

the forgotten
half a demos
and private
equity
foundation
report

Jonathan Birdwell
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the forgotten half

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Any errors and omissions remain the authors' own.

Jonathan Birdwell, Matt Grist, Julia Margo
March 2011

Foreword

The class of 2011 will walk through the school gates for the final time in July; many will tread a precarious path — their need for support and guidance will be acute. With one in five graduates facing unemployment those heading to university are far from secure.

However those most at-risk will be the estimated 50 per cent of school leavers not continuing to higher education. This ‘forgotten half’ will exit the gates without many of the key skills they require and the support structure they deserve as they walk towards an uncertain future. Demos predicts youth unemployment at 20 per cent over the next five years, with this group the most vulnerable.

For many it may quickly lead to a cycle of dis-engagement and lost dreams — not in education, employment or training (NEET).

Without clear support, the forgotten half of school leavers too often fall into the cracks that exist between statutory services and charitable interventions and they enter a revolving door of training programmes.

The Private Equity Foundation is a philanthropic foundation focused on helping children and young people stay the path to reach their full potential. Demos has outlined 10 recommendations to the Coalition Government to help these young people.

These include focusing on the employability skills, such as literacy and numeracy, they need to succeed in work and life; giving them the support they need to stay on track, such as information about and the experience of the world of work alongside mentoring. These skills will provide this group with the critical protection they need to avoid becoming NEET.

However this is not just a clarion call to Government but to the private and voluntary sectors; we can all offer support to the forgotten half, we all have a role to play in supporting our young people.

Shaks Ghosh

CEO, *The Private Equity Foundation*

www.privateequityfoundation.org

Executive summary

Former Prime Minister Tony Blair believed that the cornerstone of social mobility was a university degree. His aim during his ten years in power was to achieve a university participation rate of 50 per cent, though he never quite succeeded in this goal.

Given the high rate of graduate unemployment at present this agenda has come under fire. Nonetheless it is clear that graduates are more protected than non-graduates in the current youth labour market.

So what has happened in the last decade to the ‘other 50 per cent’ — the young adults who do not go to university? Are they more at risk of joining the ranks of the NEETS (those not in education, employment or training) than in previous years? How well are they being served by the education system?

This report identifies significant failings in the educational offer to the ‘other 50 per cent’. If current economic trends continue on the same trajectory, we expect that 20 per cent unemployment for 16–24-year-olds will become the new norm with numbers reaching 1.2 million (a 23 per cent increase on the current level), unless significant reform is undertaken to improve the skills base and opportunities of young people with qualifications below level 3.

Analysis of structural labour market trends reveals that the current vocational and school offer is not equipping many young people with the skills and knowledge they require to find stable employment.

The twenty-first-century labour market

Five trends shape the current labour market and impact on the employment prospects of young people not going to university:

- the dwindled but relatively stable supply of lower-skilled jobs
- the diminished number of semi-skilled manufacturing jobs
- the continuing rise in service sector jobs
- the growing need for jobs at a ‘technician level’
- the rise in the number of jobs at professional and managerial level.

Analysis shows that young people who do not go to university have been disadvantaged by these trends.

The youth labour market

Despite the rise of service sector jobs, the number of young people going into sales-related employment has fallen since 2000 — from 10 per cent to 6 per cent. Similarly, the percentage of young people in secretarial or clerical work has fallen substantially from 13 per cent to 0.1 per cent. On the other hand, the percentage of young people going into labouring and other elementary occupations has risen from 13 per cent to 27 per cent.

These shifts in employment patterns for 16–18-year-olds suggest that those who are entering the labour market are doing so in dead-end jobs, which offer no progression and training. Although this provides some minimal protection from future unemployment, it does not offer these young people the chance to progress through the labour market via either training or in-work progression. This leaves many young people entering the labour market at 16–18 exposed to years of low wages and employment instability.

The five employment premiums

To adapt to these labour market trends, our research has shown that young people need to gain access to as many as possible of five proven labour market ‘premiums’ — above

average wage returns that certain forms of experience, knowledge and skills can yield:

- *The character premium* — capabilities and ‘soft skills’ such as the ability to communicate effectively, apply oneself to a task, commit to long-term goals, and work effectively in a team are now as important as academic ability in predicting earnings at age 30.
- *The literacy and numeracy premium* — literacy and numeracy skills boost earnings and employment rates, all other things being equal.
- *The work premium* — work is the best way to build employability skills, and early experiences of work lead to more employment over the life course.
- *The technical premium* — training and education to level 3 (A-levels or equivalent) yields a substantial wage return — for example, completing a level 3 apprenticeship. Depending on the qualifications, training schemes and degrees, level 3 vocational qualifications can yield wage returns similar to university degrees.
- *The graduate premium* — graduates (on average) gain a wage premium of £100,000 over the course of their lives.

The skills that provide access to these premiums are the best insurance we can provide for young people at risk of becoming NEET. At present we can only offer rough estimates of how many young people are currently leaving school without access to these premiums, but it is clear that it is a worryingly high number.

Quantifying the number of unprotected young people

Despite uncertainty around the number of young people with access to the four premiums we have identified, the research highlights that a significant minority — around 10–15 per cent — are entering the labour market with only qualifications at level 2 or below at age 18. These young people — some of whom are employed — are obviously better protected than those in the NEET category, but the evidence on wage

returns shows that any qualification below level 3 does not offer employment protection and in some cases can harm employability. These young people are therefore at risk.

Capabilities approach to education

Our interest is in the provision of an education that gives young people the experience and skills to continually build their careers once they enter the labour market. We urge that the education system be less focused on pushing young people through the hoops of assessment that lead on to higher education, and more focused on equipping them with the capabilities to progress through the labour market.

The report identifies the following as essential labour market preparation that should be delivered by schools:

- Teaching core literacy and numeracy skills, including recovery and/or consolidation through intensive learning across primary and secondary schooling—‘vocationalised’ academic learning (academic skills learned in vocational contexts).
- Engaging and creative activities that build ‘soft skills’ and ‘character capabilities’ through practical learning, enterprise and entrepreneurship, and community-based learning.
- High quality work experience and employability skills training, including:
 - opportunities for high-quality practical and vocational learning
 - the teaching of specific ‘employability skills’ like CV writing and interview techniques
 - meaningful work experience
 - business engagement in education
 - high quality information, advice and guidance on work and careers.

Are schools and colleges delivering the skills that yield the employment premiums?

Our findings are damning for the school system. This is not the fault of individual schools, but is rather due to a longstanding

culture of prioritising academic skills and excellence. The schools we visited were overwhelmingly focused on improving GCSE achievement; they devoted very little time and resources to 'work-related' learning, leading many of them to close themselves off from the outside world. Yet it is precisely by forming relationships with employers and the local community that schools can improve the life chances of the 'other 50 per cent'.

Key failings of schools

Literacy and numeracy

In England, 16 per cent of children make no progress at all in English and maths between the ages of 7 and 11, and 8 per cent leave primary school with very low levels of literacy and/or numeracy.¹ The percentage of young people reaching expected levels for writing at 11 years old, having increased from 54 per cent in 1999 to 67 per cent in 2006, has reached a plateau at 67 per cent between 2006 and 2009. At secondary school, only 57 per cent of young people achieved five A*–C grades in maths at GCSE and only 27 per cent of young people on free school meals achieved five A*–C grades including maths and English.² In a 2010 CBI survey 52 per cent of employers were dissatisfied with the basic literacy of school leavers and 49 per cent with basic numeracy skills.

Practical learning

In our research, a significant majority of students felt there were not enough opportunities to learn by doing. Although this may be the result of social and economic changes over the past few decades (eg the decline in the number of apprenticeships), the emphasis on academic work in schools is largely driven by the priority of written assessment and standardised tests. The result has been a narrowing of the learning experience to privilege theoretical knowledge and written ability over practical knowledge and communication skills.

Activities that build capabilities

Only a few of the young people with whom we spoke took part in extracurricular activities. There was very little awareness among them about the importance of extracurricular activities for self-development and improving competitiveness for college, training or employment. More affluent young people tend to understand the importance of such activities (or have parents that do) and of course have more resources to take part in them. This lack of awareness among some young people is also reflected in schools. During our research, staff in only two schools spoke about the importance of extracurricular activities.

Service-learning programmes can be highly valuable to young people making the transition from school or college to work and provide excellent access to the character premium. However, our research showed there is little awareness of such programmes among young people and little discussion of them through information, advice and guidance. Moreover, at present, current UK employment laws prevent paying volunteers higher stipends, and insufficient financial support can act as a disincentive to prospective volunteers from less affluent backgrounds. This is an area of character building for employment that requires serious attention from policy makers and practitioners alike.

Work-related learning

Our research suggests that schools and colleges are failing to provide the type of high quality work-related learning that students desire and need. In general, schools face time and funding constraints that prevent them from providing high quality work-related learning. There are also a number of challenges facing schools around engaging with employers and providing high quality work experience. We have found that work experience placements are of variable quality and are disconnected from other work-related learning.

One significant failing shared by all the schools we visited was that work experience appeared to take place in isolation from careers advice, entailing little preparation and observation while on placement, nor reflection afterwards.

Business engagement

Our research revealed — shockingly — little to no engagement from local employers or businesses in school ‘career fairs’. These events are held for young people in Key Stage 4 and sometimes Key Stage 3. This lack of contact between students and local industry may particularly reduce numbers going into technician level jobs by not making young people aware of opportunities and expectations. Businesses described difficulty finding out whom to communicate with in schools.

Advice and guidance

Our research suggests there are a number of gaps and failings in the provision of information, advice and guidance in schools. Many of the people we spoke to felt that the quality of careers advice was poor, often biased (towards attending sixth form and university) and ill informed; little to no information was provided about apprenticeships. Only a very small number of students had met their careers adviser, and no students had developed an ongoing productive relationship with him or her. Connexions appeared to be failing to provide either a universal service to all students or to support young people at risk.

Failings in the vocational offer

Vocational education in the UK has been endlessly reorganised leading to a plethora of qualifications. Businesses distrust some of the qualifications on offer, especially lower level national vocational qualifications (NVQs), and the system has been bedevilled in the past by poor linkages between qualifications and confusion about progression routes. However, although the system is still confusing, there are now clearer progression routes through it. Our research suggests that policy makers should shift their attention from concerns over ‘system tidiness’ to addressing the following three problems with the current vocational offer:

- the lack of high quality vocational curricula that combine ‘vocationalised’ academic learning with practical learning that connects meaningfully to business

- the lack in schools of preparation for post-16 vocational training opportunities
- a herding of too many young people into studying for nothing more than low-level NVQ qualifications post-16 (these qualifications often having little value in the work place).

Policy recommendations

We must move towards a school system that puts in place the learning and preparation for employment that enables young people not going to university to make a smooth transition to work. A more effective and comprehensive offer in schools and colleges could reduce demand for post hoc services for unemployed young people post 18.

Start early

Providing a sound basis for a successful school to work transition must start from the early years and continue through primary and secondary school. Early years development impacts on the core skills at the heart of the character premium and the literacy and numeracy premiums. We recommend that:

- Government and local authorities should protect early years and primary school interventions from public sector cuts; early years support for parents, and interventions at primary school by organisations like Place2Be, can help to develop the basis for development of the capabilities children need to succeed later in life.
- Government, businesses and charities should invest in mentoring schemes (eg Big Brother, Big Sister) for young people between the ages of 8 and 11 from disadvantaged backgrounds; mentoring at this age can help young people cope with the transition from primary to secondary school.

Improve the secondary school/college offer and inject 'character' into the curriculum

Ensuring that the offer to the 'other 50 per cent' is as comprehensive as those who are going down the university

pathway requires a culture shift within schools and Government, and a radical opening up of schools to local businesses and charities.

The development of practical skills should be incorporated in the teaching of the national curriculum, including more project-based learning and community-based projects. Schools and colleges must encourage extracurricular activities that help build life skills. Schools and colleges should:

- follow the example of the BSix Baccalaureate programme and seek to develop ‘enrichment’ frameworks that help to prioritise and capture ‘life skills’ and other employability skills
- expand service learning opportunities for young people so they can gain access to the character and work premiums in lieu of entry-level jobs.

Provide better and broader school assessment

The current system of assessment is too narrow, resulting in the crowding out of time and resources for the school to work transition. Long-term and effective systemic reform must tackle this imbalance. Ofsted should:

- make career advice, employer engagement and work-related learning key components of assessing schools and colleges
- judge schools on the coherence and coordination of a work-related learning strategy that extends throughout Years 7–11 — awarding points to schools that begin career advice and education much earlier in Key Stage 3
- assess school management on whether there is someone in the senior leadership team responsible for employer engagement and employability skills, as recommended by the National Council for Educational Excellence
- compel and enable schools to gather modest longitudinal data on the employment and educational progression routes of students for up to three years after leaving school to enable schools to understand better their performance in preparing students for the school to work transition.

Improve the vocational offer

Policy makers have endlessly rebranded and reorganised vocational education and training. The last thing the system needs now is another overhaul. The focus should be on ensuring and raising the quality of teaching, assessment and curriculum integration so vocational education is challenging, interesting and practical. The Government should:

- develop Diplomas as the framework for a high-quality, mass participation vocational route that young people and parents alike understand, concentrating efforts on developing the ‘vocationalised learning’ of maths and English within practical settings, and encouraging schools and colleges to link practical learning opportunities to local businesses and communities
- refrain from encouraging young people to study only level 1 and 2 NVQs, which often have little value; the advice on what qualifications young people take should be based on proper evidence about the value of the qualifications in the work place
- provide schools and colleges with funding to commission intensive employability programmes (eg Working Links’ ‘Fit4Work’ 13-week programme) for some students; offering these programmes (before the age of 18) would save money, as behaviour becomes more difficult to change as young people get older.

Provide coordinated, high quality one-to-one support

At risk young people require more targeted support coordinated across Key Stages 3 and 4. Connexions is failing. Charities and the private sector must fill this gap—as seen in the example of Bolton Lads & Girls Club. Support must be embedded in schools, but provided by organisations with the freedom to challenge received wisdom and operate without bureaucratic restrictions. Government, schools and colleges should:

- adopt a personal coaching model that continually supports and challenges at risk young people at Key Stages 3 and 4 and continues to work with them after they leave school and progress into college or employment; a personal coach would help to develop students’ ‘soft skills’, and

link them with opportunities to gain work experience and employability skills; the model would function in a way similar to the Bolton Lads & Girls Club, and reforms initiated in Hamburg.

Open up schools — employer engagement

The quality of work-related learning depends on the level of school and college engagement with businesses in the local area. Schools and businesses need to give greater priority to these mutually beneficial alliances: schools, by becoming radically more open institutions with structures and processes facilitating this; businesses, by taking on a greater role in producing the work-ready young people of tomorrow. We recommend that:

- schools should create new development and advice roles for employers and people from business backgrounds, and ensure that business leaders are members of school governing boards
- all schools and colleges should create a position in the senior leadership team focused on business engagement and employability training
- the Government should encourage more teachers to focus on employability skills by developing dedicated promotional pathways with accompanying high-quality continuing professional development.

Improve work experience

Work experience in schools is a tick-box exercise, of poor quality and disconnected from career advice and education. Research into the impact of work experience on young people with low aspirations makes this a priority for policy makers, schools and colleges. We recommend that:

- the quality of work experience in schools should be vastly improved and more properly integrated with the curriculum and careers advice and support; there should be more preparation before a placement, and debriefing and reflection time afterwards

- the Government and schools should consider expanding the offer of work experience from two weeks to three weeks for some young people, and explore the possibility of offering work experience earlier in Key Stage 3
- the Government should also continue to encourage new academies and free schools to explore more innovative approaches to work experience provision.

Improve information, advice and guidance

Information, advice and guidance in schools and colleges needs significant overhaul. It should be provided by independent sources to avoid bias, occur earlier for students, and involve businesses to a much greater extent. There also needs to be greater professionalisation among career advisers in schools, reflected in the qualifications needed to become a career adviser. However, perhaps most important in light of our research is the need to avoid the ‘dual expectation trap’ that plagues Connexions—the expectation that it provide a universal service, while also targeting support to those in greatest need. We recommend that:

- Government and schools should clearly divide responsibilities for targeted support to at risk students from an independent and universal careers advice service.
- Schools should introduce work-related learning and careers advice earlier in the secondary school curriculum; countries like Switzerland and Germany begin offering careers education and guidance much earlier than Britain, which allows young people to become gradually more aware of the potential structure of their school to work transition as they get closer to leaving school; in comparison, research has shown that work experience comes as a wake-up call to students in Britain, making them question the relevance of their education to the world of work.

Improve opportunities for employment and work-based training

Making sure that schools and colleges deliver the best provision possible for ensuring work readiness is only part of

the solution. A smooth transition from school to work depends on the shape of the labour market and opportunities for work-based training (eg apprenticeships).

Our research suggests that there is little to no information provided to young people in schools about apprenticeships. Teachers and career advisers focus solely on GCSEs or college-based vocational courses. As well as improving information, advice and guidance about apprenticeships, we recommend that:

- Government and businesses aim to make all apprenticeships at least two years in length and continue to aim for a much higher percentage of level 3 apprentices; only with self-financing, long-duration schemes will apprenticeships become genuinely employer-led
- Government should support the development of group training associations in order to help encourage companies (particularly those with 500 or more employees) to offer apprenticeships
- the Government should stop attaching funding for apprenticeships to prescribed qualifications and allow employers to develop their own content in consultation with Ofqual and other independent bodies (such as universities).

Rebalance the labour market in favour of young people

Although we have mainly been concerned with demand-side issues in this report the parlous state of the youth labour market necessitates government activism on the supply-side. The Government must consider ways of incentivising businesses to hire more young people, especially non-graduates. Government should:

- waive or reduce employers' National Insurance contributions for workers under age 25, with a tapered reduction from ages 21 to 25; the disappearance of entry-level jobs has removed a major source of development of employability skills; making young people more competitive in the labour market would go some way to recreating entry-level positions.

Introduction

Youth unemployment is never exactly off the political radar but in the current context it has become a national obsession as unemployment rates of 16–24-year-olds reach an 18-year high at 20.5 per cent.³ Long-term unemployment for young people continues to rise. A recent report for the Prince's Trust shows that the number of 16–24-year-olds claiming Jobseekers' Allowance for 12 months or more has increased more than fourfold since before the recession — from 5,840 claimants in 2008 to more than 25,800 claimants in 2010. The implications of this are not just confined to these unfortunate job seekers, they ripple across the economy: according to this report, educational underachievement among the current generation will cost £22 billion.⁴

To tackle this phenomenon effectively, we must identify those young people most at risk of suffering long-term economic hardship and unemployment and ensure that the education they receive acts as a bulwark against the highly competitive labour market they face.

For a long time political attention has been fixed on the approximately 10 per cent of young people who are NEET — not in education, employment or training. And no wonder: the bulk of this 10 per cent is a frighteningly enduring group whose chances of success dwindle the earlier they join this infamous category, and the longer they remain in it.

In this report we cast the analytical net more widely, unpicking the journeys of a generation of young people who make the transition to work without going to university in the current context of a number of problematic political and economic developments. We do this in order to identify those young people who may be currently outside of the NEET group, but who are also at risk in the current climate.

For many, a university degree guarantees a good job and

is the cornerstone of social mobility. Tony Blair famously made the benchmark of success in social mobility policy getting 50 per cent of young people to university. Yet, as the cost of a university degree has risen with tuition fees, to some young people its value seems to have diminished. At the time this report went to print (February 2011), the graduate unemployment rate had risen to a startling 20 per cent in the third quarter of 2010.⁵ Against this background, it is increasingly likely that fewer young people will choose the university path to employment. And yet, even though university graduates are suffering in the labour market as well, they are still better prepared than those without a degree. In a labour market flooded with university graduates, young people who do not go to university are still starting on the back foot.

Using a range of longitudinal and qualitative data, we charted the ease with which young people who do not go to university navigate the changing skill demands of the contemporary labour market to find out whether their qualifications (which range from below basic literacy and numeracy to advanced vocational qualifications at levels 4 and 5) offered them a passport to economic security or undermined their employment prospects. What we found was startling.

We estimate that more than 230,000 16–18-year-olds (as of 2009) who are currently in full-time education are at risk of long-term unemployment when they enter the labour market. This could potentially swell the youth unemployment numbers (16–24-year-olds) to 1.2 million in the next five years, if current economic trends continue. This is because these young people are leaving education at level 2 or below with qualifications that show a zero return in terms of wages. Although some level 2 qualifications may provide young people with valuable skills, our research has found that it is only if they have qualifications at level 3 (the level of A-levels or equivalent) that protection from unemployment really kicks in. Specifically, we found that a number of analyses have all confirmed that level 1 and 2 NVQ qualifications offer almost no protection from unemployment and in some cases may even lead to negative wage returns over the life course.

Unfortunately it is often those young people most at risk of becoming NEET who are pushed into studying for these qualifications. There is also an additional 160,000 young people aged 16–18 in employment without training. Although our report argues that being in work decreases the likelihood of being long-term unemployed, the quality of employment for these young people is generally poor, so they may be at risk as well in a competitive labour market.

The unacceptable quality of the educational offer to non-graduates is potentially the policy failure that will cement the poor life chances of the next generation and close the lid on prospects of a revival of social mobility in the UK.

This report

The NEET phenomenon has captured political attention in recent years, producing a wealth of research that helps analysts to better understand the drivers of disengagement and unemployment. There is increasing consensus that in order to tackle the NEET problem we need to intervene as early and effectively as possible. Previous research by Demos presented in the report *Ex Curricula*,⁶ supported by the Private Equity Foundation (PEF), explored an early years and primary school strategy to identify and tackle those at high risk of becoming NEET.

This report takes a different approach: here we focus on the 35–45 per cent of young people who are neither severely at risk nor fully protected from becoming NEET: young people who do not attend university and whose path to work is perhaps much less straightforward than their graduate peers. There is a dearth of evidence about what happens to these young people post-school. What qualifications are they achieving, and do these qualifications put them in good stead in the current labour market? Are they receiving the skills they need to succeed in the labour market, as well as informative and impartial careers advice and guidance? What interventions or services might help to assist them to make a straightforward transition to work or further education?

The research presented in this report is based on qualitative interviews and focus groups with a wide range of stakeholders, including staff in schools and colleges, students in Years 10 and 11, young people between ages 18 and 24, career advisers, charities, local authorities and welfare to work providers.

It is based in two case study areas in the UK: Shoreditch in East London, which stretches across the London boroughs of Hackney, Islington and Tower Hamlets; and Burnley in Lancashire. Both areas suffer from high levels of deprivation and histories of poor educational achievement, but there are stark differences in their location and access to labour markets. In Shoreditch, 75 per cent of children grow up in poverty and 47 per cent in workless households, despite being situated between London financial hubs in the City and Canary Wharf. In Burnley, the demise of the coal industry has left a significant amount of worklessness among the population. With poor transport connections to London and other regional cities such as Manchester and Leeds, many people in Burnley feel isolated from employment opportunities.

Our research also included an international perspective, looking specifically at the German city of Hamburg and lessons that can be learned from educational reforms there, their model of apprenticeships, and the role of a charity that has been particularly successful in easing the transition from school to employment.

Research findings

Our findings reveal severe failings on the part of the school system to cater adequately for the needs of the ‘other 50 per cent’ – those not among Tony Blair’s 50 per cent going to university. The lack of high-quality work experience, effective preparation for work and quality vocational offers leaves many young people neither in a good position to find employment on leaving school, nor well placed to choose the best course of study or training programmes.

We identify a number of failings with the current offer to the ‘other 50 per cent’, but also potential solutions, particularly the key role that the business community can play. We also highlight a number of effective programmes targeted at young people at risk, but argue that there is a need to improve the support that these young people receive. At present there is an overwhelmingly complex array of qualifications and options for young people to navigate. Our research suggests that local Connexions services are not providing a sufficient level of support for young people in school, and charities and private businesses need to play a much bigger role.

We recognise that education and training cannot solve all structural problems with the labour market. As a complement to the research in this report, we urge new efforts to make supply-side changes to the labour market to help young people who potentially face years of unemployment. We offer some suggestions for how such supply-side changes might be made, including offering incentives for employers to hire young people.

Ultimately this should be a sit up and think moment for schools and Government: the service for young people undertaking a direct school to work transition and those entering further education rather than university needs to be fully comprehensive and universal, as half of each generation of school leavers are in this category. A *post hoc* approach to youth unemployment, particularly in the context of a very poor youth labour market and sluggish economy, is simply not good enough: the work needs to be carried out before young people have left school, not once they are unemployed or in fragile employment.

1 Trends in the labour market and the five employment premiums

What kind of labour market are school leavers and graduates entering? What skills does the contemporary economy favour and what factors can protect young people from unemployment and immobility? In this chapter we explore the way in which the labour market has evolved in the last few decades, identifying the skills that underpin success and the structural obstacles which are contributing to rising youth unemployment and job stagnation. We begin by charting common trends in social mobility and employment, before examining the five key trends that have shaped the contours of the current labour market, and the changing role of skills.

Youth unemployment and the NEET problem

Since the economic downturn youth unemployment has risen dramatically. At the time of writing (February 2011) the latest figures released for the quarter up to November 2010 show youth unemployment to be a staggering 20.5 per cent — the highest since comparable records began in 1993. This level of youth unemployment is very high compared with the (already too high) levels of youth unemployment found in the 1990s and early 2000s (circa 10–15 per cent), and is comparable to the worst levels reached in the early to mid-1980s. It is also high compared with, for example, Denmark (12.4 per cent in December 2009). Yet it is not as high as that in many developed countries — the average OECD youth unemployment rate was 21 per cent at the end of 2009.⁷ Long-term youth unemployment is also a problem in the UK — the total number of 16–24-year-olds out of work for two years or more rose to 72,000 between March and June 2010, an 11 per cent rise on the previous quarter.⁸

Beyond short-term trends, there are also worries over long-term structural changes to the youth labour market. Employment opportunities for 16 and 17-year-olds have rapidly decreased since the early 2000s. For example, 1.1 per cent of 16-year-olds were in employment in 2009 as opposed to 6.6 per cent in 2001; and 4.1 per cent of 17-year-olds were in employment in 2009 as opposed to 12 per cent in 2001.⁹ These decreases are largely offset by increased participation in training and education. But despite such increased participation, the proportion of 16–18-year-olds who are not in education, employment or training (NEET) has remained stable, hovering around 10 per cent for the last ten years. It seems likely that the recession has not increased NEET levels too greatly as a result of higher participation in post-16 education.

There are further worrying trends in the youth labour market for those who do not take the university route. Since many graduates currently cannot get jobs, this creates additional competition for any jobs that might normally go to those with level 2 and level 3 qualifications, making the market especially tough for young people with such qualifications. The disappearance of ‘stepping stone’ positions in firms has harmed young people’s prospects for in-work progression, while entry-level training positions have all but disappeared from the labour market.

There are problems with the employability of young people as well. Employers complain that young people lack key skills in literacy and numeracy and the social skills necessary for employment. Some young people may not view the employment opportunities available to them (for example in social care) as desirable.

Yet perhaps the simplest explanation of youth unemployment is that there are fewer jobs around in total. Between 1945 and 1976 unemployment never went above 3 per cent, yet since 1976 it has never been below 3 per cent. Unemployment has been steadily rising since the early 1980s, and youth unemployment has risen the most.¹⁰ This long-term and sustained rise in unemployment stems from macroeconomic policies that prize lower inflation over full

employment and on which there remains general consensus. The current increase in youth unemployment, the result of the recent economic downturn, is a spike on the end of a long-term trend, rather than a surge from nowhere.

