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BRIEFING PAPER

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Apprenticeship Statistics

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Cover page image taken by author.

Summary

Apprenticeship starts in 2018/19

In 2018/19, there were 742,400 people participating in an apprenticeship in England, with 393,400 apprenticeship starts and 185,100 apprenticeship achievements.

The number of starts fell in 2017/18 following the introduction of a new apprenticeship funding system in May 2017. The number of starts has increased from 2017/18 to 2018/19, but is still below the number before the new funding system was introduced. Starts at intermediate level and by apprentices aged 25 and over were particularly affected.

72,400 fewer people were **participating** in an apprenticeship in 2018/19 than in 2017/18.

Constituency data on apprenticeship starts are available in the Constituency Apprenticeship Statistics spreadsheet accompanying this Briefing Paper.

Starts by apprentice characteristics

The **age profile** of people starting apprenticeships changed between 2017/18 and 2018/19, with a higher proportion of starts from apprentices over the age of 24.

46% of the apprenticeships started in 2018/19 were by people aged 25. The age group with the largest increase was by those aged between 35 and 44, with 21% more starts than in 2017/18.

The **gender profile** has also changed. The number of women and men starting apprenticeships were almost at the same level, with slightly more starts by women (50.1%). In 2017/18, there were slightly more starts by men (51%).

Starts by apprenticeship characteristic

Apprenticeship starts were more likely to be at a **higher level** in 2018/19.

44% of apprenticeships started in 2018/19 were at advanced level, with 19% started at higher level. In 2017/18, 44% of apprenticeship starts were at advanced level and 13% were at higher level.

The number of starts at intermediate level in 2018/19 have fallen heavily. **36%** of apprenticeship starts were at intermediate level in 2018/19. This is down from **63%** in 2011/12.

There were 22,500 level 6 and 7 starts in 2018/19. In 2017/18 there were only 11,000 starts at these levels.

The number of starts on **apprenticeship standards** increased by over 84,000 between 2017/18 and 2018/19, while the number of framework starts fell by almost 67,000. 63% of apprenticeship starts were on standards in 2018/19, up from 44% in 2017/18.

83% of all starts were in four **subject areas**: Business, Administration and Law; Health, Public Services and Care; Engineering and Manufacturing Technologies and Retail & Commercial Enterprise.

Policy Developments

In May 2017 the apprenticeship funding system was revised, and the apprenticeship levy was introduced. A summary of significant policy developments is provided in section 5 of this paper.

1. Overview of apprenticeships in England

Skills and training are devolved policy areas. This Briefing Paper covers apprenticeships in England. Sources of information on apprenticeships in Scotland, Wales and Northern Ireland are included in the Commons Briefing Paper, Apprenticeships Policy in England.[1]

Apprenticeships are paid jobs that incorporate on and off the job training. A successful apprentice may qualify with a nationally recognised qualification on completion of their contract.

In 2018/19, there were **742,400** people participating in an apprenticeship in England, with **393,400** apprenticeship starts and **185,100** apprenticeship achievements.

Over 4.2 million apprenticeships were started between 2010/11 and 2018/19, with **2.2 million** apprenticeship achievements.

Apprenticeships can be studied at different qualification levels:

Name	Level	Equivalent educational level
Intermediate	2	5 GCSE passes at grades A* to C
Advanced	3	2 A level passes
Higher	4,5,6 and 7	Foundation degree and above

There are two different types of apprenticeship schemes, frameworks and standards. Apprenticeship frameworks are being progressively phased out and replaced by the newer apprenticeship standards, which were introduced in 2014. For further information see the Commons Briefing Paper, Apprenticeships Policy in England.

Constituency data on apprenticeship starts are available in the Constituency Apprenticeship Statistics spreadsheet accompanying this Briefing Paper.

Changes to the funding system for apprenticeships

The way in which the government funds the training and assessment costs of apprenticeships was revised in May 2017, and the apprenticeship levy was introduced.

Prior to the changes being introduced the majority of apprenticeship starts were on apprenticeship frameworks. For this type of apprenticeship, the government paid all the training costs for 16-18 year olds, half the training costs for 19-23 year olds and up to half for apprentices aged 24 and over. Extra support was provided to apprentices living in the most deprived parts of the country or those in areas where training costs were higher.

[1] Data in this paper is taken from the Department for Education's Apprenticeships and traineeships data.

The Apprenticeship Levy

All UK employers with a pay bill of over £3 million per year pay the apprenticeship levy. The levy is set at 0.5% of the value of the employer's pay bill, minus an apprenticeship levy allowance of £15,000 per financial year. The funds generated by the levy have to be spent on apprenticeship training costs. The government tops ups the funds paid by the employer by 10%.

Since May 2017, apprentices on both apprenticeship frameworks and apprenticeship standards have been funded in the same way. Employers who pay the apprenticeship levy will pay for their training costs from their levy funds, while employers who do not pay the levy will generally pay 10% of the cost of training with the government contributing the remaining 90%. The government will provide additional payments, mainly targeted at younger apprentices.

A full description of the funding changes and the apprenticeship levy is available in the library briefing note Apprenticeships and Skills Policy in England.

2. Total number of starts

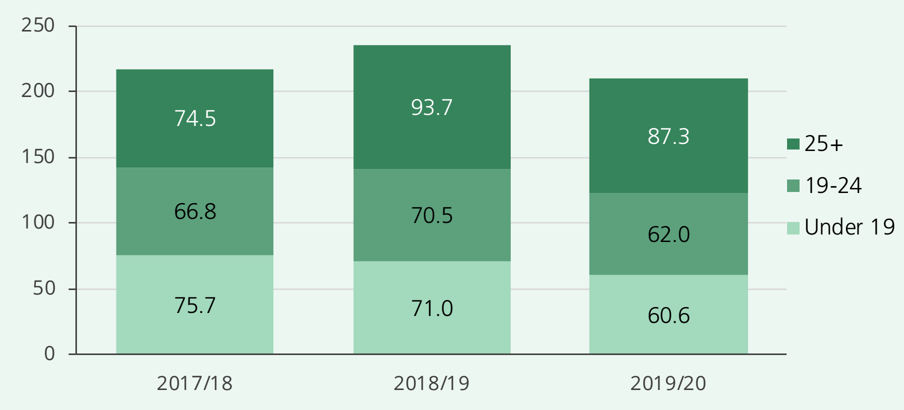
This section provides a summary of the most recent data for apprenticeship starts, and the trends over time.[2]

2.1 Starts in 2019/20, quarter 2

In the first two quarters of the 2019/20 academic year (August to January), there were 209,900 apprenticeship starts. This was a drop of 11% from the same period in 2018/19, with 25,300 fewer starts.

The number of apprentices aged 16 to 19 fell by the most over this period. There were 60,600 starts by apprentices aged 16 to 19 in the first two quarters of the 2019/20 academic year, 10,400 fewer starts than the same period a year previously. This was a 15% fall in starts for this age group.

Apprenticeship starts to quarter 2 (August to January), by age of apprentice
2017/18 to 2019/20, *Thousands*



Source: DfE Apprenticeships and traineeships data

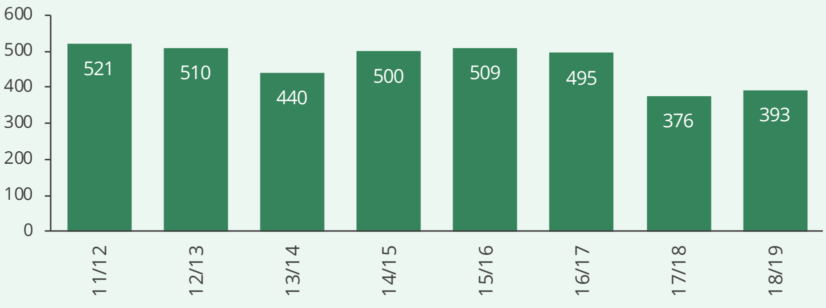
2.2 Starts in 2018/19

Between August 2018 and July 2019 (the 2018/19 academic year), there were 393,400 apprenticeship starts in England, 17,600 more than in 2017/18.

There were 393,400 apprenticeship starts in 2018/19, 17,600 more than in 2017/18.

[2] Unless otherwise stated, the statistics within this paper are for academic years (August 1st to July 31st)

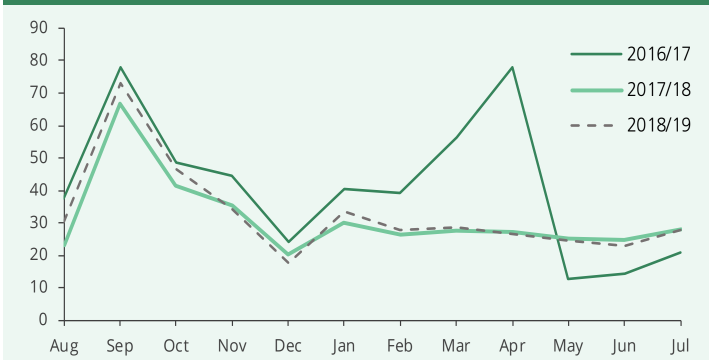
Apprenticeship starts in England
2011/12 to 2018/19, *Thousands*



The number of starts fell following the introduction of a new apprenticeship funding system in May 2017. This led to a large fall in starts in the final quarter of 2016/17, and the lower number of starts continued in 2017/18. The number of starts has increased by 17,600 in 2018/19, but is still below the number in 2016/17. The impact of the new funding system is explained in detail in Section 2.2 of this note.

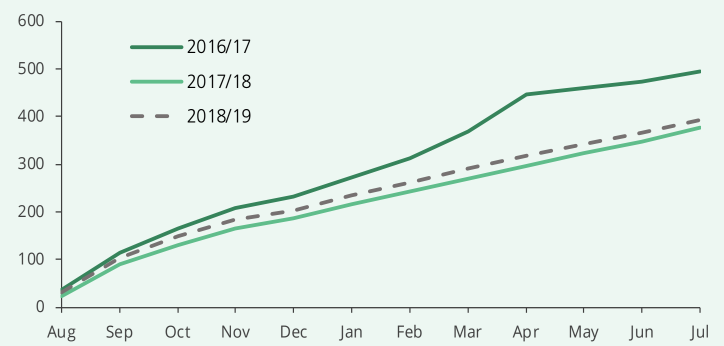
The chart to the left below shows the number of apprenticeship starts in each month of the 2016/17, 2017/18 and 2018/19 academic years, while the cumulative total of starts in the same years are shown in the chart to the right.[3]

Total number of apprenticeship starts in England
2016/17, 2017/18, and 2018/19, *Thousands*



Source DfE Further Education and Skills SFR

Cumulative total of apprenticeship starts in England
2016/17, 2017/18, and 2018/19, *Thousands*



Source DfE Further Education and Skills SFR

3 DFE/ EFSA, Apprenticeship and traineeships: October 2019, table 2.1

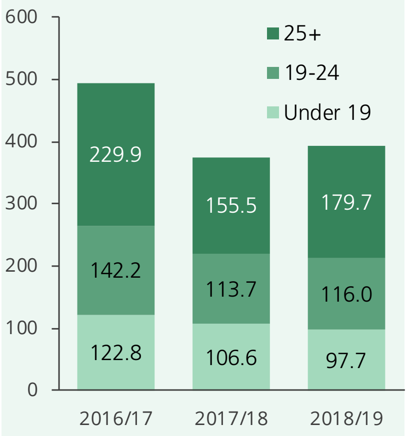
By age

The age profile of people starting apprenticeships changed between 2017/18 and 2018/19. In 2018/19, a lower proportion of starters were aged under 19 and a higher proportion were over 24.

179,700 (46%) of the apprenticeships started in 2018/19 were by people over the age of 24. A further 116,000 (29%) were started by those aged between 19 and 24, meaning that 295,700 (75%) of apprenticeships were started by people aged 19 or over. The remaining 97,700 (25%) of apprenticeships were started by those aged under 19.

In 2017/18, 41% of apprenticeships were started by people over the age of 24, 30% by those aged 19-24 and 28% by those aged under 19. In this year 71% of apprenticeships were started by those aged 19 or over.

Apprenticeship starts in England by age, *thousands*



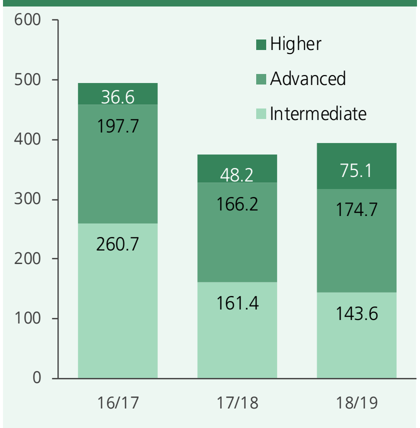
By Level

Apprenticeships starts were more likely to be at higher level in 2018/19 than in 2017/18.

174,700 (44%) of apprenticeships started in 2018/19 were at advanced level, with 75,100 (19%) started at higher level. In 2017/18, 44% of apprenticeship starts were at advanced level and 13% were at higher level.

The proportion of apprenticeship starts at intermediate level fell from 43% in 2017/18 to 37% in 2018/19.

Apprenticeship starts in England by level, *thousands*



By Region

All regions saw an increase in the number of apprenticeship starts between 2017/18 and 2018/19, although the increase was quite small in some regions. There was only as small increase in starts in the North East, while the increase in the South West and the North West were both less than 1,000.

Other regions had larger increases in the number of apprenticeship starts. London had the largest percentage increase of 11% (4,000), the South East, the West Midlands and the East Midlands had increases of 7%, and Yorkshire and the Humber had a 6% (3,000) increase.

The other regions saw increases of less than 5%.

Apprenticeship starts by region in England
2017/18 to 2018/19, Thousands

			Change since 2017/18	
	17/18	**18/19**	Level	%
London	37	41	4	11%
South East	53	56	4	7%
West Midlands	43	46	3	7%
East Midlands	34	36	2	7%
Yorkshire & The Humber	45	47	3	6%
East of England	37	38	2	4%
North East	23	23	1	3%
South West	43	44	0	1%
North West	58	58	0	0%

Notes: Data are for academic years (August 1st to July 31st)

Source: DfE Apprenticeships and traineeships data

By employer size

In March 2020 the DfE published statistics showing apprenticeships in England by industry characteristics from 2012/13 to 2018/19.

Small and medium-sized employers have seen a substantial drop in apprenticeship starts since 2016/17. From 2016/17 to 2018/19, small employers (0 to 49 employees) had 40% (66,090) less apprenticeship starts. Over the same period, medium-sized employers (50 to 249 employees) had 45% (33,680) less starts.

Starts increased by 8% (16,120) for large employers (250 or more employees) between 2016/17 and 2018/19, despite a fall of 6% (13,090) in 2017/18. The number of starts is now at the highest level since 2012/13.

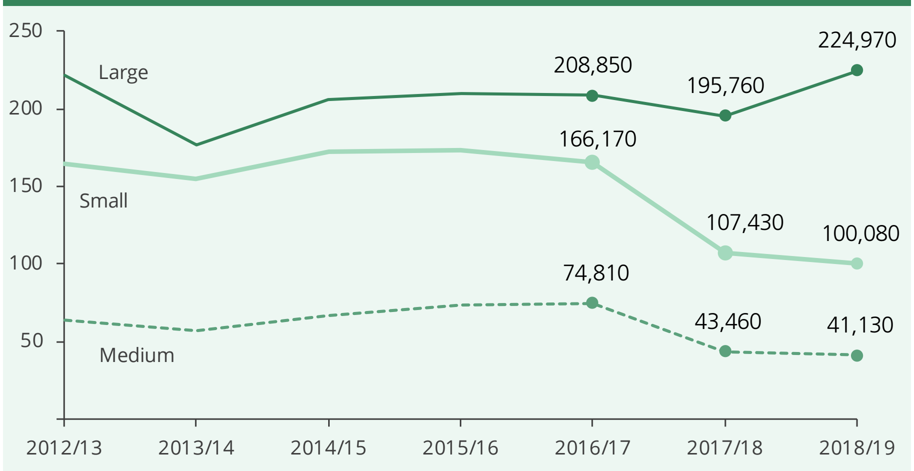
All sizes of employers had a fall in the number of starts from 2016/17 to 2017/18 following the funding changes that were introduced in May 2017, including large employers. Small employers had the biggest fall over this period, with 42% less starts.

From 2017/18 to 2018/19, small and medium-sized employers had a further fall in the number of apprenticeships starts. Small employers had 7% (7,350) less starts in 2018/19 than in 2017/18. Medium-sized employers had 5% (2,330) less starts over the same period.

More information on the funding changes can be found in section 1 of this paper, and in the Library briefing Apprenticeships Policy in England.

From 2016/17 to 2018/19, medium-sized employers saw apprenticeship starts fall by 45%. Small employers have had a fall of 40%.

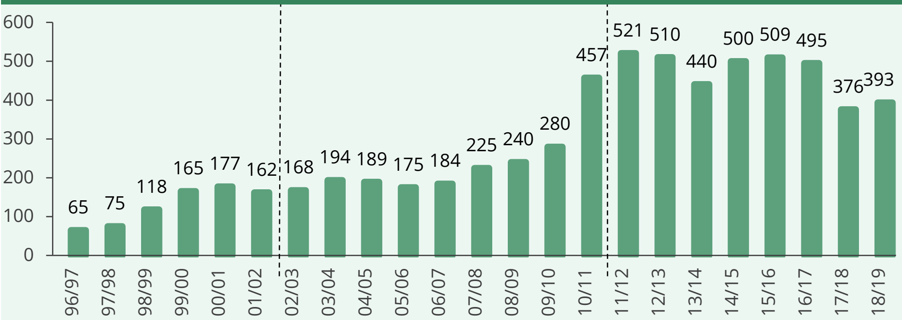
Apprenticeship starts by employer size
2012/13 to 2018/19, *thousands*



2.3 Starts since 1996/97

The current apprenticeship scheme was launched in 1994 but it wasn't until 2007/08 that apprenticeship starts exceeded 200,000 per year. Between 2009/10 and 2011/12 there was a large increase in starts, and since then there were generally around 500,000 starts each year, before the large decrease in starts in 2017/18.

Apprenticeship starts in England
1996/97 to 2018/19, *Thousands*



Source: DfE/EFSA *FE data library: apprenticeships* and HC Deb 14 Feb 2011 c560-1W (PQ38062)

Notes: Dotted lines denote where changes have been made to how information on apprenticeships is collected. Data either side of the dotted lines are not directly comparable.

