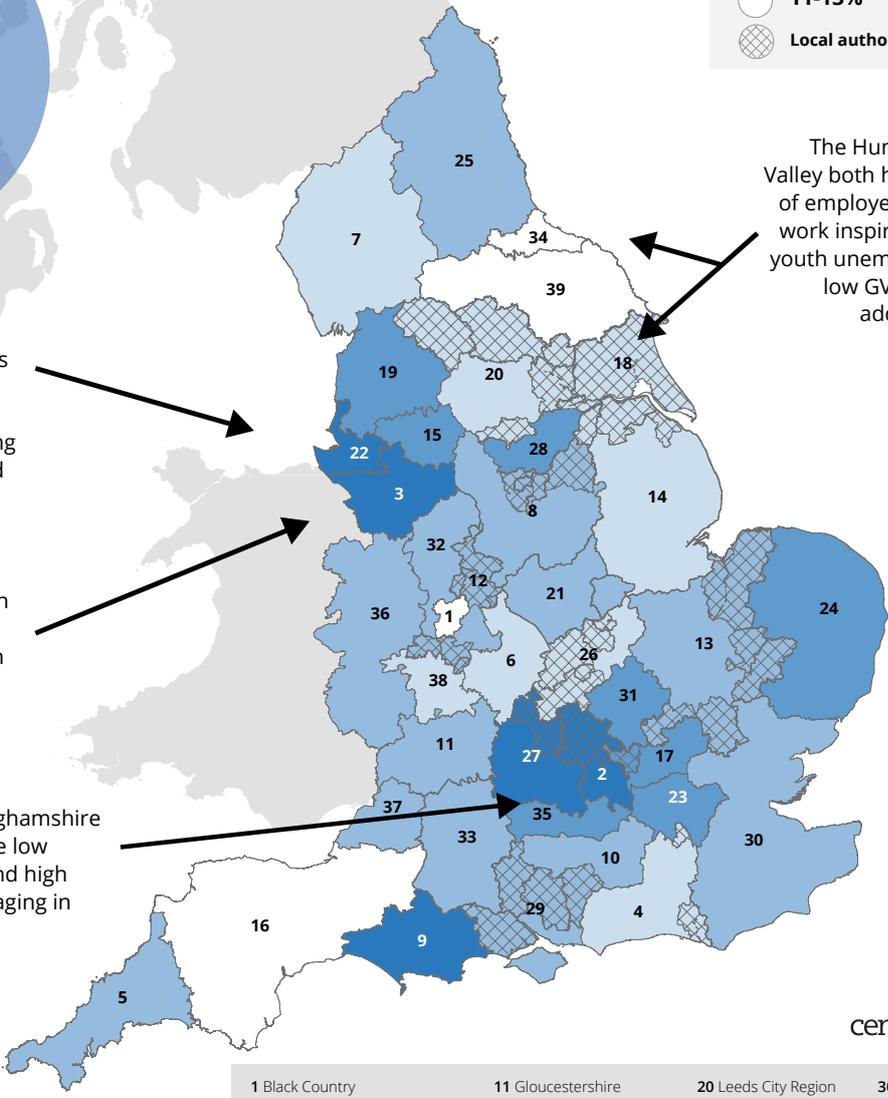
The Humber and Tees Valley both have low levels of employers engaging in work inspiration but high youth unemployment and low GVA (gross value added) per head.



Liverpool City Region has high levels of employer engagement in work inspiration despite having high unemployment and low levels of GVA (gross value added) per head.

Cheshire and Warrington has low youth unemployment and high levels of employers engaging in work inspiration.

Oxfordshire and Buckinghamshire Thames Valley both have low youth unemployment and high levels of employers engaging in work inspiration.



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ENDNOTES

Unless otherwise cited, data on this report is drawn from UKCES's Employer Perspectives Survey 2014 which can be accessed in full at gov.uk/ukces.

1. The Bank of England and Office for Budget Responsibility deem an unemployment rate of around 5% to constitute 'full employment'
2. ONS, 2011 mid-year estimate
3. ONS Labour market statistics
4. UKCES, Employer Skills Survey 2013
5. ONS Labour market statistics, Jan 2015 (16-17 unemployment rate is 32.1%, 18-24 rate is 15.1%)
6. 73% primary/utilities & 68% construction firms say relevant experience was significant/crucial recruitment factor.
7. 66% say relevant work experience a significant or critical factor in recruitment.
8. Due to changes to the way the question was asked it is not possible to track over time the value placed on vocational qualifications directly, however the indications are that this has also increased, albeit less so than academic qualifications.
9. Site visits, careers talks, mentoring, mock interviews, coursework design, competition sponsorship
10. Base: All employers
11. Site visits, careers talks, mentoring, mock interviews, coursework design, competition sponsorship.
12. Internship or Indenture? (Nov 2014) The Sutton Trust
13. Internship or Indenture? (Nov 2014) The Sutton Trust
14. 27% of employers with over 100 employees offer internships, EPS 2014
15. ONS, Labour Force Survey
16. For further reading, see UKCES's youth employment challenge (2012)
17. Jobs and Benefits Centre in Northern Ireland
18. Employers that had recruited a young person in the past 2-3 years
19. 10% currently have an apprentice on site. A further 5% offer formal apprenticeships but do not currently have one on site.
20. 41% of all establishments had heard of apprenticeships but only had some knowledge of what was involved, 14% had heard the term but didn't know what was involved and 2% had never heard of apprenticeships.

The UK Commission for Employment and Skills (UKCES) is a publicly funded, industry-led organisation providing leadership on skills and employment issues across the UK.

Together, our Commissioners comprise a social partnership of senior leaders of large and small employers from across industry, trade unions, the third sector, further and higher education and across all four UK nations.

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