Yet it still remains unclear why the burden of unemployment is being borne so heavily by the young. In the recent downturn, the unemployment rate for 16–24-year-olds shot up to one in five. The rate of unemployment for 50–65-year-olds only reached 5.1 per cent, and people over 60 actually increased employment rates during the recession.¹¹ A survey of 1,001 employers carried out in 2010 found that only 35 per cent would consider 16–17-year-old school or college leavers for vacancies; and only 57 per cent would consider 18–19-year-old leavers.¹²

There is something going on here that requires investigation: beyond job scarcity there seems to be a movement away from hiring young people. It is difficult to say why this is, but it may be that older workers possess more of the skills that employers want. Or it may simply be that with more experience, older people are better value in a competitive market. Either way, these are worrying trends for the ‘other 50 per cent’ entering the labour market.

Social mobility trends

The golden age for social mobility in the UK was in the period after the second world war. The generation born in the ‘baby-boom’ years (1945–1964) benefitted from a buoyant jobs market, high growth, the expansion of professional and management positions, and receding levels of class and gender prejudice. For example, people born in the 1950s and 1960s were three times as likely to be classed as ‘a professional’ by the age of 35 than those born before or during the second world war. However, since this very buoyant period, social mobility has stalled. In the UK mobility has reached a plateau: people born in 1970 experienced the same rate of mobility as those born in 1958.¹³

Other data show high persistence in the UK of low income across generations of fathers and sons: around 30 per cent of sons in the UK whose fathers were in the bottom quintile for income will remain there themselves, compared with 25 per cent in Denmark and 42 per cent in the USA.¹⁴ The UK shows quite high trends of downward mobility for fathers and sons: nearly two-thirds (60 per cent) of sons dropped 1–3 quintiles compared with 48 per cent in Denmark and 55 per cent in the USA; and only 30 per cent remained in the top quintile compared with 36 per cent in Denmark and the USA.¹⁵ These trends suggest that social mobility still exists in the UK, but at a much slower pace than in the 30 years after the Second World War.

The UK does particularly badly on earnings mobility between fathers and sons, with around 40 per cent of economic advantage persisting across generations, whereas only about 20 per cent persists in Canada and the Nordic countries (the USA, France and Italy also have high persistence rates for earnings mobility). However, the UK does score slightly better on the persistence of low earnings between mothers and daughters, coming somewhere in the bottom third of the OECD countries.¹⁶

One worrying trend is that things seem to have become worse at the bottom of the income scale. In 1958, 30 per cent of people born to parents in the poorest income quartile remained there, but in 1970 the number in this category had increased to 38 per cent. Adults born into low-income families after 1970 are also more likely to face unemployment than those born in 1958, and face a higher ‘wage penalty’ (they earn less than those from different income brackets).¹⁷ The earnings premiums and penalties associated with the educational levels of one’s parents are also particularly high in the UK.¹⁸ As previous Demos research has put it: ‘There is now an established body of evidence indicating that, from the perspective of social mobility, this point in history is not a good moment to be young in the UK.’¹⁹

The changing nature of the labour market

It is not possible here to give a full analysis of structural economic changes and how they affect the youth labour market (this is something Demos hopes to investigate in the near future). Rather, we present five major trends and then articulate the five premiums that education and training are known to provide for workers in the labour market. We also make clear that building the skills and knowledge that yield these premiums is the best way to prepare young people for a labour market shaped by the following five long-term trends:

- the stable but diminished number of low-skilled jobs
- the diminishing number of semi-skilled manufacturing jobs
- the continuing rise in service sector jobs
- the need for jobs at technician level
- the rise in the number of jobs at professional and managerial level

The stable but diminished number of low-skilled jobs

The supply of lower-skilled jobs has dwindled in the last 50 years, halving from around 8 million in 1960 to around 3.5 million in 2010.²⁰ This decline has slowed in the last decade or so. Some commentators have argued that the switch to the ‘knowledge economy’, where every job is high-skilled, has been overplayed. As Alison Wolf puts it:

What the hype about the ‘knowledge economy’ ignores is that unskilled jobs are a pretty stable part of the employment scene. If you want someone to wheel you down to hospital X-ray, or to have your post delivered, or your office cleaned, then you had better hope that these jobs don’t totally disappear.²¹

Others have argued that because of the ‘hands on’ nature of many low-skilled service sector jobs they cannot be outsourced, and so are protected from globalisation to an extent.²²

What is clear is that relatively highly paid low-skilled jobs have all but disappeared from the labour market. Current low-skilled jobs often barely pay a living wage (especially if one is raising a family), do not offer employment stability or many opportunities for progression, and over the life course cannot fund economic independence. Moreover, although low-skilled jobs have not been declining in number much recently, they will come under increasing pressure in the future from outsourcing to cheaper foreign workers, with the staffing of call-centres and low-skilled manufacturing jobs shifting to India and China being cases in point.

The diminishing number of semi-skilled jobs in manufacturing

In 1980 around one in four British workers was employed in manufacturing, as opposed to one in twelve now. The manufacturing sector in 1980 employed 6.5 million people as opposed to 2.5 million people today. Yet manufacturing output since 1980 has risen by around 70 per cent: the UK is still a force in manufacturing, it simply does more for much less.²³

There is much talk at the moment about rebalancing the economy towards more manufacturing and production, but the prospects for increasing manufacturing output and so employment are not particularly bright. Not only are UK manufacturers in competition with China and India (which are in turn competing with Vietnam and Cambodia), increases in consumption of manufactured goods have limits. For example, a person can only sensibly own one dishwasher at a time, an appliance that will last for a number of years. On the other hand, a person has much more scope to increase the number of services for which she pays: from cleaning to gym membership, private dental care, restaurant meals, insurance cover, financial products, cosmetic treatments and so on. So the service sector can keep growing on the back of domestic consumption whereas the manufacturing sector faces largely sated domestic demand within a highly competitive globalised market. When one takes into account these considerations the UK's concentration in the service sector is not as bad as is sometimes portrayed.

So while it is true that more manufacturing and production in the UK would be desirable, it is unlikely that the economy will be rebalanced in such a way that significant numbers of semi-skilled jobs are created. Any increases in manufacturing are likely to be in highly technical and research-and-development-intensive industries such as ‘green technology’, and medical technology and pharmaceuticals. These industries will have only a small need for semi-skilled workers requiring instead the middle-level skills of technician level employees (usually trained to level 3 or above), and the higher level skills of the university educated. Where semi-skilled jobs continue to exist outside manufacturing and production, they will almost certainly be in the service sector.

The continuing rise of the service sector

The service sector accounts for around 70 per cent of the UK’s gross domestic product.²⁴ Compared with European countries of similar size, this percentage is a little high but the trend towards employment in services is uniform across developed economies. As Alison Wolf puts it:

*The general direction is the same everywhere in the developed world – less manufacturing and more services, although countries differ in the absolute size of each sector and the speed of change.*²⁵

Service sector employers require low-skilled to high-skilled staff, from cleaners to barristers. Jobs like delivering post and cleaning windows will always be needed and cannot be outsourced. However, lower total numbers of these jobs in the context of a high number of low-skilled workers will depress wages. This is arguably the situation at present in the UK, so a move to a higher-skilled economy would have the added benefit of raising wages of low-skilled workers by making such labour scarcer. Yet even at the low-skilled end of service sector jobs, high levels of interpersonal skills, literacy skills and numeracy skills may be required. Low-skilled jobs in the service sector still require polite, empathetic, literate and numerate workers.

The general trend in the service sector is towards higher levels of ‘soft-skills’ such as adaptability, interpersonal skills, and personal initiative, whether for low-skill jobs on the shop floor or high-skill jobs in senior management. Since so many service sector jobs are ‘people jobs’, workers need to be able to navigate diverse social situations, stay calm under pressure, and think on their feet.

The need for jobs at the technician level

According to some economists, significant growth in jobs in the coming years will be in the middle-skilled or ‘technician level’ range (qualified to level 3). For example, the American economists Harry Holzer and Robert Lerman estimate that 45 per cent of job openings between 2004 and 2014 will fall into the middle-skill category.²⁶ The recent BIS white paper *Skills for Sustainable Growth* asserts that the UK needs to train far more people to technician level.²⁷ High-speed rail and energy sector technologies are often cited as areas of growing demand for these skills.

Although there may be some evidence of growth in jobs at this level (although this is not universally accepted²⁸), this does not mean that all those qualified to level 3 are wholly protected from unemployment, because of counter trends in the outsourcing of work to other countries. The evidence does point to the likelihood that any growth in middle-skill jobs will increasingly be at the higher end of the middle-skill range, where jobs are less easily outsourced. This trend will increasingly push middle-skilled workers to be more creative and work under their own initiative.

Another question is whether technician level (level 3) is a high enough level of training for technician jobs. An increasing number of technician jobs, such as technical jobs in the NHS, have become so specialised and change so rapidly that employers are moving to hire candidates with foundation degrees and university degrees.²⁹ This is probably because they can hire such well-qualified candidates in a highly competitive labour market, and candidates educated to levels 4, 5 and degree level have the subject knowledge and learning skills to be able to adapt to using new equipment and techniques.

The rise in the number of professional and managerial jobs

The two trends in the labour market that stand out most starkly in the last 40 years are the rise in service sector jobs and the rise in the number of ‘professional’ occupations. The term ‘professional’ is hard to pin down—it used to be reserved for those working in law, medicine and religion—but there has been considerable growth in the number of areas now considered to require professionals: teaching, human resources, the life sciences, the legal and creative industries, and consultancy services, as well as management positions of all stripes.³⁰ The increase in professional and management positions is partly a result of the hugely expanded service sector, as high levels of service require high levels of professionalism.

The expansion of the university sector has been in part a response to the need for more professionals. Some economists think that the UK is overeducating its workforce, as jobs that until recently only required someone who left school at 16 or 18 are now routinely taken by someone with a degree. As Alison Wolf points out, ‘at the time of the 1991 census, the proportion of people in professional, managerial and technical posts with degrees and other higher level qualifications was still under half’.³¹ Although the categories here are slightly misleading, since they include owners or managers of small businesses such as chip shops, the general point carries: employers, because they always can get someone with a degree to do a professional job, start to think only someone with a degree will do. But in the not too distant past, a degree was considered superfluous for many positions at this level.

It is difficult to tell if the trend towards more professional and management jobs has hit a plateau. Recent cuts to public services and ‘quango culls’ will probably slow growth in employment at this level. Moreover, as it becomes clearer to prospective university students that the so-called ‘graduate premium’ varies greatly across subjects and institutions, more young people may choose to progress to professional and management levels through in-work development and training instead. The planned increases in tuition fees for universities are likely to reinforce this trend.

The changing role of skills – providing access to labour market premiums

Given these trends in the labour market, what can policy makers do to ensure the ‘other 50 per cent’ have the best possible chance to make a successful transition from school to the labour market? Our research suggests they should provide access to skills that unlock the various premiums that the labour market offers. These premiums are above average wage returns that have been demonstrated to follow from possession of certain skills and qualifications. To an extent, the premiums can act as a proxy for insurance against unemployment, since possession of the skills that yield them makes a worker more valuable in the labour market. In addition, many of the skills cited below are associated with non-pecuniary benefits such as better health and higher levels of wellbeing.

The first premium we identify is the famous graduate premium. There is no question that a degree is the key protective asset that explains labour market success. Unfortunately it is a premium that may become increasingly inaccessible to the most disadvantaged.

The graduate premium

Tony Blair famously justified raising tuition fees to £3,000 by claiming that graduates gained a wage premium over their lifetimes of £400,000. This figure has since been discredited. In 2007 a study found the premium to be on average £160,000.³² The Browne report of 2010 stated that the average premium for all graduates had fallen further to £100,000.³³

Reports of the demise of the graduate premium are premature. Although there are significant differences between kinds and levels of degrees obtained, the most recent research suggests gaining a degree on the whole represents a sound investment for financial as well as other reasons. Regardless of what kind of degree, women gain on average £25,000 of income per annum, which can amount to up to a £1 million premium over a lifetime. Premiums for men are much more variable. Those taking law, economics or management degrees can expect to earn an additional £30,000 per annum, while

those with science, technology, engineering and mathematics can expect to earn only an additional £5,000 per annum. But men with arts and humanities and social science degrees — which can include fine art, music, drama, history, philosophy and theology — gain a premium of ‘effectively zero’, with negative earnings when grades slip below a 2:1.³⁴

Precisely what it is that yields the graduate premium is hard to say. For some degrees, such as law, medicine and engineering, it is probably subject-specific skills and knowledge that have scarcity value. For other degrees (such as management and business) it may be access to professional and management level jobs.

What can young people who do not follow the university route do to ensure they are protected from unemployment and boost their chances of labour market success? We have identified four further premiums which can go some way to restoring the balance for those who do not or cannot attend university.

The literacy and numeracy premium

The importance of literacy and numeracy is underlined by the views of employers. In a 2010 CBI survey 52 per cent of employers were dissatisfied with the basic literacy of school leavers and 49 per cent with basic numeracy skills.³⁵ In more recent conversations with a CBI policy adviser, Demos researchers found there was anger from employers that after 11 years of education, literacy and numeracy skills can often be so bad. Employers also feel that the burden of upgrading these skills should not fall to them, or that if it does, the Government should pay.

It is surprising that literacy and numeracy are not the number one priorities for any UK government interested in social mobility given that in 2008 one in six adults did not have the literacy skills expected of an average 11-year-old.³⁶ It is estimated that for every pound invested in programmes designed to target children with poor literacy and numeracy, such as the Every Child a Reader programme, there is a return of over £11 and £17 over the course of an individual’s life, while the return on the Every Child Counts programme is between

£12 and £19 — such are the long-term costs of poor literacy and numeracy skills and the negative adult outcomes that are linked to the lack of these skills.³⁷

Some of the most reliable evidence we have about the impact of education on labour-market outcomes concerns literacy and numeracy. Using comprehensive longitudinal data gathered over the courses of the lives of two cohorts of people born in a week in 1958 and a week in 1970, researchers found that individuals, who are alike in all other ways apart from skill levels in literacy and numeracy, show remarkable differences.³⁸ For example, a man who left school at 16 with ‘very poor literacy’ at age 37 will have spent an average of 15.4 years in employment. Whereas a man who left school at 16 with ‘very good literacy’ at age 37 will have spent an average of 18.9 years in employment. A very similar discrepancy is shown to exist by the data on those leaving school with different numeracy levels.

For women, literacy has an even bigger effect: those who left school at 16 and had ‘very poor literacy’ at age 37 spent an average of 7.5 years in employment, whereas those who left school at 16 but had ‘very good literacy’ at age 37, spent an average of 11.4 years in employment; a massive 52 per cent increase in time spent in employment. The effects of poor numeracy are not as pronounced for women. Those who left school at 16 and had ‘very poor numeracy’ at age 37 spent an average of 8.4 years in employment, whereas those who left school at 16 but had ‘very good literacy’ at age 37 spent an average of 10.1 years in employment.³⁹ Research studies in the USA have produced similar data.⁴⁰

Numeracy seems to be particularly valuable. Research cited in the Leitch Review of Skills (2006) suggests that people with good numeracy skills earn 10–15 per cent more than those with poor numeracy skills.⁴¹ In analysis of the 1970 British Cohort Study, Jo Blanden found that good numeracy skills at age 10 were associated with 8.2 per cent higher earnings at age 30.⁴² And numeracy seems to yield a premium further up the skills ladder. The only post-16 qualification shown to definitively boost income over a lifetime is maths A level. Workers with

maths A level will earn on average 10 per cent more than their compatriots without this qualification.⁴³ Literacy skills are vital, but in Blanden's analysis add less to earnings than maths skills do—good reading skills at age 10 were associated with an extra 3.5 per cent on earnings at age 30.

To really benefit from the literacy and numeracy premium, young people need to obtain good grades in English and maths at GCSE, for the premium really kicks in when skills are very good: the broad picture is that GCSEs add around 10 per cent to wages, and A levels add a further 15 per cent for women and 20 per cent for men.⁴⁴ As it is very hard for any individual to access the labour market without basic numeracy and literacy skills, there is a premium that attaches at a lower level of skills too. As discussed later in the report, there should be greater attention in school to giving intensive support for at risk young people to achieve GCSE level maths and English.

The character premium

In the last decade it has become clear that what might be termed 'character capabilities' have become increasingly important in the labour market. These include:

- application: the ability to concentrate and motivate oneself to pursue and complete a task
- self-regulation: resilience and ability to control emotions associated with better educational outcomes
- self-direction: the ability to view accurately whether events fall under one's control or not; the ability to plan ahead and feel able to shape one's future
- self-understanding: a positive and accurate sense of self; the ability to acknowledge one's strengths and weaknesses, and responsibilities to other people
- social skills: the ability to communicate, get along with others, solve problems and stand up for oneself
- empathy: the ability to see the world from others' perspectives and behave accordingly and appropriately; the ability to understand and enjoy difference, pay attention and listen to others.

Research by Jo Blanden has shown that better application skills at age 10 were associated with almost 9 per cent higher earnings at age 30 for individuals born in 1970, while a stronger internal 'locus of control' (a measure that captures one's sense of agency and belief in one's ability to affect change in the world) was associated with 6 per cent higher earnings.⁴⁵

The key finding from Blanden's analysis was that character skills are more important in the labour market than while at school: although there was an association between an individual's level of character skills and their academic attainment at school, there was a stronger association between their character skills and their labour market success post-school. Character skills seem to have a particularly important role in enabling individuals to make the most of and apply their cognitive skills.

The other startling finding about character skills is that they are more important for disadvantaged young people than for those born into more affluent environments: better application at age 10 is associated with a child from a deprived background having 14 per cent higher earnings at age 30 than the average poor child. For a child from a more affluent background, better application was associated with only a 4 per cent difference in earnings to the average.⁴⁶ Indeed, the fewer qualifications you possess, the more crucial these skills become to earnings: for low-skilled men, character skills are four times as important as academic ability in defining their earnings. As education level rises, character skills become a less strong determinant of wages.⁴⁷

Finally, these skills appear to be becoming more crucial to success: research by ippr showed that personal and social skills (which include the character capabilities listed above) were 33 times more important in determining life chances for those born in 1970 than they were for those born in 1958.⁴⁸

The reason for this effect would seem to be the massive growth in service sector jobs where good communication skills, self-confidence and empathy are in high demand.⁴⁹ But also, the more flexible and uncertain labour market that has existed since the start of the 1980s requires workers

to be more resilient, better at self-direction and to possess high levels of application (to be ‘self-starters’ in the jargon of human resources management). Much of modern work requires team-working skills that are highly sought after by employers.⁵⁰ There is even evidence to suggest that soft skills like adaptability are sometimes more valuable to employers than educational achievement or qualifications.⁵¹

The technical premium

The technical premium, as we define it, is a premium that accrues to any expertise that requires a certain level of excellence and specialisation (at qualification levels 3 and 4). It is not limited to specialisation in areas like engineering, the life sciences and the construction industry. The technical premium not only accrues to carpenters and engineers, but to hotel managers and care-home supervisors as well.

Wage returns for vocational education are very mixed. Some level 2 qualifications produce marginal returns to individuals who leave school with either very low-level or no qualifications.⁵² However, previous Demos analysis of the 1970 British cohort study showed that no vocational qualifications below level 3 produce significant returns.⁵³ This includes lower level (level 1 and 2) qualifications – such as NVQs, (the now defunct) GNVQs and lower level City & Guilds qualifications (craft level) – which seem to yield no significant wage returns. Level 1 and 2 NVQs can actually have a negative impact on wages.

Research by the Social Market Foundation confirmed that – with some exceptions – individuals with low-level National Vocational Qualifications (NVQs) have statistically significantly lower wage levels than otherwise similar individuals who lack NVQs.⁵⁴

These analyses show that the value of lower level vocational qualifications (at levels 1 and 2) is highly variable, and underlines the importance of young people having access to effective and impartial information, advice and guidance when deciding whether these lower level courses are worth pursuing. Of course sometimes they are worth pursuing

because they are 'stepping stones' to further qualifications or forms of training.

Most vocational educational attainment at level 3 or above yields a significant premium, with the only notable exception being NVQs, which give no statistically significant wage premium at level 3. For example, a male who achieves a level 3 BTEC qualification, awarded by the Business and Technology Education Council, as well as completing an apprenticeship, will receive a 7 per cent wage premium.⁵⁵ For women, Higher National Certificate (HNC) and Higher National Diploma (HND) qualifications yield an 8 per cent wage premium, and Ordinary National Diplomas (ONDs) and Ordinary National Certificates (ONCs) a 5–7 per cent wage premium.⁵⁶ Men gain a 12–14 per cent premium from having HNCs and HNDs and a 7–11 per cent premium from ONDs and ONCs. There are also significant wage returns for both men and women from City & Guilds qualifications at level 3.⁵⁷

Interestingly, women gain 8 per cent in wages from (level 4) HNCs and HNDs and an additional 7 per cent if these qualifications are combined with an apprenticeship. But unless they have HNCs and HNDs, women gain no wage premium from apprenticeships, whereas men gain a 7 per cent premium on completing level 3 apprenticeships, rising to a 14 per cent premium if they also have an HNC or HND. And men seem to gain a 7 per cent wage premium from apprenticeships even when they have no additional vocational qualifications. The fact that men gain more from apprenticeships may be due to the socialisation effect that an apprenticeship bestows, with this effect resulting in, among other things, the building of the character capabilities we outline above. It may well be that young men benefit from the character capabilities that come from such socialisation more than young women.

The work premium

Research shows that experience of work is (not surprisingly) the best way to build the employability skills that can lead to higher earnings over the life course. Conversely, periods of unemployment among young people can have 'scarring effects'.⁵⁸

Experience of work for young people — through part-time employment between the ages of 14 and 18 — carries a premium of facilitating the transition from school to employment.⁵⁹ Previous Demos' analysis of the 1970 British Cohort Study revealed that individuals who had taken part in apprenticeships at age 16 (a useful proxy for experience of work) were more likely to feel they could run their life the way they wanted (98 per cent compared with 95 per cent of the general population); more likely to have never felt hopeless (92 per cent compared with 75 per cent for non-apprentices); and more confident in their ability to solve problems, learn new skills and work in a team. Those who had completed an apprenticeship were more confident, happy and skilled than their non-apprentice contemporaries.⁶⁰

The analysis also suggested that those who leave school with no qualifications benefit most from undertaking an apprenticeship. In addition to the positive effect on a person's character skills and confidence, those with no qualifications who complete an apprenticeship can gain a wage return up to 13 per cent higher than that of individuals who enter the labour market with no qualifications and no apprenticeship.⁶¹

That undertaking an apprenticeship can produce a significant return for young males without any prior qualifications suggests that this pathway can have a profoundly positive effect on the work readiness and employability of many at risk and disadvantaged young people. However, it should be noted that undertaking an apprenticeship does not bring about a significant return to women.⁶²

Analysis from the Longitudinal Study of Young People in England by the Education and Employer Taskforce in 2010 also highlights the positive impacts of part-time work while in Years 9, 10 or 11.⁶³ The study found that on average, for every extra hour per week spent in employment, young people could be expected to spend one month less NEET over the two years after leaving school. Those who worked part-time for less than three hours a week also attained higher grades at Key Stage 4. However, working too many hours during school (over 15 hours per week) is associated with a 5 per cent less likelihood

of attainment at level 3. So while experience of part-time work yields a longer-term employment premium for young people (as well as other gains), there must be a balance.

The statutory requirement for two weeks' work experience placements in Year 10 at school is associated with less positive outcomes, mainly because of the variability of the data and the difficulty of capturing the quality of the work placement. The data reveal the potential demotivating effect of poor quality work experience, which confirms other research cited in chapter 4 about work experience entrenching poor aspirations. The Education and Employer Taskforce research suggests that the effect of work experience on those young people who did not achieve level 2 including English and maths at Key Stage 4 was to actually decrease their likelihood of attaining level 3 qualifications by just under 5 per cent. Work experience in Year 10 served as a wake-up call for students, in many cases leading them to question the relevance of their education for the world of work.⁶⁴

The benefits of early positive experiences of work for young people (wage earning being a major positive feature of part-time jobs) are clear. Sometimes, work may be more effective than training or education programmes in building skills. Of course, all sorts of beneficial combinations of work and education are possible, apprenticeships being a leading example.

Summary and implications

UK policy in the last 20 years has not favoured the 'other 50 per cent'. The rush to expand university places has taken attention away from other educational routes into the labour market. In addition, the economy has altered considerably, bringing far-reaching changes in the labour market. In laying the foundations for our analysis of the education system, we identified sets of skills that yield four premiums young people need access to in order to make up for the loss of the graduate premium.

The crucial point about these skills is that they become more important for non-graduates: to recap, the better

one's qualifications the less important character skills or work experience becomes. These skills are not particularly important in defining the earnings and economic stability of more affluent and well-educated young people — those most likely to go to university. They are very important, on the other hand, in defining these factors as they apply to their less fortunate peers. It is all the more worrying, then, that it is the more affluent and academically successful who are more likely to have strong character capabilities, and secure part-time work when young.⁶⁵

But to what extent do today's young people possess the skills to access these premiums? In the next chapter we map the pathways of young people through school, university and work to try to identify how many are entering the labour market with the skills they need to succeed, and how many are at serious risk of becoming NEET. In chapter 3, we turn our attention to schools and colleges to determine the extent to which the education system ensures that 'the other 50 per cent' gain access to each of these four premiums.

2 Mapping school to work transitions

In the previous chapter we described a labour market that has evolved significantly in the last 50 years. Success in the contemporary economy rests on the ability to overcome structural obstacles by making use of a defined set of skills — we listed four ‘premiums’ (other than the graduate premium), with the skills that provide access to these premiums being those that young people require for success. Having explored what kind of work environment school leavers must navigate, we now examine how well equipped they are to succeed. Here we identify the potential ‘at risk’ groups — those who face a greater chance of becoming NEET — because of their lack of appropriate skills and experience.

Although our analysis includes the roughly 8 per cent of young people with severe and entrenched problems who are long-term NEET, we are ultimately looking beyond this group to identify those young people who are at risk of becoming NEET. Our analysis therefore begins with those young people most protected in a competitive labour market (for example those equipped with the skills to access the full graduate premium) — and then proceeds to assess those who are progressively more at risk of becoming NEET. Using factors outlined in the previous chapter, we can begin to construct a picture of the rising levels of labour market risk for young people — for example, those who move directly into employment without training, who lack basic numeracy and literacy skills, who are in NVQ level 1 and 2 programmes post-16, and who are pursuing level 3 vocational qualifications and are thus on track to access the technical premium.

It is hard to come by detailed information about the pathways of young people who do not go to university. Our analysis relies on data from a wide range of academic

reports, government statistical releases, and data sets, including the Longitudinal Study of Young People in England, but a number of gaps remain. If the UK is going to provide the skills base for the twenty-first-century economy, reduce unemployment and ensure a successful education system, there needs to be a much greater focus on tracking the school to work transition for young people.