Apprenticeship starts increased from 279,700 in 2009/10 to 457,200 in 2010/11, an increase of 63%. There was then a further increase between 2010/11 and 2011/12. These increases can be attributed to the increase in government spending on apprenticeships between these years (see box below).

In May 2010 the Government announced that £150 million from the Train to Gain budget would be deployed to provide an extra 50,000 apprenticeship places.

As part of the March 2011 Spring Budget the Plan for Growth was announced which included an £180 million package for 50,000 additional apprenticeships.

Between 2011/12 and 2016/17 the volume of starts per year has been relatively steady at just above 500,000. The exception was 2013/14 when the number of starts dropped by 70,000 from the previous year. The Department for Education have attributed this fall to the introduction and subsequent withdrawal of advanced learner loans for apprentices aged 24+ (see section 6).[4]

4 DfE, Further Education and Skills in England Statistical First Release, October 2017, pg 15

3. Starts by apprentice characteristics

This section provides a summary of apprenticeship starts broken down by the characteristics of the apprentice.

3.1 By Age

2018/19

As reported in section 2.1, the age profile of people starting apprenticeships changed between 2017/18 and 2018/19, with a lower proportion of starts from younger apprentices.

25% of apprenticeship starts in 2018/19 were from people aged under 19, down from 28% in 2017/18. Meanwhile the proportion of starts by apprentices aged 25 or over increased from 41% in 2017/18 to 46% in 2018/19.

A higher proportion of starts in 2018/19 were from apprentices aged 25 and over.

Apprenticeship starts by age
England, 2018/19, *thousands*

			Change in starts from 2017/18	
Age	Starts	Proportion	Level	% change
16	24	6%	-2	-6%
17	32	8%	-3	-10%
18	42	11%	-4	-9%
19-24	116	30%	2	2%
25-34	91	23%	11	14%
35-44	51	13%	9	21%
45-59	36	9%	4	13%
60+	2	0%		-3%

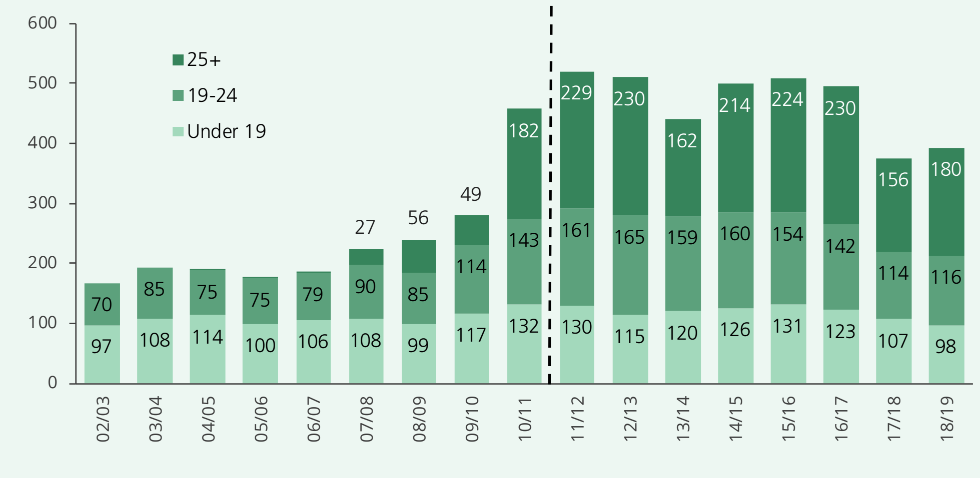
Notes Proportion is the percentage of all apprenticeship starts made by an age group.

The largest increase in starts for the older age bands was those aged 35 to 44, which increased by over a fifth. The number of starts by apprentices aged 45 or over increased by 12%.

Trend over time

The age breakdown of starts was quite stable between 2011/12 and 2016/17, with around a quarter under 19 years old, a further 30% aged between 19 and 24, and the remainder aged 25 or over. The exception was in 2013/14 when there was a large fall in the number of apprentices aged 25 or over, which can be attributed to the government's attempts in this year to make these apprentices pay for part of their apprenticeship.

Apprenticeship starts in England by age
2002/03 to 2018/19, *thousands*



The growth in the number of apprenticeship starts between 2009/10 and 2011/12 was largely driven by people aged 25 and over, with the number of apprentices of this age increasing from 49,000 to 229,000 between these years.

3.2 By Gender

In 2018/19, the number of women and men starting apprenticeships were almost at the same level, with slightly more starts by women. 50.1% of apprenticeships starts were by women (197,110) and 49.9% by men (196,270).

Starts for both men and women increased in 2018/19 from 2017/18, although the increase for women (12,870) was more than double the increase for men (4,750).

Over 7,000 more men than women started apprenticeships in 2017/18.

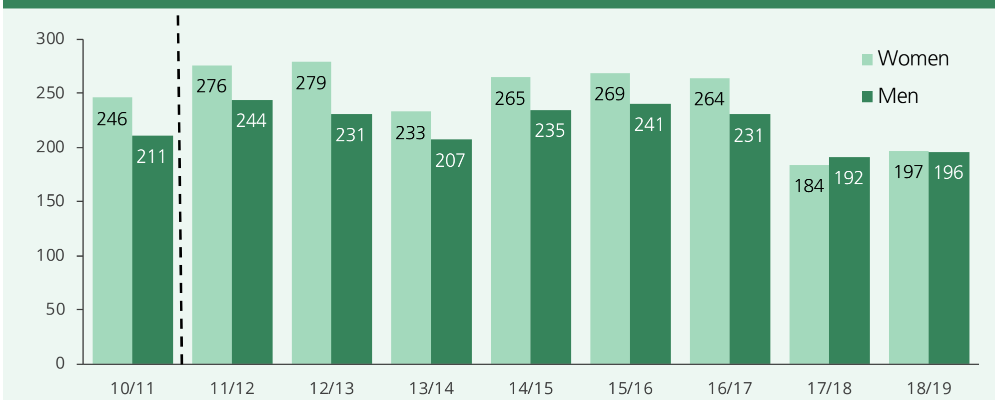
In 2018/19, the number of women and men starting apprenticeships was almost at the same level.

50.1% of apprenticeships were started by women, with 49.9% started by men.

Trend over time

The number of women starting apprenticeships was higher than men for every year between 2010/11 and 2018/19, other than 2017/18.

Apprenticeship starts by gender in England
2010/11 to 2018/19, *Thousands*



Source DfE/EFSA FE data library: apprenticeships
Notes Academic years 1st August- 31st July

Apprenticeship starts in England by gender since 2009/10

	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
% of total										
Women	49.6	53.8	53.1	54.7	52.9	53.0	52.8	53.5	49.0	50.1%
Men	50.4	46.2	46.9	45.3	47.1	47.0	47.2	46.5	51.0	49.9%

Source: DfE/EFSA *FE data library: apprenticeships*

Prior to 2010/11, more men participated in apprenticeships than women. Between 2009/10 and 2011/12 there was a large increase in the number of starts for women, 35,000 higher than the increase for men.

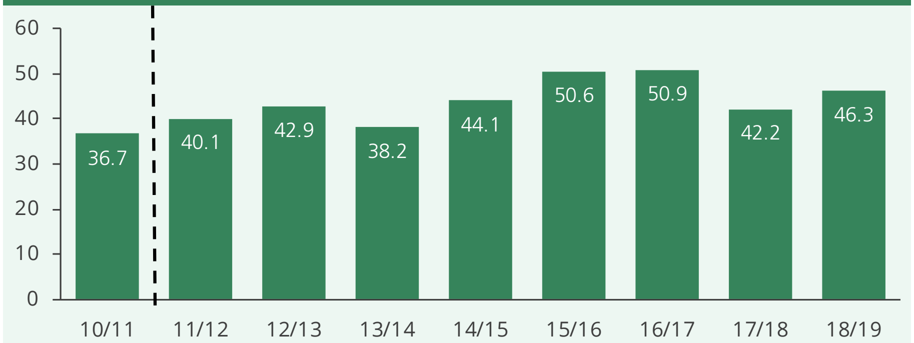
3.3 By Disability

In 2018/19, 12% (46,000) of apprenticeship starts were learners with learning difficulties and/or disabilities. The proportion of starts by apprentices with learning difficulties or disabilities increased from 11.2% in 2017/18 to 11.8% in 2018/19.

The proportion of starts by apprentices with learning difficulties or disabilities has increased each year since 2011/12.

The proportion of starts by apprentices with learning difficulties or disabilities increased in 2018/19.

Apprenticeship starts by learners with a difficulty/disability in England
2010/11 to 2018/19, *thousands*



Source DfE/EFSA FE data library: apprenticeships

Apprenticeship starts in England by learner difficulty/disability since 2009/10

	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
Level (thousands)										
Learning Difficulty/Disability	26	37	40	43	38	44	50	50	42	46
No Learning Difficulty/Disability	251	417	474	461	396	449	443	434	322	338
Not Known	3	4	7	6	6	7	10	7	11	9
% of total										
Learning Difficulty/Disability	9.4	8.0	7.7	8.4	8.7	8.8	9.9	10.3	11.2	11.8
No Learning Difficulty/Disability	89.6	91.2	91.0	90.4	89.9	89.8	88.5	88.3	85.8	86.0
Not Known	0.9	0.8	1.3	1.2	1.4	1.3	1.5	1.4	3.0	2.3

Source: DfE/EFSA *FE data library: apprenticeships*

3.4 By Ethnicity

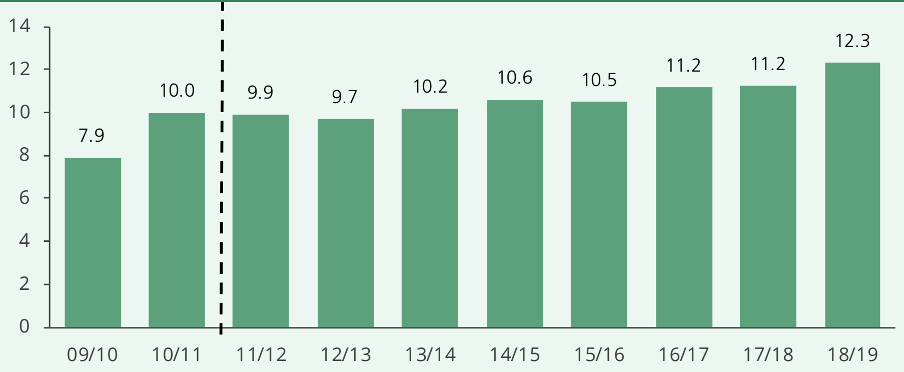
The overwhelming majority (86%) of all learners starting an apprenticeship were white in 2018/19. The proportion of starters from BAME (Black, Asian and Minority Ethnic) backgrounds was 12.3%, its highest level. This was an increase from 11.2% in 2017/18.

The number of starters from a BAME background gradually increased between 2011/12 and 2016/17, from 51,350 to 55,310 in 2016/17. Both the number of starters from a white background and a BAME background fell between 2016/17 and 2017/18.

From 2017/18 to 2018/19, the number of starts by apprentices from a BAME background increased by over 6,000.

In 2018/19, apprenticeship starts by learners from a BAME background reached its highest level, 12.3%.

Proportion of total apprenticeship starts by learners from a BAME background in England
2009/10 to 2018/19, **%**



Apprenticeship starts in England by learner ethnicity
2009/10 to 2018/19, *thousands*

	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
Asian/ Asian British	19,270	20,720	19,690	18,600	21,510	21,380	22,010	17,430	21,370
Black/ African/ Caribbean/ Black British	14,610	17,350	16,590	13,650	17,250	17,500	18,080	12,340	13,510
Mixed/ Multiple Ethnic Group	8,290	9,850	10,110	9,470	10,930	11,100	11,020	9,390	10,520
White	407,050	464,960	455,440	391,480	442,340	448,830	434,220	327,720	338,330
Other Ethnic Group	3,440	3,430	3,380	3,110	3,500	3,500	4,200	3,070	2,990
Not Known/ Not Provided	4,550	4,270	5,010	4,110	4,380	7,060	5,360	5,820	6,660

Notes: Academic years (1st August - 31 July)

Source: DfE/EFSA *FE data library: apprenticeships*

4. Starts by apprenticeship characteristic

This section provides a summary of apprenticeship starts broken down by the characteristics of the apprenticeships.

4.1 By Level

2018/19

As reported in section 2.1, apprenticeship starts were more likely to be at higher level (levels 4 to 7) in 2018/19 than in 2017/18.

174,700 (44%) of apprenticeships started in 2018/19 were at advanced level (level 3), with 75,100 (19%) started at higher level. In 2017/18, 44% of apprenticeship starts were at advanced level and 13% were at higher level. The proportion of apprenticeship starts at intermediate level (level 2) fell from 43% in 2017/18 to 37% in 2018/19.

Between 2017/18 and 2018/19, the number of starts increased for all levels except intermediate, which fell by 17,800. The number of advanced level starts increased by 8,500, while the number of higher level starts increased by 26,900.

The proportion of starts at intermediate level have fallen substantially. **36%** of apprenticeship starts were at intermediate level in 2018/19. This is down from **63%** in 2011/12.

There were 22,500 level 6 and 7 starts in 2018/19. Of the 22,500, 13,400 starts were degree apprenticeships. More information on this can be found in the Library Briefing Paper, Degree Apprenticeships.

Apprenticeship starts were more likely to be at higher level in 2018/19.

In 2018/19, **19%** of apprenticeship starts were at higher level in comparison to **13%** in 2017/18.

36% of apprenticeship starts were at intermediate level in 2018/19. This is down from **63%** in 2011/12.

Trend over time

There were large increases in the number of Intermediate and Advanced Level apprenticeship starts between 2009/10 and 2011/12. Since 2011/12 the proportion of starts that are advanced level or higher has steadily been increasing, from 37% in 2011/12 to 63% in 2018/19.

Apprenticeship starts in England by level

2009/10 to 2018/19, *Thousands*

	09/10	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
Level										
Intermediate (Level 2)	191	301	329	293	286	298	291	261	161	144
Advanced (Level 3)	88	154	188	208	145	182	191	198	166	175
Higher (Levels 4-7)	2	2	4	10	9	20	27	37	48	75
Level 4	1	2	3	4	4	7	10	12	17	25
Level 5	-	-	1	6	5	13	17	23	20	28
Level 6	-	-	-	-	-	0	1	2	6	11
Level 7	-	-	-	-	-	-	0	0	5	12
Proportion										
Intermediate (Level 2)	68%	66%	63%	57%	65%	60%	57%	53%	43%	36%
Advanced (Level 3)	31%	34%	36%	41%	33%	36%	37%	40%	44%	44%
Higher (Levels 4-7)	1%	0%	1%	2%	2%	4%	5%	7%	13%	19%

Notes: Proportion is the percentage of all apprenticeship starts made at each level.

4.2 By Sector

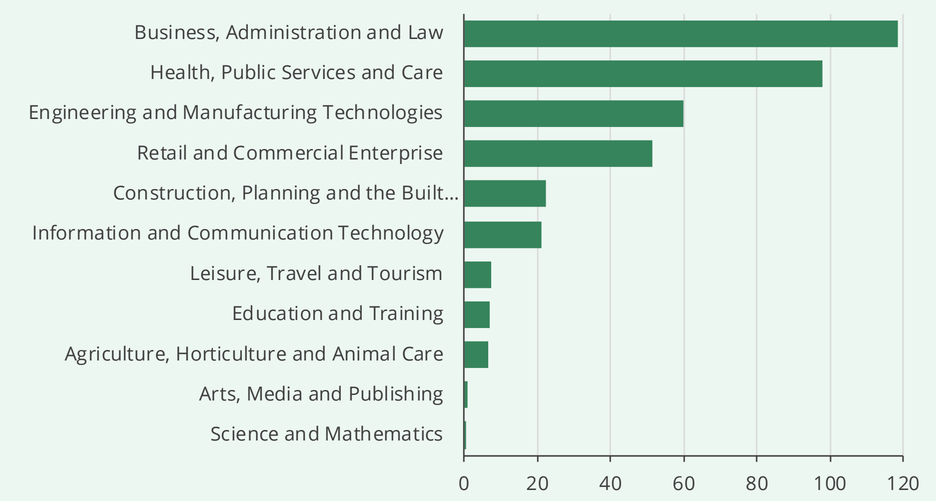
2018/19

83% of starts in 2018/19 were in the following four sector areas, with over half in the top two areas:

- Business Administration and Law: 119,000 starts (30% of all starts), up 7,500 from 2017/18.
- Health, Public Services and Care: 98,000 starts (25% of starts), up 9,400 from 2017/18.
- Engineering and Manufacturing Technologies: 60,000 starts (15% of starts), down 1,500 from 2017/18.
- Retail and Commercial Enterprise: 51,000 starts (13% of starts), down by around 500 from 2017/18.

Over half of the apprenticeship starts in 2018/19 were in two sector areas.

Apprenticeship starts in England by subject sector
2018/19, *thousands*



Trend over time

Between 2011/12 and 2018/19 the Retail and Commercial Enterprise sector saw the biggest fall in the proportion of apprenticeship starts. In 2011/12, 21% of all starts were in Retail and Commercial Enterprise. In 2018/19, 13% of starts were in this sector. The Health, Public Services and Care sector had the largest increase over the same period: 21% in 2011/12, to 25% in 2018/19.

Apprenticeship starts in England by sector subject area
2009/10 to 2018/19, thousands

	10/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19
Business, Administration and Law	134	165	160	126	143	143	138	111	119
Health, Public Services and Care	90	109	123	109	130	132	139	88	98
Engineering and Manufacturing Technologies	55	70	66	65	74	78	75	59	60
Retail and Commercial Enterprise	103	108	101	87	90	85	75	54	51
Construction, Planning and the Built Environment	22	14	14	16	18	21	21	23	23
Information and Communication Technology	20	19	14	13	16	16	15	18	21
Leisure, Travel and Tourism	22	20	14	11	13	15	14	9	7
Agriculture, Horticulture and Animal Care	7	8	7	7	7	8	7	7	7
Education and Training	4	8	8	5	7	8	9	6	7
Arts, Media and Publishing	1	1	1	1	1	1	1	1	1
Science and Mathematics	0	0	0	0	0	1	0	0	0

Notes Under 500 people started an apprenticeship in Science and Mathematics for every academic year since 2009/10

4.3 Frameworks and standards

Over recent years, there has been a large increase in the number of apprenticeship starts on standards and a fall in the number on frameworks. In 2018/19 the majority (63%) of apprenticeship starts were on standards, whilst the number of frameworks apprenticeship starts fell. Between 2016/17 and 2018/19 the proportion of starts on apprenticeship standards increased from just 2% to 63%.