General trends on pathways beyond compulsory education

Table 1 shows the provisional 2009 figures from the Department for Education on participation in education, training and employment among 16–18-year-olds.⁶⁶ Over the last 40 years there has been a dramatic increase in the number of young people remaining in full-time education and training beyond the age of 16. In 2009, almost 83 per cent of 16–18-year-olds were in education and/or training. This equates to 1.65 million young people and is the highest number (and percentage) ever in the UK. There was particular growth in participation in the 1980s and 1990s. In 1984 half of 16–17-year-olds were outside the education system, compared with a quarter of this age group outside the system in 1998.⁶⁷

16-year-olds are most likely to be in full-time education, with numbers declining slowly for 17-year-olds and then more substantially for 18-year-olds. These are the figures for the numbers of 16–18-year-olds in education or training at the end of 2009, according to the most recent Statistical First Release provided by the Department for Education:

- *16-year-olds: 95 per cent in education and/or training, and 85 per cent in full-time education; of these, 44 per cent stayed on in school or sixth form college, while 32 per cent attended further education college*
- *17-year-olds: 88 per cent in education and/or training with 74 per cent in full-time education*
- *18-year-olds: 65 per cent in education and/or training and just 46 per cent in full-time education.*⁶⁸

Although the highest on record in the UK, these figures are still slightly lower than those for other advanced economies like Japan, Finland, Sweden and South Korea.⁶⁹

The number of 16–18-year-olds in full-time education is likely to increase further in the next decade with the raising of the compulsory school leaving age as part of the Education and Skills Act 2008. This legislation makes staying in education or training until 17 compulsory in 2013 and until 18 in 2015. Under the proposed changes, 16–18-year-olds will be allowed to work, but employers will be required to provide training to employees in this age group.⁷⁰ The Coalition Government currently does not plan to enforce the changes in leaving age, so the levels of young people who become NEET may remain much the same. Without addressing those young people who are not motivated in the education system, it is possible that these changes may lead to a rise in truancy rather than a rise in participation in full-time education or training.⁷¹

More in education, fewer in employment

The increase in participation in post-compulsory education in the last 20 years accompanies a sharp decrease in the number of 16–18-year-olds in employment or work-based training. As the last chapter indicated, the shifts in the British economy over the last 40 years have resulted in the disappearance of many job opportunities for young people, particularly in craft and skilled jobs and manufacturing, and clerical positions for women. These have been replaced by more service sector jobs, or low skilled jobs with little entry-level training and career progression.⁷² As a result, employment opportunities for 16–18-year-olds have all but disappeared. This is particularly true for those aged 16. The number of 16-year-olds in employment without training in 2001 was 7 per cent (now down to 1 per cent), while there were around 12 per cent of 17-year-olds and 27 per cent of 18-year-olds in employment in 2001 (compared with 4 per cent and 18 per cent respectively now).⁷³

The fact that more young people are staying in full-time education is promising in a sense. The UK shows very

high returns to schooling compared with other countries. According to some research, workers with one more year of schooling in the UK earn around 13 per cent more wages.⁷⁴ However, this percentage hides a multitude of different educational pathways. For a more accurate picture we need to know how valuable the courses and qualifications are that young people are working towards. At the same time, although the numbers of young people in employment without training are small, these young people may still be at risk of unemployment and stagnant careers, having entered the labour market without the skills needed to access either the graduate or the technical premiums.

The graduates: the 30 per cent going to university

Despite the labour market being less friendly to graduates since the downturn in 2008, the previous analysis in chapter 1 suggests that there is still a particular premium on many higher education qualifications.

The university pathway is generally conceived of as a progression route for those having five or more GCSEs at grades A*–C moving on to take A levels and then to university. Figures for initial participation in higher education show that approximately 30 per cent of young people 19 years old or younger attend university.⁷⁵ The figure for those aged up to 30 years old who attend or have attended university is approximately 45 per cent. Clearly, there are a number of students in this cohort who do not complete university (undergraduate drop-out rates currently run at about 7 per cent),⁷⁶ and they may instead have to fall back on the level 3 qualifications (most likely to be A-levels) that got them into university in the first place. Nonetheless, using these figures as a proxy we can then ask what happens to the other 70 per cent of young people 19 years old or younger who are not going to university.

It is well known that young people from higher socio-economic backgrounds are much more likely to attend university than those from lower socio-economic backgrounds. According to analysis of the Longitudinal Study of Young

People in England in 2006–07, the gap between 18–20-year-olds in higher education from high socio-economic classes and those from low socio-economic classes was 20.5 per cent, with 39.5 per cent from the former compared with 19 per cent from the latter.⁷⁷ Interestingly, this 20 per cent gap also exists when measuring young people’s perceptions of whether they are likely to apply to go into higher education. In Year 9, 44 per cent of young people from higher socio-economic backgrounds consider themselves likely to apply to institutes of higher education compared with 24 per cent from lower socio-economic backgrounds. The early existence of such attitudes suggests that the cohort of those who go to university can be identified with reasonable assurance as early as Year 9. This has implications for the provision of careers advice and guidance and work-related learning in secondary school, which we argue in chapter 4 are provided much too late in Years 10 and 11.

How many young people take a vocational route?

The number of people studying and achieving vocational qualifications has risen significantly in recent years. The latest numbers for 2009 calculated by Edge show that over 4 million vocational qualifications were awarded in 2008–09, an 11 per cent increase from the previous year.⁷⁹ This includes 959,000 NVQ/Scottish Vocational Qualifications (SVQs) (a 24 per cent increase from the previous year), and 2,607,898 vocationally related qualifications (VRQs) achieved in the UK (a 6 per cent increase from the previous year).⁸⁰ The most recent numbers provided by the Data Service for 2009–10 are slightly different, showing a total of 7.2 million vocational achievements, including around 956,000 NVQs, and almost 2.6 million vocationally related qualifications.⁸¹ Vocational-related qualifications are non-NVQ vocational qualifications and include BTECs, City & Guilds and OCR Nationals; the figures show that these qualifications, trusted historical brands with independent exam boards, are still by far the most popular.

Table 1 **Provisional number of young people in education and employment in 2009 (%)**

	16-year-olds	17-year-olds	18-year-olds
Full-time education	84.8	74.1	46.3
Higher education	0	0.6	23.9
Further education	84.8	73.5	22.4
Level 3	61.5	56.7	15.9
GCE, VCE, A level or AS-levels	49.6	42.9	5.2
NVQ 3	11.9	13.8	10.8
Level 2	13.8	9.3	3.8
GCSE or intermediate GNVQ	3.4	1.4	0.3
NVQ 2 and equivalents	10.3	7.9	3.5
Level 1	7.0	5.3	1.4
Foundation GNVQ	0	0	0
NVQ 1	7.0	5.3	1.4
Work-based learning	4.9	7.2	6.9
Apprenticeships total	3.2	5.9	6.4
Advanced apprenticeships	0.6	1.3	2.6
Apprenticeships	2.7	4.5	3.8
Entry to Employment	1.7	1.2	0.4
Employer funded training	1.2	2.3	5.4
In employment (not education or training — so doesn't include work- based learning)	1.1	4.1	18.3
NEET	4.0	7.4	16.9

Key: GCE—General Certificate of Education; VCE—Vocational Certificate of Education, NVQ—National Vocational Qualification; GCSE—General Certificate of Secondary Education; GNVQ—General National Vocational Qualification.

Source: Compiled from DfE, Statistical First Release.⁷⁸

Most people pursuing vocational qualifications are young. According to Edge, 32 per cent of post-16 learning in England in 2008 is linked to vocational qualifications.⁸² More than half of those achieving NVQs and VRQs are under 25, while just over a quarter of those achieving VRQs

are 14–19-year-olds.⁸³ According to Hillary Steedman at the LSE, approximately 20 per cent of the cohort at age 18 in 2008–09 was engaged in vocational or vocationally related learning post-16.⁸⁴ However, it is difficult to determine precisely what level of qualification young people are aiming towards.

Research from the Longitudinal Study of Young People in England shows that young people from low socio-economic backgrounds who fail to achieve level 2 at 16 often do not go on to achieve level 2 at 17. Of those who do, 74 per cent do so through vocational routes; 58 per cent of these gained level 2 through a VRQ (a significant portion of which are BTECs). Those from a higher socio-economic background were more likely to achieve level 2 at 17 through GCSEs rather than vocational degrees. Young men were also more likely to reach level 2 at 17 through vocational routes. This is significant, because as argued in chapter 1, the return on wages for lower level NVQ 1 and 2 is effectively zero. Based on the provisional figures for 2009 presented in table 1, there are approximately 230,000 young people pursuing NVQ 1 and 2. Unless these qualifications are being used as a ‘stepping stone’ to level 3 or towards an apprenticeship, young people with these qualifications will be at risk in the current labour market.

The gender breakdown for those achieving higher level NVQs (those at level 3 or above that begin to show modest wage returns) show that women achieve considerably more higher-level NVQs than men: 62 per cent of all level 3 NVQs and 70 per cent of all levels 4 and 5 NVQs. Just over half of all NVQs completed by men are in engineering and construction; for women, popular areas include health, public services and care, education and training, business administration and law. However, unlike NVQs, more men achieved VRQs than women, probably because historic brands such as City & Guilds qualifications still dominate the construction and engineering sectors.⁸⁵ About 50 per cent of vocational qualification holders (those with level 3 or above) continue to higher education.⁸⁶ This last figure shows that in some sense ‘parity of esteem’ has already been achieved as vocational education now provides a reliable route into higher education.

Many employers are now accredited to award nationally recognised vocational qualifications as well as training programmes towards the achievement of other vocational qualifications (eg NVQs); Network Rail, Flybe and McDonald's were among the first companies to do this.⁸⁷ Although the coherence of a single credit-based qualification system is to be applauded, quality must be maintained across any new employer-awarded certificates to maintain confidence in the system.

14-16 vocational options and Diplomas

Increasingly 14-16-year-olds are studying for and achieving vocational qualifications at levels 1 and 2 in schools. This is indicative of the growing focus on incorporating work-related learning into the curriculum. In 2006-07, 14-16-year-olds achieved 40,000 NVQs and 289,000 VRQs. This represents a 10 per cent and 50 per cent increase on the previous year, respectively.⁸⁸ 155,000 VRQs and 4,500 NVQs were delivered in schools, often in conjunction with colleges, while a further 134,000 VRQs and NVQs were achieved through attendance outside school in a college or through another external training provider.⁸⁹ According to Edge, the increase in choices of vocational qualifications for those at ages 14-16 is encouraging young people who would otherwise disengage from education to continue into further education or work-related learning. In a pilot programme evaluation, 82 per cent of participants reported that they had chosen to continue with their education post-16, and that if not for the vocational options they were able to pursue in school they would have 'dropped out' instead.⁹⁰

Table 1 does not include information on the number of young people studying for the new (largely vocational) Diplomas introduced in 2008. However, a statistical release from the Department for Education in November 2010 showed that there were 38,013 students pursuing a Diploma in 2009-10. Approximately three-quarters of these students were under 16, just over half were male and 16 per cent were eligible for free

school meals. The two most popular Diplomas were in creative and media studies (28 per cent) and engineering (18 per cent).⁹¹

Although increased provision of vocational qualifications in secondary school is credited with improving motivation for young people disengaged from mainstream education, there is effectively no data in the public realm that gives an indication of the progression pathways for these young people beyond secondary school. We suggest this lack of data represents a serious gap in knowledge and that efforts should be made by ONS and other organisations to better track these pathways.

Apprenticeships and work-based training

A full analysis of apprenticeships is provided in the following chapter. Figures of apprenticeship starts and completions among young people suggest the take up of apprenticeships is improving, albeit slowly.

The number of apprenticeship achievements in 2009–10 in England was 171,500.⁹² Learners under the age of 19 started 116,800 apprenticeship frameworks — a 17.5 per cent increase on 2008–09; whereas learners aged between 19 and 24 started 113,800 apprenticeship frameworks — a 34.3 per cent increase on 2008–09.⁹³ Completion rates have improved from an appalling rate of 24 per cent in 2002 to a respectable 74 per cent in 2009–10 (in comparison, drop-out rates from universities were around 7 per cent in 2009–10).⁹⁴ However, as seen in table 1, the percentage of 16–18-year-olds in work-based training remains much smaller than in countries like Germany and Switzerland: in England, 11 out of every 1,000 people in employment completed an apprenticeship compared with 40 out of every 1,000 in Germany and 43 in Switzerland.⁹⁵

The retail and commercial enterprise sector is the most popular sector for apprenticeship starts for young people under 19 years old. In 2009–10 there were 25,300 apprenticeship starts in this sector for those under 19 years old. However, the number of under-19s taking up apprenticeships in retail and commercial sectors has steadily

fallen since 2003–04, from 28,460 to 25,300 in 2009–10.⁹⁶ The number of starts in construction, planning and the built environment sector has also fallen, from 19,260 in 2006 to 15,660 in 2009–10. Unlike retail and construction, the number of starts for young people under 19 in the engineering and manufacturing technologies framework has risen since 2004, to 13,460 starting a level 2 apprenticeship in 2009–10, up from 11,300 in 2003–04.⁹⁷ Black and minority ethnic (BME) participation in apprenticeships is significantly under-represented, particularly in the traditional craft-based sector: less than 7 per cent of apprentices are of BME origin.⁹⁸

Although the landscape of apprenticeships is improving in the UK, young apprentices remain arguably more insecure than their continental counterparts. This is primarily because the majority of apprenticeships are at level 2, as opposed to level 3, and are much shorter in duration (therefore providing fewer of the skills that give access to the work, character and technical premiums).

How many young people go into employment?

The analysis in the previous chapter suggests that young people who go straight into employment from school or after a few years of college are at continuing risk because of the nature of the entry level labour market.

According to an annual survey undertaken by local authorities and Connexions, the proportion of 16–17-year-olds in employment was stable at around 8–9 per cent for a decade up until 2005. In 2005, the percentage of those employed dropped to 6.6 per cent and then to 5.6 in 2006. As noted above, the number of 16-year-olds in employment (including employment combined with training) was almost 5 per cent in 2009. Of these, 1 per cent were in employment without training. At 17, the proportion in employment (including employment with training) was 7 per cent and without training was about 4 per cent. Although this decline reflects the greater number of young people in full-time education, it also ‘reflects the difficulty young people have, particularly those with low or no qualifications, in finding sustainable employment’.⁹⁹

What jobs are these young people doing? Despite the rise of service sector jobs, the number of young people going into sales-related employment has fallen since 2000 — from 10 per cent to 6 per cent. Similarly, the percentage of young people in secretarial or clerical work has fallen substantially from 13 per cent to 0.1 per cent. On the other hand, the percentage of young people going into labouring and other elementary occupations has risen from 13 per cent to 27 per cent.¹⁰⁰

These shifts in employment patterns for 16–18-year-olds suggest that those who are entering the labour market are doing so in dead-end jobs that offer no progression and training. Although this provides some minimal protection from unemployment through access to the work premium (which depends on the development of employability skills and proof of employability), it does not offer these young people the chance to progress through the labour market through either training or in-work progression. This leaves many young people entering the labour market at age 16–18 exposed to years of low wages and employment instability.

Entering the labour market early

As discussed in the last chapter, the work premium accrues to those young people who have early experiences of work. This is partly because work is the best way to teach employability skills, and partly because work experience gives an edge in the labour market. Many young people who gain the graduate premium also gain the work premium — for example, A level students working part-time while they are studying. Problems occur when a young person has few or no qualifications and these qualifications are at a low-level (especially NVQs at levels 1 and 2), and where there is a lack of core academic skills and low levels of character capabilities. Positive early experiences of work, including apprenticeships, can go some way to mitigating these shortfalls.

Are young people between 16–18 years-old and in employment without training at risk? On the demand-side, research in 2006 found that rather than these young people having similar characteristics to young people who are NEET, they are happy with their jobs and would like to remain in them

for the long term.¹⁰¹ Of course this means they may be at risk from supply-side volatilities in the labour market. Yet setting aside massive supply-side upheavals in the job market, there is research to suggest that if someone has been unemployed before entering a job they are four times more likely to be laid off than those who entered their present job from a previous one.¹⁰² So being in work, even if one has no training at all, seems to provide some insurance against future unemployment for young people.

Research from Maguire et al suggests that for some young people, going into work without training can be a rational decision based on local economic opportunities — for example there being limited jobs available that require further training.¹⁰³ These researchers also found that for some young people fear of failure in post-16 study was an economic deterrent to staying in education — some young people feared spending time studying and thus losing earnings and getting no future financial benefit from failed courses. This shows that although there are considerable risks in entering the labour market early and without many qualifications, there are some merits to doing so.

How many young people are getting access to the four premiums?

This chapter provides the most recent information on the numbers of young people pursuing different options when they leave school (whether vocational qualifications, apprenticeships or employment). Yet, it is difficult to determine the precise pathways that young people take from one qualification to the next and on into the labour market. For example, we may know how many young people started apprenticeships or were studying for an NVQ at level 2, but it is difficult to trace their paths beyond this stage. Thus we know what qualifications young people take and what qualifications, experiences and training generally provide above average wage returns. But we do not have an accurate picture of what happens to the ‘other 50 per cent’ when they leave education and enter the labour market. The Longitudinal Study of Young People in England (LSYPE) may help to illuminate these

pathways as the cohort it tracks gets older. At present, the cohort from LSYPE is between the ages of 18 and 19, so further analysis of LSYPE in the next five years can potentially shed more light.

Similarly, it is difficult to quantify the numbers of young people in school and leaving school who have access to the premiums we identified in the previous chapter. The only one we can know with some reasonable certainty is the technical premium — qualifications at level 3 and above. Our research does mark an advance on previous efforts by providing evidence to show what these premiums are and which qualifications and activities generally provide access to them. This evidence can then be used by policy makers to make informed policy decisions, rather than just assuming that any form of training provides a panacea to the problems of youth unemployment.

The technical premium

As table 1 shows, approximately 62 per cent of 16-year-olds and 57 per cent of 17-year-olds in 2009 were in full-time education studying at level 3, which includes vocational-related qualifications like BTEC Nationals, as well as A-levels, AS-levels and NVQ 3. Of these, approximately 12 per cent of 16-year-olds and 14 per cent of 17-year-olds are studying NVQs at level 3. As was pointed out in the previous chapter, all level 3 qualifications give significant wage returns apart from NVQs, so unless these young people are combining their level 3 NVQ qualifications with apprenticeships, they are not necessarily going to be able to access the technical premium.

The literacy and numeracy premium

When quantifying numeracy and literacy skills we know that approximately half of school leavers achieve GCSEs at grade A–C including English and maths. It is likely that the overwhelming majority of these make up the cohorts studying at level 3 after school. Beyond this group, the literacy and numeracy premium may be accessed at a lower rate through ‘key skills’ and/or ‘functional skills’ provision — although the quality of this provision varies. Over half of employers are

not satisfied with the literacy and numeracy skills of young people in the labour market, and have to expend significant costs providing remedial training for key skills as part of apprenticeships. These costs have been described to us as significant disincentives to hiring more young people and offering more apprenticeships without government funding.

The character premium

When calculating the number of young people accessing the character premium, the waters become murkier still. A previous Demos analysis of the Millennium Cohort study provides some idea of the number of young people starting school with social and emotional problems. For example, 15 per cent of all children aged 5 have peer-relation problems (abnormal and borderline cases); 7 per cent of all 5-year-olds have low levels of ‘pro-social’ behaviour; around 21 per cent have conduct problems (abnormal and borderline cases); and around 10 per cent have emotional problems (borderline and normal cases).¹⁰⁴ Although these levels may decrease as children get older, there are correlations between these risk factors and outcomes later in life: for example, as cited in chapter 1, poor behaviour and low levels of self-esteem at school age are considered good predictors of male unemployment and low wages.¹⁰⁵

These figures show the percentages of children likely to suffer from relatively modest to severe problems. There is also reason to believe that large portions of young people and children are lacking the skills that make up the character premium — but not with the same level of severity. For example, while employability skills are slightly different from the character skills we have identified, there is some overlap; therefore surveys of employer dissatisfaction with these skills are indicative. According to the 2010 CBI education and skills survey, 57 per cent of employers are unhappy with young people’s self-management skills, 34 per cent are dissatisfied with their team-working skills and 44 per cent dissatisfied with their problem-solving skills.¹⁰⁶

The work premium

Although approximately 95 per cent of young people take part in work experience in Year 10 in secondary school, the short duration and poor quality of these experiences mean they do not contribute sufficiently to gain access to the work premium. Other experience of work while young — through part-time employment or summer holiday work — has an impact, but the numbers of young people in such work are not tracked by the Labour Force Survey.

Since apprenticeships provide work experience they are a very good way for young people to access the work premium. On current levels of participation, about 3.8 per cent of 16–24-year-olds are taking part in apprenticeships (see the next chapter). Moreover, those young people entering the labour market early will be gaining employability skills that provide access to the work premium, too, although they will be at risk of unemployment if they possess low character capabilities and poor qualifications as well. As shown in table 1, almost no 16-year-olds are in work, with 4 per cent of 17-year-olds in work and around 18 per cent of 18-year-olds.

Despite uncertainty around the number of young people with access to the four premiums we have identified, we do know two crucial things:

- The premiums are important because they indicate the skills that are valued in the labour market.
- There are a number of ways in which the skills that make up these premiums can be developed.

In the next chapter, we look more closely at vocational education and qualifications in the UK. This is primarily to determine how well the vocational educational system provides access to the four premiums outlined in the previous chapter. In chapter 4, we turn to the broader role of schools and colleges in actively assisting the school to work transition for the other 50 per cent.

3 Vocational education in the UK

UK governments have perennially worried about how well the education system is preparing young people for work. However, this concern has not always been from the perspective of the young people themselves, but from a long-standing belief that vocational education can ensure economic growth by improving 'human capital'. Policy has tended to revolve around perfecting *systems* of learning and assessment, as well as enhancing skills at the population level through *targets*.

For 150 years UK policy makers have been concerned with not falling behind our competitors (notably Germany) in skills development. Government activism in vocational education and training over the last 30 years has aimed to develop a 'high-skills equilibrium'. This is thought to come about through investment in 'high skills', which then leads to growth in the industries that can make use of them; these industries then require more high-skilled workers, in a self-reinforcing cycle. Whether such equilibrium is achievable in lieu of an equally activist supply-side industrial policy is a moot point. The received wisdom is that it is, and that the problem has been with implementation rather than the idea itself.

Looking back at the history of vocational education in the UK reveals the problems that have justified government attempts to rationalise the system. These include:

- a confusing plethora of vocational qualifications
- poor links between different types of qualification
- some qualifications that employers do not deem good quality
- a high degree of non-completion.

The first two of these problems have been the focus of policy in the last three decades. Policy makers believed that the multifarious and haphazard nature of vocational qualifications warranted a concerted effort to streamline the system. These efforts often caused more ill than good, and the last two problems listed above have followed largely from such efforts.

Having said this, there are certainly reforms that can help usher in the good quality and high-status vocational offer to which we aspire. In order to understand what these reforms should be we need to first understand the history of the system over the last 30 years.

The history of government activism in 14-19 vocational education and training

After the end of the Second World War, state involvement in vocational education was limited to the provision of evening classes. The 1944 Education Act introduced the tripartite system of grammar schools, secondary moderns and technical schools. State-provided vocational education was at this point narrowly conceived as technical education, with the intake of secondary moderns largely made up of 'non-academic' pupils rather than those pursuing a vocational route. Any non-technical (but also much technical) training was provided by the apprenticeship system, which was a patchwork of localised schemes run by industry.

In 1964, with the Industrial Training Act, the state became involved in the provision of apprenticeships too. Apprentices worked for qualifications through day-release programmes run by further education colleges and overseen by various industrial boards. These qualifications were largely technical and theoretical accompaniments to practical learning and were provided by organisations such as the City & Guilds Institute. The justification for this greater involvement was the need for government to assist industry in training workers for more technologically advanced occupations – what Harold Wilson called the 'white heat' of modern industry.

By the early 1970s the Business Ethic Council and the Technician Education Council (which merged in 1983 to form the Business and Technology Education Council, BTEC) began to provide day-release courses too. These tended to cover broader vocational areas than City & Guilds qualifications and included elements of general education. The idea was to provide a route from secondary education to sub-degree levels of expertise (what we would today call levels 3 and 4).

In the 1980s BTEC began to offer full-time vocational courses of study at further education colleges. These ranged from first level (now level 2) up to Higher National Diplomas (HNDs), which are equivalent to the first year of a university degree (level 5). Other qualifications included Advanced National Diplomas and Ordinary National Certificates (ONCs). These qualifications were considered to be equivalent to A-levels (level 3).

By the end of the 1980s the system of vocational qualifications had grown dense yet disparate, with each qualification set out on its own pathway and little sense of its equivalence to others. Apart from BTEC qualifications, vocational routes offered little in the way of progression to higher education. Since the late 1980s there has been wave on wave of government efforts to rationalise the vocational qualification system, with industry often fully involved through sitting on government quangos. Yet for every business lobbying for a streamlined system of qualifications there was another lobbying for specific trusted qualifications to be preserved. Not surprisingly, the dreamed-of rationalised system never fully materialised.¹⁰⁷

YTS and NVQs: case studies in the pitfalls of rationalisation

Before returning to today's vocational educational system, it is worth examining in more detail the history of government and industry attempts at creating a centralised and streamlined qualifications framework. The Youth Training Scheme (YTS) of 1983 and the development of National Vocational Qualifications (NVQs) not long after are two illustrations of a mistaken top-down approach.

In 1983 when the YTS was announced it was hailed by ministers and members of the Manpower Services Commission (who originally devised the scheme) as destined to be a 'permanent feature of our training system' leading to a 'permanent change in the way we regard young people'.¹⁰⁸ Already wary of failed and transient initiatives such as youth opportunity programmes (YOPs) and training opportunities schemes (TOPs), ministers and mandarins alike were keen to stress the robust and revolutionary nature of the YTS. The scheme began as one-year programmes, soon expanding to two years, and was designed to give 16–17-year-olds vocational training plus instruction in 'transferable skills', all signalled by formal qualifications. Students spent time with an employer undertaking 'on the job learning', combined with time spent receiving formal instruction by a 'training provider'.

The YTS was a response to rising youth unemployment and the rapid decline in apprenticeships in the 1970s. It was inspired by the formal nature of German apprenticeships and their 'dual system' (education and training provided by employers and formal educational institutions — see below). But the scheme was a pale imitation of the German system since both its employer-led training and formal educational aspects were weak. It was also not like traditional British apprenticeships, with their local variations and emphasis on practical and informal learning, and most notably, their lengthy time span (often five years). The length of British apprenticeships was seen as a particularly troubling feature — a 'time served' barrier to entry into work, creating inflated wages through restricting the numbers of workers, while depressing the wages of apprentices who had reached the required skill levels, but still had time to serve. The YTS was to be shorter and leaner yet instil the same levels of skills owing to its melding of practical and formal learning. Time was to be saved through structured 'on the job learning'.

YTS would structure learning according to clear 'skill standards' or 'standards of competence', which became the philosopher's stone of the new approach to training. In order to set out these standards in a fully comparable, accessible

and elegant framework, the National Council for Vocational Qualifications (NCVQ) was set up in 1986. The initial remit of the NCVQ was to provide qualifications for the YTS, which became simply 'Youth Training' in 1989. By 1987 some 25 per cent of 16-year-olds were enrolling in YTS, and the NCVQ was setting about rationalising the vocational qualifications system into a single national framework. Yet within ten years Youth Training had disappeared and the NCVQ had been scrapped. YTS never improved from its 25 per cent share of 16-year-olds and in fact, over this ten-year period, when government activism in vocational education was most fervent, greater numbers than ever before chose to follow the academic route to A-levels and beyond. Participation in (vastly expanded) work-related government funded training programmes by 16-year-olds declined from around 23 per cent in 1988 to around 7 per cent in 1999. At the same time the percentage of 16-year-olds studying for A-levels jumped from 20 per cent in 1987 to around 37 per cent in 2000.¹⁰⁹

In its ten years of work, the NCVQ set about establishing the NVQ framework by writing down clear definitions that would be used to assess the 'ability to perform activities in the jobs within an occupation, to the standards expected in employment'.¹¹⁰ The 'time served' aspect of apprenticeships was to be circumvented by the demonstration of competence: if you could do the job to an agreed standard, you would be credited by your employer, which would enable you to demonstrate your skills to any future employer. Written examinations were to be avoided and skills were instead assessed through employer observation in conjunction with skills standards. The idea was that the new, efficient and coherent system of NVQs would replace the existing mosaic of BTECs and the like.

Problems with the NVQ framework

The most significant difficulties with devising the NVQ framework were in writing down agreed industry-wide standards for practical activities and in making all the different NVQs 'comparable'. An obvious problem was the difficulty of capturing practical skills in succinct prose. Officially

sanctioned writers became more and more bogged down in rules and jargon that meant skills standards manuals often ran to hundreds of pages.¹¹¹ The result was that rather than creating an accurate picture of the real world, NVQs ended up depicting a labyrinthine alternative reality. Not surprisingly, individuals and industry alike rejected NVQs, stubbornly sticking to the mosaic of qualifications they trusted.

The statistics on NVQs are damning. In 1997, 95 per cent of occupations had been covered by skills standards, yielding 794 different NVQs. Yet 364 of these were never taken by a single candidate and 44 were taken by *only* a single candidate. Meanwhile, just ten NVQs were accounting for 16 per cent of total certificates awarded, with 42 NVQs accounting for a further 83 per cent of certificates. Most of these 'successful' NVQs were repackaged versions of long-established craft awards offered by the City & Guilds Institute, and were largely taught in further education colleges rather than the intended work-placed training environments.

NVQs and the framework of levels of qualifications created around them still exist today. In chapter 1 we saw that level 1 and 2 NVQs generally offer no significant wage returns and sometimes offer negative returns. Even with NVQs being offered in schools, and with levels of participation in vocational education rising, the take-up of NVQs has been underwhelming. As we saw in the last chapter, despite a recent significant increase in young people taking vocational qualifications, the majority are pursuing vocationally related qualifications (VRQs) such as BTEC qualifications and City & Guilds, which pre-existed NVQs, and which students and employers tend to trust more.

We have ended up with a highly complex National Qualifications Framework (NQF) that pegs different qualifications at various levels (table 2).

Table 2 **The National Qualifications Framework**

Level	NQF qualifications Examples	QCF qualifications Examples	Framework for Higher Education (Maintained by the Quality Assurance Agency) Examples
Entry	Entry level certificates Skills for Life at Entry level	Entry level awards, certificates and Diplomas Foundation Learning Tier pathways Functional Skills at entry level	
1	GCSEs graded D-G NVQs at level 1 Key Skills level 1 Skills for Life Foundation Diploma	BTEC awards, certificates and Diplomas at level 1 Functional Skills level 1 OCR Nationals Foundation Learning Tier pathways	
2	GCSEs graded A*-C NVQs at level 2 Level 2 VQs Key Skills level 2 Skills for Life Higher Diploma	BTEC awards, certificates and Diplomas at level 2 Functional Skills level 2	
3	AS/A-levels Advanced Extension Awards International Baccalaureate Key Skills level 3 NVQs at level 3 Cambridge International Awards Advanced and Progression Diploma	BTEC awards, certificates and Diplomas at level 3 BTEC Nationals OCR Nationals	

Vocational education in the UK

4	NVQs at level 4 Key Skills level 4 Certificates of higher education	Original NQF Level 4	BTEC Professional Diplomas, Certificates and Awards	Certificates of higher education
5	Higher national Diplomas Other higher Diplomas NVQs at level 4		HNCs and HNDs BTEC Professional Diplomas, Certificates and Awards	Diplomas of higher education and further education, foundation degrees and higher national Diplomas
6	National Diploma in Professional Production Skills NVQs at level 4		BTEC Advanced Professional Diplomas, Certificates and Awards	Bachelor degrees, graduate certificates and Diplomas
7	Postgraduate certificates and Diplomas BTEC advanced professional awards, certificates and Diplomas Fellowships and fellowship Diplomas Diploma in Translation NVQs at level 5	Original NQF Level 5	Advanced professional awards, certificates and Diplomas	Masters degrees, postgraduate certificates and Diplomas
8	NVQs at level 5		Award, certificate and Diploma in strategic direction	Doctorates

Source: Ofqual.¹¹²

There is still a bewildering array of vocational qualifications and comparability remains a concern. History tells us that it is the trusted qualifications with a historical brand and independent assessment and standards' boards that have traction with individuals and employers alike. Government backed and produced NVQs often have little such traction and in some cases have become badges signalling low aspirations and low earnings.

We also might question the need to rationalise the system around comparability to the extent that government reforms have attempted. It is not clear why a level 2 NVQ in hairdressing needs to be exactly equivalent to a level 2 NVQ in engineering, or even that it could be.¹¹³ Moreover, there is a difference between an academic or civil servant trying to understand the *whole* system of qualifications and a young person or employer trying to understand the part of the system that relates to them. It may be very hard to fathom the whole system, but this should not be of too great a concern since in practical terms individuals and companies only ever need expertise in one or two areas of it. One of the main concerns with the unreformed system of the 1980s was how vocational qualifications connected to higher education. This matter has now been more or less properly addressed with the NQF, with all vocational pathways in theory connecting up with university, providing the ‘other 50 per cent’ with access to the graduate premium at a later date.

Leitch and Labour’s skills strategy

In the 2006 report *Prosperity for All in the Global Economy* Lord Leitch recognised that the supply-side approach towards skills policy of previous governments had not worked, and wanted to build a national skills policy around individual rights and choice.¹¹⁴ One important aspect of the Leitch Review was the need for high-quality careers guidance for young people thinking of taking a vocational route through the system (see the next chapter). However, Leitch still harboured the dream of a fully rationalised system of vocational qualifications and recommended new and more powerful quangos and commissions to bring this about.¹¹⁵ His approach could be described as a classic form of New Labour ‘triangulation’—he recognised that there must be much more personal choice and a new demand-side approach to skills training; yet this was to be coupled with a supply-side system that was efficiently and rationally directed by business technocrats and civil servants. Some commentators questioned whether this approach was coherent let alone feasible.¹¹⁶ On the supply-side, much of

the review was taken up with setting quantitative national targets for level 2 and level 3 qualifications in a continuation of previous governments' attempts to rationally plan the development of human capital, and hence to guarantee economic growth.

Leitch recommended a framework of targets, which like most target-based initiatives, led to perverse incentives for providers, like 'rubber stamping' skills that people already possessed, as opposed to training new skills.¹¹⁷ This target-based approach helped reinforce a 'skills paradox', whereby the most low-skilled do not gain new skills while the most highly skilled do (often because skills training *follows* a person's career progress in the sense of certifying talent as opposed to causing career progression).¹¹⁸ Leitch's focus on quantitative targets led to civil servants becoming ever more involved in pushing for partners to fulfil public service agreements. All that mattered was whether allocated money was spent, and that it was spent getting a certain number of young people and workers into possession of the Government's favoured NVQ qualifications. Little attention was paid to the quality of employer-led training and the quality of the offer from 'training providers' – the essential building blocks of good vocational training.

Most importantly, though, this target-driven approach did nothing for those young people most at risk of becoming NEET, who were pushed on to vocational courses more for the sake of achieving national targets rather than developing their own talents. This is unfortunate, since those most at risk of unemployment were pushed into gaining qualifications that were sometimes more likely to make them unemployed.

The Coalition's skills policy

The Department for Business, Innovation and Skills published the white paper *Skills for Sustainable Growth* in October 2010.¹¹⁹ It is clear that the Coalition still believes in the human capital model whereby economic growth is stimulated through demand-side increases in skills provided through education. There are signs that it is beginning to develop supply-side strategies such as licences to practice, which

require companies to meet certain quality assurance measures, thus driving up the value of the requisite skills obtained by workers, and providing an added incentive for young people to gain those skills.

The Coalition seems to have ceded one corner of New Labour's triangulation on skills, giving up on setting national quantitative targets for skills levels and ceding control of macro-level skills policy to the sectors skills councils. The focus of policy seems to be firmly on individual choice. There are new loans for vocational training becoming available for adult workers and most training is guaranteed for young people as funded. The necessity of high quality advice and guidance for young people has been duly noted by the Government (see next chapter).

The flagship of the Coalition Government's skills policy post-16 is a significant expansion of apprenticeships. This was something Gordon Brown's Labour Government had already undertaken, although Coalition plans are more ambitious. The current aim is to increase apprenticeships starts by adults (people aged 25+) by 75,000 every year by 2015. With the current start rate at 49,100 (a 12.2 per cent fall on 2008–09), this will be a huge task. In addition — and more pertinent to our concern here with young people at risk of unemployment — we raise worries below about the quality of some apprenticeships and whether by adopting the same funding model as New Labour, the Coalition is damaging the chances of a genuine renaissance of employer-led apprenticeships.

Apprenticeships

Despite the creation of YTS, the Conservative Government of John Major recognised the continuing value of apprenticeships for the 'other 50 per cent'. In 1993 modern apprenticeships (at level 3) were set up and grew steadily in number and esteem. In 1997 there were 75,000 apprenticeships in total, compared to 279,700 in 2009–10. Despite this significant increase, the total number of apprenticeships is still not comparable to the

roughly one-third of boys entering them just before their rapid decline in 1974.¹²⁰ Currently, apprenticeships are run by the National Apprenticeship Service and include many previous forms of training that have been co-opted by the apprenticeship brand. The following is the current range of apprenticeships available in the UK:

- Young Apprenticeships for 14–15-year-olds
- Apprenticeship at level 2
- Advanced Apprenticeship at level 3
- Higher Apprenticeships at level 4
- Programme-led Apprenticeship (PLA) (a full-time student undertaking work experience).

Some have questioned whether the first and last of these programmes should be called apprenticeships at all.¹²¹ Others have questioned whether the sheer volume of today's apprenticeships can be matched with quality training. Despite favouring market solutions, both the recent Conservative and Labour governments have recognised that the state should support apprenticeships for two reasons. First, in some industries, training is so costly that 'market failure' necessitates the need for Government to step in. Second, given greater employee mobility, businesses fear apprentices will move on to another employer as soon as their time was served and so would not represent a sound investment.

But these are still all supply-side reasons for supporting apprenticeships. The most basic reason governments should support apprenticeships is that they are a valuable form of vocational education.

Why are apprenticeships valuable?

There are roughly three reasons why apprenticeships are valuable for young people. First, they provide access to real-world practical learning with up-to-date methods and technologies, and highly skilled workers. For some careers, such as medical surgery, construction, catering and hairdressing, real-world practical learning to exacting

standards is simply the only way to learn the necessary skills. The responsibility for such time-consuming training cannot all fall on employers in today's labour market.

Second, apprenticeships are valuable because they combine real-world practical learning with formal and theoretical learning in further education colleges. This dual nature of apprenticeships means young people are able to gain a more expert grasp of their field. In addition, general education can be incorporated into apprenticeships so that gaps in literacy and numeracy skills can be filled, as well as the further development of these skills through more traditional academic subjects.

Third, apprenticeships build character and employability skills. As well as providing valuable practical learning opportunities, the induction into the practices and expectations of a profession that apprenticeships provide is apt to build these latter skills. Learning to get on with others, work in a team, motivate oneself, use initiative, and develop self-understanding are all capabilities built by good apprenticeships. This fact is borne out by evidence that there is a wage premium for young people who undertake apprenticeships even if they leave the profession for which they trained.¹²² In other words, apprenticeships build character and employability skills that constitute the modern 'transferable skills' that employers repeatedly state are lacking in young people.

The difference between apprenticeships and failed schemes like YTS is that the former weave together a training programme that provides access to the four premiums discussed in the previous chapter. The literacy and numeracy premium can be accessed through general education courses; the character premium can be accessed through the development of character capabilities in the work place; the work premium can be accessed through early experiences of work; the technical premium can be accessed through apprenticeships at level 3; and the graduate premium can be accessed at a later date, since the general educational element of apprenticeships means they connect well to higher education. It is the provision of access to these premiums that makes apprenticeships so valuable.

That it is access to these premiums that marks out good quality apprenticeships can be seen by a brief examination of apprenticeships in Germany, the exemplar of vocational education that has long been the envy of British policy makers.

Apprenticeships in Germany vs the UK

German apprenticeships are different from British apprenticeships in that they are far more common, highly formalised and regulated, and involve high levels of formal education. Most companies employing more than 500 staff in Germany provide apprenticeships and many have their own teaching facilities. Apprentices are served by a ‘dual system’ where on-the-job practical learning is coupled with classroom based formal study. However, German apprenticeships are heavily employer-led: many of the formal educational elements are provided by employers in their own teaching facilities.

Until very recently 60 per cent of young Germans joined apprenticeship schemes, but this figure has dropped to around 40 per cent over the last few years due to a drop in supply (the ability of businesses to offer training in a world economic downturn).¹²³ Many young people are queued in the system or warehoused until places become available (it is hoped that global growth will lead to more places opening up again, and there have been historical troughs before).¹²⁴ Nonetheless, apprenticeships in Germany remain a high-volume, high-quality, post-16 vocational educational route into employment. In comparison only around 3.8 per cent of the total number of 19–24-year-olds in England and Wales take part in apprenticeships.¹²⁵ Unlike in the UK, the German apprenticeship system rests on a unique confluence of political, economic and social factors that have grown out of the post-war (primarily) West German political settlement.

Apprenticeships in Germany are seen as developing a person’s *Beruf*—vocation or identity.¹²⁶ This identity can be specialised (for example being a baker) and certify entry into legally enshrined licences to practice. But the identity a *Beruf* bestows also comprises more general attributes or character capabilities: that of being a trusted and responsible adult

worker, and an integrated member of society. These latter attributes are formally recognised by entry into trades unions.

Bigger German firms run large apprenticeship schemes at considerable cost because of a unique compact of ‘social partners’. Chambers of commerce and employer associations have legal powers to demand licences to practice and trades unions sit on legally binding works councils, doing their bit to maintain the high-cost, high-skills labour market. The political institutions of German *Länder* (regions) also play a role in maintaining local economies and traditions through allocating spending for apprenticeships. Finally, German teenagers take low-paid apprenticeships because the cache of having a *Beruf* leads to higher wages in the long run. Conversely, German firms think anyone without a *Beruf* is not worth hiring, since she or he is not a serious, responsible person or worker.

These social, legal, economic and political factors all reinforce one another to preserve the unique German apprenticeship system. Moreover, apprenticeships work for young people in Germany because they provide access to the five premiums outlined in chapter 1. For some, it is the character and work premiums that matter most, since they do not necessarily stay in their chosen profession (around 40 per cent fall into this category), but rather use their apprenticeship as a passport into the wider labour market (there is apparently an old joke in Germany that the largest employers of bakers is the BMW assembly line).¹²⁷ For others it is the technical premium that matters, since the combination of high-quality practical and formal learning cannot be accessed in any other way. But for many, it is increasingly the graduate premium to which apprenticeships provide access.

This last point is important. One of the problems with the YTS was that it was seen as disconnected from higher education (‘training’ not ‘education’). This disconnection has often been explained as the result of British snobbery about vocational education. But in fact German apprenticeships have only preserved their high status by making a good number of programmes stepping stones to higher education and the graduate premium (approximately 30 per cent of

apprenticeships lead to degrees).¹²⁸ Teenagers all over the developed world have realised that general education and a degree often yield much higher wages, and young Germans are no different. Consequently, apprenticeships have been preserved in Germany through a combination of (mainly) level 3 programmes that provide access to good-quality semi-skilled and skilled jobs (and for which university progression is not an option), and a large stream of programmes at level 3 and above which lead directly to degree programmes.

Policy makers in the UK are right to be envious of German apprenticeships, not only because they produce highly skilled workers, but because they provide structured transitions to adulthood and employment. The English vocational education and training system over the last 15 years has been built around flexible modular qualifications that can be easily accessed by students and workers. This is the right strategy for adults, but not necessarily for 16–19-year-olds, who are not only picking up discrete skills, but are being socialised into general work habits and processes, as well as character capabilities.

Another feature of German apprenticeships is that they initially involve a large amount of general education.¹²⁹ This not only improves literacy and numeracy but also teaches subjects that provide the backdrop to vocational skills (such as studying chemistry if learning to bake bread). But perhaps less obviously, it encourages habits of learning and an interest in the wider world that German society and employers expect of someone with a *Beruf*. So German apprenticeships bestow high esteem partly because apprentices are expected to develop the same intellectual curiosity as university students. Some fashionable voices in the UK vocational education sector, although right to champion the merits of practical forms of learning, are in danger of consequently forgetting the merits of general education for those taking a vocational route.

If young people from the ‘other 50 per cent’ have become disengaged from mainstream education in school, this should be no reason to write them off academically post-16. The aim should be to re-engage them within a real-world context, and apprenticeships provide an apposite setting

for such re-engagement: the expectations and norms of respected professionals can act as a spur to engagement with general education.

Without Germany's unique compact of 'social partners', and the ubiquitous and esteemed concept of a *Beruf*, it is unlikely that apprenticeships in the UK could ever be expanded to German levels. France, Ireland and Austria (the latter just as steeped in the cultural tradition of a *Beruf* as Germany) have all favoured apprenticeship expansion in the last 20 years. Yet all have consolidated programmes that train roughly a modest 10 per cent of young people as apprentices and this seems an achievable aim for the UK.¹³⁰

Concerns over apprenticeships in the UK

The Coalition Government plans to provide 200,000 apprenticeship starts every year by 2015, but there have been complaints that apprenticeships in retail and some service sector jobs are damaging the apprenticeship 'brand' of highly trained craftspeople.¹³¹

The issue here should not be snobbery about the sectors in which apprenticeships are offered — for example, snobbery about whether an apprenticeship in the hospitality and tourism sector bears any relation to traditional craft-based apprenticeships. In a service-sector oriented economy, apprenticeships cannot all be in engineering and crafts. However, there are issues over the quality of some level 2 apprenticeships.¹³²

As an illustration of this point, the following is the format of the level 2 'Multi-skilled Hospitality Services' apprenticeship:

- a competence-based element at level 2
- a knowledge-based element (formerly the technical certificate) at level 2
- key skills element 'application of number' and 'communication' both at level 1
- any other employer requirements

There are 11 units covering these four elements — two mandatory, two in key skills and seven optional units. Three optional units can be obtained at level 1, while key skills are

also set at level 1, and one of the mandatory units can be at level 1 too. This means that more than 50 per cent of a level 2 apprenticeship can be at level 1! It is also particularly unhelpful to apprentices that key skills in literacy and numeracy are at level 1 rather than level 2, when we know how important these skills are.¹³³ Even level 2 NVQ qualifications in literacy and numeracy do not have the same labour market value as GCSE grades A*–C, to which they are supposed to be equivalent.

When compared with German apprenticeships, British level 2 apprenticeships are in danger of seeming woefully inadequate. At considerable expense, young people are receiving training that does nothing much to gain them access to the technical or literacy and numeracy premiums. There are also worries over the narrowness of level 2 apprenticeships. If the working environment is limited, then the opportunities for competence and knowledge-based options will be very narrow, so valuable ‘transferable skills’ are not being acquired.

In the worst cases, a young person on a level 2 apprenticeship is accredited with a qualification for doing a job he or she might ordinarily do for higher wages (apprentices are paid £2.50 per hour), while undertaking key skills and knowledge-based learning that yields no wage premium whatsoever. The one thing that these apprenticeships are providing is the character and work premium, and for this reason alone they may have value (especially for men, who do gain a wage return from level 2 apprenticeships). But the point is that they are only offering the minimum, when they could offer much more. The Government should think very seriously about improving the quality of level 2 apprenticeships before they are expanded in volume. It should also redouble its efforts to make level 3 apprenticeships the norm, as they are in the rest of northern Europe.

Another worry over level 2 apprenticeships is that providers are pushed by Government to concentrate on delivering the ‘key skills’ and other NVQ elements of the schemes, so that these take precedence over everything else, including valuable but less easy to assess processes in the work place.¹³⁴ Here again we see the sharp end of a supply-side push

to raise aggregate level 2 qualifications — the Government insisting on its favoured NVQs even though they are of dubious value to apprentices.

Moving towards more employer-led apprenticeships

The best apprenticeships in the UK are employer-led — schemes run by firms like Honda, BT and Rolls-Royce. Being employer-led raises apprenticeship quality — employers know what qualifications, skills and forms of general knowledge are important and valued in their sector. Unfortunately, the vast majority of new apprenticeships planned in the UK will not be employer-led, even though, like the last Government, the Coalition intends to increase employer provision.¹³⁵

Provision of employer-led apprenticeships will never increase while:

- the Government pays ‘training providers’ directly for apprenticeships according to the ‘outcomes’ their trainees achieve
- the Government strictly controls the content of apprenticeships
- the internal economies of apprenticeships are not addressed

Perverse incentives and substitution

The general model of funding post-16 vocational education is to pay a ‘training provider’ directly for delivering ‘outcomes’ (for example, completing an apprenticeship). This has the effect of motivating employers to complete training as quickly as possible, which can obviously detract from quality. Such a payment method also encourages substitution — businesses simply take government money in order to pay for training they might well have been forced to undertake anyway.

Government control of content

A corollary of direct ‘outcomes based’ government funding for apprenticeships is strict control of content. To receive payments employers must follow the format of apprenticeships (see above) supplied by Government and use the prescribed qualifications (namely NVQs). Such tight control does not

allow employers to ‘own’ apprenticeships, as is so obviously the case with the established employer-led schemes. Nor does it allow employers the freedom to innovate and evolve apprenticeships in line with industry changes.

The internal economies of apprenticeships

In Germany, apprenticeships work well in part because there is a high enough differential between the earnings of apprentices and workers. In the first half of the apprenticeship the apprentice probably bears a significant cost to the firm, but as he or she becomes more productive, the employer makes a net gain in the second half of the scheme. This internal economy encourages long-duration schemes (known to be the most valuable) and if implemented in the UK, would lead to truly employer-led apprenticeships, since the vast majority of schemes would be self-financing (with Government only contributing towards formal educational elements).¹³⁶ Employers would also have a higher stake in training apprentices well, as they would gain in productivity in the second half of an apprenticeship if they were to do so. Such internal economies probably also require intelligent supply-side regulation, such as licences to practice, that will encourage apprentices to work for lower wages for longer (since the pay-off in the long run will be worth it when they enter the labour market as a qualified worker).

Unless the Coalition Government takes into account these three fundamental problems with the way it funds and runs apprenticeships, a significant rise in high-quality employer-led apprenticeships is highly unlikely, despite the rhetoric of ministers.

Vocational education for 14–16-year-olds

There have been various important developments in the vocational education offered by schools over the last 15 years. The biggest attempted shake-up to the vocational educational offer in schools came in 2004 with the Tomlinson Report, led by respected educationalist, Sir Mike Tomlinson.¹³⁷ The report

argued for a single qualification framework with a ‘core’ set of academic subjects and a set of ‘main learning’ options that could include further academic and/or vocational choices. Both GCSEs and A-levels were to be abolished and a single Diploma instituted, which could be studied until age 16 or 18, at entry, foundation, intermediate or advanced levels.

Tomlinson’s Diplomas were to consist of a core of mathematics, literacy, communication and ICT. ‘Main learning’ options were to consist of ‘open’ or ‘specified’ menus, the latter consisting of dedicated vocational or academic options built around specific educational routes.

Tony Blair famously ‘lost his nerve’ on Tomlinson, apparently caving in to pressure to preserve traditional and trusted qualifications such as A-levels and GCSEs. The reforms were never implemented, although Diplomas were instituted in 2008, which roughly follow the Tomlinson outline. Diplomas are available in 14 vocational areas. Initial take-up has been slow, although numbers are gradually increasing. In the 2009–10 academic year, 38,013 students took Diplomas, 74 per cent of whom were 14–16-year-olds and 16 per cent were on free school meals.¹³⁸ There are concerns over the quality of some Diploma offerings – particularly around good practical learning opportunities and contextualised academic learning. However, a recent Ofsted report was cautiously positive.¹³⁹

Was Tony Blair wrong? In this chapter we have looked briefly at the complex history of vocational education in the UK. The main mistakes have been a supply-side-driven zeal for rationalisation and the pushing of the Government’s own favoured schemes and qualifications (eg YTS, NVQs). One lesson from this history seems to be that qualifications with a historical brand, trusted by employers and individuals, and policed by independent exam boards, are of most value to young people. Apprenticeships, BTECs, City & Guilds, GCSEs and A-levels are the qualifications that have value in the work place. Conversely, NVQs have little value. Given the history of YTS and NVQs, perhaps Blair was right not to inflict on Britain’s young people another government backed qualifications framework. This is not to say government backed

qualifications cannot be of good quality—for example, GCSEs and BTECs were developed by government sponsored bodies. Rather, governments should be careful when introducing new qualifications, and when they do, aim to fit them into existing frameworks where possible.

One area where Tomlinson was right was on the need for more practically oriented learning in schools. Vocational learning with pen and paper, by a teacher who has no industry experience and very little training, is a form of ‘dumbing down’. Being tested on what are primarily practical skills by writing a list of what those skills are is a truly stultifying way to learn. This is unfair on those who might learn better practically and hence much more effort should be put into developing practical pedagogies for schools, and into teacher training for vocational subjects.

Parity of esteem and a mass participation vocational route

One of the main problems in the UK for young people not planning to go to university is the lack of a mass participation vocational route through secondary school. The main impediment to such a route developing has been an obsession with ‘parity of esteem’ between vocational and academic learning. The prevalence of concerns about this issue are largely driven by the idea that if someone takes a vocational route she will be labelled ‘second class’, and that the school system should avoid any such labelling. Unfortunately, obsessing over parity of esteem has had the ironic (but harmful) effect of blocking the development in UK schools of a rich and challenging vocationally oriented curriculum.

Diplomas offer the framework to develop such a curriculum, but the Labour Government panicked in 2007, worrying that since they were vocational in nature, they might become a ‘second class’ route. This led to the introduction of three ‘academic’ Diplomas to ensure ‘parity of esteem’. However, this simply confused young people since an academic route already exists—namely GCSEs and A-levels. By introducing an academic Diploma as a way of making Diplomas a ‘high esteem’ qualification, the Government

signalled to young people that a vocational route is second best, guaranteeing the very perception it wanted to ward off. In 2010 the Coalition Government abolished the three ‘academic’ Diplomas Labour had introduced and opened the way for Diplomas to be developed as a mass participation vocational route.

The focus on naming qualifications and ‘parity of esteem’ detracts attention from developing excellent and distinctive vocational curricula. The aim of future policy, if it is to properly serve the ‘other 50 per cent’, should be on the development of high quality contextualised learning. In countries that deliver successful mass participation vocational routes, core subjects such as maths and English are learned in the context of completing practical tasks. This not only engages learners but means the core of the vocational route provides learners with the literacy and numeracy skills employers want. Another crucial feature of high quality vocational curricula are excellent practical learning experiences, embedded within local communities, businesses and industries. The UK has not sufficiently developed such broader vocational curricula and without them the ‘other 50 per cent’ suffers.