63% of starts in 2018/19 were on apprenticeship standards. This was up from just 2% in 2016/17.

The number of starts on apprenticeship standards increased by over 178,000 between 2017/18 and 2018/19, while the number of framework starts fell by almost 67,000.

By 2020, the ESFA expect all apprenticeship starts to be on standards, and will not allow any starts on frameworks.[5]

Number of framework and standards apprenticeship starts
2014/15 to 2018/19

	14/15	15/16	16/17	17/18	18/19
Framework	498,910	505,080	470,270	212,080	145,300
Standard	10	1,240	9,130	69,920	248,080

Source DfE/EFSA *FE data library: apprenticeships*

The most popular framework in 2018/19 was Children's Care Learning and Development, with 24,000 starts. The highest number of starts in an apprenticeship standard was in the Team Leader/Supervisor standard with over 23,000 starts.

The table below shows starts in the 10 most popular apprenticeship frameworks and standards.

5 ESFA, Information about the withdrawal of apprenticeship frameworks

Apprenticeship starts in England by standards
10 most popular standards in 2018/19, *thousands*

	18/19
Team Leader / Supervisor	23
Adult Care Worker	15
Lead Adult Care Worker	14
Business Administrator	11
Operations / Departmental Manager	10
Customer Service Practitioner	8
Accountancy / Taxation Professional	7
Hair Professional	7
Retailer	6
Hospitality Team Member	6

Source DfE/ EFSA *DE data library: apprenticeships*

Apprenticeship starts in England by framework
10 most popular frameworks in 2018/19, *thousands*

	18/19
Children's Care Learning and Development	24
Business Administration	19
Construction Skills	12
Engineering	9
Industrial Applications	8
IT and Telecoms Professionals	7
Care Leadership and Management	7
Management	6
MES Plumbing	5
Health and Social Care	5

Source DfE/ EFSA *DE data library: apprenticeships*

5. Apprenticeship achievements and participation

As well as statistics on apprenticeship starts, data are also available on the number of people who complete an apprenticeship (achievements) and the total number of people who were on an apprenticeship in a given year (participation).

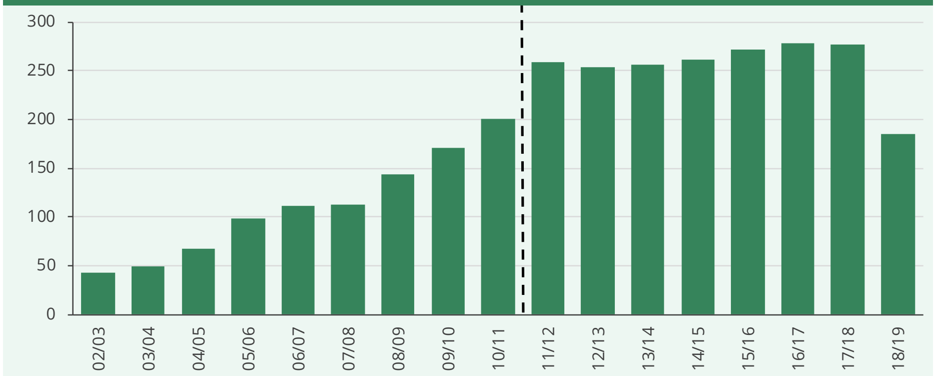
5.1 Achievements

There were 185,100 achievements in 2018/19, down 91,100 (33%) on the previous year.

Apprenticeship achievements followed a similar trend to starts, with the number of achievements increasing up to 2011/12. Since then volumes had stayed at a similar level, until 2018/19 when achievements fell by a third.

The number of apprenticeship achievements fell for by a third, from 2017/18 to 2018/19.

Apprenticeship achievements in England
2002/03 to 2018/19, *thousands*



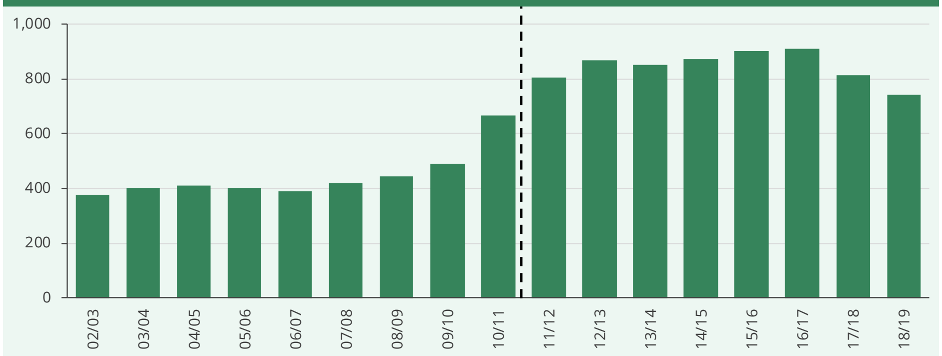
5.2 Participation

742,400 people were participating in an apprenticeship in 2018/19, the lowest annual level of participation since 2010/11. 72,400 fewer people were participating in 2018/19 than in 2017/18.

The trend for apprenticeship participation is also similar to that for starts with large increases from 2009/10 to 2011/12, and a gradual increase between 2011/12 and 2016/17.

The number of people participating in an apprenticeship fell to its lowest level in 2018/19 since 2011/12.

Apprenticeship participation in England
2002/03 to 2018/19, *thousands*



6. Significant apprenticeship policy developments

This section provides a summary of some of the key policy developments for apprenticeships.

Further information on apprenticeships policy in England is covered in the library briefing paper, Apprenticeships Policy in England.

1994 to 2010

A new apprenticeship scheme called "Modern Apprenticeships" was launched in 1994 which offered an opportunity to work and be paid a wage, while working towards a NVQ level 3 qualification. These were aimed at 18 and 19 year olds. [6]

Significant changes were made to the scheme in 2004 with the introduction of level 2 apprenticeships, revised level 3 apprenticeships and the removal of the upper age limit of apprenticeships, which meant that people over 25 could become apprentices. Higher level apprenticeships were introduced in 2006.[7]

In 2008, in response to the Leitch report that included a recommendation that the number of apprenticeships should be increased to 500,000 per year by 2020 (in the UK), the National Apprenticeship Service was created. It was launched in 2009. The government also committed to increase funding for apprenticeships between 2007/08 and 2010/11.[8]

2010 to 2015

In May 2010 the Government announced that £150 million from the Train to Gain budget would be deployed to provide an extra 50,000 apprenticeship places. As part of the March 2011 Spring Budget the Plan for Growth was announced which included an £180 million package for 50,000 additional apprenticeships. Also, in December 2011, the Skills System Reform Plan was launched which included an initiative to provide 40,000 incentive payments to small employers who take on apprentices.

The Apprenticeship Grant for Employers of 16 to 24 year olds (AGE 16-24) was introduced in February 2012, and provided £1,500 to small businesses hiring young apprentices.

In 2013/14 advanced learner loans were introduced, and individuals aged 24 and over were required to take these loans to pay half of the cost of advanced level apprenticeships. This was the first time that apprentices were expected to contribute to the costs of their learning, and led to an 88% fall in the number of people aged 25+ starting an advanced or higher apprenticeship. In February 2014 the Skills Funding Agency announced that apprentices would no longer be required to

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6 House of Commons Library briefing paper, Apprenticeships Policy, England prior to 2010, July 2015, p5
7 Ibid, p7
8 Ibid, p8

take out a loan, and those who had were not required to repay them.[9] [10]

An extra £40 million was announced in the 2013 Autumn Statement to deliver an additional 20,000 higher level starts between August 2013 and July 2015. [11]

In 2014 apprenticeship standards were introduced, with the intention of replacing apprenticeship frameworks which are being progressively phased out.

2015 to 2019

In 2015 the Government announced a commitment to create 3 million new apprenticeships by 2020. The Welfare Reform and Work Act 2016 placed an obligation on the Government to report annually on its progress towards meeting this target. The Enterprise Act 2016 provided the Secretary of State with the power to set targets for apprenticeships in public bodies in England to contribute towards meeting the national targets. [12]

In March 2015 Degree apprenticeships were launched.

The Institute for Apprenticeships was established in May 2016 and launched in April 2017 with an aim of ensuring high-quality apprenticeship standards and to advise the government on funding for each standard.

The funding system was revised in May 2017, and the Apprenticeship Levy was introduced. A brief summary of the levy and the funding changes is provided in section 1 of this paper.

9 BIS/SFA Skills Funding Statement 2013-2016, February 2014, pg 10
10 Second Reading, No more advanced learning loans for apprentices after low take up, February 2014
11 HM Treasury, Autumn Statement 2013: key announcements, December 2013
12 BIS, Apprenticeships (in England): vision for 2020, December 2015, pg 9

BRIEFING PAPER
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BRIEFING

Class of 2020

Education leavers in the current crisis

Kathleen Henehan

May 2020

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The Nuffield Foundation is an independent charitable trust with a mission to advance social well-being. It funds research that informs social policy, primarily in Education, Welfare, and Justice. It also funds student programmes that provide opportunities for young people to develop skills in quantitative and scientific methods. The Nuffield Foundation is the founder and co-funder of the Nuffield Council on Bioethics and the Ada Lovelace Institute. The Foundation has funded this project, but the views expressed are those of the authors and not necessarily the Foundation. Visit www.nuffieldfoundation.org

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Summary

The economic fallout from the coronavirus has taken the UK into uncharted territory. While the health sector has gone into overdrive, other large industries ranging from non-food retail to hospitality and travel have been deliberately shut down, resulting in sharper rises in unemployment, and steeper falls in job vacancies, than occurred even during the 2008-2009 economic crisis. The recovery will not be straightforward: restrictions are likely to persist in many sectors, and many businesses will struggle to survive.

This briefing note focuses specifically on the effects this economic crisis will have on education leavers. It estimates the level of employment and pay scarring that they could suffer, and also considers the unique effects that this particular crisis will have by putting at risk many of the roles that non-graduate education leavers first enter into. It discusses a range of policy measures to help those leavers who would like 'ride out' the worst of the storm by staying on in education, as well as policies to help mitigate employment scarring among young people exposed to the current labour market.

Past experience tells us that while recessions naturally drive up unemployment across the population, the effects are more severe for those who have only recently left full-time education. For instance, the unemployment rate rose from 5.2 per cent in 2007 (before the financial crisis began) to a 21st century peak of 8.5 per cent by 2011. Damaging as that was, the effects for recent education leavers were larger: over the same time period, unemployment among those who had left education with GCSE-equivalent qualifications over the previous two years rose from 22 to 32 per cent.

While the realities of being unemployed are damaging in real time – potentially putting health, well-being and security at risk – the experience can also scar a person's employment and pay for years to come. This is particularly worrying for young people, who are more likely to experience unemployment during a downturn, and who have their whole working lives ahead of them.

Indeed, this briefing note expands upon Resolution Foundation research showing that, for several years after having left education, employment rates across the cohorts that left education during the financial crisis were lower than for those who left education after it – with non-graduates experiencing the largest and longest scarring effects. Graduate 'recession leavers' experienced substantial hits too, but more in terms of being stuck in lower-skilled jobs than being out of work altogether. And for several years, both groups had lower hourly pay than their counterparts who left education after the recession.

The sharp rise in unemployment that early benefits and vacancies data suggests is currently happening gives us reason to fear that employment and pay scarring could be large and longer-lasting this time round. To that end, this note applies Office for Budget Responsibility (OBR) coronavirus unemployment projections to an established econometric model based on nearly three decades of data, to estimate employment and pay scarring for today's education leavers.

A 6.1 percentage point hike in the unemployment rate at the point of leaving full-time education (the change forecast by the OBR between Q2 2019 and Q2 2020) entails a 13 per cent lower likelihood of a graduate being in employment three years after having left education. For those with mid-level (some higher education or an A level equivalent education) and lower-level (GCSE-equivalent or below) qualifications, these figures are 27 and 37 per cent, respectively. In other words, the current crisis may reduce the employment chances of lower-skilled young adults leaving education by more than a third, even years down the line when the direct economic effects of the crisis will (hopefully) have abated.

For those managing to find work, pay is expected to be depressed as well: two years on from leaving education, real hourly graduate pay is forecast to be, on average, 7 per cent lower. For leavers with mid- and lower-level qualifications, average hourly pay is forecast to be 9 and 19 per cent lower than had unemployment not risen, respectively.

Worrying though these estimates are, they are unable to account for the unique sectoral effects that characterise the current economic crisis. Unlike previous recessions, the most-affected sectors (those most likely to be shut down as result of social distancing rules, and which will struggle to return to full capacity) are those that attract a large proportion of non-graduates upon leaving education. These include non-food retail, hospitality, travel, the arts, and entertainment. One year after having left full-time education, more than one-third of non-graduates, and more than one-in-five, graduates work in a sector that is now mostly shut down. In other words, the unique nature of the current crisis has damaged the first rung on the employment ladder for a substantial proportion of education leavers – and it is so far unclear when, and to what extent, these sectors will recover.

Under normal circumstances, we would have expected just under half of 18-year-old secondary school leavers, and a minority of 18-24-year-old higher and further full-time education leavers, to stay on in full-time study. That means that, absent a crisis, around 800,000 young adults would have approached the labour market this year. It is this group that our findings should drive policy makers to be particularly concerned about.

Given the sharp onset of this crisis, we might expect a larger proportion of today's potential leavers to try to stay on in education. Indeed, there is evidence of education leavers staying on in education during past recessions – 'riding out' the worst of the economic storm. For instance, there was a 4 per cent annual rise in education participation rates among 16-17-year-olds and 18-20-year-olds between 2008-2009, and a 7 per cent rise among 21-23-year-olds – noticeably higher than the usual growth rates.

Some 'stayers' will have chosen to stay on in education in order to miss the worst of the labour market turmoil (saying nothing of the premium that additional education might yield). This might be a particularly rational approach this time round give the speed and acuteness of labour market effects, but the benefits of doing so depend on the potential for things to go back to normal after the lockdown ends. For example, our model suggests a lower-skilled young adult delaying education exit by a year in this crisis might see the hit to their employment rate three years after leaving reduced from 37 per cent to just 18 per cent.

Another, potentially overlapping, group may be motivated by the fact that the opportunity cost of studying rather than working is lower in times of crisis. Others still – particularly in this crisis – may want the chance to retrain, especially when the sectors they had trained in are suffering. Whatever the reason, many leavers who would like to stay on in education during the worst of this crisis will face substantial hurdles in their attempts to do so. At the same time, a large proportion of young people flowing into the labour market will be scarred as a result of their struggle to find good-quality work. With those challenges in mind, this note discusses a range of policy options that the Government could consider. These are grouped into two broad categories: those that help young people who would like to stay on in education, and those that help the majority of education leavers who in all likelihood will become exposed to the labour market this year.

The challenges in helping young people to stay on in education are diverse. Many 16-17-year-olds planning to do an apprenticeship have had their hopes dashed, while some 18-year-olds may only now be thinking about attending university and may struggle to apply for autumn entry at such a late stage. 18-24-year-olds in England may struggle to study in further education on a full-time basis because, unlike their counterparts in higher education, they do not have access to any maintenance support. And most young people, across education levels, will have missed out on at least some learning.

These varied challenges should encourage the Government to pursue policies that will both help young people in their ability to continue studying, and also help higher and further education institutions to provide opportunities. This will include providing maintenance support for young people in all levels of tertiary education, including low- and mid-level qualifications, as well as well as adding flexibility to the university admissions system for those who would now like to apply. Given that universities and other higher education providers will have empty seats, with fewer foreign students coming to the UK, educators and the Government should work together to ensure that any spare capacity can be filled by young people based in the UK who, in light of the downturn, will opt for additional education.

Because students across schools, colleges and universities have had their education, advice and networking opportunities interrupted, if not cut off entirely, the Government should also consider creating an education leaver innovation fund. Schools, colleges and universities could put forward proposals for additional teaching, advice, and services matching leavers to employers – providing them work experience when vacancies are short on the ground.

The second set of policies, designed to help leavers who will enter the labour market, should be grounded in the fact that while there is likely to be a substantial rise in youth unemployment over the coming years (we estimate that an additional 640,000 18-24-year-olds could find themselves unemployed this year alone) the population of unemployed young people will be diverse indeed. Some may have left education with an apprenticeship or a career destination in mind, only to find their sector of choice in severe contraction. Others will lack basic numeracy and literacy skills, with few specific job destinations in their plans. While the tight labour market of recent years was successful in bringing lower-qualified young people into employment, they will struggle the most in a recession labour market.

One-on-one advice and support is an important triage tool, but with so few job vacancies opening up, much more will be needed to stave off high levels of youth unemployment. To that end, the Government should learn from the successes and challenges of the Future Jobs Fund, and develop a job guarantee under which public and private sector employers offer temporary paid jobs to unemployed young adults. The state would cover the wage costs, and the programme would be structured to provide intensive support and target job outcomes.

In order to help young people who otherwise would have been destined for an apprenticeship, the Government should prioritise the smaller number of apprenticeship vacancies that remain for younger apprentices under age 25. Additional safeguards to ensure that apprenticeships for 16-17-year-olds do not fall off of a cliff any more than they already have should also be considered. For those young people that had specific career destinations in mind, the Government should pursue a sectoral approach: working with employers to provide work experience and job interviews in sectors that match young leavers' interests and previous study aims.

An effective policy response will be sizable, but efforts would be buoyed by the fact that today's crop of 18-24-year-olds is smaller in size than those cohorts coming before and after. In other words, the 'demographic dip' in the early 2000s means the Government could help a larger *proportion* of this cohort, while educating a similar *number* of people as in recent years. This crisis seems to offer few silver linings, particularly for education leavers, so we should welcome those we have as we calibrate the response. By acting now, policy makers could stave off some of the most scarring effects of the coronavirus recession that is rocking our labour market.

Recessions scar young people's employment prospects and pay

The current recession, like those that came before it, has already driven up the number of people who are out of work, and cut the number of vacancies available to them. Other adults are reporting substantial reductions in the hours they work and the pay they take home.[1] And while recessions are likely to affect most workers in one way or another, their most pernicious consequences will disproportionately be felt by the most vulnerable: the lowest paid, the lowest qualified and the least experienced.