Rather than attempt wholesale reorganisation of the curriculum along the lines of Tomlinson, the aim should be for schools to use the Diploma framework to develop challenging and locally embedded vocational learning, with core national curriculum requirements contextualised within such learning. To ensure a shift from obsessions over benchmark qualifications to a focus on benchmark qualifications and curriculum combinations, Ofsted should itself develop curriculum expertise beyond traditional academic learning.

Where next for vocational education?

The history of vocational education in the UK does not tell a great success story. There has been a need to streamline a chaotic system and connect it to other parts of the education system, notably higher education. To some extent this has now been achieved and policy makers should cease attempts to rationalise the system further.

Government-constructed and favoured qualifications such as NVQs have a largely dubious history and often do not provide young people with access to any of the premiums discussed in chapter 1. It is a sad irony that those young people most at risk of unemployment have been pushed into studying for qualifications that put them more at risk.

If the Government wants to protect those at risk of becoming NEET through its vocational educational offer, it should concentrate on improving the quality of existing qualifications through independent bodies like Ofsted and Ofqual, and assisting schools to develop excellent vocational curricula. There may also be a need to develop a new inspectorate for post-16 education, most notably apprenticeships. Government should tread carefully, concerning itself only with spreading best practice and detecting very poor provision rather than creating a detailed quality assurance framework and bureaucracy. It should also focus on improving practical learning. Priorities should include attracting staff with industry experience, appropriate continuing professional development for teachers, and increasing links between schools and business. We do not suggest the Government should lead in developing innovative and creative practical pedagogies – far better to let diversity into the system and allow innovators like Studio Schools and others to develop pedagogies.¹⁴⁰ Out of these various processes eventually a mosaic of high-quality and locally embedded vocational curricula will emerge, just as high-quality British apprenticeships emerged organically out of the network of British firms in the nineteenth and twentieth centuries.

The expansion of apprenticeships is crucial since they provide access to the literacy and numeracy premium, the character premium, the work premium and the technical premium. Level 3 apprenticeships should become the norm as the Coalition Government intends, and some level 2 apprenticeships should be of higher quality. There is a real risk that narrow level 2 apprenticeships may spoil the apprenticeship brand. These schemes are letting down young people at risk of

becoming NEET if they do not provide them with access to at least three of the four premiums outlined in chapter 1.

In the next chapter we look at how schools help young people at risk of becoming NEET make the transition from education to work or training. Before we move on, we would like to note that the education system cannot bring down youth unemployment by itself. There need to be supply-side changes to the economy in order to rebalance the labour market and initiate growth, and future Demos research hopes to look at the options for this.

4 How well do schools and colleges equip young people for the labour market?

Having outlined some of the key concerns about the quality of the vocational offer, this chapter examines how effectively the school system prepares young people for work, including secondary schools and sixth form and further education colleges. We do not attempt to analyse the effectiveness of the education system as a whole, nor engage in a broader philosophical discussion of what school is for. This has been ably done in recent years by a number of eminent educationalists.¹⁴¹ Rather, we start from the premise that school is in one vital sense a key institution responsible for preparing young adults for the labour market, and not only for gaining qualifications.

In this chapter we focus on the programmes delivered at school that aim directly to address employability and workplace skills, and briefly on the state of core skills education and whether the curriculum as presently designed allows for the development of skills that are valuable in the twenty-first-century labour market. Our goal is to investigate whether the culture within which education policy operates has led to an over-emphasis on academic learning, to the detriment of those for whom an academic path is inappropriate.

Careers education and practical learning

Careers education has been taught in British classrooms since the 1960s, but only became a statutory requirement for state-maintained schools in the late 1990s. In 2002, the Labour Government extended the careers education offer to ‘work-related’ learning. Work-related learning comprises two weeks’ actual work experience, work simulation and enterprise projects, mock interviews and CV workshops,

visits to employers, and learning about the local economy. Although schools are under a statutory obligation to deliver some form of work-related learning, there is no required framework or method of delivery, and schools are left to design their own approaches, with assistance from a non-statutory framework of guidance provided by the Qualifications and Curriculum Authority (QCA). As a result, provision is variable. Some schools prioritise work-related learning, while others appear to offer it as an after-thought.

In the general delivery of the curriculum, and the reliance on written assessment, many educationalists have argued that education in the UK strongly privileges academic knowledge over practical knowledge and ability. As Pring et al argue, ‘there is a need to recognise and respect practical capability, that capacity to face and to solve practical problems, including working intelligently with one’s hands’.¹⁴² Readdressing the balance between academic knowledge and practical ability has led to initiatives such as the RSA’s Opening Minds programme, and the development of specialist schools, such as new Studio Schools, which seek to deliver the national curriculum through project-based learning that emphasises communication skills, teamwork, negotiating and problem-solving.¹⁴³ These practical skills, as argued in chapter 1, are highly valued by employers and yet employers are consistently dissatisfied with the level of these skills among young employees. Many argue that schools fail to focus on developing these skills because schools and students are assessed on one measure — written exam performance in GCSEs.¹⁴⁴ Because of the connection between school rankings in league tables, many schools with poor attainment end up ‘teaching to the test’. This may result in improved standings in the league tables, but fails to develop the practical and soft skills that young people need to succeed in the twenty-first century.

Schools, colleges and the five employment premiums

The analysis in chapter 1 suggested that young people who do not go to university require access to four essential premiums if they are to succeed:

- the literacy and numeracy premium
- the work premium (including work experience and employability skills)
- the character premium and ‘soft skills’, specifically self-regulation, empathy, communication skills and team-working
- the technical premium (education to level 3)

In this chapter we focus primarily on the first three premiums, having examined vocational education in some detail in the previous chapter. It is important that secondary schools especially can provide a range of vocational and other practical options to motivate and engage students who are at risk of disengagement from mainstream education. The key is ensuring that these alternative pathways are well linked to colleges and later employment, and that they are not taken at the expense of learning core literacy and numeracy skills, which should be integrated into the delivery of alternative provision — not existing discretely as an add-on.

The school offer for these premiums must go beyond teaching and learning to include extracurricular activities and pastoral care for those most at risk of becoming NEET. In this chapter we also examine the quality of information, advice and guidance given to young people about careers and the world of work. Schools need to make young people aware of *all* the vocational and educational opportunities available to them, and the relative merits of the different choices they make. Too often, this guidance is biased in favour of encouraging young people to pursue courses of study that are either unsuitable for a student’s specific needs, or will not serve him or her well in the labour market.

Burnley, Lancashire and Shoreditch, East London

Our findings are based on six case studies in schools and colleges in Burnley and Shoreditch. In Burnley, we conducted focus groups with students at Key Stage 4, and held interviews with career advisers and career coordinators in three secondary schools. In Shoreditch, we based our research in one secondary school and two comprehensive colleges.

We also draw on desk-based research in order to place these case studies in a wider context, and primary research in Hamburg, in order to offer an international comparison.

In Shoreditch and Burnley, schools are in a process of improvement after intensive investment. Both areas have high levels of deprivation, and levels of GCSE achievement among the lowest in the country. In 2007, schools in Burnley had the fourth worst GCSE achievement in the country. Following the race riots in the early 2000s, the Building Schools for the Future programme was piloted in Burnley in tandem with a wide-ranging reorganisation of schools that aimed to ensure better integration between communities. However, many people we spoke to claimed that although achievement in schools was slowly improving, secondary and primary schools remained significantly segregated. According to the most recent figures, achievement in Burnley is still below the national and north west regional averages: 49.9 per cent of students in Burnley achieved five GCSEs with grades A–C (compared with 65.6 per cent nationally) and 34.4 per cent achieved five GCSEs with grades A–C including English and maths (compared with 47.8 per cent nationally).¹⁴⁵

In Shoreditch, which stretches across three local authorities (Islington, Hackney and Tower Hamlets), the offer of schools is more diverse and complex. There are now a number of academies in Shoreditch, and significant investment by local councils. However, the average attainment for five or more GCSEs including English and maths across the three boroughs of Shoreditch remains below the London average: 54 per cent for London, compared with 48 per cent for Shoreditch.¹⁴⁶

The role of secondary schools and colleges in the transition to work

The responsibility for young people's preparation for the world of work does not rest on schools alone. Parents ultimately have the greatest stake in seeing their children progress successfully, and the greatest impact on whether they do or not. Demos research in *Ex Curricula, Building*

Character and *The Home Front* builds on an established evidence base that parenting style and the home environment have the strongest impact on a child's educational engagement and achievement.¹⁴⁷ Appropriate parenting and a supportive home environment can reduce the impact of other factors associated with poor life outcomes, such as socio-economic disadvantage.

Parenting style and the levels of warmth and nurturing that children receive before the age of five impacts on the likelihood of their developing the character capabilities that we have identified as being so fundamental to success. That these capabilities are acquired so early in a child's development puts a high premium on intervention in the early years of a child's life, to ensure that more children are able to progress successfully through education and into work.

Parents and relatives also play a key role in discussing education and career options with their children; the majority of the young people we spoke to said they relied most on their parents in providing them with information and guidance on careers. It may be no surprise that research has shown that parental aspirations correlate with children's aspirations and level of achievement. This is especially true for young people from disadvantaged backgrounds, where the effect is strongest and where parental aspirations are more likely to be low. Analysis of the Longitudinal Study of Young People in England shows that 76 per cent of parents of 14-year-olds from the lowest socio-economic quintile want their children to stay on in full-time education post-16, compared with 91 per cent of parents in the highest socio-economic quintile. Moreover, 85 per cent of parents from the lowest socio-economic quintile discuss course options with their 14-year-olds, compared with 99 per cent of parents in the highest quintile.¹⁴⁸ Thus, while parents have the most impact in supporting their children in the transition from school to work, there is still a significant role for schools to play in widening advice — particularly for young people from disadvantaged backgrounds that may not benefit from a strong and supportive home environment.

Crucial learning opportunities and forms of support

There are specific things that schools can do for young people that can make a difference to their employability. Our analysis suggests that if schools are to equip young people with the skills they require to access the premiums outlined above, beyond providing them with academic and technical skills, they need to provide the following opportunities and forms of support:

- core literacy and numeracy skills, including recovery and/or consolidation through intensive learning; ‘vocationalised’ academic learning
- activities that build ‘soft skills’ and ‘character capabilities’ through practical learning, enterprise and entrepreneurship and community-based learning (extracurricular activities)
- high quality work experience and employability skills training, including:
 - opportunities for high-quality practical and vocational learning
 - specific ‘employability skills’ like CV writing and interview techniques
 - meaningful work experience
 - employer engagement
 - information, advice and guidance on work and careers.

There is rich evidence that each of these aspects of the school or college offer can have a positive impact on young people’s employability. For example, poor literacy and numeracy skills are associated with educational disengagement, low qualifications and poor employment prospects. As shown in chapter 1, tackling these poor key skills early in primary school – through initiatives like Every Child a Reader and Every Child Counts – can reduce disengagement and its social costs,¹⁴⁹ but there is still a strong case for secondary schools to focus intensive support in these core competencies. An example of such a programme, applied in one of the schools we visited in Burnley, was Study Plus, which focused on providing intensive support in literacy and numeracy in order to raise GCSE attainment in these areas.

In each section below, we present research into the importance of each of these aspects of the school offer. We also present the findings from our research in the case study areas of Burnley and Shoreditch. Although our findings cannot be generalised to all schools and colleges in the UK, they provide interesting examples of the offer that students receive with respect to preparing them for the world of work.

How well do schools and colleges provide crucial learning opportunities and forms of support?

In this section we explore the ability of schools and colleges to provide the learning opportunities and forms of support outlined above. Our findings are pretty damning for the school system. This is hardly the fault of individual schools, but instead the result of a longstanding culture of prioritising academic skills and excellence. This culture has dominated the British approach to education since its inception. Our research has found a significant level of ambition within individual schools over the offer to the ‘other 50 per cent’ (eg employability skills and work experience), but very little time and resources to devote to this offer.

As our research was based in schools with a high proportion of students from disadvantaged backgrounds, we suggest that this phenomenon is particularly true for schools with poor GCSE achievement results. In these schools, resources were devoted overwhelmingly to raising GCSE achievement. Although we found evidence of alternative vocational provision for disengaged young people, many of these programmes were at risk from public spending cuts. Staff in a number of schools, particularly in Burnley, spoke about ending the school-wide enterprise day, and no longer offering the opportunity for students to participate in courses at the local college. In some cases, the pressure to raise GCSE attainment appeared to lead schools to adopt an insulated, ‘bunker mentality’, closing them off from the outside world. This is unfortunate, as our research suggests that it is precisely through radically opening schools up to partnerships with

employers and their local community that the offer to the 'other 50 per cent' improves.

The UK education system and core skills: literacy and numeracy

An enormous amount of money has been spent on education in the UK since 1997. Between 1997–08 and 2009–10, total revenue and capital funding per pupil increased by as much as 109 per cent — from £3,030 to £6,350 in real terms.¹⁵⁰ In almost the same time span, total school budgets increased from £30 billion to £42.8 billion (figures from 1997 to 2008–09).¹⁵¹ The UK spends slightly above the mean for OECD countries on education at around 6 per cent of GDP. However, a recent PISA report on education by the OECD found that the UK is slipping down international league tables on learning in literacy and numeracy. In 2000, the UK was placed eighth in maths and seventh in reading. In the latest table the UK is in 24th place for maths and 17th for literacy, but the countries that were ahead of the UK in reading in 2000 — Finland, Canada, New Zealand, Australia, Ireland, Korea — remain in the top 10 for this year.¹⁵²

This slippage is worrying because the PISA tests are based on applying in 'real-world' settings what pupils have learned, requiring students to be able to think for themselves, be creative and solve problems — precisely the applications of literacy and numeracy that are required in the labour market. One might conjecture that despite a lot of money spent, the UK's education system does not teach skills in literacy and numeracy very well. Finland, for example, spends slightly less than the UK on education, yet gets far better results. One reason why the UK is getting worse at teaching literacy and numeracy skills may be the culture of 'teaching to the test', which does not create the kind of 'deep learning' where pupils master skills for themselves and learn to apply them to novel situations.

Other research does not paint a great picture of literacy and numeracy education in the UK. In England, 16 per cent of children make no progress at all in English and maths between ages 7 and 11, and 8 per cent leave primary school with very low levels of literacy and/or numeracy.¹⁵³ Other

statistics suggest a more positive picture: in 2009, 86 per cent of 11-year-olds achieved the expected level for reading (showing an 8 per cent increase over ten years).¹⁵⁴ However, the proportion of young people reaching expected levels for writing, having increased from 54 per cent in 1999 to 67 per cent in 2006, has reached a plateau at 67 per cent between 2006 and 2009.¹⁵⁵

Research suggests that much more focus should be put on primary school teaching. A staggering 59 per cent of educational attainment at age 16 is predicted by prior ability at age 7 (in comparison, parental education only predicts 6 per cent of attainment at 16).¹⁵⁶ Reading recovery for schoolchildren who fall behind should be swift and intense so that when pupils reach secondary school their literacy is good enough to allow them to learn other subjects and skills.

Striking a balance between core skills and alternative provision

Although there are some very good reading recovery programmes in the UK for primary schoolchildren (for example, Every Child a Reader), our research found limited literacy or numeracy recovery programmes for secondary age pupils: only one school mentioned participating in Study Plus, which aimed to improve maths and English achievement at GCSE. Such schemes could build literacy and numeracy skills valuable for the workplace through a more targeted, slimmed down curriculum and more creative and innovative teaching methods.

Yet schools themselves do not think of building literacy and numeracy skills as connected to preparation for employment. It is interesting that schools failed to mention programmes such as Study Plus when discussing their offer on the school to work transition. Most schools tend to only think about work experience, CV workshops or the Connexions adviser in the latter context. Yet our research suggests that providing support in the core literacy and numeracy skills is just as important and should receive more consideration as preparation for employment. It is perhaps indicative of

the tendency for schools to think in silos: academic versus employment training – when in fact there needs to be greater integration between these objectives.

As cited above, the schools we visited showed below average achievements in maths and English GCSEs and cited pressure to achieve five good GCSEs, including English and maths, as detracting from time and effort to provide other opportunities and forms of support around ‘employability skills’. We do not suggest that such schools let up on efforts to raise levels of achievement in English and maths. However, we do suggest that focusing too heavily on achieving five good GCSEs could seriously detract from achieving in these core subjects.

A sensible goal seems to be that all young people enter work with GCSE-level qualifications in at least four subjects including English and maths. Focusing on achieving five good GCSEs, including in English, maths and a science, seems to put too much emphasis on academic over practical learning. The English Baccalaureate (five good GCSEs including maths, English, two sciences, a language and a humanities subject) might be a good idea as a floor target. But if it is pushed too hard as the measure by which all schools are judged, this will further erode time and energies available for practical and vocational learning. In this, the model of Studio Schools is relevant. Studio Schools focus on delivering the national curriculum through project-based learning that emphasises long-term goals and management, working in groups, and more practical activities. There is also a strong focus on work experience and community-based projects. At the same time, all studio school students are required to achieve four GCSEs including in English and maths. Schools must ensure they provide the core academic skills that will benefit young people in the labour market, but this is done through integrating the learning of these skills in practical and work-related environments (that is, academic skills are learned in a ‘vocationalised’ setting).

Building character and ‘soft skills’

There are two ways to approach the question of whether

young people are getting the skills they need to benefit from the character premium. First, to what extent is the broader curriculum designed and delivered to develop ‘soft skills’ and character capabilities? Are students encouraged and assessed on their communication skills; their ability to work in a team, negotiating and collaborating with their peers; their emotional intelligence and ability to conduct themselves in different situations; and their ability to generate ideas and manage a project to deadline?

Second, are young people getting access to the extracurricular activities that build ‘soft skills’? Does the school offer volunteering opportunities, link up with things like the Cadet Services, the Scouts and mentoring programmes? Are career advisers and teachers raising awareness of these activities among students and highlighting their importance to the world of work? Our research suggests that schools and colleges are failing in both respects, with a few notable exceptions.

Building soft skills through project-based learning in the curriculum

As discussed above, the general consensus is that while some schools are beginning to think more in these terms, there are still structural pressures around the national curriculum and assessment (as well as ingrained cultural factors) that prevent a greater emphasis on practical learning. According to Pring et al, the education system has moved away from the importance of practical learning and engagement.¹⁵⁷ This is seen in the decline of courses in schools in woodwork and home economics, less learning through experiments in science, and the drop in worked-based learning.

In our research, a significant majority of students told us there were not enough opportunities to learn by doing. Although these views may be influenced by social and economic changes over the past few decades (eg the decline in the number of apprenticeships), they are largely driven by the priority of written assessment and standardised tests. The result has been a narrowing of the learning experience

to privilege theoretical knowledge and written ability over practical knowledge and communication skills.

The offer here should not be a separate set of ‘vocational’ lessons to study these skills: it should be the integration of the transmission of these skills into existing subjects that are taught. Such integration is desirable for the obvious reason that project-working skills are learnt by doing, not by being taught about doing. There are a number of initiatives to inject practical learning back into secondary schools and colleges, for example the RSA Opening Minds project, the work of the Edge Foundation, the Young Foundation and the Studio Schools Trust, and Future Lab: Enquiring Minds, to name a few.¹⁵⁸ Although these initiatives suggest there is an encouraging trend addressing the lack of practical learning opportunities, there remain a number of structural obstacles (such as the current assessment regime) to a more systemic overhaul of UK education to ensure the next generation have the practical skills needed for success.

Building character and soft skills through enterprise projects

Where the influence of this agenda for more project-based learning was most visible in our research was in the discussion around enterprise days in the school. In some schools and colleges these were school-wide competitions that everyone took part in; in others, these types of projects were reserved for young people who were disengaged from classroom or academic learning. As mentioned above, staff in one school spoke about having to cut a school-wide enterprise day and instead focus on a specific group of young people who were taking a business studies course. In most schools and colleges, enterprise days or projects took the form of young people working in groups to develop a product, which they then pitched to a ‘Dragons’ Den’ group of school staff—and in some cases external partners from local businesses. In two schools, enterprise days took the form of fashion shows, where students taking a fashion course designed a fashion line, which was presented to the whole school.

In BSix, the Principal Ken Warman emphasised the importance he placed on creating projects within the school that mimicked the real world by giving students a task for which they had to work in groups and deliver to a deadline. In one example, students on an arts and media course were tasked with producing images to a series of poems by students, which were then produced in a book with a foreword from a famous local poet. The students were given relatively short notice of the task and had to produce their work in order to meet a tight deadline.

These types of enterprise and entrepreneurial projects, which emphasise team work, communication, problem-solving and project management, are also being provided in some primary schools. As part of the Work Week initiative run by the Hackney Education and Business Partnership (described in more detail in the next chapter), students in Year 6 take part in an enterprise competition to develop a project and pitch to a ‘Dragons’ Den’ panel. Many stakeholders we spoke to emphasised the importance of enterprise training as a means to creating the type of work-ready, ‘can do’ attitude in young people that employers value. Moreover, it was felt that enterprise projects were more effective at tapping into the energy and talents of young people who may come from disadvantaged backgrounds. There are a number of examples of new academies that are making enterprise and entrepreneurship core specialisms for their students. For example, the Aldridge Foundation has created an entrepreneurship specialism as their primary focus for students in two academy schools in Darwen, Lancashire, and Brighton.¹⁵⁹

Building character and soft skills through community-based activities

Extra-curricular activities can help young people develop the ‘soft skills’ and experience that make them more competitive in the labour market. The range of such activities is enormous, and can include sports, cheerleading, chess clubs, local volunteering and Duke of Edinburgh awards. In a competitive labour market, a broad range of extracurricular

activities can help a young person demonstrate her interests and motivation.

Previous Demos research in *Service Nation* looked at the role of volunteering and ‘service learning’ activities for young people’s development. ‘Service learning’ is defined as ‘a teaching and learning strategy that integrates meaningful community service with instruction and reflection to enrich the learning experience, teach civic responsibility, and strengthen communities’.¹⁶⁰ Some of the most notable examples of ‘service learning’ programmes include the City Year (developed in the USA and just launched in the UK) and Americorps. In the UK, the Government’s National Civic Service scheme will contribute to service learning opportunities. Research shows a number of positive outcomes for young people participating in ‘service learning’ activities including better academic outcomes, higher levels of civic engagement, and improvements in social and behavioural skills that contribute to gaining access to the character premium we have identified.

In each school we visited we asked students, teachers and career advisers about extracurricular activities and volunteering. Although by definition these activities occur outside the curriculum, schools have a crucial role to play in providing these activities and encouraging students to take part by stressing their importance. Our findings on schools’ roles in facilitating and encouraging extracurricular activities are not encouraging.

Only a few of the young people with whom we spoke took part in extracurricular activities. There was very little awareness among them about the importance of extracurricular activities for self-development and competitiveness for college, training or employment. Conversely, more affluent young people tend to understand the importance of such activities (or have parents that do) and of course have more resources to take part in them.

This lack of awareness among young people is also reflected in schools. During our research, staff in only two schools spoke about the importance of extracurricular activities. In one school in Burnley they spoke about creating a

programme influenced (rather than supported by) the National Youth Volunteering Service's vInspired,¹⁶¹ since the latter is restricted to 16–19-year-olds. The programme would involve creating an award system of 'vivo points' which would act as a currency to purchase things in a vivo or school shop. However, as was the case with most of these programmes in Burnley, there were concerns over costs and so uncertainty about whether this programme would go ahead.

In Shoreditch, the BSix College case study we carried out highlights an interesting school-led approach to encouraging and formally recognising extracurricular activities. This is part of a broader approach spearheaded by the senior leadership team to develop 'soft skills' and well-rounded students. The 'B Seven' programme at BSix College aims to encourage students to get involved in a wide range of extracurricular projects in the school and community. Students receive points and formal recognition for engagement in B Seven activities. A key element of the programme is a student's ability to draw on his or her experiences in order to articulate the skills he or she has acquired; this reflective process functions as practice for what job applicants are expected to do in interviews.

Service-learning programmes can be highly valuable to young people making the transition from school or college to work and provide excellent access to the character premium. However, our research revealed little awareness of such programmes among young people and little discussion of them through information, advice and guidance. Moreover, at present, current UK employment laws prevent paying volunteers higher stipends, and insufficient financial support can act as a disincentive to prospective volunteers from less affluent backgrounds. This is an area of character-building for employment that requires serious attention from policy makers and practitioners alike.

Work experience and employability skills

So far we have focused on what schools and colleges are doing to build the skills that provide access to two of the core premiums we identified — the literacy and numeracy

premium and the character premium. In this section we turn specifically to what work-related learning schools and colleges offer students.

*This has been defined as any planned activity that uses the context of work to develop knowledge, skills and understanding useful in work, including learning through the experience of work, learning about work and working practices, and learning the skills for work.*¹⁶²

Such learning includes work experience, activities introducing students to different types of careers, or introducing them to the world of work in general – for example, by helping them create CVs and participate in mock interviews. It can also include visiting local employers to learn more about the national and local economy.

At its best, ‘work-related’ learning should provide students with a broad perspective about what types of careers are available, and which types of careers are likely to grow in the coming years, therefore inspiring and preparing students for the world after school. Our research – confirmed by research elsewhere – suggests that employer engagement with schools is vital to ensure that students benefit from the highest quality of work-related learning. Our research also suggests that in 2011 schools and colleges are failing to provide the type of high-quality, work-related learning that students desire and need. There are a number of reasons for this, which we outline below. In general, schools face time and funding constraints on providing this sort of learning and there are a number of challenges around engaging with employers and providing high-quality work experience.

Work-related learning in the curriculum

Many of the schools that were case studies for our research incorporated work-related learning through personal social health and economic (PSHE) modules in the curriculum, or, in Burnley, through a Community Cohesion or citizenship course, which was required for all Key Stage 4 students. For the most part it seemed that the teaching of ‘employability

skills' was minimal because of the time pressures around achieving GCSE results. This seemed particularly true in schools with poor GCSE results, whose students could arguably benefit more from a greater emphasis on these skills.

Some schools and local authorities have gone further to develop qualifications and other forms of recognition for employability skills. In Burnley, one school had just introduced a course called 'preparation for working life', which would include workshops on developing CVs and interview techniques. In Tower Hamlets, a number of schools have been piloting a new qualification called Passport to Employability, which is an Edexcel Workskill qualification equivalent to one GCSE grade B, which aims to prepare students for the world of work. The programme is a year-long course certifying business skills and so far 16 schools have participated in it. According to Tower Hamlets Education Business Partnership it has had a big impact; last year 710 students gained the qualification and the numbers achieving A–C grades at GCSE were higher in the participating schools. Most schools in the programme were trialling the course on a small scale, but St Paul's Way Trust was making it a requirement for all Key Stage 4 students. Although the passport to employability programme may signal a shift in priority, there was negative feedback from students that highlight issues that should be addressed. Many students felt that it was 'boring', and there was confusion over whether colleges recognised it:

That is so boring. They just make you do work, and you're not allowed to talk, you're not allowed to do anything.

My brother said that those ones don't matter, the main ones are science, maths, English.

The local college aren't accepting BTEC qualifications.

We do BTEC, and the other school do a different version, but that doesn't get taken into account, they accept theirs and not ours.

The fact that these courses were seen as boring underlines

the importance of experiential learning in teaching students about the world of work, if the impact of such programmes is to be even greater. The last thing students want is another sit down and take notes experience—particularly when the goal is to inspire them to consider their future career. This is not necessarily the schools' fault, but does highlight the challenges of providing high quality work-related learning for young people, which often depends on convincing local businesses to devote time and energy.

The above quotations also illustrate the complexity and confusion that young people have to navigate in the transition from school to college, as well as the potential limits of new qualifications. As this is a Tower Hamlets initiative, there is concern about Tower Hamlets colleges recognising the qualification, let alone colleges in other boroughs.

Case study: BSix Comprehensive College

In Hackney, BSix Comprehensive College delivered careers education primarily through its tutorial system. All students at all levels of study attended tutorial once a week, where the tutor was responsible for delivering curriculum on transitions after college, including an introduction to the world of work and careers education, and applications to higher education. Tutors are supported in delivering these lessons by a new careers' coordinator. Beyond this tutorial system, BSix has developed a number of in-school programmes and projects that aim to develop skills that are needed for the world of work. They are currently piloting a new sixth form Baccalaureate system that seeks to formalise credit for various activities that develop employability skills.

One of BSix's flagship programmes is called Learning Advocates. Under this programme, students are selected or encouraged to apply to take on a number of responsibilities such as representing the school externally (eg at conferences and award ceremonies), giving tours to external visitors, and giving public speeches and presentations. Students chosen for the Learning Advocates programme are those who show potential, but need to develop more confidence

and communication skills through activities like public speaking. As part of the Baccalaureate system, students who are 'learning advocates' get credit for their activities. Among the schools and colleges we visited, the BSix tutorial system seemed to be the most effective at embedding 'employability' skills within the experience of learning.

Work experience in Year 10

Work experience in businesses outside school has been highlighted as one of the most effective methods of developing employability skills and introducing young people to the world of work.¹⁶³ Positive experiences of work at an early age are key for students making the transition from school to work. This importance is reflected in the statutory obligation that schools have to provide students at Key Stage 4 – typically Year 10 – with a two-week work experience placement. According to a CBI survey, around 95 per cent of young people undertake work experience placements during the run up to their GCSE exams.¹⁶⁴ It is also very highly valued among young people, as seen in successive surveys conducted by Ipsos MORI in 2004, 2007 and 2009.¹⁶⁵ A survey of 2,000 14–19-year-olds in the UK showed they considered work experience to be essential.¹⁶⁶

However, our research suggests there are a number of failings with work experience as it is currently prioritised and delivered in schools and colleges. In general, work experience placements are of variable quality and are disconnected from other work-related learning and careers advice. This finding has been confirmed recently in a number of research reports.

The Panel on Fair Access to the Professions claims that the current setup for Key Stage 4 work experience is 'seen as having little value in terms of career-related learning and development'.¹⁶⁷ In the survey cited above of 2,000 14–19-year-olds, more than half believed there to be not enough quality placements available, while almost a quarter pointed out that their own work experience provider had failed to supply a useful or practical placement.¹⁶⁸ A joint Edge

and YouGov survey of over 2,000 young people revealed over a third to have been stuck doing ‘the same thing all day’.¹⁶⁹

The importance of getting work experience right

Other research underlines the importance of getting this aspect of the school offer right.¹⁷⁰ A number of research studies have found that poor quality work experience can actually serve to reinforce low aspirations, particularly among young people from disadvantaged backgrounds. Research by Will Norman at the Work Foundation found that because resources for work placement are meagre, placements are often limited to low-level retail work or assisting in hair salons. Moreover, research by Hatcher and Le Gallais in 2008 found there was a ‘significant correlation’ between the socio-economic status of schools and the social status of work placements, and that some employers preferred to take students from higher socio-economic schools.¹⁷¹ On the other hand, previous research by Demos has shown that when work experience is of good quality, it is the most disadvantaged young people who benefit the most.¹⁷²

Even more worryingly, as cited in chapter 1, analysis of the Longitudinal Study of Young People in England as part of the Education and Employer Taskforce found that work experience actually made young people with low attainment at Key Stage 4 a little (5 per cent) less likely to pursue education to level 3. These are troubling findings, and suggest that work experience not of a suitable quality can actually be counterproductive to the transition from school to work.¹⁷³ The same research concluded that work experience served as a wake-up call to students, in many cases making them question the relevance of their education to the world of work. This raises an additional concern: not only is the quality of work experience important, but also its timing in a young person’s life might be significant. Evidence from abroad shows that in countries like Germany, the Netherlands and Switzerland, work experience happens earlier at age 13 or 14 (rather than 15, as in the UK) and typically lasts three weeks rather than two.¹⁷⁴

Work experience in Shoreditch and Burnley

In the case studies we carried out there was varied opinion among students about the quality of their work experience. Almost all of them rated the importance of work experience highly, but many were unhappy with their particular placement.

The following quotations are typical of the range of responses from the students:

Yeah, I loved it.

Mine was boring, we used to just send emails to each other.

No, I walked out the first day. It was at Robert Dyas. They took advantage of me for hard labour. They saw I was a big guy, and they made me lift all the heavy stuff. Then I went into a primary school to support the sports teacher, which was better.

At mine [Dorothy Perkins in Canary Wharf] they used to tell me off for being 2 minutes late. Then they'd give me so much work to do.

The only thing that it taught me was that you can't just take the food that's in the refrigerator... [laughter of other participants]... that food belongs to other people, I thought it was just there for everyone to have.

It was fun, but it showed that it's something I wouldn't want to do.

A number of students spoke about their placement helping them to decide what they wanted to do when they left school, with equal numbers saying that their placement dissuaded them from a particular career path.

To some extent, some of the comments above could be seen as typical of 14-year-olds and 15-year-olds: when they were told off for being late, had too much work to do, were asked to carry out physical labour, and found the work boring they thought their work experience was poor. If they were able 'to chill' and not do too much work, or to take long breaks, they thought their work experience was good. Nevertheless, some of the complaints are legitimate,

especially around the non-engaging and menial nature of work experience.

The staff in many of the schools we spoke to, particularly in Burnley, encouraged students to find their own work placements and an overwhelming majority of young people had worked in their old primary schools. Although this experience was relevant for some who were considering going into childcare or becoming a teacher, working in a primary school hardly represents the type of inspiring placement that opens young people's eyes to careers they had not previously considered. Moreover, while encouraging young people to find their own placements can be seen as promoting self-direction and networking (which characterise skills needed for the real world job hunt), it fails to introduce young people with poor social networks (eg those living in communities with high percentages of worklessness) to opportunities that would otherwise lie beyond their reach. Thus our case studies seem to confirm the research cited above about the possibility of work experience entrenching low aspirations.

Links between work experience and careers advice

One significant gap in all the schools we visited was the fact that work experience appeared to take place in isolation from careers advice, entailing very little preparation, observation while on placement and reflection afterwards.

Most of the young people we spoke to had not met their careers adviser before their work experience. Many schools spoke about the importance of improving the quality of work experience, but found this was difficult because of the time investment required, and the difficulties involved in finding quality employers. With respect to this latter problem, Business in the Community is currently running a campaign entitled Work Inspiration, which aims to encourage employers to improve the work experience they offer to young people.¹⁷⁵ The campaign highlights three 'insights' that employers should use to make a work experience placement more inspirational: emphasising initial one-to-one conversations in order to find out the interests and goals of

the young person; giving participants the chance to become aware of the wide variety of jobs and opportunities within an organisation; and allowing the candidate to engage with a wide range of employees so as to gain broad knowledge of employees' different 'career path' stories. The campaign was launched in September 2009 and by March 2010 there were 400 employers supporting it who had committed over 31,000 'work inspiration' placements. But if work experience is to be significantly improved, schemes like Work Inspiration need to join up with excellent careers advice and the other aspects of work-related learning provided by schools.

The lack of follow up and reflection for students following their work experience is particularly worrying. As discussed further below, research into development outcomes for young people as a result of participating in volunteering and service learning programmes has shown the integral role that reflection plays in helping young people to draw out lessons from experience. The UK Commission for Employment and Skills has also cited the importance of coordinated reflection following work experience placements.¹⁷⁶

Extended work experience

There is a sense in the UK that schools are simply much less focused on and concerned about preparation for work and do not see it as their responsibility to provide it. This is partly related to the view that young people who do not go on to university are failures, and not school leavers for the community to reward and feel proud of. In contrast, in Germany, there is a new type of integrated vocational school (in Hamburg) – the *Stadtteilschule* – which will organise a number of 'special tasks' that students work on with employers and out in the community, because two weeks' work experience is considered insufficient.¹⁷⁷ The new 14–19 Diplomas introduced by the previous Government attempt to extend the offer of work experience to four weeks. Although overall there has been limited take up of Diplomas thus far, an exciting model for work experience that is potentially more relevant was seen with Unity College in Burnley, which offered a Diploma

in Media and work experience and other engagement with BBC Lancashire, through the BITC Business Class initiative discussed further below.

Part-time work and young people

As presented in chapter 1, the work premium is not only accessed through formal work experience in Year 10, but any positive experience of work for young people including part-time or summer jobs.

Only a few of the young people with whom we spoke in our research had previous experience of part-time work. This lack of part-time work experience is troubling given the evidence around the work premium: early part-time work correlates strongly with labour market success over the life course. School pupils should certainly avoid working more than ten hours a week during term time, so as not to inhibit learning. But beyond this, schools should positively encourage students to take on part-time work, especially those from workless backgrounds. We see no reason why schools cannot become involved in letting young people know about part-time jobs in their local areas.

Employers' engagement with schools and colleges

There is a body of evidence that suggests that more employer engagement with schools and students in secondary school and college makes learning more interesting for young people, improves motivation to succeed and leads to better school attainment. There is also evidence that students who have had more engagement in school from employers have better employment outcomes and feel more informed and confident in the labour market.¹⁷⁸

Our research found examples of partnerships developing between schools and local employers. However, we also highlight the challenges that continue to persist in creating effective engagement between these two parties. Staff in the schools and colleges we covered in our research were working with employers in a number of ways, including by:

- providing work experience placements

- facilitating ‘introduction to the world of work’ workshops
- providing strategic direction through school governing boards
- mentoring and personal coaching
- assisting with careers advice and guidance

Surprisingly, there was little to no engagement from local businesses in school and college ‘career fairs’.

Employer engagement in Shoreditch and Burnley

Although there has been greater national emphasis on fostering school and business partnerships in recent years — for example, through the creation of the Education and Employer Taskforce and their Visit our Schools national campaign — it is unclear whether Burnley and Shoreditch are unique in their relatively high levels of engagement because of their history and geography. In Burnley, following the riots in 2001 there has been significant focus and investment in schools, and a targeted five-year campaign run by The Prince’s Charities. The Prince’s Charities, primary through Business in the Community created a Multi-Agency Problem Solving Team (MAPS) in Burnley that includes the local police, fire services, a parenting officers, behavioural support teams and representatives from a local housing association, Calico, which is active in the community. The MAPS team helps to coordinate a number of the charities initiatives in Burnley, and aims to take a comprehensive approach through its combination of local stakeholders in one office.

Shoreditch, on the other hand, benefits from its location between the City and Canary Wharf and particularly effective local education and business partnership organisations in Tower Hamlets and Hackney. Thus, although employer–school engagement was reasonably high in both local areas, each represents a different model of engagement: in Burnley, partnerships have been charity-led in conjunction with a wide range of local partners, spearheaded by the Business in the Community ‘Business Class’ initiative. In Shoreditch, partnerships have been led by active education

and business partnerships, with the result that a number of large corporations are working simultaneously with many different schools, alongside the one-to-one pairing approach that characterises the Business Class model.

In general, employer engagement in Shoreditch was more embedded in schools and the activities were more diverse because of the number of big international companies in the City and Canary Wharf. These companies have well-developed corporate social responsibility initiatives and budgets to match. Yet many of them felt that the same level of activity was not reflected in other boroughs of London — such as Newham or Southwark — because of greater difficulty for companies to travel there.

Case study: Shoreditch, St Paul's Way Trust Secondary School

Three years ago, St Paul's Way was one of the worst schools in Tower Hamlets, with very poor GCSE achievement and problems around safety. As a result, it became a National Challenge Trust School in February 2010. It achieved significant improvements in 2010, when the number of students achieving five A–C grades including in English and maths rose 18 per cent to 47 per cent, and the number achieving five A*–C grades rose 24 per cent to 63 per cent. These are some of the biggest increases in London.*

With a new head teacher and senior leadership team, the school now has a governing board that consists of local universities and businesses, which helps to shape its strategic vision. The school has always participated in business mentoring and other programmes, but there are a number of new initiatives in 2011, including, trialling the Passport to Employability programme and holding a careers day with Deloitte, Sapient, Lakehouse Construction and local universities.

In Burnley, links between schools and employers were more recent and were in a process of growth and development. The model of engagement was also different in that the

Business Class initiative of Business in the Community has worked to partner each secondary school in the area with a private company in Lancashire or the north west. Companies include BBC Lancashire, Aircelle, Marks & Spencer, Calico Housing Association, Balfour Beatty and Lend Lease. Although the activities in Shoreditch were more varied, and schools benefited from a wider range of businesses to engage with, the Business Class model provides the opportunity for a deeper relationship between each school and the business with which they are paired. These links are important, particularly when we consider what we described earlier as the ‘bunker mentality’ of schools in Burnley.

However, knowledge of Business Class and partnerships did not appear to be widespread in schools either among students or career advisers. A few people to whom we spoke felt that this was because the initiative was still in its early days. More worryingly, some teachers said that information about Business Class was not being communicated from the senior leadership team to the rest of the school. One teacher noted the lack of a staff room in the new school building (completed under the Building Schools for the Future programme), which meant that information did not flow well between staff and across departments.

If work experience and good quality work-related learning are to be improved through partnerships with employers, schools need to become much more engaged with existing programmes, and much better at sharing information. Crucially, senior management teams need to buy in to the need for such provision, and to dedicate staff time to offering it.

Mentoring

One of the most significant differences between Burnley and Shoreditch was the extent of one-to-one business mentoring provided by employees from local businesses to young people at Key Stages 3 and 4. In Shoreditch, such mentoring was pervasive and seemed to have a positive effect on a number of young people taking part. This is confirmed by other research showing that young people who have received business

mentoring report that it significantly influences their desire to do well in school.¹⁷⁹

In Burnley, business mentoring appeared to be operating on a much smaller scale, most of which was the result of the recent Business Class programme and other work of the Prince's Trust in the area (eg. Mosaic mentoring provided to young British Asians at risk of disengagement). One example of good practice was provided by the company Aircelle, which is partnered with Shuttleworth College under the Business Class programme. The company ran an intensive mentoring scheme with approximately 20 girls aged 14–16 at risk of disengagement. The programme ran for ten weeks and consisted of volunteers supporting the young girls throughout the ten weeks by sharing their stories about employment, as well as running workshops on employment preparation. The workshops also included broader approaches to raising aspirations and building confidence and emotional resilience. As a result of the scheme, all of the participants showed improvement in maths and English, and in their confidence at school.¹⁸⁰

In Shoreditch, most business mentoring and personal coaching is organised through local education and business partnerships and organisations like East London Business Alliance (ELBA). At St Paul's Way Trust School in Tower Hamlets, business mentoring and coaching programmes form a core part of the support provided to students in years 10 and 11 (see case study *p. 124*). Almost all of the students from Shoreditch who took part in a focus group Demos ran had participated in a business mentoring scheme and felt it helped them to be more motivated in school and more informed about the world of work. St Paul's Way Trust School provides a good case study of business mentoring available to a wide range of students, not just those at risk of disengagement. Mentoring programmes focused on at risk young people are discussed in chapter 6.

Despite the success of mentoring programmes in our case studies, such programmes should not be seen as panacea for

educational disengagement and low aspirations. Past research has shown that although mentoring is an effective form of intervention, it can be counter-productive if done badly.¹⁸¹ However, given the wealth of mentoring interventions across the UK it should be possible for schemes to be well run and sensitive to local difficulties.

Career fairs

Our research revealed — shockingly — there is little to no engagement from local employers or businesses in school ‘career fairs’. These events are held for young people at Key Stage 4 and sometimes Key Stage 3. Every school we spoke to held careers fairs that primarily attracted colleges, the army and (sometimes) local universities. There were few if any local employers at these fairs, although we found a couple of schools (eg St Paul’s Way Trust) bucking this trend. This lack of contact between students and local industry may particularly reduce numbers going into technician level jobs by not making young people aware of opportunities and expectations early enough.

Obstacles to more effective engagement

There remain a number of challenges around engagement between businesses and schools, in addition to those mentioned above about career fairs, mentoring schemes and better quality work placements. The biggest challenge seems to be around initiating contact between businesses and schools. Business people we spoke to said they had difficulty finding out with whom to communicate in schools, especially initially. Moreover, some staff in schools conceded that school receptionists were often not sure to whom they should transfer calls. This underlines the importance of ensuring that every school has a staff member on the senior leadership team who is responsible for engaging with businesses as recommended by the National Council for Educational Excellence.

Two of the schools we visited in Shoreditch had just reorganised in order to clarify different roles for staff involved in business engagement and careers coordination. However, some staff were still unwilling to

engage because of time constraints, and the importance of focusing first and foremost on GCSE attainment. Although raising GCSE attainment is clearly important, this single focus can lead schools with poor attainment to close themselves off from outside engagement — and yet it is precisely the students from these schools who may benefit from greater engagement with outside businesses. This is a serious structural failing. Until the assessment of school performance becomes broader and takes greater consideration of a school's unique circumstances, time pressures will continue to limit the amount of time school staff feel they can devote to outside engagement.

Information, advice and guidance

High quality careers advice is essential to a successful transition from school to work. As noted by the Panel on Fair Access to the Professions: 'high quality information, advice and guidance is crucial in helping young people develop ambitious but achievable plans, which are likely to lead to positive outcomes'.¹⁸²

However, many of the people we spoke to felt that the quality of careers advice was poor, often even biased and ill informed. It is difficult to make broad generalisations about the quality of information, advice and guidance that students receive, as there have been significant changes in the way it is delivered over the years, and there are variations between different schools in different parts of the country. Connexions is a service provided by local authorities, and the quality of its advice (including the quality of its staff) can vary greatly, as can the aims and priorities of local branches. Nonetheless, a number of recent reports have been highly critical of Connexions, which suggests our research findings are representative.

Connexions was established in 2000, designed to provide young people with information, advice and guidance on learning options and careers, and to provide outreach support to young people with complex needs. The Equality and Human Rights Council noted that the provision of information, advice and guidance was one of the biggest failings and areas for

improvement in helping to engage young people who are NEET or at risk of being NEET.¹⁸³ The 2008 Skills Commission inquiry and the Association of Teachers and Lecturers argue that Connexions is neither ‘impartial nor informative’ for young people.¹⁸⁴ In a survey of 2,198 young people conducted by Edge and YouGov, only 44 per cent of respondents felt that the careers advice they received was good.¹⁸⁵ Another survey of 16–24-year-olds carried out by the youth charity YouthNet found that only one in five respondents found Connexions helpful, and that it was the least likely source for young people to use when looking for careers advice.¹⁸⁶

Our research suggests there are a number of gaps and failings in the provision of information, advice and guidance in schools. Research participants had mixed opinions about Connexions, but most views tended to be negative. Views among 18–24-year-olds about the career advice they received when they were in school were almost unanimously disparaging. Only a very small number of students had met their careers adviser, and no students had developed an ongoing productive relationship with him or her.

Most of the students we spoke to claimed they received careers advice from parents and relatives; some mentioned teachers, but only a few mentioned the careers adviser. This tendency to rely on informal sources of career advice rather than formal advice is troubling in light of recent findings from inspections by Ofsted, which found numerous examples of carers, residential staff, teachers and tutors who were providing advice and guidance to young people but had too little knowledge and understanding of the full range of options needed to do this effectively.¹⁸⁷ In many cases, advice and guidance was biased, particularly if schools had a sixth form college, when advice and guidance overwhelmingly focused on encouraging students to carry on studying into the sixth form.

Students and school leavers felt that the dominant message they received from teachers and career advisers was that going to university was an unqualified good for which everyone should strive. As one student from Unity College put it:

They point at all the positives, and they never bring up the negatives – they should tell you what your options are. If you're going to university to get a further education, and then you still might not get a job, you should know.

One young person who had left school a few years back felt that the range of advice was very limited and biased towards GCSEs and going to university:

I felt that I was told a lot about potential, but potential not for the wider kind of scope of things but potential of what they had set for me. So it's not in fact making me think wider. It is making me think hurry towards their goals... 'You know, you've got a lot of potential, you could be anything, but do your GCSEs'... 'You can do anything, but get this test done.' So they are concentrating it on something that really and truly may or may not help you. It is not really personal; it is not making me think outside of the box.

Connexions: universal service vs targeted support

The failings of Connexions were often attributed to tensions over providing a universal service rather than a targeted approach. It was felt that Connexions advisers were expected to provide information, advice and guidance to all young people in the school, while at the same time focusing greater time and resources on young people at risk of being NEET. Some argued that this dual expectation led to poor quality provision in both instances. In one school, the Connexions career adviser focused almost exclusively on students with special educational needs and those at risk of being NEET post-16, leaving a significant gap in provision for a wide range of other students. The Panel on Fair Access to the Professions highlighted this tension in the Connexions model as well, noting in particular its failure to provide good guidance to the majority of students, especially higher achieving students who aspire to professional occupations.¹⁸⁸ However, there is also evidence that young people with learning difficulties, teenage parents and young people in jobs without training felt they had not received enough information and support while in Year 11.¹⁸⁹

Information, advice and guidance on apprenticeships

In general, students felt they received limited information and guidance from teachers and career advisers about apprenticeships. Most guidance related to choosing courses at sixth form or further education colleges. Students said that apprenticeships were mentioned, but detailed information was never provided. As one student put it: ‘They don’t really mention it much — well they do, but they don’t go into it, do they?’ It is once they have left school that students realise the information and guidance they were given was inadequate, and welfare-to-work providers say that many young people have little appreciation of what is required to undertake an apprenticeship.

A lack of awareness about the expectations of employers offering apprenticeships, the potential earnings and the qualification requirements for different levels of apprenticeships is particularly troubling. In the last chapter we saw that there is still a fairly high drop-out rate from apprenticeships, and better information about them in schools might mitigate this. Even more troubling is the fact that if a young person is to benefit the most from an apprenticeship she needs access to the technical premium, which means taking on an apprenticeship at level 3. Getting the right qualifications for such an apprenticeship may require a lot of planning and preparation, so opportunities for many young people to access the technical premium (and the character and work premiums) are being missed. Even if a young person is not likely to reach level 3 in her apprenticeship, awareness of level 2 apprenticeships might offer ways into the world of work for young people not planning to go to university or not keen on too much more classroom-based learning. Nor should we forget the socialisation benefits of apprenticeships, especially for young men.

Information, advice and guidance and employer engagement

Our research suggests there is limited involvement among career advisers with local employers and other aspects of

introducing students to the world of work. There was no sense that career advisers consulted employers and had detailed knowledge of local labour markets. The main focus of information, advice and guidance was assisting students in their transition from school to college.

The importance of students receiving independent information, advice and guidance in greater consultation with employers is seen in the rise of websites like blive.com. Programmes providing information, advice and guidance that come from the corporate or private sector (such as b-live) appear to be more effective at engaging with young people. A survey by MORI on behalf of the Guidance Council found that the most common source from which young people received information, advice and guidance was employers.¹⁹⁰ We cannot yet identify exactly why this is, but it is an important finding and worth bearing in mind. It fits with the general pattern of our findings: that business involvement in careers advice and work-related learning is crucial. In light of this it seems the Government's proposal for a more professionalised and independent all age careers advice service is a step in the right direction. However, the staff to whom we spoke in many of the schools and third sector organisations, while welcoming the idea of such a service, were worried by the lack of information about funding for new services. They felt a gap could open up between Connexions being wound down and the new service getting up to speed.

Improving information, advice and guidance — what makes it effective?

It seems clear that young people are not getting the high quality, professional and impartial career advice that they need. The Panel on Fair Access to the Professions has called for schools to have the financial freedom and autonomy to commission careers advice from a range of providers, not just local authorities. B-live provides a good example of such a service — and crucially, the advice and guidance provided by b-live is developed through consultation with a range of

employers, which ensures that it is relevant to the world of work, and independent from schools and local authorities.¹⁹¹ Another way of providing effective information, advice and guidance is through more informal channels such as business mentoring, as described above, but also through young people themselves who have made the transition into employment. This is the approach taken by the organisation Future First (see case study).

Case study: Future First's approach to information, advice and guidance

The organisation Future First is an information, advice and guidance initiative that works with schools with higher than average percentages of students on free school meals in order to establish networks of alumni students to advise current students about their ambitions and future prospects.¹⁹² Once a school has commissioned its services, Future First recruits a number of former students from that school to provide 'personal, informal, face-to-face' careers advice. As part of Future First's Opening Opportunities scheme, once alumni have volunteered at a couple of presentations, some will seek to get their current employers to provide work experience opportunities to current students.

In addition to these networks, Future First encourages its corporate partners to provide students with work shadowing placements. Future First also designs its own thematic curriculum, drawing on the experience of staff and its advisory council. Future First programmes are currently under independent evaluation by the Sutton Trust.

Information, advice and guidance in the UK starts much later in a young person's life than in other countries — with most students not required to meet their career adviser until Year 11. In other countries, like Germany and Switzerland, career guidance begins around the age of 12 and is more integrated into the curriculum, with students learning about

the business and economic life of their local area and the jobs that their parents and relatives do.¹⁹³ Clearly, more effective information, advice and guidance must involve a number of elements beyond a highly professionalised and impartial service that is distinct from schools. Our analysis suggests that to be effective it must:

- begin earlier in primary and secondary education
- be better integrated into the curriculum (with teachers who are more informed and better trained to provide advice)
- involve businesses more to ensure relevance to the current and future labour market
- be better integrated with work experience
- involve informal advice from school alumni and business mentors
- engage more with parents and/or carers.

Improving the school and college offer to the 'other 50 per cent'

In the previous chapters we examined what young people need to prepare them for the labour market – what skills will provide them with the best insurance against becoming NEET. We found skills that provide access to a number of premiums are crucial. In our case studies, although we found some instances of best practice and holistic thinking around access to these premiums (most notably at BSix and St Paul's Way Trust School in Shoreditch), we have generally found the school offer in this regard is insufficient. We do not suggest the policy response be a series of largely untested and hugely expensive national initiatives, but a number of discrete changes could give schools the ability and incentives to work with local businesses and communities in widening the offer to the 'other 50 per cent'.

Beyond the changes to curricula suggested in the last chapter, the first priority for the Government must be the quality of information, advice and guidance and 'work-related' learning provided in schools. Other priorities should be improving practical learning opportunities,

developing literacy and numeracy recovery programmes at Key Stages 3 and 4, incentivising and enabling more cooperation between schools and businesses, and providing more one-to-one support around employability skills through tutorials, coaching and mentoring. The latter targeted support brings us to our next chapter, on interventions for young people the most at risk of becoming NEET.

5 Interventions for at risk young people

Despite the systemic failings and gaps of provision identified in the previous chapter, many young people nonetheless make a successful transition from school and college into work. Good parenting and social networks can make a significant difference to life chances and can somewhat make up for poor provision at school. However, a significant minority of young people do not have these strong support networks to rely on. For this group, the already difficult task of achieving in school and choosing course options and a career pathway is complicated further by social, family and personal problems. These young people need much greater and more coordinated support, which is flexible enough to deal with their specific needs and situations.