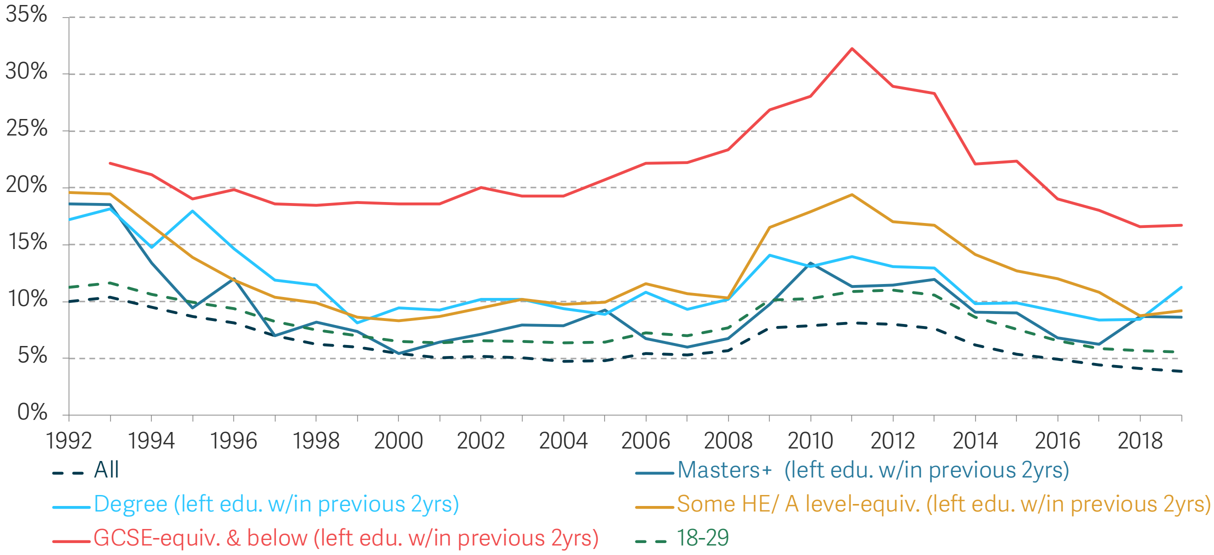
Past experience tells us, for instance, that while recessions drive up unemployment across the labour market, the effects are larger for those who have only recently left full-time education, in particular those with lower-level qualifications. Figure 1 shows the unemployment rate from 1992-2019 for all adults, all younger (18-29-year-old) adults, and those who left full-time education within the previous two years, according to the highest qualification that they have achieved.[2]

While recessions, such as the 2008 financial crisis, raised unemployment overall, and even more so for 18-29-year-olds (from 8 to 11 per cent between 2008 and 2012), the worst effects were reserved for those who have only recently left full-time education. And among them, recent non-graduate leavers were hardest hit. For those recent leavers with mid-level qualifications (Some higher education/A level-equivalent), unemployment nearly doubled between 2008 and 2011, rising from 10 to 19 per cent. Among those with lower-level qualifications (GCSE-equivalent and below), unemployment rose from 23 to 32 per cent over the same period.

1 See: J Leslie & C McCurdy, The economic effects of coronavirus in the UK: Utilising timely indicators, Resolution Foundation, May 2020.
2 Unless stated otherwise, this briefing note exclusively focuses on students in, or who have recently left, full-time study (sometimes referred to as simply having 'left education'). Removing part-time students allows us to capture more fully the effects of attempting to join the labour market during an economic downturn.

FIGURE 1: **Unemployment rose in the wake of the financial crisis, especially among recent education leavers with lower-level qualifications**

Unemployment rate by age, highest qualification and whether left full-time education in the previous two years: UK



SOURCE: RF analysis of ONS, Labour Force Survey.

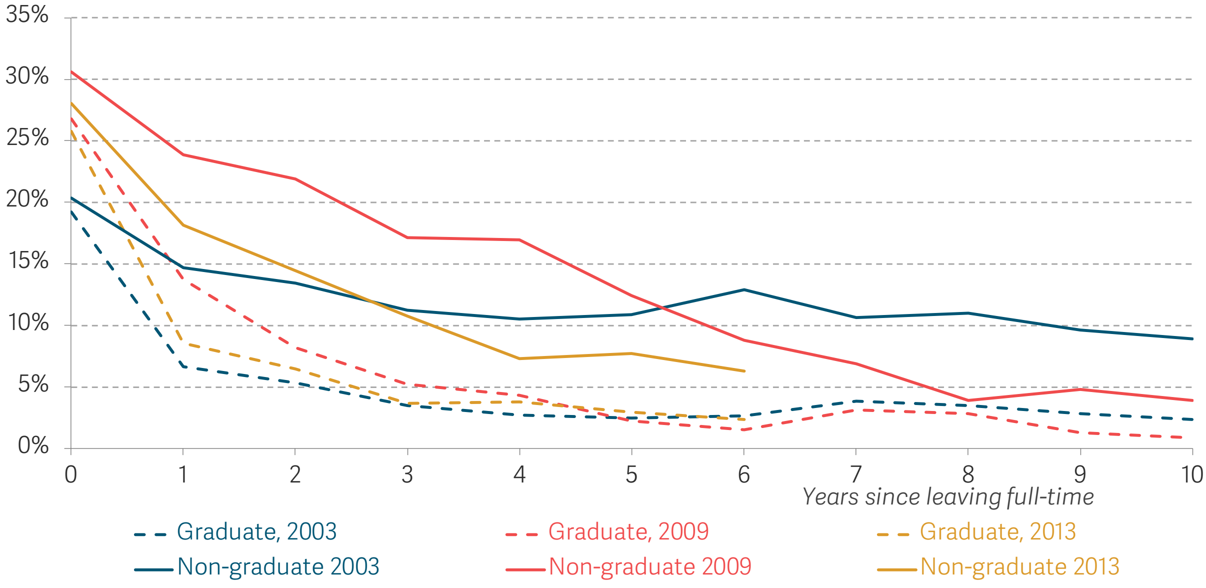
Furthermore, while Britain's recovery from the financial crisis was characterised by a 'jobs boom', the cohorts that left education during the recession continued to suffer from lower employment rates compared to their counterparts who left education with similar qualifications during more auspicious times. Figure 2, for instance, displays the unemployment rate for 2003, 2009 and 2013 education leavers according to the highest qualification they achieved, and the number of years since they left full-time education.[3] It shows a marked difference in cohort-level unemployment between similarly qualified leavers at similar points in their careers.

For their first three years in the labour market, both graduates and non-graduates from the 2009 cohort experienced higher rates of unemployment than their 2003 and 2013 counterparts did at the same point in their careers. But the differences are far larger, and persist longer, for non-graduates.

3 These cohorts were chosen to reflect different levels of distance from the financial crisis. While the large majority of GCSE-equivalent leavers in our final cohort (2013) would have turned 16 and left education at the end of the 2012/13 academic year, there is a chance that this cohort includes some students who left with GCSE-equivalent or lower qualifications during the first half of 2013/14. Those students in England who left during the 2013/14 with GCSE-equivalent qualifications may have had a slightly different secondary education experience from other cohorts, since the first stage of policy to raise the participation age (RPA) was implemented in that year. This particular group (who in most cases turned 16 in 2013/14) would have been required to stay on an additional year (until they were 17), and the subsequent cohort (those turning 16 in 2014/15) were required to stay on until 18 (the second stage of the policy). See: Department for Education, Participation in Education, Training and Employment by 16-18 year olds in England: End 2018, June 2019.

FIGURE 2: **Unemployment rates for non-graduates who left education during the financial crisis were higher than for those who left after it**

Unemployment rate, by year left full-time education and highest qualification held: UK, 2003-2019



SOURCE: RF analysis of ONS, Labour Force Survey.

The effects of being young in a recession appear most acute for those who leave education in its midst, but are not limited to them. The rise in unemployment that is visible in Figure 2 for 2003 non-graduates six years after leaving education coincides with the onset of the 2008-2009 financial crisis. This suggests that while recent leavers may be hit hardest, lower-qualified young people more generally are likely to suffer employment effects as well.

The analysis presented here focuses on the persistent effects of leaving education when unemployment is high, across entire *cohorts*. This complements a wide body of research that focuses on the longer-term scarring effects on employment and pay among *individuals* who have themselves experienced spells of unemployment when young.[4] For instance, research in the UK has shown that men who experience an extra three months out of work before the age of 23 go on, on average, to experience an additional two months out of work between the ages of 28 and 33.[5]

4 For instance, Wiji Arulampalam finds that upon re-entry to work following an unemployment spell, men in Britain are paid 6 per cent less than a similar individual who changed roles without having been unemployed, with that pay difference increasing for four years to 14 per cent. See: W. Arulampalam, Is Unemployment Really Scarring? Effects of Unemployment Experiences on Wages, The Economic Journal 111(475), October 2008.

5 See: P Gregg, The impact of youth unemployment on adult unemployment in the NCDS, The Economic Journal 111(475), November 2008.

The implication is that the cohort-wide analysis in this paper masks much more acute effects for individuals who personally experience the worst of recessions upon leaving education, particularly those in certain groups. Box 1 explores these differences in more detail, describing a range of existing research in this area.

BOX 1: **The unequal scarring effects of unemployment between and within individuals and cohorts**

Research in the US, UK and Canada has established that leaving education in the midst of a recession will dampen the employment prospects for that entire cohort of leavers.[6] While the analysis in this briefing note also focuses on cohort-level scarring effects (by qualification level), some within those groups are likely to weather the storm better than others: Oreopoulos et al., for example, find that more advantaged graduates in Canada are affected less, because of their ability to more quickly move to a better paying firm.

Indeed, research focused on individuals rather than cohorts has captured the different effects of unemployment scarring on different types of young people. For instance, Gregg shows that a person's susceptibility to unemployment is heightened by factors including lower-level qualifications, financial deprivation and behavioural problems in childhood. These early spells of unemployment are associated with more persistent unemployment spells later in life, particularly among men.[7]

Li and Health focus specifically on the size and length of scarring effects for ethnic minority men and women in Britain, compared to their white British counterparts. They find all else being equal, after having an unemployment spell Pakistani and black African women, and black Caribbean and Bangladeshi men, are substantially more scarred than their white British counterparts.[8]

Additional research in the UK, by Zuccotti and O'Reilly, finds a similar pattern, in that the effects of being not in education, employment or training (NEET) when young are more detrimental for Pakistani and

6 See: P Oreopoulos et al., The short- and long-term career effects of graduating in a recession, American Economic Journal Applied Economics 4(1), January 2012; H Schwandt & T von Wachter, Unlucky cohorts: estimating the long-term effects of entering the labor market in a recession in large cross-sectional data sets, NBER Working Paper No. 25141, October 2018; L Kahn, The long-term labor market consequences of graduating from college in a bad economy, Labour Economics, 17(2), April 2010; J Cribb, A Hood & R Joyce, Does leaving education in a recession have a lasting impact on living standards?, Institute for Fiscal Studies, November 2017.
7 P Gregg, The impact of youth unemployment on adult unemployment in the NCDS, The Economic Journal 111(475), April 2008; P Gregg & E Tominey, The wage scar from male youth unemployment, Labour Economics 12(4), August 2005.
8 Y Li & A Health, Persisting disadvantages: a study of labour market dynamics of ethnic unemployment and earnings in the UK (2009–2015), Journal of Ethnic and Migration Studies 46(5), November 2018.

Caribbean women than for white British women.[9] The scarring effect, given prior unemployment, is particularly worrying since black African and Caribbean men, Pakistani men and black African and Bangladeshi women, women are more likely to experience unemployment in the first place, despite unemployment gaps narrowing over time.[10] In fact, our own econometric models, discussed later in this report, does find strong negative employment effects for graduates from a black, Asian or minority ethnic (BAME) background, although the coefficients were in most cases statistically insignificant.

The effects of youth unemployment generally, and of unemployment driven by unlucky timing of labour market entry specifically, will vary for different groups of people. For instance, this note shows that lower-qualified leavers are particularly affected in terms of employment and job quality. However, they will also differ for individuals within those qualification groups. To that end, policy makers should aim to design policy informed by the group-level effects of scarring, but also attuned to how specific types of individuals within these groups may be scarred most and for longest.

Building on our discussion of employment above, previous Resolution Foundation research showed that for at least five to six years, average levels of pay remained lower for those who left during 2009 than for those who left during 2013.[11] We found that non-graduates who left in the midst of the last recession were affected more through lower rates of employment, whereas graduates were more affected via their pay and occupation levels. What appears to have happened is that graduates leaving education during the 2008-2009 recession 'traded down' into lower-paying occupations. Five years after having left education, the proportion of 2009 graduates working in a lower-paid role was 3.8 points (30 per cent) greater than the proportion of 2013 graduates working in these roles at the same point after leaving education.[12] For those with mid- and lower-level qualifications, these figures are 7.1 points (16 per cent) and 7 points (13 per cent) higher, respectively.

This outcome had the dual effect of helping to reduce graduates' own levels of pay (compared to those graduating outside a recession) and of crowding out non-graduates from many of the roles they would have otherwise entered into upon leaving full-time

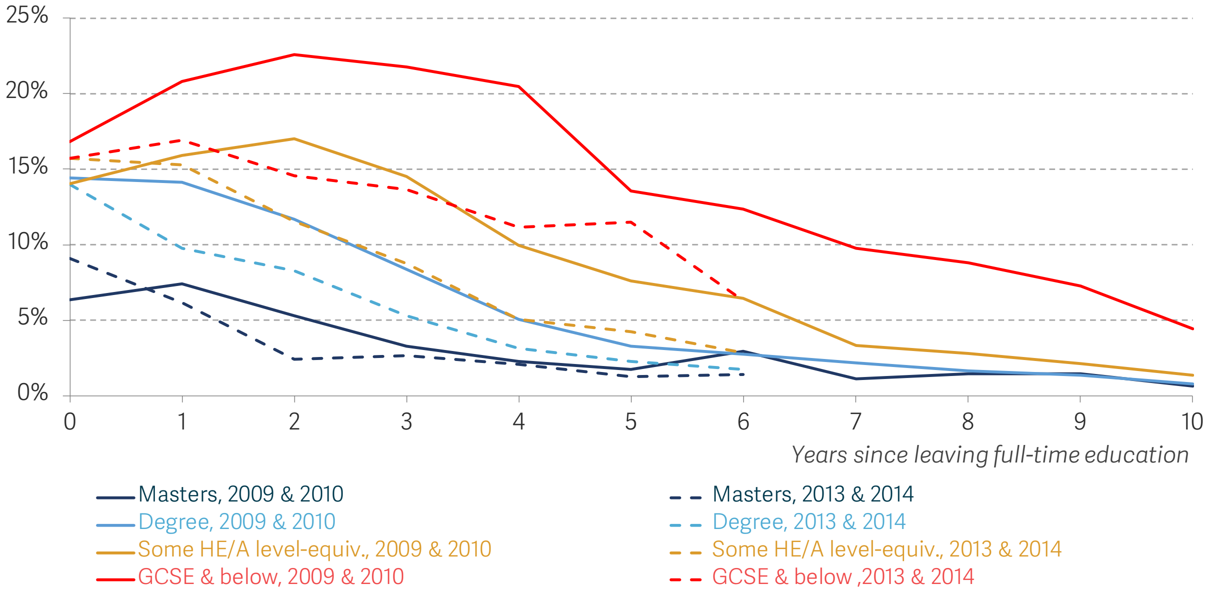
9 C Zuccotti & J O'Reilly, Do scarring effects vary by ethnicity and gender?, in J O'Reilly, et al., Youth Labor in Transition: Inequalities, Mobility, and Policies in Europe, Oxford Scholarship Online, January 2019.
10 A Corlett, Diverse outcomes: living standards by ethnicity, Resolution Foundation, August 2017.
11 S Clarke, Growing pains: The impact of leaving education during a recession on earnings and employment, Resolution Foundation, May 2019.
12 Low-paid occupations are elementary occupations, sales and customer service occupations and caring, leisure and other service occupations.

education. Delving further, our previous research found that the scarring effects on pay among graduates leaving education during the previous crisis was explained by their receiving slower wage growth once in these roles, and lower returns to moving out of them.[13]

Job quality – on many measures – was also lower for 2008-2009 recession leavers for several years after having left education than it was for those who left during 2013 and 2014. This is true when looking at those who want more hours than they have (particularly among the lowest qualified) and on the related measured of involuntary part-time employment (see Figure 3). The picture is starkest for those with lower-level qualifications: four years after leaving education, 21 per cent of 2009 and 2010 leavers worked part time but reported wanting to work on a full-time basis, compared to just 11 per cent of their 2013 and 2014 counterparts with the same number of years' experience. Moreover, the gap in involuntary part-time working that existed between crisis and non-crisis leavers was nearly erased around four years after leaving for graduates, but remains at least six years on for non-graduates.

FIGURE 3: **Education leavers during the crisis were more likely to work part time involuntarily in their early careers than those leaving education after it**

Proportion of people working part time involuntarily, by year left full-time education and highest qualification held: UK, 2009-2019



NOTES: 'Involuntary' part-time workers are those who say they would prefer a full-time job.
SOURCE: RF analysis of ONS, Labour Force Survey.

13 See: S Clarke, Growing pains: the impact of leaving education during a recession on earnings and employment, Resolution Foundation, May 2019.

This economic crisis could prove even more scarring for education leavers than recessions past

While this note has so far focused on the effects of leaving education during a crisis in the past, it has said much less about what the future might hold for young people leaving education during, and in the immediate aftermath, of the economic fallout from coronavirus.

To address that topic, we build on previous Resolution Foundation analysis using an econometric model drawing on pooled cross-sections of the *Labour Force Survey* in order to assess the effect of a rise in the unemployment rate (a proxy for wider economic conditions) upon the odds of recent education leavers being in work, being in low-skilled work, and on their average hourly pay.[14] In effect, our model compares employment outcomes for cohorts of education leavers that entered the labour market only a small number of years apart from one and other (i.e. in the midst of and after different recessions), while controlling for observed individual characteristics.[15] It is described in more detail in the Annex.

We calibrate this model to the unemployment increase that is currently happening. In April, the Office for Budget Responsibility (OBR) projected unemployment to be 10 per cent in Q2 2020, up 6.1 points from the 3.9 per cent unemployment rate that prevailed in Q2 2019. This is a very sharp rise, and indeed roughly twice the size of the average increase in the unemployment rate following the 1990-1991 and 2008-2009 recessions.

We first model the effects of this expected 6.1 percentage point increase in unemployment in the year after leaving education on the likelihood of being employed, according to the number of years since a person left education.[16] Figure 4 presents the results for graduates, mid-qualified and lower-qualified education leavers separately. We find, for instance, that three years after having left education, the likelihood of a graduate recession leaver being in employment is estimated to be 13 per cent lower than it would have been had the unemployment rate held flat (i.e. the economy not contracted). For those with mid- and lower-level qualifications, these figures are 27 and 37 per cent less likely, respectively. In other words, our model based on past recessions suggests these

14 S Clarke, Growing pains: the impact of leaving education during a recession on earnings and employment, Resolution Foundation, May 2019.