This chapter examines a range of typical intervention programmes, which are designed to reach young people across the age spectrum and with a variety of different needs. The key challenge in evaluating interventions for at risk young people is a lack of substantive data and evidence of ‘what works’. This is particularly true with early interventions, which require a long timescale and longitudinal analysis to determine effectiveness. Moreover, the challenge of assessing data over the long-term is often at odds with the short-term need of funders (both in the private and public sector) to demonstrate the impact of their investment.

The huge diversity in programmes on offer means that young people must navigate an increasingly confusing terrain of options before determining which, if any, can meet their specific needs. Similarly, teachers or career advisers rarely have the time or knowledge to navigate the diversity of provision, which means their ability to make judgements based on evidence is restricted.

Case study context: Burnley and Shoreditch

We chose our case study areas because they suffer from high levels of deprivation, which underlines the importance of positive and structured school to work transitions in these areas.

Burnley in Lancashire is an area of high unemployment, derelict and abandoned buildings, racial segregation and poor health outcomes. It was the 21st most deprived local authority in the country in 2007, and has some of the worst educational and health outcomes in Lancashire and the UK.

Burnley suffers from lower than average life expectancy, higher than average incidence of circulatory disease and cancer, and a standardised mortality rate among the worst 10 per cent in England and Wales.¹⁹⁴ The skills' levels of Burnley's residents have been deemed 'very poor by national standards' in a profile by the organisation Local Futures.¹⁹⁵ The number of residents with high skills (NVQ level 4 or above) and intermediate skills is well below the national average: 21.5 per cent of the working population are qualified to NVQ 4, equivalent or above, while 25.7 per cent possess no qualifications (compared with the national average of 12.3 per cent). The proportion of young people under the age of 25 in Burnley is higher than the national average so there is a greater chance higher numbers of young people being NEET given the poor state of the labour market. There are also higher rates of teenage pregnancy than elsewhere in the country.

Shoreditch, East London, is also characterised by high levels of worklessness, poverty and a high proportion of young people under the age of 25: there are over 30,000 children in Shoreditch, of which 58 per cent live in overcrowded housing, 75 per cent live in poverty and 42 per cent live in workless households.

In both areas, the high proportion of young people from disadvantaged and workless households means that there is likely to be a disproportionate number of children and young people who face obstacles throughout school and into adulthood, the seeds of which are sown in the early years of their lives. In these areas, ensuring a successful transition from school into employment and adulthood requires a coordinated

strategy of interventions and support throughout the life course of children who may be at risk. This chapter presents information about interventions taking place in Burnley and Shoreditch, and nationally, and what lessons these examples can teach about best practice.

Our approach: interventions at different life stages

We structure our analysis in this chapter according to which stage in the course of a young person's life programmes are delivered, for:

- early years (including primary school)
- secondary school
- college and post-16.

In each context, we discuss the different types of interventions that we encountered, and which seemed to have the most effect. The diversity of interventions can be examined according to:

- how the programmes are designed
- where they are delivered
- who delivers them.

The content and approach can:

- be intensive and one-on-one – mentoring programmes characterised by high levels of guidance and support
- be holistic – programmes aiming to tackle a range of socio-emotional and educational needs in one setting
- build skills through:
 - programmes focused on directly building employment skills
 - programmes focusing on key skills (literacy and numeracy).

The intervention can take place:

- in schools
- in communities
- as a mixed model – in schools, but with outreach.

The intervention can be delivered by:

- the local authority
- the third sector and charities
- private sector employee volunteers.

Early interventions (including primary school)

Early years interventions typically pinpoint the time in a child's life between 0 and 3 years old, but for the purposes of our discussion early years interventions include those taking place in primary school. There is now significant political interest in taking an early intervention approach to improving life chances and social mobility. Within the space of two months, Frank Field MP and Graham Allen MP both published government commissioned reviews into the effectiveness of early intervention to prevent poor outcomes.¹⁹⁶ The attraction is clear: there is strong evidence that the earlier the intervention, the more likely it will succeed. As cited in chapter 1, estimates suggest that the returns on investment for programmes such as Every Child a Reader Programme, Every Child Counts and Family Nurse Partnerships are substantial.¹⁹⁷

In the course of this research, we saw strong confirmation of the priority that communities, charities and schools were giving to early intervention for at risk children in areas of high deprivation. In Shoreditch, early years programmes involved one-to-one mentoring based in primary schools, and focused on improving core skills such as literacy and numeracy. For example, Inspire!, the education and business partnership for Hackney, runs 'Reading Partners' and 'Counting Partners', linking employees from businesses with specific primary schools in the area.

There are also employability programmes that aim to start introducing primary school students to the world of

work, including a programme run by Inspire! called Work Week (see case study), which has been run in 20 primary schools in Hackney for four years, with all children aged 4 years and older.

Case study: The Work Week programme in Shoreditch

The objective of the Work Week programme is to help combat problems associated with generational unemployment before secondary school. Because nearly half the children in Shoreditch are raised in workless households, children gain little understanding of work and the different careers available in their family and neighbourhood environment. With Work Week, the curriculum in the school is suspended and children in every year take part in a programme about the world of work. The programmes run during this week get incrementally more complex the older the children are, with students in Year 6 taking part in an enterprise scheme where they develop projects and present their ideas to a 'Dragons' Den' panel made up of employer volunteers, teachers and staff from Inspire!

One of the main challenges of the programme is the level of employer engagement that is needed. It is also important to get the types of employers to participate that young children would find exciting—for example, police or fire fighters—but this is difficult. Participation in Work Week requires investment from the school, but the cost of the programme is subsidised by businesses through the local education business partnership. The next step for this programme is to increase the engagement of parents, and perhaps invite them to participate alongside their children or in a separate programme for them.

In Burnley the early intervention initiatives we encountered were more holistic, with a targeted focus on developing better social skills, emotional resilience and core literacy and numeracy skills among children from disadvantaged backgrounds and chaotic households. In contrast to Shoreditch, where education and business

partnerships coordinated initiatives, these programmes in Burnley were mainly charity-led with the support of Burnley Council and other local partners. As part of the Prince's Charities' work in Burnley, Business in the Community had acquired financial support from Sainsbury's, Greggs and Sinclair Beecham to establish breakfast clubs in a number of Burnley primary schools in areas of high deprivation. The breakfast clubs were used as a way of ensuring that children from chaotic households arrived at school in time and received a healthy breakfast to start the day. Students were identified by schools based on persistent school absence and tardiness, as well as regularly arriving hungry at school. According to Business in the Community, 16 clubs have been established with support from local activists, with over 500 at-risk primary school children attending. Participating schools have noted improved attendance and punctuality, as well as growing confidence and communication skills.¹⁹⁸

There is also a growing number of 'nurture' groups in Burnley primary schools providing support for young people with social and emotional problems. Nurture groups can involve young people up to the age of 18, but most tend to focus on children in primary school from ages 6 to 9. Nurture groups typically consist of small groups of young people (between 10 and 12) who have been carefully identified by the school. For an extended period of time from a few months to a year, these young people spend part of their day in their nurture group participating in activities designed and run by specially trained teachers. Research suggests that 83 per cent of young people who have spent time in nurture groups are able to function in regular class time without additional assistance, compared with 55 per cent of those with similar problems but who have not participated in a nurture group.¹⁹⁹ Research presented in *Ex Curricula* from Ofsted, showed that 'nurture groups' were a successful alternative to primary school exclusion.²⁰⁰

Is early intervention effective?

Do such programmes work and, if so, what characterises a successful early intervention? Frank Field has referred to the ages 0–5 as ‘the foundation years’, as research shows that experiences up to the age of 3 strongly determine development outcomes into adolescence and adulthood. According to the Allen Review, a child’s development score at 22 months can serve as an accurate predictor of educational outcomes at the age of 26.²⁰¹ This is partly because by the age of 3 our brains are already 80 per cent developed.²⁰² In those first three years, our genes mix with our personal experiences of parenting and the home environment to significantly shape the development of language, and core emotions and social competencies.

Poor cognitive development in the early years can lead to children beginning primary school with underdeveloped language and communication skills. As much previous research has noted, up to 50 per cent of children from disadvantaged backgrounds are beginning primary school with such skills.²⁰³ Research also suggests that young boys are more likely to have a difficult time learning to talk and understand speech than young girls.²⁰⁴

This gap then underpins low achievement in literacy and numeracy throughout primary school and into secondary school. A previous Demos analysis of the Millennium Cohort Study revealed that each year eight in 100 students leaving primary school have reading and/or maths skills below those of the average 7-year-old.²⁰⁵ At each key point in a young person’s life it becomes more difficult for those who are behind to catch up.

Thus, there is a compelling argument for intensive early intervention before children even arrive at primary school. This is because parenting and the home environment have been demonstrated to have the most profound impact on children’s outcomes throughout their lives. Poor behavioural and cognitive development is associated with having parents with low levels of education, low income and young single mothers. However, Demos research in *Building Character* and *The Home Front* has shown that the type of parenting

children receive is more significant than whether a child grows up in poverty. Effective parenting can thus help to break the association between low qualifications and income among parents, and poor outcomes among their children. A ‘tough love’ approach to parenting, which is characterised by high levels of love and warmth between parents and their children, combined with consistent discipline and the clear establishment and enforcement of boundaries and rules, is associated with more healthy behavioural, social and cognitive development.²⁰⁶

Core components of successful early intervention

The growing body of evidence on the risk factors among children, and the potential impact of early interventions, points to a number of core components that provide examples of best practice for intervening early. To have the most effect, specific interventions should be woven together in a coherent and holistic strategy that targets the key development points of a child’s life. The core components of successful early intervention include:

- engaging parents
- delivering programmes in school settings
- community-based programmes.

Engaging parents

This should begin in the prenatal stages before birth to reduce a mother’s experience of high anxiety (which impacts on early cognitive development), through to health visitors and family nurse partnerships, to pre-school Sure Start programmes, and into primary school. Research shows that the single most important factor associated with positive outcomes for children from disadvantaged backgrounds is a positive home environment characterised by a number of adults who support learning.

Delivering programmes in school settings

Evidence from the USA and the UK suggest there is a link between the ‘emotional quality’ of the classroom and progress

in literacy and numeracy.²⁰⁷ This requires warm adult–child interactions, recognising and responding to children’s needs, and an emphasis on children’s emotional expression.

Community-based programmes

Research from the Longitudinal Study of Young People in England demonstrates that growing up in the most deprived fifth of neighbourhoods increases the probability of being NEET by almost 2 per cent, even when controlling for a wide range of other factors such as aspirations and income.²⁰⁸

Further research suggests that positive attitudes towards young people within a community are linked with positive outcomes such as lower levels of violence and disorder, improved health and lower rates of teen pregnancy.²⁰⁹

One nationally acclaimed example of community-based early intervention is run by the charity Place2Be, which operates in Shoreditch and Burnley (see case study).

Case study: Place2Be

The charity Place2Be operates throughout the UK to support the social and emotional development of children from disadvantaged backgrounds. Place2Be is based in 172 primary schools throughout the UK, supporting approximately 58,000 children up to the age of 13. Place2Be provides a range of services to help children with mental health issues and other complex problems (eg bullying, domestic abuse, and parental drug and alcohol abuse) to learn how to express themselves and build greater emotional resilience.

Place2Be provides one-to-one counselling from highly trained counsellors to children, employing methods of creative play to facilitate self-expression of issues with which children are coping. Counselling takes place in primary schools, but the programme incorporates community and family outreach. In addition to one-to-one sessions, Place2Be runs group sessions for children, providing a self-referral lunchtime drop-in service. Place2Be counsellors also run sessions with parents and teachers to

provide them with the knowledge and skills to help them identify and support children with social and emotional issues.

Although the main focus of Place2Be's work is primary schools, the charity is now expanding to help young people in the transition from primary to secondary school. Place2Be's early intervention work and focus on the primary to secondary transition were seen as particularly integral in Burnley to supporting the large number of children from disadvantaged backgrounds who live there.

Although Place2Be is just one of a number of programmes we came across that supports children in the early years, it demonstrates a number of the core components identified above as best practice. Focusing on the social and emotional development of young people from disadvantaged backgrounds can help provide them with the soft skills that underpin educational achievement and positive outcomes in adulthood. As well as providing a school-based approach that helps to acclimatise children to social environments, Place2Be also provides a range of different services (one-to-one counselling, group sessions, self-referral drop-in), which allow for a flexible approach that can accommodate the needs of different children. Moreover, by engaging parents and teachers, Place2Be works to create supportive environments in the school more broadly, as well as the child's home.

Obstacles to early intervention in current policy

At present, in the policy context there is little discussion about the connection between early intervention, and the work of charities like Place2Be, and the later transition from school and college into adulthood and employment. Policy makers and educationalists tend to focus on Key Stage 4 (and in some cases Key Stage 3) as the primary time for investing in support for helping in the transition from school to work. Yet for many young people this is too little, too late.

Policy makers need to broaden their views on interventions that can help support the transition from school to work. Investing in programmes like Place2Be can help to

reduce the number of young people who are NEET later in life, with substantial savings to the public purse. At present, the amount invested in early intervention programmes is a ‘drop in the ocean’ compared with the money spent trying to ‘mop up’ the effects of disengagement.²¹⁰

Demos research in *Ex Curricula* explored the barriers in the current system to investing in early intervention, and recommended a number of ways for expanding funding and support for it. For example, screening and assessing individual and family needs is currently inadequate, allowing the risk factors identified above to continue unnoticed until it is too late. What is required is a universal, evidence-based assessment tool that enables health visitors, nursery nurses and primary school teachers to recognise underlying issues.

There should be much greater investment in early years education providing high ‘emotional quality’ in all UK primary schools. This requires more qualified teachers, better teacher training that gives priority to a child’s emotional and social development, and better teacher to child ratios. To address this, it is recommended that early years education funding is tied to levels of deprivation and needs through a ‘pupil premium’ as it is with Sure Start and secondary schools. Too often, funding for early intervention is provided through short-term, ring-fenced grants rather than long-term funding provided to schools.

Supporting transitions from primary to secondary school

Often during the course of our research, people we interviewed about the transition from school or college to work felt that the seeds of disengagement were sown in the transition from primary to secondary school. According to one community activist, this was particularly true in Burnley because of the recent re-organisation of secondary schools following the Building Schools for the Future initiative. This reorganisation was an attempt to breakdown community segregation by ensuring the schools were more ethnically integrated, but it had

the unintended effect of unsettling students because they were suddenly disconnected from their community and peers.

Many young people from disadvantaged communities had little experience outside their communities, which provided familiar networks of support. Thus, when in the transition from primary to secondary school these young people were forced to travel outside their neighbourhoods (which was often the case), the anxiety many of them already felt about the transition was increased. The shift from primary school with one teacher to a more anonymous institution with a range of teachers and different classes can be difficult for some of the more vulnerable students.

Survey research of over 20,000 pupils in the UK reveals a decline in the quality of teacher–student relationships and in the ‘emotional quality’ of school in the transition from primary to secondary school: children feel less able to talk about their feelings and less listened to, making them feel less emotionally secure.²¹¹ This puts a high premium on the importance of additional one-to-one mentoring for vulnerable young people at this stage in their lives. Additional mentoring support can help compensate for the decline in the ‘emotional quality’ of secondary schools by providing a space for young people to express their feelings about the issues they might be going through. It can also help support and improve young people’s views about school and the importance of learning, which often begin to decline at the start of secondary school. Research studies suggest there is a drop in academic progress and a worsening of attitudes to school and learning in the first few years of secondary school.²¹² Young people from disadvantaged backgrounds especially are more likely to have a negative attitude towards school and learning, often underpinned by a lack of confidence in their ability, and lower achievement.²¹³

The Hackney education and business partnership Inspire! was one of the only organisations that we encountered in our research that focused on the transition from primary to secondary school – although, as mentioned above, Place2Be was planning to expand its work in this area in Burnley. In addition to its Reading Partners and Counting Partners

programmes in primary schools, Inspire! coordinates ‘transition mentors’ – volunteers from local businesses who provide one-to-one mentoring and group sessions for students in their last year of primary school. Volunteers then continue to work with students for at least a term when they move into secondary school.

Big Brother Big Sister: one-to-one mentoring

In Germany, the Big Brother Big Sister (BBBS) mentoring programme – originally founded in the USA – provides an example of a holistic, charity-led programme: it works with schools as well as parents, with mentoring sessions taking place outside the school environment. Young people aged 6–11 participate (with an average age of 10), though it can extend to the age of 16. In the USA, BBBS works more closely with schools and teachers to identify young people who are at risk and could benefit from mentoring, but in Germany mentoring more often takes place outside school. This difference was attributed to shorter school days in Germany than in the USA, and less engagement among head teachers because of lack of time. As a result, BBBS in Germany works more closely with parents, requiring a greater time investment to ensure parents’ involvement and to mitigate potential concerns and feelings of jealousy among parents towards mentors.

There is a body of research analysing the impact of one-to-one mentoring schemes on the young people who participate. According to the Mentoring and Befriending Foundation, vulnerable young people who receive mentoring at an early age:

- are more likely to have better educational outcomes (better school attendance, achievement and attitudes towards education)
- become more engaged with school (and have less chance of exclusion)
- show an increase in self-esteem and confidence
- increase their liking for school and have a more positive attitude.²¹⁴

Research on BBBS in the USA found that young people who took part in BBBS: ²¹⁵

- had better motivation and performance
- had improved communication and social skills
- showed a more positive attitude to life and future
- were less likely to use drugs and alcohol, or be delinquent.

One of the key elements of the success of BBBS is the attention paid to matching mentors with mentees.

The Hamburg BBBS office has two ‘mentoring consultants’ who work on matching young people and mentors based on interests, personalities and expectations. These consultants tend to have backgrounds in psychology or pedagogical experience and operate on what was described as the ‘four eyes’ principle, where two people make all decisions. They also have a database system that facilitates the matching process.

BBBS emphasises to teachers and other partners that the scheme is not designed for ‘fire fighting’ severe manifest problems among young people. Rather, its goal is preventative – targeting those at risk of disengagement. Young people might qualify for the scheme if they need additional support because of poverty, if they live in a single parent household, or if they have a migrant background, for example. The ratio of children from migrant backgrounds is about 40 per cent in most German cities, and this is reflected in the children who participate in BBBS: 60 per cent of participants have a migrant background, with 47 nationalities in the programme. Approximately half of all participants are children from single parent homes. ²¹⁶

Despite BBBS being the largest mentoring programme in the world, it is surprising that it does not currently operate in the UK. Our research suggests there is a gap in supporting young people in the transition from primary to secondary school, and that the creation of BBBS (or a similar one-to-one mentoring programme) in the UK could help to support young people in their transitions.

Interventions in secondary school

As we progress through the different stages of a young person's life, interventions for at risk young people become more explicitly skills-based with a specific view to employability skills. This is particularly true for young people who are NEET at 16–18 and those older than 18, where interventions are delivered mainly by welfare-to-work organisations such as Working Links and Reed in Partnership.

There remains a significant lack of targeted interventions and one-to-one mentoring for at risk young people during secondary school. Our research suggests that this is partly because of the way in which Connexions operates. As noted above, because Connexions is local authority controlled, its approach and quality varies in different local areas and schools. On the one hand, Connexions advisers are the main point of contact for all students seeking information, advice and guidance on qualifications and careers. Yet at the same time they are expected to deliver more targeted support services for young people at greater risk of disengagement. Our research suggests that this dual purpose causes confusion and means that Connexions is stretched too thinly. None of the students we spoke to had developed the type of strong and ongoing relationship with a Connexions adviser that characterises best practice in one-to-one mentoring schemes.

The most effective programmes of support were those based in schools, but run by independent organisations and charities such as Bolton Lads & Girls Club (see case study).

Case study: Bolton Lads & Girls Club

Bolton Lads Club was founded in 1889, becoming Bolton Lads & Girls Club (BLGC) in the 1980s. It has strong brand recognition in Bolton and the surrounding area as a result of its long history and reputation, and its coordinators felt this was an important element of their success. BLGC first began running a pathways2success programme in 2008. The programme is based in schools and seeks to work with young people deemed at risk of becoming NEET post-16 whom Connexions are unable to work with. In 2011 BLGC

worked in five schools in Bolton and had the capacity to work with up to 400 young people. Previously, BLGC worked with students in Years 10 and 11 but has recently had to restrict its services to those in Year 11. Students are referred to the scheme by teachers and others in the school, and meet BLGC coordinators who introduce the programme. Coordinators then meet the young person's parents in order to get their agreement about their child's participation; the scheme is completely voluntary. Once everyone agrees to participate, the coordinator carries out an initial assessment with the student to determine their interests, aspirations, the challenges they face and areas of development that are important. Each student undertakes a 'scale-based' review every three months to assess the development of the student's personal skills — what we term in this report character capabilities.

BLGC maintains a password-protected database for all the participants in order to track each individual's progress and ensure data capture. The programme is divided into discrete pathways through which the young person progresses. The first is the Discover strand, which helps to engage participants in fun and exciting extracurricular activities in order to develop confidence and positive attitudes. Activities include climbing and football. The second pathway is called the Evolve strand. At this point the young person is allocated and meets an enterprise coordinator in order to make a plan for their education, employment or training beyond school. The enterprise coordinators work with local companies to provide work placements for their participants; for example, those in the scheme have visited the O2 and Warburtons, and these businesses have also provided work experience. Enterprise coordinators work with the young person to create a CV, practise for job interviews and provide other advice about the world of work. They also, crucially, provide young people with travel to interviews in the BLGC van if they are unable to get there otherwise.

In the schools that work with BLGC, the NEET figure has been reduced by an average of 3 per cent, with

the biggest reduction being from 7.9 per cent to 1.8 per cent of school leavers NEET. There is also a 91 per cent retention rate for the young people participating.

The success of Bolton Lads & Girls Club's pathways2success is attributed to three core aspects of the programme. First, as BLGC is funded by a range of supporters and not the local authority, they have freedom from 'red tape', which enables them to provide their services in a flexible manner which other organisations would find challenging. This independence also allows the organisation to challenge schools and mainstream advice. Second, participants are encouraged to meet their coordinator once a week. This frequency allows them to develop a closer relationship with the coordinator, and enables the coordinator to provide better information and guidance suited to the young person's particular interests and needs. Finally, one of the participants we spoke to felt that the BLGC staff themselves were key to the success. This was mainly because they were perceived as young, fun and generally not like teachers or careers advisers, to whom participants felt they couldn't relate to as easily.

One-to-one mentoring in secondary school

Although more 'holistic' one-to-one mentoring is especially important for young people aged 6–12, our research suggests that one-to-one mentoring is equally important for at risk young people in secondary schools and colleges. The Mentoring and Befriending Foundation confirms this in an evaluation of a National Peer Mentoring Pilot in 2006–08, in which 180 schools and over 14,500 young people were involved.²¹⁷

As a result of the pilot, 90 per cent of school coordinators noted improvements in transition and attainment assessments, 60 per cent reported improvements in dealing with bullying, and 40 per cent reported fewer suspensions and detentions where the focus had been on student behaviour.

Other research found that mentoring led to better educational outcomes at level 2, especially for BME students. The Fischer Family Trust database tracked a cohort of Year 11s

(in Leeds) who had received mentoring and found that 71 per cent of students who had been mentored by an adult volunteer went on to meet or exceed the Trust's GCSE targets, and 83 per cent of BME students met or surpassed GCSE targets.²¹⁸ Based on this success, the scheme has now been rolled out in four other West Yorkshire local authorities.

The importance of this extra support for young people from disadvantaged backgrounds is underlined by research into parental expectations and guidance as discussed in the previous chapter.²¹⁹ This highlights the importance of having a robust system of guidance for young people who are less likely to discuss their options with their parents.

Business mentoring

As discussed in chapter 4, although some mentoring schemes have been established in Burnley, particularly as a result of the Business in the Community Business Class initiative, such schemes were far more extensive and integrated into Key Stages 3 and 4 in Shoreditch. This was especially the case in St Paul's Way Trust School, where business mentoring and personal coaching were well established at Key Stages 3 and 4. Students chosen for mentoring schemes tend to be those at risk of disengagement – young people with the potential to achieve but frequently truanting, unmotivated and otherwise distracted from school work. Mentors and coaches come from a range of local companies, many of which include law firms and financial institutions in Canary Wharf and the City.

Mentoring and personal coaching help to introduce young people to the world of work and provide advice and support on CVs – but they can also take a more holistic approach to the challenges a young person may face by helping to improve 'character capabilities' like self-regulation, application and motivation.

Unfortunately, business mentoring is yet another piece in a largely disconnected strategy in schools on careers advice and education. Particularly for at risk young people, there is a need for greater coordinated support that stretches across Key Stages 3 and 4.

The potential role of personal coaches

In Hamburg, reforms to the vocational education system include the creation of new professional roles in schools, and the development of methods of assessment and pedagogy that develop 'soft skills', whereby each student meets a personal coach throughout their time at secondary schools. Students are assessed on their progress throughout secondary school by a personal coach in conjunction with teachers. This model of personal coaching is also the key element of new Studio Schools introduced in the UK. The personal coaching model allows for a consistent form of extra support to at risk young people throughout their time at secondary school. Personal coaches can thus become a more reliable source of guidance and support across all the key decisions on GCSEs, work experience and college courses that a young person will make.

Interventions for school leavers

The goal of our research has been to examine what interventions can take place before young people leave school in order to reduce the number of young people NEET and to ease the transition to college and employment. By shifting the focus to younger age groups, we can potentially make savings on the amount of money currently invested in re-engaging young people between the ages of 16 and 18 in education and/or employment.

In the course of our research we met people working in a number of charities, colleges and welfare-to-work providers like Reed in Partnership and Working Links (in addition to colleges) who ran intensive 'employability' programmes for young people 16 years old or older who were NEET or otherwise at risk. Most of these programmes aim to teach work-related knowledge and skills (such as writing CVs), help young people get work experience, and provide mock interviews. Some of these programmes adopt an all-encompassing approach, focusing on instilling basic behaviours required by employers, such as punctuality and personal presentation. For example, The Prince's Trust in

Burnley delivers a programme with Lancashire Fire & Rescue Service aimed at young people aged 16 to 25 who are NEET, ex-offenders or care leavers. The course lasts 12 weeks and includes a residential activity week, work in the community and a work experience placement. The participants are also offered careers advice, and obtain a 'key skills' qualification as well as a City & Guilds qualification in personal development contributing to the community by completing the course.

As part of our research we interviewed providers as well as some of the participants who felt that the intensive approach of some of these programmes was extremely helpful, and that they would have benefited from this type of programme while still at school or college. However, at present such programmes are only available to young people over 18 who are unemployed, and many of the providers felt that running more of them in schools would help young people make the transition from school to work.

The Shoreditch Brokerage — rationalising the post-16 offer

The field of skills and employability provision post-16 years old is notoriously complex, with significant amounts of duplication and uncertainty in quality. The number of programmes we came across throughout the course of our research was dizzying. Most of them lasted anywhere from 6 to 12 weeks, and often involved residential (particularly in Burnley), CV and interview work, assistance in finding work experience, and a level 1 or 2 qualification in either key skills or something like personal development (as was the case in the Prince's Trust programme described above). What is needed is not more provision, but better organisation and quality assurance to ensure that young people take the right courses, and that these courses provide a clear signal of quality to potential employers. This process of rationalisation is behind an initiative spearheaded by the Mayor's office called the Shoreditch Brokerage. The Shoreditch Brokerage is a four-year project that aims to provide a quality assured network of welfare-to-work 'employability' programmes available to young people between 16 and 24 years old.

Although there is certainly a need for this type of quality

assurance in the post-16 ‘employability’ landscape, there remains a stark gap between services when in school and services post-16 after young people have left. Many welfare-to-work providers talked about having to effectively ‘start over’ with young people when they arrive at the Job Centre because there is no means to transfer the information about young people and support they received in school. In addition to shifting the focus of careers education and advice so that they are given earlier in secondary school (as argued in the previous chapter), it is also important to explore the possibility of delivering one-off intensive programmes, run by welfare-to-work agencies, in schools.

There are a number of obstacles to this latter possibility at present, however. For example, the Shoreditch Brokerage is currently asking employers and colleges to become members of the Brokerage. Although there is a desire to extend membership to schools, it was felt that school funding would not cover this. In a similar example, Reed in Partnership had forged a relationship with West End Academy to run group activities to introduce 14–16-year-olds to the world of work. This programme was viewed as a success by both Reed in Partnership and the Academy, but was being provided pro bono, which was unsustainable. Extending activities generally depended on whether the school could fund the programme. Moreover, it was felt that the cost of teaching employability skills to 18-year-olds was significantly higher than if the training came earlier — as behaviours and attitudes have become more ingrained at 18.

Bridging the transition: the Hamburger Hauptschulmodell

One of the most salient lessons to emerge from our research into the Hamburger Hauptschulmodell (HHM) in Hamburg, Germany was the importance of an organisation that bridged the transition between school and work by linking young people with opportunities after school. HHM works with young people who attend Hauptschule, which are traditionally considered to be the lower form of vocational secondary school in Germany. As a result of growing competition for

apprenticeships, students leaving Hauptschule were finding it increasingly difficult to find apprenticeship places. HHM was established to counteract this trend and provide extra support to young people in Hauptschule. The HHM operates with two key stakeholders — schools and employers — and works in Hauptschule to raise awareness of different pathways and opportunities for employment. Working one-to-one with students, HHM advisers assess students' interests and areas of development and tailor their support accordingly. After students leave school, they continue to work with HHM advisers to submit applications for employment and apprenticeships. HHM also has a number of companies that are formal members of their network, which enables them to match young people's interests and abilities with employers' needs. By providing preselected applicants, HHM helps reduce the burden of recruiting young people for their partner companies. After a placement, HHM advisers continue to have contact with the young people and employers to provide follow-up support if needed. As a result of HHM's work, the number of young people from Hauptschule going into apprenticeships has tripled with 430 students placed with 77 companies.

Our research revealed a few organisations in the UK that operate in a way similar to HHM — by working with schools and employers to provide young people with work experience and/or employment. These organisations include the Bolton Lads & Girls Club, the East London Business Alliance (ELBA) and the Brokerage City Link. The latter two organisations focus particularly on linking young people from Hackney and Tower Hamlets (and other deprived London boroughs) with employment opportunities in the City and Canary Wharf. However, both ELBA and Brokerage City Link noted a number of difficulties in working with schools. For example, many of the employment positions being brokered involve customer and client interaction, and large companies were wary of placing young people aged 16 or 17 in these positions. As a result, the ELBA programme tends to work with young people aged 18 and older. Moreover, whereas the outcome for young people in Germany was

often a three-year apprenticeship, the outcome for ELBA and Brokerage City Link was often more short term, for example, a work experience placement.

The need for effective, coordinated support

This chapter suggests that a sound policy approach to school to work transitions must begin through the early years, including parenting support, continue up to primary school and then secondary school and beyond. Such an early and continuous approach to interventions is particularly important for young people at greater risk of not having access to the premiums we have identified as integral to non-graduate success. This chapter highlighted a number of interventions at different stages of the life course, all of which can serve as vehicles to help young people develop the skills that give them access to these premiums. Throughout a young person's life, interventions at key transition points can support the development of key literacy and numeracy skills, as well as the development of 'soft skills' and 'character capabilities' like self-regulation, a work ethic and the ability to delay gratification.

As young people get older and progress into and through secondary school, there is greater need for interventions to help gain the skills and attributes that provide access to the work premium — which include, for our purposes, knowledge of work, general skills that are valuable in work, and actual experience of work. There are a number of organisations in operation that help to provide young people with these opportunities. But as we have seen, the offer in schools is poor, and the offer outside schools comes too late. There is a compelling case for third sector programmes with the freedom to challenge received wisdom — like HHM in Hamburg — and which effectively bridge the school–work divide, while also taking a holistic approach to a young person's needs and interests.

6 Conclusions and policy recommendations

The policy recommendations in this report focus primarily (although not exclusively) on the school side of the school to work transition. Ultimately, if the offer in schools were more effective and comprehensive, there would not be such a great demand for targeted and post hoc services for unemployed young people aged 18 and over. It is highly desirable that we move towards a school system that caters for all students and puts in place the learning and preparation for employment that would enable young people not going to university to make a smooth transition to work.

At present, however, schools are insular institutions focused solely on GCSE results. A radical culture shift within schools is needed, and a radical opening up of schools to local businesses and charities, so that the ‘other 50 per cent’ gains access to as many of the wage premiums we have outlined above as is possible. The skills that provide access to these premiums are the best insurance we can provide for young people at risk of becoming NEET.

Starting earlier

In this report we have argued that providing a sound basis for a successful school to work transition must start from the early years and continue through primary and secondary school. This is because a successful transition into the labour market requires access to the four premiums we have identified. For two of these premiums – literacy and numeracy, and the character premium – experiences from the early years and on shape the extent to which young people acquire the core skills that are so valuable in the labour market.

We recommend that the Government should focus on ‘holistic’ early years and primary school interventions to improve literacy and numeracy, and social and emotional resiliency in order to counter the influence of a lack of parental engagement among at risk young people. We make this recommendation in order to ensure that young people can gain access to the literacy and numeracy premium, and the character premium. Demos’ report *Ex Curricula* focused on the importance of early age intervention to prevent disengagement. This report continues to support an early years approach, and has highlighted a number of interventions at primary schools in Burnley and Shoreditch.

Poor literacy and numeracy in school leavers remains a significant concern among employers, and contributes to young people becoming NEET. This is because lacking these skills makes it difficult to gain good qualifications and employment, as well as contributing to poor self-confidence and poor experiences of school. It is imperative that young people at risk of failing to acquire literacy and numeracy skills be identified earlier in life. For example, achievements in literacy and numeracy at age 16 are around 60 per cent determined by attainment at age 8.²²⁰

Early intervention can also tackle underlying social and emotional issues, which handicap some people in the transition from school to work. Thus, early years and primary school interventions can help to ensure that more young people are able to gain access to the literacy and numeracy premium, and the character premium.

Improving the school offer for the ‘other 50 per cent’

We have argued that there is a cultural bias in the school system that privileges academic success over the broader skills that are of extra benefit to the ‘other 50 per cent’. Moreover, those young people who are disengaged from the education system would benefit from more diverse learning environments. Systemic reforms should thus include:

- reforming the content and delivery of the national curriculum to allow for the skills desired by employers to be better imparted (the skills that lead to the character and work premiums)
- reforming school assessment and league tables to give broader consideration of the offer to the ‘other 50 per cent’
- improving work-related learning through:
 - higher quality vocational pathways
 - better quality work experience
 - improved information, advice and guidance and careers education
 - embedding careers awareness and education through Key Stages 3 and 4.

Giving greater support for literacy and numeracy recovery.

The Coalition Government announced last year that it was ending the right to one-to-one tuition for young people who fell behind in reading and numeracy, and was scrapping ring fencing around funding for early years programmes such as Every Child a Reader and Every Child a Counter. As we have argued above and elsewhere, these early programmes provide a huge return on investment because of the long-term savings in social costs.²²¹ Although the Coalition Government claims to be making these cuts in the name of giving more freedom to head teachers, our research underlines the importance of core literacy and numeracy skills for young people making the transition from school to work. Thus, investment in recovery programmes throughout primary and secondary school is critical.

We recommend that the Government and schools should develop intensive but practical literacy and numeracy recovery programmes for students at Key Stages 3 and 4.

Early intervention is key but literacy and numeracy can still be recovered at later ages if interventions are intensive and practically focused. However, reading recovery at Key Stage 4 should not necessarily involve NVQ level 1 key skills

qualifications being taken, since these are of dubious quality. Independent qualifications and learning providers should be encouraged to develop innovative and creative literacy and numeracy recovery courses.

Injecting character into the curriculum

Although we have suggested there is a need to incorporate the development of practical skills in teaching the national curriculum — including more project-based learning and community-based projects — a wholesale analysis of these approaches is beyond the scope of this report. We have, however, highlighted a number of initiatives that seek to integrate ‘employability skills’ into curriculum learning, such as the RSA’s Opening Minds programme, and the new Studio Schools. In general, the Government should support these initiatives and pay close attention to evaluations of their effectiveness in producing young people who are, on the whole, better placed to succeed in the labour market. Short of these wider reforms and innovations, we make the following recommendations.

We recommend that schools and colleges should provide further time for, and investment in, ‘enrichment’ frameworks that help to prioritise and capture ‘life skills’ and other employability skills. Extracurricular activities outside the classroom can help young people develop ‘life skills’, but our research revealed that few young people take part in them and schools only give students limited encouragement. The BSix Baccalaureate programme and the ‘passport to employability’ programme in Tower Hamlets offer examples of frameworks that aim to capture and encourage extracurricular activities among students. The Government should investigate creating promotional pathways around expertise in running integrated ‘enrichment’ frameworks, accompanied by resources for funding the appropriate professional development.

We recommend that the Government should explore ways to expand service learning opportunities for young people, and link these opportunities to careers advice and guidance.

Given the terrible state of the youth labour market, extended periods of civic service should be an option for young people so they can gain access to the character and work premiums in lieu of entry-level jobs. Such service learning dovetails well with the need for better links between schools, businesses and communities. Service learning not only provides access to valuable skills, it can also create a sense of social inclusion and provide much needed voluntary labour.

Broadening school assessment

As mentioned above, schools are strongly influenced by government policy particularly on assessment and league tables, as this has implications for funding and student enrolment. However, the current system of assessment is far too narrow, resulting in the crowding out of time and resources devoted to the school to work transition. Thus, taking a long-term view, the means of assessing schools' success must be rebalanced towards the needs of the 'other 50 per cent'.

We recommend that Ofsted should make career advice, the imparting of employability skills and employer engagement key components of assessing schools and colleges. Although Ofsted reports take into account the provision of work-related learning, the ultimate assessment of a school's performance and standing in league tables depends solely on GCSE attainment. This narrow focus is indicative of the UK's cultural bias towards academic achievement, and means that schools are failing to improve the offer to the 'other 50 per cent' of young people. A broader and more relevant assessment of schools and colleges would give greater consideration to the key vehicles for delivering the premiums that we have identified, including high-quality career advice, employability skills training and employer engagement. School management should be assessed on whether there is someone in the senior

leadership team responsible for employer engagement and training employability skills, as recommended by the National Council for Educational Excellence. Ofsted should also judge schools on the coherence and coordination of their work-related learning strategies, paying special heed to whether these strategies extend throughout secondary school — awarding points to schools that begin career advice and education much earlier at Key Stage 3. Ofsted should also pilot evaluations that gather modest longitudinal data on the employment and educational progression routes of ex-students.

The English Baccalaureate is only useful as a floor target, not a prescriptive measure; we recommend that the Government and Ofsted should develop other ‘measures’ of success.

The announcement by the Coalition Government of the new English Baccalaureate sparked a heated debate about further narrowing the curriculum available in secondary school. We argue that the English Baccalaureate should function solely as a floor target: it should not be the only measure of success for schools regardless of their circumstances. We suggest the Department for Education develops other measures, such as numbers of students achieving Higher Diplomas that include GCSE maths and English, although we don't recommend setting floor targets until Diplomas are much better established. We also recommend a further ‘academic’ measure of success based on four GCSEs including English and maths. This latter measure would ensure schools did not become complacent about the importance of core academic skills, while giving them more time to spend on preparation for employment.

Improving the vocational offer

Over the last 30 years policy makers have been obsessed with rebranding and reorganising vocational education and training for the sake of system tidiness and achieving ‘parity of esteem’. We suggest politicians and educationalists alike stop treating vocational education as a vehicle for realising abstract philosophical aims. Rather, the focus should now be on raising

the quality of teaching, assessment and curriculum integration so that vocational education is challenging, interesting and practical. We do not recommend such quality assurance be delivered through highly prescriptive national programmes but rather through discrete but effective changes to the system (such as stipulations about committing senior management staff to vocational learning). The aim of such measures should be to ensure someone at the ground level is responsible for the coherence of vocational education. It should not be to impose coherence from Whitehall. A series of discrete measures fostering local talent and responsibility for vocational education will help to develop rich vocational curricula, with strong links to local businesses and communities.

We recommend that the Government should continue to develop Diplomas as the framework for a high-quality mass participation vocational route that young people and parents alike understand. The last thing the system needs now is another overhaul. Instead, efforts should be concentrated on: developing the contextualised learning of maths and English within practical settings; allowing schools to link practical learning opportunities to local businesses and communities; and on allowing schools to innovate creative and interesting practical learning opportunities. Ofsted should develop expertise that allows it to work with schools to build excellent vocational curricula around the Diploma framework. Schools should continue to work with universities and employers to develop the Diploma offer, and dedicated continuing professional development for teachers may be necessary to do this.

We believe that the Government should be wary of pushing young people into studying level 1 and 2 NVQs that often have little value. The Government developed these qualifications and favours them but it should not push them on young people if the evidence shows they gain no wage returns (which generally they do not). The qualifications young people are advised to take should be based on proper evidence about the value of the qualifications in the work place. The only

legitimate reason for studying level 1 and 2 NVQs post-16 is that they are stepping stones to further learning, or to employment opportunities that require them as certification.

We recommend that the Government should consider introducing intensive employability programmes (eg Working Links' 'Fit4Work' 13-week programme) for some young people in schools. Students are receiving limited careers education and training on employability. Some aspects are incorporated into PSHE or community cohesion curricula, but there was no evidence from our research of intensive programmes offered in schools. This is a significant gap that should be explored. The providers and young people we spoke to felt that these types of programmes would have worked well in schools. Providers argued that offering these types of programmes earlier in a young person's life (before the age of 18) would save money, as behaviour becomes more ingrained and is more difficult to change. Schools and welfare-to-work organisations should seek to pilot intensive employability courses as an alternative provision for some young people in Year 11 and in college.

Providing coordinated, high quality one-to-one support

As argued in chapter 5, young people at risk of disengaging from education and becoming NEET after leaving school require more targeted support coordinated in Key Stages 3 and 4. Although the current Connexions model in many local areas prioritises working with at risk young people, research suggests that Connexions staff are overstretched and still not able to provide the level of support needed. There is a strong need for charities and the private sector to provide initiatives that fill this gap—as seen in the example of Bolton Lads & Girls Club in chapter 5. This can include greater encouragement of business mentors and other such schemes, which can offer young people personalised guidance, introduce them to opportunities and other career paths, and

give them informal career advice. However, there is also a need for more embedded support within schools, but provided by organisations with the freedom to challenge received wisdom and operate without bureaucratic restrictions.

We recommend that personal coaching models in schools should be expanded to help develop ‘soft skills’ and employability skills, particularly among young people at risk of becoming NEET.

Personal coaches should work with at risk students throughout Key Stages 3 and 4 and continue to work with them after they leave school and progress into college or employment. Teachers are overburdened by the national curriculum and the assessment of young people through exams. As the German case study and Studio Schools in the UK show, the creation of a personal coach in schools to provide extra support to young people throughout their development can help to develop ‘soft skills’ and ease the transition into further education or employment. In particular, there is a need for someone within schools—particularly schools in areas of high deprivation—to work closely with young people at risk of disengagement through Key Stages 3 and 4 and then continue to track them once they leave school.

Our research into the Hamburger Hauptschulmodell (HHM) in Hamburg, Germany, provides an interesting blueprint for replication in the UK. The HHM operates in a similar way to Bolton Lads & Girls Club and provides a crucial link between school and work, helping young people to navigate the options available to them. It also gives young people a concrete bridge into opportunities with employers, through preselected job applications. This relieves employers of the burden of recruitment and makes them more willing to take on non-graduates.

We recommend that the Government supports pilots that emulate the HHM model and look to spread personal coaching practices in secondary schools.

We recommend that a national mentoring franchise should be created. Individual one-to-one mentoring is a key component for supporting young people during crucial

transition phases. However, at present, the provision of mentoring in schools across the UK is uneven. The Bolton Lads & Girls Club offers one potential model for delivering mentoring at a national level, while still allowing for local flexibility by functioning as a franchise. This is how Big Brother Big Sister functions in the USA and Germany. The franchise approach allows wide recognition of the brand, but also local and regional variability and freedom of approach.

Opening up schools — employer engagement

As argued in chapter 4, a key determinant of the quality of work-related learning depends on the level of school and college engagement with businesses in the local area. Our research confirmed findings reported elsewhere over the difficulties employers face trying to engage with schools, and the difficulties schools face in finding suitable employers with whom to build partnerships. We argue that schools and businesses need to give greater priority to these mutually beneficial alliances: schools need to become radically more open institutions with structures and processes reflecting this, while businesses need to take on a greater role in producing the work-ready young people of tomorrow.

We recommend that schools and colleges should create new development and advice roles for employers and people from business backgrounds. The Government has already announced reforms to make it easier for people from industry and/or with experience of working with young people to become teachers. However, the Government should explore the creation of new advice and development roles in schools for people from business backgrounds. By not making such people qualified teachers, time-consuming battles with teachers' unions can be avoided. Moreover, every school governing board should include high profile members of local businesses in order to ensure input into schools' strategic direction. It is also important that successful people from the local area — and even the local school — return to the school to give talks in

school assemblies. Similarly, there should be an increased focus on encouraging inspirational speakers and business leaders throughout the UK to speak to students at schools.

We recommend that schools and colleges should create a position in senior leadership teams that is focused on business engagement and employability training, and encourage more teachers to focus on employability skills. The creation of staff in the senior leadership team responsible for engaging with businesses was a key recommendation of the National Council on Educational Excellence. Ofsted reports should hold schools and colleges to account on whether business engagement is being prioritised to this extent. One way of embedding this role in schools could include developing dedicated promotional pathways for teachers, with accompanying continuing professional development, where the focus is on employability skills, information, advice and guidance and forging links with employers. Such professional development should then be linked to the position in the senior leadership team that focuses on employer and business engagement and employability.

Improving work experience

The importance of work experience is well recognised, yet the work experience that is provided is often of poor quality. This is therefore a key area for policy makers, since good quality work experience helps provide access to the work and character premiums.

We recommend that the quality of work experience in schools should be vastly improved, and that work experience be integrated better with the curriculum and careers advice.

At the moment, work experience in schools is a tick-box exercise. Although many students we spoke to found the experience valuable, the provision of work experience is ad hoc and not incorporated into a coherent and broader strategy for employability. Schools must give much greater consideration

to improving the quality of work placements and integrating work experience with career advice. In particular, there is a need for more preparation before a placement, and debriefing and reflection time afterwards.

We recommend that the Government considers expanding the offer of work experience from two to three weeks for some young people, and explore the possibility of offering work experience at Key Stage 3. In comparing work experience provision in the UK with examples abroad, there is a compelling argument to be made that it happens too late in the UK and is generally too short. The Government has recognised the importance of extending work experience to eight weeks for unemployed 18–24-year-olds taking part in the new Work Programme. However, there is a need to begin earlier. Schools should receive greater support from the Government in offering longer work experience placements, earlier on, to allow young people to better connect their education with the world of work.

We recommend that the Government should encourage new academies and free schools to provide a more innovative approach to work experience. Although a more radical approach to work experience may not be suitable for all schools and colleges, there are a number of innovative models that can help schools and colleges think more imaginatively about the offer of work experience. One particularly interesting example comes from the USA. Under this model, pioneered originally by the Cristo Rey Jesuit High School in Chicago, young people from disadvantaged backgrounds gain access to a work study programme called the Corporate Internship Programme. Students who take part in the programme work five days a month in entry-level positions in major corporations and businesses. Money earned by students goes towards the costs of their education, but more importantly these students gain valuable experience of work environments that raise aspirations and clarify expectations. In the UK, the new Studio Schools are seeking to extend the amount of work experience young

people receive and integrate it with learning to a much greater extent. Government should seek ways of supporting such innovative approaches to work experience, and encouraging businesses to take part.

Improving information, advice and guidance

Careers advice should be as much of a priority in schools as maths and English. There is a considerable body of research that suggests information, advice and guidance in schools needs significant overhaul. The Government is committed to creating an all ages career service. How this new service will provide information, advice and guidance in schools is currently unclear. Our research suggests there is a need for this guidance to be provided by independent sources so as to avoid bias. Our research also shows that it should occur earlier in schools and involve businesses to a much greater extent. There also needs to be greater professionalisation among career advisers in schools, reflected in the qualifications needed to become a career adviser. However, perhaps most importantly in light of our research is the need to avoid the dual expectation trap that plagues Connexions — expecting it to provide a universal service, while also targeting support at those with greater needs.

We recommend that the Government and schools should clearly divide responsibilities for targeted support services to at risk students from responsibilities for an independent and universal careers advice service. At the moment the remit of Connexions is confused between providing targeted support to students most at risk of becoming NEET, and providing a high-quality universal service. We recommend these functions be separated and that targeted support be provided by a combination of coaches, personal tutors and mentors. In combination with moves to professionalise the new all ages careers service, this new clarity of purpose will further raise the quality of advice. (Particular attention needs to be paid to advisers gaining knowledge of local labour markets.)

We recommend that the Government and schools should introduce work-related learning and careers advice earlier in the secondary school curriculum. Countries like Switzerland and Germany begin offering careers education and guidance much earlier than in Britain. Young people therefore become increasingly aware of their options as they get closer to leaving school. In Britain, on the other hand, research has shown work experience comes as a ‘wake-up call’ to young people, making them question the relevance of their education to the world of work. Moreover, a significant majority of young people do not meet a career adviser until Year 11. Introducing early career advice and work-related learning – for example, through projects based around local businesses and the economy – can help young people understand more clearly the relationship between education and the world of work.

Improving opportunities for employment and work-based training

The recommendations above focus primarily on what schools, colleges and the Government can do to improve the offer to young people not going to university. However, a smooth transition from school to work clearly depends on the shape of the labour market, larger macroeconomic factors and post-16 opportunities for work-based training (e.g. apprenticeships). As the Nuffield Review of 14–19 Education points out, even if we were able to ensure that schools and colleges deliver the best provision possible for ensuring work readiness, there may be structural pressures in the labour market that disincentivise businesses from hiring young people.²²² Although Demos plans to undertake future work looking more closely at the youth labour market, we have a few recommendations aimed at improving apprenticeships and the labour market for young people.

Apprenticeships and work-based training

The Coalition Government has announced it will continue to focus on improving work-based training and increasing the number of apprenticeships available to young people. However, as we argued in chapter 3, there remain a number of obstacles to raising the quality and take-up of apprenticeships. Our research suggests that – unlike countries like Germany, where information about apprenticeships is incorporated throughout the education system – there is little to no information provided to young people in schools about apprenticeships. Teachers and career advisers focus (respectively) solely on GCSEs or college-based vocational courses. Anecdotal evidence suggests that advice and guidance is biased against apprenticeships. Beyond improving advice and guidance, our recommendations focus on improving the quality of apprenticeships and making it easier for companies to provide them.

We recommend that the Government and businesses should ensure the quality of level 2 apprenticeships. The Government rightly wants to raise the total number of apprenticeships, but our research found that a number of level 2 apprenticeships may be of dubious quality – they are too short, do not involve enough good quality general education, and can be too narrow in the skills they teach. At the moment, over half of a level 2 apprenticeship can consist of level 1 units of learning. This is too low a level. Key skills units in literacy and numeracy at level 1 are also set at too low a level and should be raised to level 2. If level 2 apprenticeships are not accompanied by an appropriate level of educational responsibility on the part of employers they can be considered exploitative, since their exemption from the National Minimum Wage Act is premised on high-quality training being provided (apprenticeships are exempt from national minimum wage legislation, but have their own [lower] minimum wage set under the Apprenticeships, Skills, Children and Learning Act 2009).

We recommend that the Government and businesses should aim to make all apprenticeships at least two years in length, preferably three, and continue to aim for a much higher percentage of level 3 apprentices. If apprenticeships were three years long their internal economies would make them self-financing for businesses. In the first half of an apprenticeship, apprentices would be a cost to a business but they would balance this out with a net gain (as they became more productive) in the second half of their apprenticeship. A business would also have an interest in training apprentices well so they would be as productive as possible in the second half of the programme. Only with self-financing, long-duration schemes will apprenticeships become genuinely employer-led. Long-duration apprenticeships also provide a structured transition into work and adult life for the apprentice. The Government should redouble efforts to make level 3 apprenticeships the norm, as they are in the rest of northern Europe. Schemes at this level offer access to the technical premium described earlier, as well as linking up with higher education.

We recommend that the Government should encourage more companies to offer apprenticeships by exploring different models for easing financial and administrative burdens. There should be particular focus on encouraging big companies (with 500 or more employees) to offer apprenticeships. In the UK, under a third of big companies offer apprenticeships compared with 100 per cent of big companies in Germany. The number of such companies offering apprenticeships could be increased considerably if the Government pursued vigorously its plans to encourage and support group training associations where an apprenticeship is split across any number of firms in the group. Such associations would also potentially provide richer learning experiences for apprentices. Demos is planning to carry out future work in this area.

We recommend that the Government and businesses should stop attaching government funding for apprenticeships to prescribed qualifications. Rather, allow employers to develop

their own content in consultation with Ofqual and other independent bodies (such as universities). Such freedom would allow employers to 'own' apprenticeships and lead to better quality provision since employers know which qualifications are valued in their sectors. It would also stop the tendency of government to guide employers into only worrying about core 'key skills' qualifications and not more subtle but important work-based learning processes. Government could provide menus of learning options from which apprenticeships could be constructed for small- and medium-size enterprises, since these businesses have limited time.

Rebalancing the labour market in favour of young people

Given the parlous state of the youth labour market (20.3 per cent of 16–24-year-olds unemployed in February 2011), government activism in the labour market is warranted. The Government must consider ways of incentivising businesses to hire more young people, especially non-graduates.

We recommend the Government should consider waiving or reducing employers' National Insurance contributions for workers under 25. We recommend that employers' National Insurance contributions (which are 12.8 per cent of gross earnings, rising to 13.8 per cent in April 2011) should be waived or reduced for 16–21-year-olds with a tapered reduction for those aged 21–25, so there is not a massive disincentive to hire a 24-year-old over a 25-year-old. This policy would be efficient, require no bureaucracy to administer, and rebalance the labour market in favour of young people. Although employers complain of a lack of employability skills in young people they should recognise that the disappearance of entry-level jobs has removed a major source of development for these skills. Making young people more competitive in the labour market would go some way to recreating entry-level positions. (Demos plans to carry out work on the youth labour market in the future.)

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Graduate unemployment has repeatedly hit the headlines since the start of the recession. Yet it is the 50 per cent of young people who do not go to university that are the least protected in the labour market. Even those who manage to find work are at greater risk of future unemployment, have little opportunity for career progression and face static wages.

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