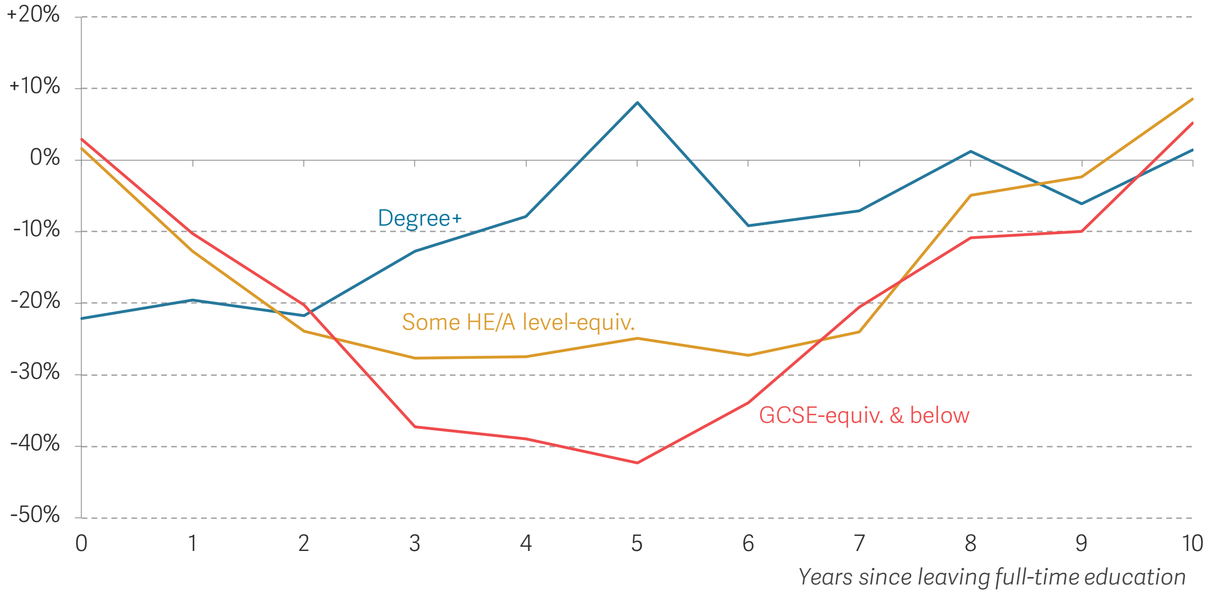
15 These regressions estimate the relationship between the unemployment rate (a proxy for prevailing economic conditions) at the time an individual left full-time education and subsequent labour market outcomes such as pay, employment and the type of job. They therefore control for the time at which a person entered the labour market and the experience they had when doing so, in addition to their qualifications.

16 This model uses the unemployment rate in the year after someone leaves education because we do not know the month someone left education; using the following year means we can be certain this is the unemployment rate that leavers would have been met with.

may be the experiences of education leavers in the midst of the current crisis, compared to similar people who have left or will leave education just a few years before or after (who, of course, won't be immune from the effects of the crisis themselves).

FIGURE 4: **The coronavirus effect to unemployment is expected to reduce a low-skilled education leaver's chance of being in work by over a third**

Change in chance of being employed for a 6.1 percentage point increase in the unemployment rate in the year after leaving full-time education, by highest qualification held: UK, 1992-2019



SOURCE: RF analysis of ONS, Labour Force Survey.

Figure 4 shows that not only is the size of the recession's effect on employment larger for the lowest-qualified, under this model, it lasts longer too. Of course, the length of time that we can expect scarring to persist depends in part on how quickly the economy recovers. Were the economy to recover more quickly than previous recessions, the coming crop of education leavers may find work sooner than expected, with the quicker recovery serving to reduce the overall amount of scarring they'd experience in the longer term.

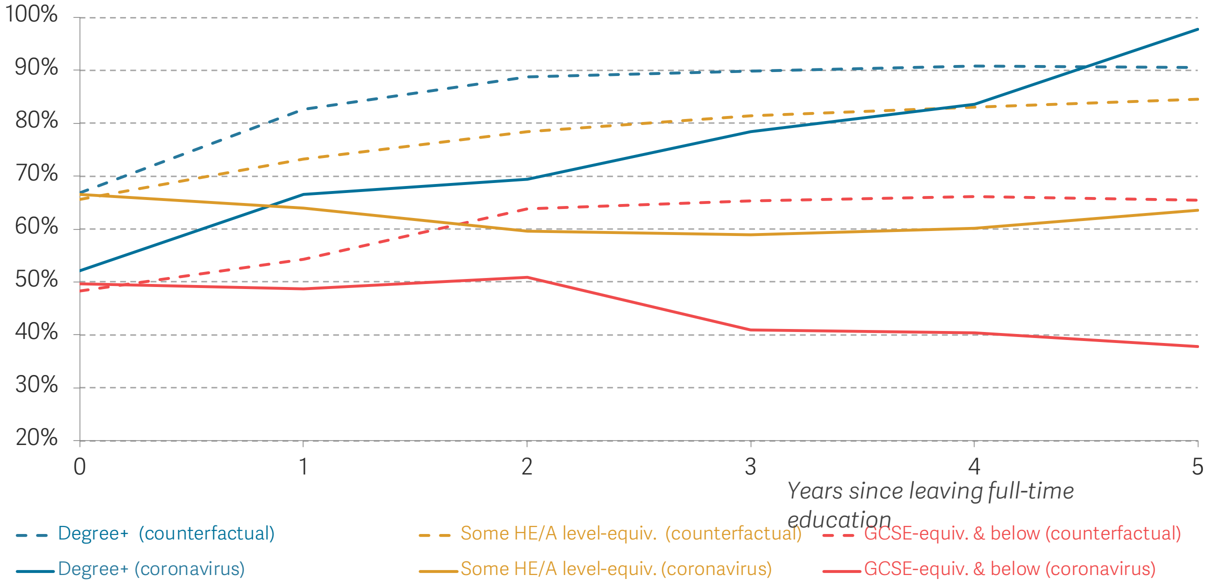
Our model cannot directly account for the speed at which the overall unemployment rate recovers following a peak; it is instead based upon what happened in the past (i.e. between 1992 and 2019). While the OBR has recently forecasted a relatively quick recovery following the current crisis, with unemployment falling from 10 per cent in Q2 2020 back down to 6.2 per cent one year after, the persistence of government restrictions would mean unemployment both rising higher, and recovering more slowly, than the OBR suggests.[17]

17 See: R Hughes et al., Doing more of what it takes: next steps in the economic response to coronavirus, Resolution Foundation, April 2020.

Putting recovery estimates to one side, we can view the employment prospects of today's leavers through a slightly different lens by presenting what we would expect each qualification group's employment rate to be had they not left during a crisis (i.e. if unemployment had held at 2019 levels) against what we expect it to be in the event of a 6.1 percentage point rise in unemployment. These estimates are shown in Figure 5.

FIGURE 5: **Under current projections, the employment rate for lower-qualified education leavers in this crisis three years after leaving education could be as low as 40 per cent**

Employment rate in the years after leaving full-time education in counterfactual and coronavirus scenarios, by highest qualification held: UK, 1992-2019



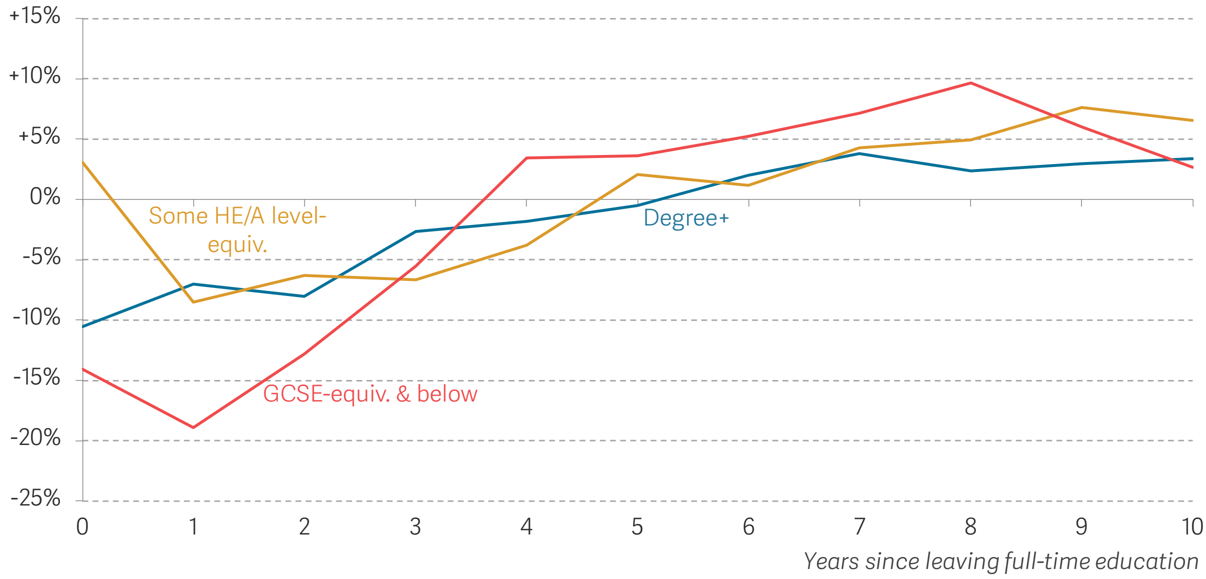
NOTES: Counterfactual trajectories for employment rates in the years after leaving education are estimated based on outcomes for recent education leavers during 2016-2019 measured in the Labour Force Survey, adjusted (based on the ratio between these outcomes and the overall employment rate) to reflect the Office for budget Responsibility's last pre-coronavirus forecast. The coronavirus scenarios are estimated using the results in Figure 4.
SOURCE: RF analysis of OBR, Economic and Fiscal Outlook, March 2020; OBR, Coronavirus Reference Scenario, April 2020; ONS, Labour Force Survey.

Under our non-crisis (counterfactual) scenario, one year after leaving education employment rates among those with higher-, mid- and lower-level qualifications are 83, 73 and 54 per cent, respectively. Under our coronavirus scenario, we could expect the employment rate among recent graduates to be 66 per cent; the figures for those with mid- and lower-level qualifications would be 64 and 48 per cent, respectively. But while employment scarring effects for graduates reduce after one year and end after four; they persist far longer for non-graduates. In fact, four years after leaving education we'd have previously expected the employment rate for lower-qualified leavers to be 65 per cent; our model suggests that the scarring effects of the current crisis could reduce that figure to 40 per cent.

Of course, economic downturns are likely to affect education leavers in more ways than one. Focusing on those leavers who *are* in employment, Figure 6 models the effects of a 6.1 percentage point increase in unemployment when leaving education on average real hourly pay, according to highest qualification achieved and the number of years since leaving.

FIGURE 6: **In the first three years after leaving education, average hourly pay for today's education leavers is expected to be up to one-fifth lower than it would have been absent the current crisis**

Change in average hourly pay for a 6.1 percentage point increase in the unemployment rate in the year after leaving education, by highest qualification held: UK, 1992-2019



SOURCE: RF analysis of ONS, Labour Force Survey.

Two years after leaving full-time education, the real hourly pay of new graduates in the current crisis is expected be 8 per cent lower than had the economy remained stable. Pay for mid-qualified leavers would be 6 per cent lower and lower-qualified leavers' pay would be 13 per cent lower.

Although the initial effects on pay are larger for those with lower-level qualifications, the slightly smaller effects on mid- and higher-qualified education leavers appear to last a bit longer. However, these estimates need to be considered alongside the odds of education leavers being in work in the first place. Figure 4 showed that under a downturn as severe as current OBR projections imply we are experiencing, the likelihood of a lower-qualified education leaver being employed as many as five years after having left education is around two-fifths lower than had the economy not taken a turn for the worse.

Unlike previous recessions, the most-affected sectors are those that attract a large proportion of those leaving education

There are a number of components of previous downturns that sit behind the pay scarring shown above. A key one being education leavers at all levels, and graduates in particular, 'trading down' to lower-skilled occupations (in which they were then more likely to get stuck due to depressed job mobility). During this crisis, however, there is a very large question mark over any group of leavers' ability to do these jobs. Many of the lower-paying roles that education leavers have tended to enter into during their first years in the labour market are in sectors like travel, non-food retail and hospitality that are largely shut down at present, and unlikely to reach full capacity again in the near future. In other words, the first rung of the employment ladder looks to be broken, and it is unclear when, and if, it will be mended back to recent conditions.

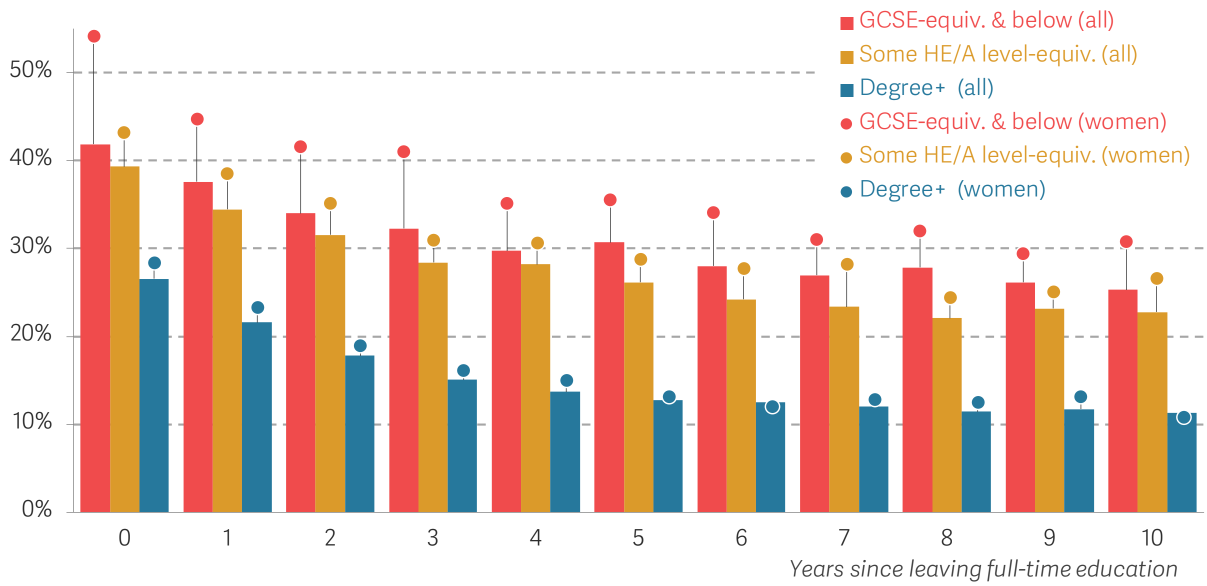
So far, this note has used data on past education leavers' experience in the labour market in order to predict how today's leavers may fare, in terms of employment and pay, over their first years outside full-time education. The regression models that we use, however, cannot account for the fact that the crisis has affected sectors very differently this time around. This is important: recent Resolution Foundation analysis has shown that workers in sectors most at risk from the shutdown in the present, and likely to suffer contractions over the medium-to-longer term, are younger, the lowest paid and with very little job security.[18] Building on that analysis, Figure 7 shows the proportion of education leavers, by qualification and years since having left full-time education, that work in one of these heavily affected sectors. It shows that in their first three years after having left education, more than one-third of non-graduate leavers worked in a shutdown sector. One year after leaving education, more than one-in-five graduates work in these sectors.

Moreover, working in a highly affected sector appears to occur more frequently among women (and in particular women qualified to GCSE or equivalent levels) than among the wider leaver population. For instance, the red dots in Figure 7 show that in the year they left education, just under 55 per cent of young women worked in one of these shutdown sectors; and even three years after leaving education, more than 40 per cent of continued to do so. In other words, these sectors serve as something of first rung into the jobs market for a large proportion of education leavers, including nearly half of lower-qualified women in their first years out of school or college.

18 See: M Gustafsson & C McCurdy, Risky business, Economic impacts of the coronavirus crisis on different groups of workers, Resolution Foundation, April 2020.

FIGURE 7: **A larger proportion of non-graduate leavers begin their careers in shutdown sectors**

Proportion working in coronavirus shutdown sectors, by number years since leaving full-time education and highest qualification held: UK, 2009-2019



NOTES: Sectors are: wholesale and retail trade, and repair of motor vehicles; retail excluding food and general retailers; passenger air, sea and river transport; taxi drivers; hotels, restaurants and pubs; real estate activities; photographic activities; renting and leasing of motor vehicles and personal household goods; travel and tour operators; cleaning activities; organisation of conventions and trade shows; other education (sports, recreation, cultural, driving school); arts, entertainment and recreation; repair of personal household goods; dry-cleaning, hairdressing, and physical well-being activities.
SOURCE: RF analysis of ONS, Labour Force Survey.

These are, of course, large numbers of young people whose entry in the labour market could be marred. For instance, one year after having left full-time education in 2017, there were nearly 82,000 non-graduates aged 16-20 working in one of these sectors, and an additional 33,000 graduates aged 21-23. This is, in a sense, a misfortune of age and qualification: while we hear stories abound about older medics temporarily being called back into service, a large proportion of young and able leavers will struggle to find work.

The risk of a longer-term contraction in shutdown sectors would make the employment predictions set out Figure 4, which do not factor in such large-scale sector shutdowns, very optimistic indeed. This risk could also bring with it something of a triple whammy for lower-qualified leavers specifically: first, even in better economic conditions, this group of leavers is more likely than their counterparts with mid- and higher-level qualifications to work in lower-paid and less secure roles. Second, by dint of leaving education in a recession, they are less likely than their counterparts who left in better economic conditions to find employment. Third, by dint of leaving in *this* recession, with its specific sectoral contractions, they are even less likely than their lower-qualified counterparts who left in previous recessions to find employment shortly after entering the jobs market.

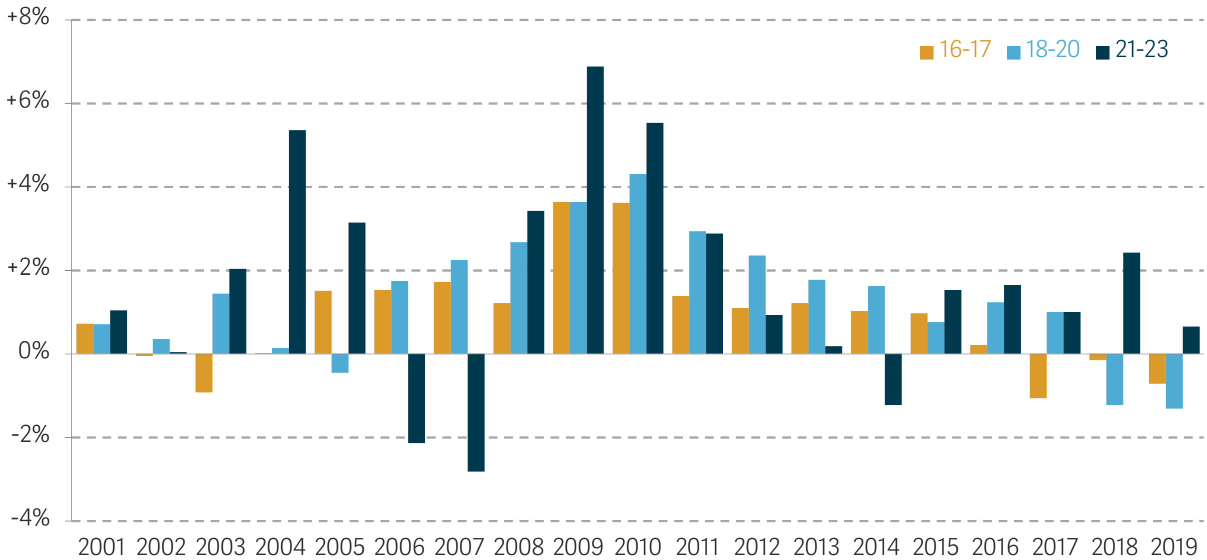
Given these scarring effects for education leavers, it is unsurprising that many stayed on in education in the previous crisis

The analysis in this briefing note has identified the extent to which leavers in previous recessions were scarred in terms of both employment and pay. To the extent that staying in education during the worst of the crisis can prevent young people from experiencing that level of scarring (and to say nothing about the benefits of additional human capital), we might expect some young people to have 'ridden out' the worst of the 2008-2009 recession in education.

There is indeed some evidence of this. For instance, the proportion of 16-17-year-olds in full-time education rose from 77 to 85 per cent between 2007 and 2011; among those 18-20-year-olds full-time participation grew from 43 to 49 per cent and among 21-23-year-olds it rose from 18 to 23 per cent. Impressive as that recession-era growth in staying on may seem in isolation, it needs to be disentangled from broader increases in educational participation. To that end, Figure 8 tracks year-on-year changes in the proportion of each age group studying on a full-time basis.

FIGURE 8: **Among 16-23-year-olds, full-time education participation grew more rapidly during the financial crisis**

Annual change in the proportion of young people in full-time study at a school, college, polytechnic or university, by age group: UK



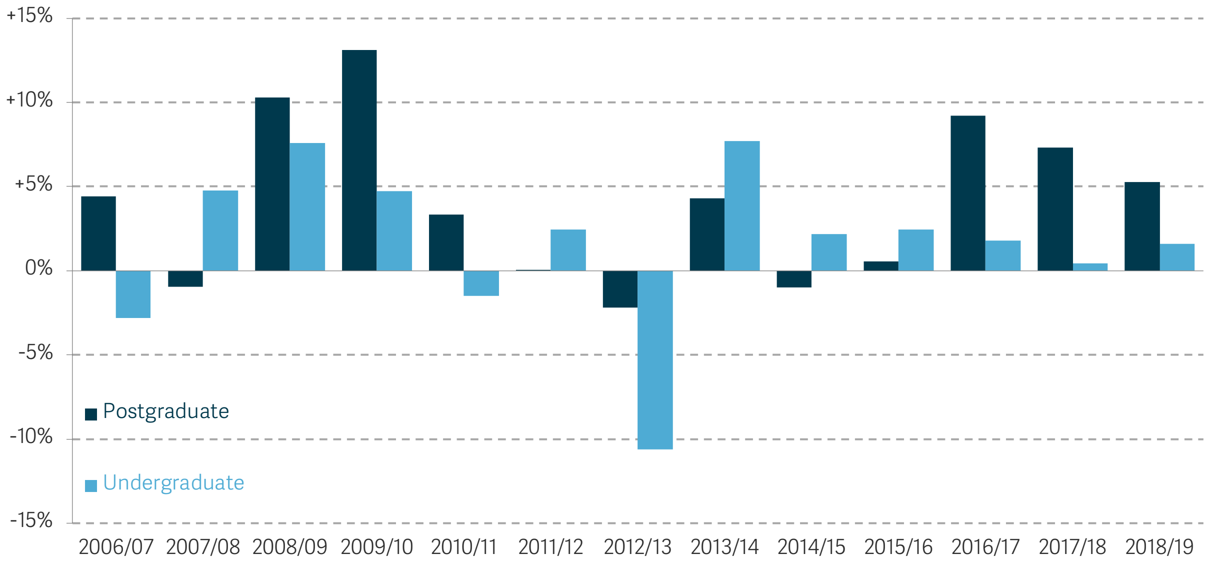
NOTES: Bars are smoothed using a two-year rolling average.
SOURCE: RF analysis of ONS, Labour Force Survey.

While the rate of growth in full-time participation rose among all groups between 2008 and 2010, the change among 21-23-year-olds was largest, with participation growing by 7 per cent between 2008 and 2009. These. patterns lend some credence to the suggestion that young people in general have in the past attempted to seek shelter in education during a recession. However, the reasonably large rate of increase that occurred among 21-23-year-olds hints specifically at graduates forestalling their entry into the labour market in order to study a Master's degree.

One additional way of probing this outcome is by looking at the year-on-year change in the number of first year higher-education students, as shown in Figure 9.

FIGURE 9: **The number of students in full-time postgraduate and undergraduate study rose in the years surrounding the financial crisis**

Annual change in the number of full-time, first-year higher education students, by qualification type: UK



SOURCE: Higher Education Statistics Agency.

While figures that specifically show study by level and mode (i.e. part time and full time) are only available from the 2005/06 academic year, there is a clear indication of growth – particularly among full-time, first-year postgraduate students – in 2008/09, 2009/10 and 2010/11 (the onset and peak of the last recession), which would be consistent with graduates delaying their entry into the labour market.

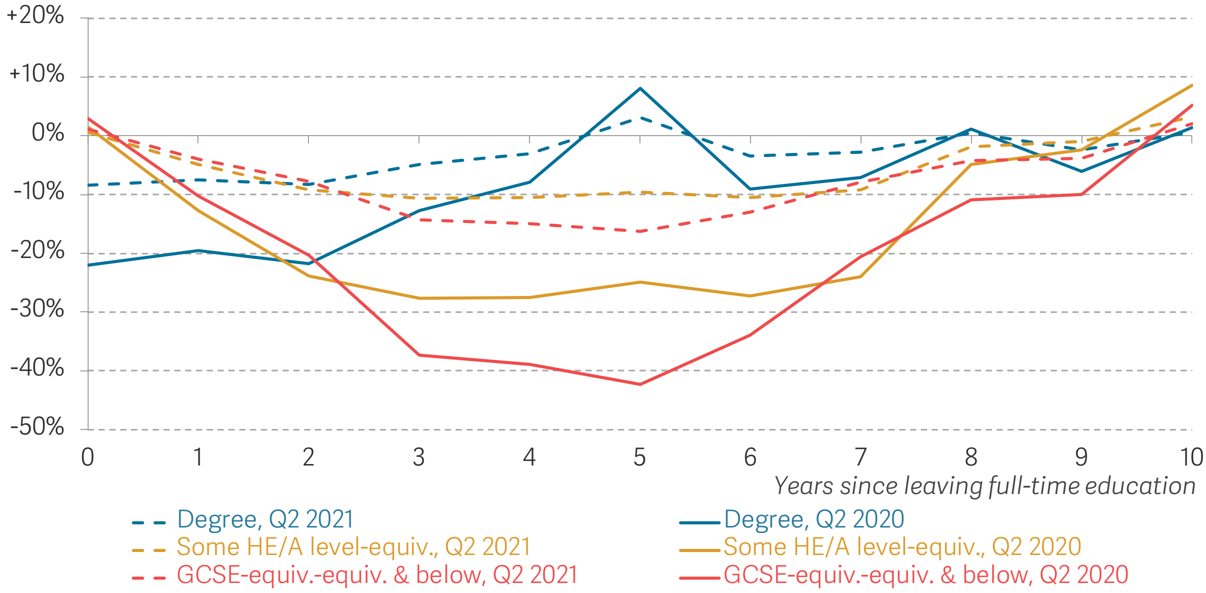
Young people will have a range of reasons for wanting to stay on in education, from 'riding out the storm' to additional learning

The assumption propping up the 'ride out the storm' narrative mentioned above is that in the midst of a recession young people will opt to stay on in education primarily to avoid unemployment and any gaps in their CV that could in time bias employers against them (to say nothing of the benefits of the extra education gained). As a starting point for thinking about this 'delay' strategy, the regression results shown earlier in this note are instructive.

Taking employment, for example, Figure 10 suggests a lower-skilled young adult delaying education exit by a year in this crisis (which we model as bringing the unemployment rate upon leaving education down from the 10 per cent forecast by the OBR for Q2 2020 to the 6.2 per cent rate forecast for Q2 2021) might see the hit to their employment rate three years after leaving reduced from 37 per cent to just 18 per cent. Ultimately, of course, the size of the benefit incurred by staying in education for an additional year hinges not just on the prevailing unemployment rate near to the time a person leaves education, but also on the speed at which unemployment falls back down. There are big question marks over how quickly this will happen in this crisis, with the winding down of the Coronavirus Job Retention Scheme potentially driving high unemployment inflows even while GDP is recovering.

FIGURE 10: **Depending on the shape of the current recession, graduates who stay on in education could be substantially shielded from negative employment scarring**

Change in chance of being employed for a 6.1 percentage point (2020) and 2.3 percentage point (2021) increase in the unemployment rate in the year after leaving full-time education, by highest qualification held: UK, 1992-2019



NOTES: The 2020 scenario is modelled based on the change in the unemployment rate between Q2 2019 and Q2 2020 in the OBR's coronavirus forecasts; the 2021 scenario is modelled based on the change in the unemployment rate between Q2 2019 and Q2 2021 in the OBR's coronavirus forecasts.
SOURCE: RF analysis of ONS, Labour Force Survey.

Added to the motivation to 'ride out the storm', the biggest cost of staying on in education has always been earnings foregone. The decline in job and pay prospects during a recession lowers this cost. Young people deciding between leaving and staying are likely to weigh up how much better they'd off be by gaining an additional qualification (and any future pay premium that comes with it) compared to going into work and accumulating earnings from a younger age. However, these calculations may require adjustment in a recession, when leavers' prospects of finding a decent job are substantially lower than in better conditions. Finally, the unique sectoral effects that have to date characterised this crisis may offer another reason still for young people – and especially those with lower-level qualifications – to stay on in education.

Whatever a person's reason for staying on, many will face substantial hurdles in their attempts to do so. And however many do stay on, the large number of education leavers approaching the jobs market head on will struggle to find work. To that end, we turn to policy options that will support these groups.

Government should consider policies that help young people to stay on in study, as well as helping leavers navigate a treacherous labour market

The economic fallout from the coronavirus will bring substantial challenges to young people who would otherwise be getting a start in the labour market. Although some of these challenges, like high unemployment and a scarcity of job openings, were prominent features in past recessions, other challenges – ranging from school, college and university closures to near-shutdowns of certain sectors – are unique to the crisis at hand. Many young people have had their education interrupted, with a large socioeconomic divide between those who do and do not have the support and resources to learn effectively from a distance.[19]

The number of young people currently facing the choice between further study and exposure to the labour market is large, and the group is diverse. It is made up of a small number of 16-17-year-olds who, based on past years' outcomes, would have expected to be doing an apprenticeship (5 per cent) or other form of work-based learning (6 per cent); roughly 365,000 (52 per cent) 18-year-old school leavers who would not have progressed immediately onto further or higher education after completing their compulsory schooling; and roughly 450,000 18-24-year-olds who would be coming to an end of their current further or higher education studies and not progressing immediately to another

19 See: C Cullinane & R Montacute, Covid 19 impacts: school shutdown, Sutton Trust, April 2020.

course (figures discussed in more detail in the sections below). In total, all else equal we might have expected 800,000 18-24-year olds to leave education and approach the world of work this year.[20]

Of course, the current crisis could put a halt to this flow of young people into the labour market, and thereby lead many to make very different choices from their immediate predecessors. With unemployment rising and recent evidence showing that new job vacancy listings have fallen by 76 per cent between the beginning of the coronavirus crisis and the third week of April,[21] many more of today's leavers could opt to forestall their entry to the labour market by staying on in education.

The following sections turn more specifically the challenges that this group faces, whether opting to continue on in education or trying their hand in the jobs market. In so doing, it highlights a number of broad policy responses that could help to alleviate some of the difficulties, broken down into two broad categories: those that will remove barriers for leavers who opt to stay on in education and those that will help young people navigate their entry into a highly treacherous labour market.

Policies that support young people to stay on in education need to account for a diverse set of challenges

The diversity of reasons why young people would benefit from additional education (particularly in light of the current crisis) will warrant an equally wide range of policy responses. As discussed above, one reason for staying on in education is simply to ride out the worst of the economic storm. In addition, the opportunity cost of studying rather than working is lower in times of crisis. Many may also want the chance to retrain or get more education given that the sector-specific effects of this crisis will have removed vacancies in roles they otherwise might have chosen. In addition, and very unusually, many will have had their education disrupted and would wish to compensate for that.

The vast majority of 16-17-year-olds are enrolled in full-time education and thereby sheltered at least temporarily from the effects of the current crisis on the labour market. In England, for instance, regulations to raise the education participation age (RPA) require

20 These figures present an estimate. There is no single source that provides detailed participation and destination figures for UK students and education leavers across England, Scotland, Wales and Northern Ireland. In order to come to an estimate of what students and leavers are likely to do during and immediately after the 16-18 education stage across the whole of the UK, we have applied the latest available destination and participation rates for England to UK population estimates. To estimate post-compulsory leavers, we use the UK-wide Labour Force Survey to calculate how many UK-born 18-24-year-olds outside of compulsory study are in full-time education and are not in full-time employment. We then calculate the number of expected leavers by dividing these figures by the typical amount of time each qualification takes on a full-time basis, with some rough adjustments for those who would normally move immediately on to further study. Limiting our analysis to UK-born students will inevitably exclude some UK labour market entrants, but it is the only available method for removing foreign students, who came to the UK to study and are a likely to return the labour market in their home country. Source: DfE, Participation in education, training and employment: 2018, June 2019; DfE, 16 to 18 destination measures 2017 to 2018, October 2019; ONS, Population estimates for the UK, England and Wales, Scotland and Northern Ireland: mid-2018, June 2019; ONS, Labour Force Survey.

21 D Papoutsaki et al., Weekly vacancy analysis: Vacancy trends in week-ending 19 April 2020, Institute for Employment Studies, April 2020.

young people to continue their education or training until their 18th birthday. While most 16-17-year-olds opt to do so in full-time study (83 per cent in England for instance), a small minority are enrolled on apprenticeships (5 per cent in England), or on traineeships or other jobs that include a training component (6 per cent). [22]

The current economic crisis puts this group's future chances of taking on a work-based learning programme at major risk: a recent survey of apprenticeship providers found that just 20 per cent of the apprenticeship starts due to take place in April came to fruition, with popular sectors for young people like hospitality and construction among those affected.[23] Beyond apprenticeships, the temporary shutdown of a large proportion of industries, in combination with furloughing and job losses across the wider economy, have raised concerns that employers will soon be unable to provide as many apprenticeships or work-based learning programmes as they had in recent years.[24] This has serious implications not only for the apprentices and trainees already in these programmes, but also for those who expect to flow into them in the next academic year.

Applying recent participation patterns in England to the total 16-17-year-old UK population implies a cohort of roughly 160,000 16-17-year-olds who might otherwise have been on, or going into, an apprenticeship, traineeship or other form of work-based learning. Added to that are an additional 30,000 who would have been in a job that offered no training and nearly 55,000 either unemployed, inactive or uncaptured by local authority data.[25] While a majority in the latter two groups would previously have fallen foul of RPA requirements,[26] there is now a substantial risk that the first group will do so too – as their planned (and existing) work and training opportunities dry up.

On this basis, the Government, local authorities and educators should put in place contingencies to ensure this does not happen – in addition to helping those young people who might have fallen through the cracks anyway. In the first instance, this means employers, local authorities, colleges, and training providers working together to immediately identify whose apprenticeships have stopped and whose new apprenticeship starts are likely be cancelled.[27] Second, policy makers in England, should

22 Department for Education, Participation in education, training and employment: 2018, June 2019.
23 N Linford, Revealed: Covid-19 hit to apprenticeship starts, FE Week, April 2020.
24 The inability, or reticence, of employers to hire and train young people also has implications for the Government's new Level 3 technical education courses, T Levels, all of which include a mandatory 45-day work placement, and some of which are due to be rolled out this coming September. The number of young people expected to start a T Level this year is very small, and most will not have to complete their work placement during 2020/21 (T levels are two -year programmes), but without any flexibility on the requirement, the inability to source work placements could render some courses unviable over the medium term.
25 Source: DfE, Participation in education, training and employment: 2018, June 2019; DfE,16 to 18 destination measures 2017 to 2018, October 2019; ONS, Population estimates for the UK, England and Wales, Scotland and Northern Ireland: mid-2018, June 2019; ONS, Labour Force Survey. For further details, see footnote 20.
26 There are exceptions for a number of groups, including full-time carers, members of the armed forces, and those on a re-engagement to education programme. Local authorities are also encouraged to apply flexibility with new parents. Young people with a job that offers no training should have been encouraged to take up part-time study or a training that leads to a regulated qualification.
27 The Department for Education have provided some guidance to employers and training providers, though it is likely that young people will incur delays in learning whether or not their programme will move forward. See: K Parker, Covid-19 and training providers: all you need to know, TES, April 2020

consider giving more teeth to RPA requirements – with local authorities committing to find a full-time education place or training opportunity for each 16-17-year-old.

This will imply some funding challenges for both students and educators. Many young people will have been expecting some earnings this year. Some educational institutions will struggle with the cost of teaching more students: in England, for instance, already-strained college funding is broadly allocated according to the number of students taught in the previous year.[28] As such, government should consider allocating additional funding on an emergency basis to cater to additional students, alongside committing to a wider conversation about the mechanics of the funding system.

Turning to 18-years-old brings us to a key transition point: most young people that age will complete secondary school, moving on to either higher or further education, an apprenticeship or to the labour market. Taking the latest available destination figures for 18-year-olds in England shows that in the year after leaving their 16-18 education stage, nearly half (48 per cent) immediately continued their studies in higher or further education, with the remainder moving into employment, an apprenticeship, unemployment or inactivity (although many of these young people may decide to return to education in future).[29]

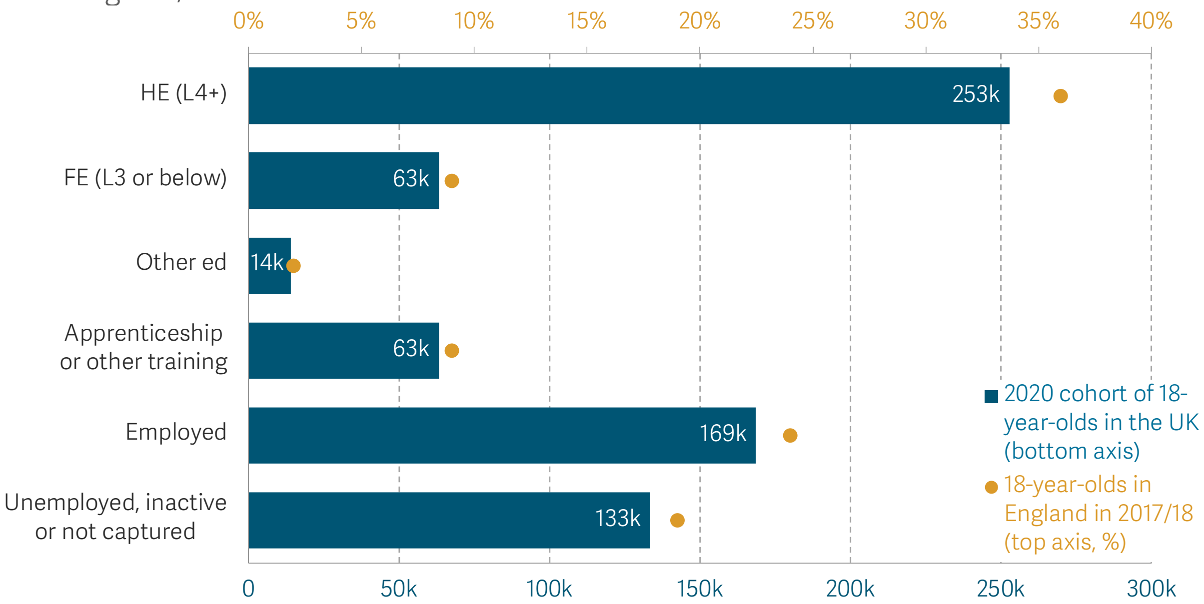
In other words, given recent student destinations we might expect that just under half of today's 18-year-olds were preparing to directly progress their education elsewhere, and slightly more than half were up until very recently about to enter the labour market. Figure 11 puts those figures into context by applying them to the 2020 UK population of 18-year-olds, showing that just over 330,000 would be on train to immediately continue their education, with the remaining 365,000 divided between moving into employment, an apprenticeship, unemployment, or inactivity.

Given the challenging economic conditions set out above, it's likely that some young people will now want to change the destination that they'd so recently had in mind. As discussed above, in 2009 the number of 18-20-year-olds in full-time education (higher or further) grew by 3.6 per cent on the previous year. Applying that increase to today's 18-year-old population would imply an additional 11,500 students across higher and further education next year. Though given the unique challenges of this crisis, those additional numbers could be substantially higher.

28 See: J Britton C Farquharson & L Sibieta, 2019 annual report on education spending in England, Institute for Fiscal Studies, September 2019.
29 For instance, the higher education participation rate for the UK indicates that roughly 50 per cent of young people will have had at least some experience in higher education by the time they turn 30. See: Department for Education, Participation Rates in Higher Education: Academic Years 2006/2007 – 2017/2018, September 2019.

FIGURE 11: **Around half of 18-year-olds normally go on to further or higher education**

Expected destinations of 18-year-olds one year after having left school or college: England/UK



NOTES: UK destination numbers are estimated based on the distribution of destinations in England in 2017/18, applied to the UK population of 18-year-olds in 2020.
SOURCE: DfE,16 to 18 destination measures 2017 to 2018, October 2019; ONS, Population estimates for the UK, England and Wales, Scotland and Northern Ireland: Mid-2018.

And yet, today's 18-year-old leavers may face challenges in their attempts to stay on. For instance, as of January 2020, 39 per cent (275,000) of UK-domiciled 18-year-olds had applied to higher education.[30] While there will be a number of 18-year-old leavers who had not applied to higher education but would now like to do so, the process for applying now is not straightforward: the main deadline to apply for autumn entry into university through the University and College Admissions Service (UCAS) was in January.[31] Some further flexibility may be needed.

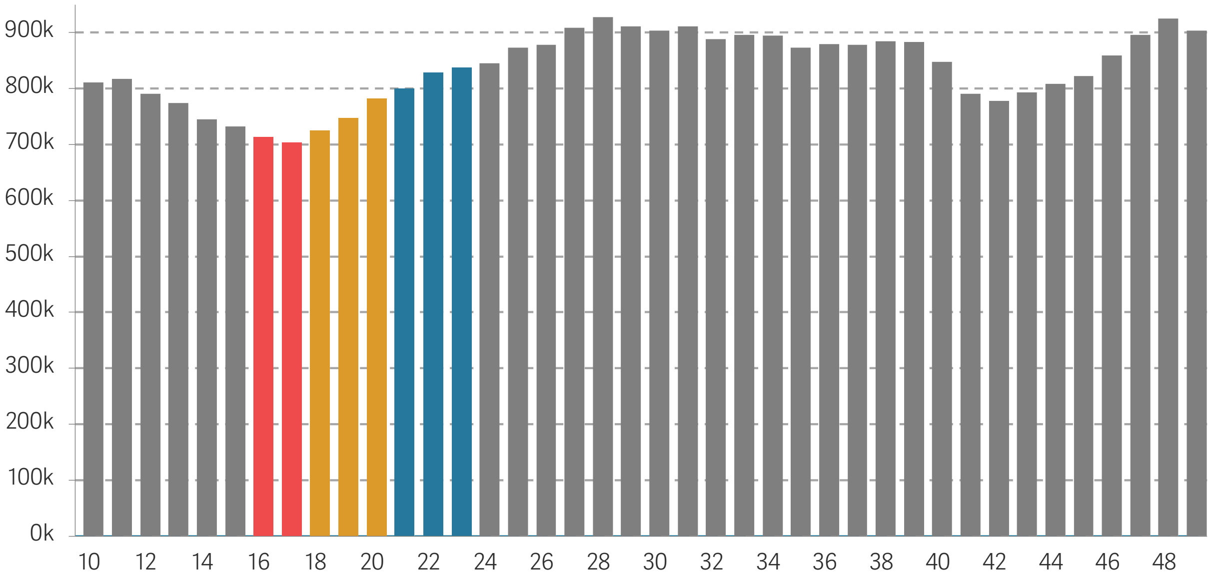
Flexibility would, where possible, also help alleviate some concerns over university finances, where the fall in foreign student fee income is expected to hit sharply.[32] To that end, the Government should work with schools, colleges, universities and UCAS to ensure that students have access to robust information, advice and guidance, which makes it clear that even under current arrangements they have until 30 June to apply via UCAS for many courses, and until 20 September to apply via Clearing for university this autumn.

30 They represent about half of applicants to higher education, as many others apply aged 19 or older.
31 There are also concerns that the grading provisions put into place as a result of social distancing may negatively affect young people from disadvantaged backgrounds, with some evidence showing that high-achieving students form disadvantaged backgrounds have their grades under-predicted at a higher rate than their counterparts from more socioeconomically advantaged backgrounds. See: C Lough, Coronavirus: Williamson warned over grading 'injustice', Times Educational Supplement, April 2020.
32 See: Universities UK, Achieving stability in the higher education sector following COVID-19: Achieving stability in the higher education sector following COVID-19, April 2020.

One of the benefits to acting now is that investing in this particular cohort of 18-year-olds will, in population terms, go further than normal. This cohort of 18-year-olds is unusually small, reflecting the dip in the birth rate around 2002. This means that educating the same absolute *number* of students would benefit a larger *proportion* of this cohort than would have been the case in previous years (see Figure 12).

FIGURE 12: **The 'demographic dip' means the Government could help a larger proportion of younger cohorts while educating a similar number of people as in recent years**

Size of single-year age groups in 2020: UK



NOTES: Ages 16 and 17 (when GCSEs or other Level 2 qualifications are typically taken), 18-20 (A levels or other Level 3s) and 21-23 (when degrees are typically completed) are highlighted to indicate the size of each cohort potentially affected by policies designed to help young people stay in education. These figures take the Office for National Statistics' 2018 mid-year estimates and add two years to each age in 2018 in order to estimate the size of that cohort in 2020.
SOURCE: RF analysis of ONS, Mid-2018 population estimates.

For instance, roughly 232,000 18-year-olds entered university in 2018 in the UK equivalent to 31 per cent of the 18-year-old population. Allowing that absolute same number of 18-year-olds to enter university today would mean educating more than one-third (34 per cent) of this cohort. Among the numbers of young people reconsidering their plans, we would expect a sizeable portion to want to move onto a further education course at Levels 3 (A level equivalent) or below, or at Levels 4 and 5. Some of these are taught at universities, and others at further education colleges. For instance, Figure 11, above, suggests that before the current crisis began we might have expected roughly 9 per cent (63,000) of 18-year-olds to have taken up study at Level 3 or below.

There are large barriers sitting before young people who would like enter further education courses. Although, in most cases, 18-24-year-old students in further education will be able to access student finance in order to cover any tuition fees,[33] they will have no access to maintenance support – loans to cover living costs. This also applies to students studying higher-level technical courses (i.e. Levels 4 and 5) outside of higher education.[34]

Were a young person to opt to protect themselves from the worst of the crisis and develop their skills more broadly, they would need to find another source of income to support their living costs – and most would lose benefit eligibility once they begin to study for more than 16 hours a week.[35] This stands in stark contrast to their similarly-aged counterparts in higher education, who on average come from more advantaged backgrounds,[36] and who are eligible for an annual maintenance loan worth between £7,500 and £10,500.

On top of the maintenance barrier, there are additional funding restrictions reducing the flexibility of what can be offered both in further education (FE) and higher education (HE). These barriers are longstanding, but given the acute problems facing young people now, there is a strong case for action over the next twelve months. For instance, student finance is only available to those who register for a full qualification, meaning those hoping to study for a shorter period of time or a specific license to practice (e.g. doing a few modules on a full-time basis until the labour market improves) would have to pay upfront.

This is an unlikely scenario for most and drives inequalities in access, especially in the current crisis when household incomes are squeezed more than usual. Similarly, rules that in most cases restrict student finance from those wanting to study for a qualification that is equivalent or lower than the qualification they already have (ELQ rules), make it hard for a student to be funded for an extra six or 12 months doing a different course at the same educational level.

Given the challenges set out above, government should consider a system of additional maintenance support: be that a bursary system or means-tested maintenance loans. Government should also consider offering student finance on a modular basis across FE and HE – so that prospective students won't worry about the risks of being 'locked in' to completing a full course that could last a year or longer.

33 Young people under age 24 do not pay tuition fees for further education courses at Levels 2 and 3 provided they do not already have one of these qualifications. Those 24 or older, taking on additional courses at a qualification they have already achieved, or taking on a technical (non-higher education/prescribed course) qualification at levels 4 and 5 have access to an advanced learner loan.

34 Often called a 'prescribed' course.

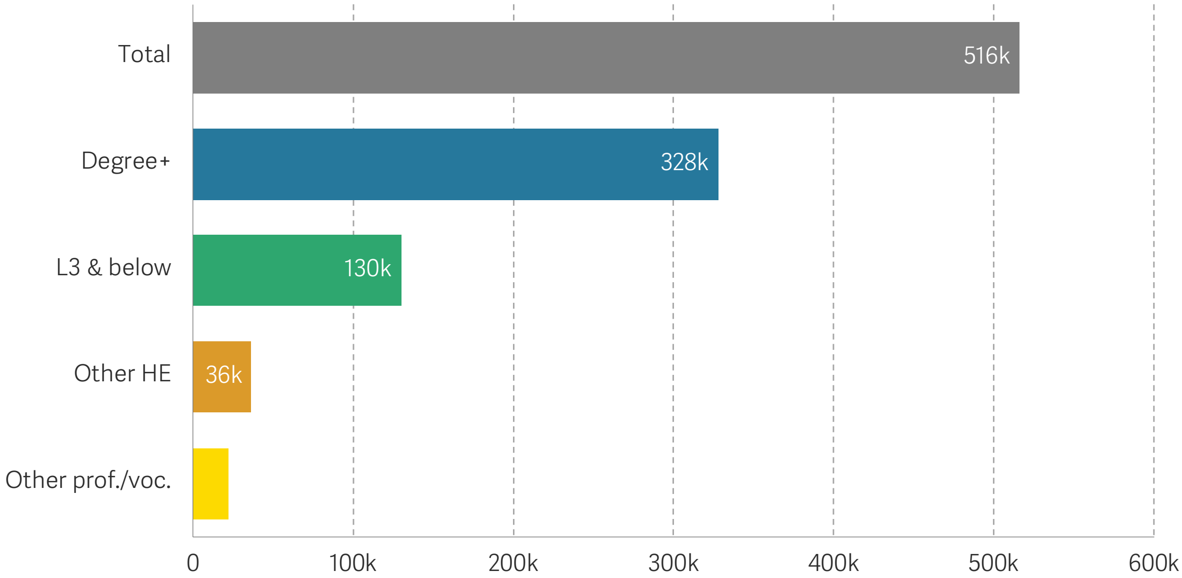
35 For instance, in most cases, full-time students cannot claim Universal Credit. Exceptions include where a student is age 21 and under and studying for their first Level 2 or 3 qualification.

36 For instance, the Labour Force Survey shows that 58 per cent of 18-24-year-olds who were currently studying for a degree during 2015-2019 had parents who were in managerial, professional and associate professional roles when that respondent was age 14. Among those 18-24-year-olds studying for BTEC and City and Guilds qualifications, the equivalent figures are 35 per cent and 40 per cent, respectively.

Shifting our focus from those considering starting their first HE or FE course this year to those completing one, we estimate that roughly 516,000 UK-based 18-24-year-olds will be leaving full-time education in an HE or FE setting (see Figure 13). Of course, not all of these students will progress immediately into the labour market: for instance, universities' destinations data suggests that just over one-third of those on 'other' higher education courses (e.g. 13,000 students on HNCs, HNDs and foundation degrees) would be expected to progress to further study, as would roughly 17 per cent of UK-domiciled Bachelor's degree graduates (56,000).[37] This leaves us with an estimate that around 450,000 18-24-year-old HE and FE leavers would be approaching the labour market this year, all else equal.

FIGURE 13: **We would expect roughly 500,000 post-compulsory leavers aged 18-24 to be finishing their current course this year**

Number of full-time, UK-born students expected to complete their course this year, by level of study: UK



NOTES: Expected leavers are calculated by dividing the number of full-time, UK-born students without a full-time job at each qualification level by the typical number of years it takes to complete each qualification on a full-time basis.
SOURCE: RF analysis of ONS, Labour Force Survey.

In terms of those progressing onto a Master's course, we note a worrying socioeconomic divide in the young graduates who are able to do so: those who do go on to attain a Master's at a young age overwhelmingly come from higher socioeconomic backgrounds.[38] Government may want to consider alleviating the disparity in young

37 Estimates based upon latest available UK higher education outcomes data; See: Higher Education Statistics Agency, Destinations of Leavers from Higher Education 2016/17, July 2018.

38 25-29-year-olds with a Master's degree are more than twice as likely to have parents who worked in an occupation classed as highly skilled, as opposed to one classed as mid- or lower-skilled. See: K Henehan, Pick up the Pace: the slowdown in educational attainment growth and its widespread effects, Resolution Foundation, March 2019.

people's take-up of Master's degrees by increasing loans on a means-tested basis to help recent graduates from disadvantaged backgrounds gain additional education and take shelter from the current economic storm.

This economic crisis is unique in that it runs in parallel with the closure of schools, colleges, training centres and universities. These disruptions themselves could have scarring effects for leavers and younger children alike: although many institutions have moved towards remote learning, there is little doubt that disruptions have brought typical amounts of student learning below normal levels. And the amount and quality of remote learning currently happening appears very unevenly distributed: many young people from disadvantaged backgrounds and education providers in deprived areas do not have the required resources.[39] And particular forms of technical education and apprenticeship training are poorly suited to a remote environment.[40] While this loss of education and guidance will undoubtedly affect students of all ages, those leaving education this year may also suffer from an absence of formal and informal guidance: from on-hand careers advice and interview preparation, to job fairs, to broader opportunities for networking.

This adds up to a conclusion that many young people would be better off getting some more training and education, rather than leaving education immediately. At the same time – though this is a secondary argument – many education institutions are in severe financial difficulty and could be standing empty for several months even as the lockdown is eased. There is a case for a government programme to help fill in these educational gaps in the short term. Since the short time horizon limits the potential for highly specified interventions in this area, the Government could consider launching an education leaver innovation fund.

Schools, colleges, universities and alternative learning providers could put forward proposals for programmes in their areas to help their own leavers, lasting roughly six months. Government would not specify absolute requirements, but identify preferences for programmes that offer learning and have links to employers or work-readiness at their core. Policy makers might also signal preferences designed to help students from disadvantaged backgrounds and deprived areas who have been least able to keep in contact with their schools and colleges.

These proposals could be assessed by the Office for Standards in Education, Children's Services and Skills (OFSTED) or the Office for Students (OfS). Assuming that 20 per cent of 18-year-old leavers from compulsory education and 20 per cent of 18-24-year-old leavers from FE and HE take up the offer, the programme could benefit roughly 160,000 young people. With funding of £1,500 per student, for example, the innovation fund could

39 C Cullinane & R Montacute, Covid 19 impacts: school shutdown, Sutton Trust, April 2020.
40 K Parker, Covid-19 and training providers: all you need to know, Times Educational Supplement, April 2020.

be allocated a budget of up to £240 million. Given the time pressures at hand, it would need to be developed in very short order, with the aim of making funds available from the end of June to cover six-month programmes to the end of the year.

Job guarantees and priority access to apprenticeships should be considered to reduce scarring for those who do leave education in this crisis

Our analysis has shown that young people leaving education in the midst of a recession are less likely to be employed, and suffer scars to their pay for years to come. This necessitates a focus on those approaching the labour market this year, either for an apprenticeship or a job.

There were roughly 135,000 16-24-year-olds in England that started an apprenticeship so far during the 2019/20 academic year. While older apprentices (in many cases, pre-existing staff) form an increasingly large majority of starts in higher-education-level apprenticeship programmes (notably in business, administration and law), younger apprentices are disproportionately likely to be in sectors that are at risk of severe contraction in the current crisis. So far during the 2019/20 academic year, half of all 16-24-year-old starts in England were in construction, manufacturing and engineering, leisure and travel, and retail and hospitality. While these sectors may take different amounts of time recover, contraction is highly likely to lead to a sharp drop in apprenticeship vacancies over the short-to-medium term, effectively blocking a training pathway for recent 16- and 18-year-old education leavers. For those apprentices part-way through programmes, it could risk an end to learning altogether.

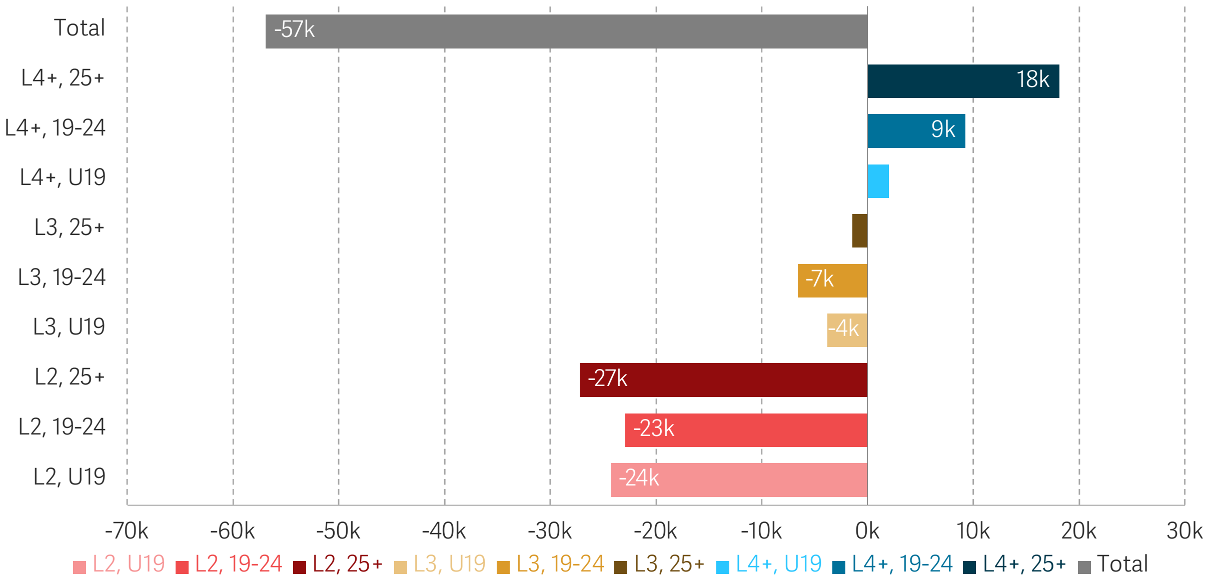
As yet, we do not know how many apprentices have been furloughed or laid off,[41] nor do we have any official figures outlining the extent to which businesses' specific apprenticeship 'commitments' (i.e. their plans, registered with the Department for Education's apprenticeships service, to hire an particular number of apprentices over the coming months) have changed since the economic fallout from the coronavirus began.[42] However, there is worrying evidence – discussed above – that the pipeline for new starters has already dried up: a recent survey found that 80 per cent of planned starts in April did not come to fruition, with public service apprenticeships the only ones to go forward.[43]

41 While the Department for Education has helpfully outlined that current apprentices can continue to receive training while being furloughed, and has put contingencies in place for extending end dates, there are doubts about the extent to which training is happening and/or is possible in many sectors.
42 The latest available figures at the time of writing were recorded in February 2020.
43 N Linford, Revealed: Covid-19 hit to apprenticeship starts, FE Week, April 2020.

Unfortunately, this crisis comes on top of pre-existing challenges to the apprenticeship system. Following on from the implementation of the apprenticeship levy and wider training reforms in April 2017, there has been a steady fall in the number of apprenticeship starts among younger people (Figure 14). By contrast, there has been a smaller – but substantial – rise in the numbers of older apprentices (age 25 and over) studying at higher levels (Level 4+), with some evidence suggesting that a large proportion of these older, higher-level starts comprise pre-existing staff, rather than new starters to a firm.[44]

FIGURE 14: **There has been a large fall in the number of apprenticeship starts going to younger people**

Change in apprenticeship starts, by age and level of study: England, August-December 2015/16 to August-December 2018/19



SOURCE: RF analysis of DfE, Apprenticeship and levy statistics.

Within that Level 4+ category, much of the growth has been funded by levy-paying firms and taken up specifically by older apprentices studying at the Bachelor's (Level 6) and Master's (Level 7) equivalent levels. These Level 6 and 7 programmes are predominantly in professional sectors like accounting and finance, and business management (e.g. MBA-style apprenticeships) and cost on average much more than their programmes at lower levels of study.[45] This economic crisis could hasten these developments without specific interventions to support younger apprentices.

While government, schools and colleges should work to ensure that 16-17-year-olds who are currently on, or had plans to start, an apprenticeship that's now been put on hold are given suitable alternatives, there's a risk that apprentices above the school participation

44 See: K Henehan, Trading up or trading off? Understanding recent changes to England's apprenticeships system, Resolution Foundation, August 2019.
45 See: K Henehan, Is the government's apprenticeships strategy set to change?, Resolution Foundation, March 2020.

age will be left out. To that end, the Government should consider policies that ensure employers who are able to continue to offer apprenticeships do so in the spirit of providing routes to a good career for young people and new entrants. In practice, that means government mandating that employers spend the majority of their levy funds on training young people (those under 25) and/or on new employees to the firm.

For those existing apprentices who have been furloughed or laid off, the Government should work with colleges and training providers to ensure their training is able to continue and that apprentices have the appropriate resources to take part. Given that some levy-paying employers simply won’t have roles appropriate for 16-18-year-olds (e.g. because most of the roles assume a higher level of education), some have called on the Government to create a dedicated 16-18 apprenticeship participation budget. This way, funding for 16-18-year-old apprentices would be just as guaranteed as funding for 16-18-year-old A level students.[46]

Beyond would-be apprentices, the group of education leavers approaching the labour market this year will be varied. Some will leave education with high-level qualifications and career destinations in mind, while others will have struggled to attain basic literacy and numeracy, leaving without much sense of job direction. And while we have outlined the extent to which leavers with lower-level qualifications feel the effects of employment scarring more acutely, scarring is evident among full-time leavers across qualification levels, in a large part because pathways to employment – and for many graduates, pathways to better-paid employment – become blocked. Finally, the number of young people affected won’t simply be limited to those who leave education this year. Our analysis of unemployment outcomes for the 2003 cohort of non-graduates, in Figure 2, suggests that even those in their mid-20s today will suffer clear negative effects.

Looking again to the OBR’s coronavirus forecasts provides clues as to the scale of the forthcoming rise in youth unemployment. During the financial crisis, the relative increases in the 16+ and 18-24-year-old unemployment rates were similar. Assuming that pattern holds this time around, then the 6.1 percentage point (157 per cent) increase in the unemployment rate that the OBR projects to occur among the 16+ population between Q2 2019 and Q2 2020, would imply an increase in the 18-24-year-old unemployment rate from 10.5 per cent (last available figures) to 27 per cent.

46 S Pember & M Corney, No Time to Lose on Post-16 Education, Training and Jobs, Campaign for Learning & NCFE, April 2020; S Evans & J Dromey, Bridging the Gap: next steps for the apprenticeship levy, Learning and Work Institute, October 2019.

This is equivalent to roughly 640,000 additional 18-24-year-olds being unemployed, bringing the unemployed 18-24-year-old population to just over one million.[47]

In the first instance, those in this group who engage with the benefits system will require some form of triage – an increase in the capacity of work coaches to provide one-to-one, specialist support. But while job search and training support can have positive effects, it likely won't be enough in the depths of a recession when vacancies are scarce – particularly in many of the lower-paid and entry-level roles in sectors like retail, hospitality, personal services and leisure that so many young non-graduates get their start in.

On this basis, the Government should learn from the successes and challenges of past job guarantee programmes like the Future Jobs Fund (FJF), under which the state, in combination with employers, charities and local authorities, developed a brokerage that offered temporary (six-month) jobs to young unemployed people receiving benefits, and those in disadvantaged areas. Under this particular scheme, jobs had to be both 'real' and 'new': 'real' in that they were paid, had a job description, and offered genuine experience and support; and 'new' in that a FJF job could not replace a pre-existing one. A large proportion of FJF jobs were in the not-for-profit and charity sectors – areas that may suffer less in terms of vacancy loss in this crisis.

Independent reviews of the programme were positive: among other outcomes, it was shown to have helped move people off benefits; engaged employers – with many saying they were more willing to hire previously unemployed young people in future; raised young people's career aspirations; and provided work-relevant training and qualifications.[48] A review published in 2012 by the Department for Work and Pensions found that although the programme represented a net cost to the Exchequer of £3,100 per participant, participants themselves gained over £4,000 through increased wages, and employers benefited to the tune of £4,400 per participant, including through increased output.[49] Given these net benefits, and the scale of the crisis, the Government should consider redeveloping something similar – but, crucially, with more of a focus on securing sustained job outcomes (the main area for improvement of the FJF) – in particular for the many young leavers who have no formal work experience.

47 In its April 2020 coronavirus reference scenario, the OBR projected that the 16+ unemployment rate would be 10 per cent in Q2 2020, up 157 per cent from the 3.9 per cent rate that prevailed in Q2 2019. Over the course of the financial crisis, the relative increases in the overall and 18-24-year-old unemployment rates were similar – though the youth unemployment rate is consistently higher in absolute terms. Given those similar relative increases, we apply the OBR's projected 157 per cent increase in the 16+ unemployment rate to the latest available 18-24-year-old unemployment rate (10.5 per cent in December 2019-February 2020, with 408,000 18-24-year-olds unemployed). This increases the 18-24-year-old rate to 27 per cent and adds an additional 640,000 unemployed 18-24-year-olds to the 408,000 unemployed over December-February 2019-2020. The OBR included the Coronavirus Job Retention Scheme, which encourages employers to furlough employees rather than make them redundant, in its forecast assumptions. Source: ONS, Labour Market Statistics; OBR, Coronavirus Reference Scenario, April 2020.

48 See: T Fishwick, L Gardiner & P Lane, Future Jobs Fund: An independent national evaluation, Inclusion, July 2011.

49 Department for Work and Pensions, Impact and costs and benefits of the Future Jobs Fund, November 2012.

Other groups of young people, including those with higher-level qualifications and a career in mind, or those with vocational or technical qualifications, may benefit from a different set of interventions. For instance, the Institute for Employment Studies has pointed to the success of 'career pathway' training in the US, and Sector-Based Work Academies in England, which included 30 weekly hours of pre-employment training, a work experience placement with an employer in that particular sector, and often the guarantee of an interview with that employer.[50]

Still other unemployed young people may benefit from more specific college-based courses, or from particular licenses to practice. It goes without saying that robust, regional, and of course timely labour market information should – as always – underpin these job search, training and work trial initiatives; and in this instance the government may want to pay particular attention to any skills shortages that are likely to arise from the substantial forthcoming changes to the UK immigration regime or the adjustment to the post-lockdown economy.

Conclusion

Past recessions have left cohorts of 'crisis leavers' with substantial scarring effects, through the lens of both employment and pay. This briefing note has demonstrated that the depth of that scarring could be even worse this time around, given expectations for how the labour market will perform over the coming months. Looking at the sectoral effects of this crisis gives us more reason for concern still: over one-third of non-graduate leavers begin their careers in roles that are likely to be shut down in the current crisis, and we don't know when – and to what extent – these sectors will rebound.

These frightening scenarios help to underscore the important role that swift, and sweeping, policy could play in reducing the amount of scarring that today's education leavers experience. This should include policies supporting those entering the treacherous labour market, running the gamut from advice to job guarantee schemes. In addition, measures to help those who would benefit from staying in education for a little longer are required. The health and economic consequences of coronavirus are on a scale that few had previously imagined, but the past can teach us lessons about how to avoid some of the worst effects.

50 T Wilson et al., Getting back to work: dealing with the labour market impacts of the Covid-19 recession, Institute for Employment Studies, April 2020.

Annex: Estimation approach

To estimate the relationship between an individual's hourly pay, the time they entered the labour market, and the amount of experience they have, we estimate the following equation:

$$\begin{aligned} Log\ pay_{ict} = {} & \alpha + \gamma_{eq} Experience(0-10) * Quals\ (1-3) + \beta_{ec} Experience(0-10) \\ & * Unemployment\ in\ year\ after\ leaving\ education + \vartheta_t\ Years \\ & + \delta_c\ Year\ left\ education + \rho_{ict} Sex + \epsilon \end{aligned}$$

We regress the natural logarithm of pay for each individual (i) across each cohort (c) at time (t) against a constant, an interaction of the years of experience (0 to 10) with highest qualification held (Masters or higher, degree, A-level, or GCSEs), an interaction of the years of experience with the unemployment rate in the year after they left education, year dummies and a dummy for male or female. We also include a set of three-year cohort dummy variables based on when an individual left education (e.g. a dummy for 1990 to 1992, 1993 to 1995, etc.). These control for any fixed unobservable differences between cohorts, and mean that we are comparing sets of cohorts that left education relatively close (three years) to each other.

The coefficients of interest are the sum of the unemployment term and each of the experience interaction terms. In this way we can estimate how the effects change over time as people become more experienced. In this model we control for a full set of interactions between qualifications and experience.

We also run separate models for each qualification group using the following equation:

$$\begin{aligned} Log\ pay_{ict} = {} & \alpha + \beta_{ec} Experience\ \ 0-10\ \ * Unemployment\ in\ year\ after\ leaving\ education \\ & + \vartheta_t\ Years\ + \delta_c\ Year\ left\ education + \rho_{ict} Sex + \epsilon \end{aligned}$$

This is the same as the model above but without the full set of interactions between qualifications and experience because we run the model three times, once for each qualification group, while controlling for experience as well as including it as a multiplicative term with unemployment. In both models we cluster standard errors by the year people left education.

We also run the same model but instead of pay being the dependent variable we use employment, whether or not someone is in a low-paying job, and whether or not someone is working part time but wants to work full time. In these cases, we estimate a logit model and calculate odds ratios.

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COVID-19 and Social Mobility Impact Brief #3: Apprenticeships

Katherine Doherty and Carl Cullinane

KEY FINDINGS

- The COVID-19 health crisis is having significant impacts on apprentices, their employers and learning providers. Companies are furloughing or making staff redundant, off the job learning has been disrupted, and apprentices, already on low pay, have faced additional financial strains.
- Many young people from disadvantaged backgrounds undertake apprenticeships. They are more likely to be concentrated in apprenticeships at lower levels, be paid lower salaries, and work at smaller companies.
- Going forward, employers are unlikely to be recruiting apprentices in the numbers we have seen recently, meaning there will be fewer apprenticeship vacancies available for young people to access and more competition for the fewer opportunities.
- In the first half of 2019/20, apprenticeship starts were already down by 7% on last year and we expect these to drop significantly further for the rest of the year.
- As of early April, employers surveyed reported that on average just 39% of apprenticeships were continuing as normal, with 36% having been furloughed and 8% made redundant. 17% of apprentices had their off-the-job learning suspended.
- On average, these employers felt that 81% of their apprentices would return to their course once economic restrictions were relaxed. 58% were confident all their apprentices would return, while 17% reported that fewer than half of their apprentices would resume.
- Around a third (31%) reported that they were likely to hire fewer apprentices over the coming year, or none at all.
- Firms worried about their ability to survive the crisis were more likely to say their apprentices were unlikely to resume, and more likely to cut future apprenticeship recruitment. Half of such businesses reported they would be recruiting fewer apprenticeships, or none at all. This picture is likely to have worsened since April.
- Apprentices themselves are encountering significant challenges. 37% of surveyed employers reported that some of their apprentices were not able to work from home due to a lack of equipment, or because their role was not suitable for such work. A further 14% said some apprentices could not access learning from home due to a lack of internet or devices.
- Employers are encountering a variety of issues with their apprentices. A quarter (24%) of employers surveyed reported that a learning provider had closed, with 16% reporting that a learning provider had been unable to continue provision for other reasons. While 16% said apprentices had been redeployed to other 'keyworker' roles in the business, 29% reported that their apprentices did not yet have the skills for such redeployment.
- With young people now not in school or college to access face to face career guidance or able to attend networking events or work experience opportunities it will be harder for disadvantaged young people to access high quality information and skills needed to secure an apprenticeship.

INTRODUCTION

The COVID-19 pandemic has caused complex challenges across the apprenticeship landscape. The unique position of apprenticeships – which combine education, training and employment - has made the sector particularly vulnerable to the current health crisis. Impacts on training providers and access to learning are being compounded by the profound impacts on employers and the economy. Some apprentices, particularly those working in the sectors and industries most adversely affected by COVID-19, are being made redundant, being furloughed or experiencing breaks in learning, with a minority of apprentices able to continue their apprenticeships as normal. For those apprentices who have been able to continue their learning, this has moved online, raising further issues: Not all will have equal access to required devices, internet access or a suitable home learning space, leaving them unable to access training.

On top of this, apprentice recruitment is being put on hold, with no clear idea of when opportunities will start to increase again. We know that careers guidance for young people interested in apprenticeships is already inconsistent[1] and young people are now navigating this complex landscape without face to face support from their schools or colleges, while closures continue. This could potentially put this year's school leavers at more of a disadvantage to those who are older and have more knowledge of where to find and successfully access vacancies. Sutton Trust polling of young people in Year 13 has shown that they feel career and education advice has particularly suffered during lockdown in comparison to the support they have received for learning.[2] Schools are carrying a significant burden at this time, and addressing the basic needs of their pupils is inevitably taking precedence.

However, as the impacts of the pandemic on the economy develop, the importance of apprenticeships as a model for education and training is only going to increase. A skilled workforce will be more important than ever to rebuild the economy and apprenticeships offer opportunities to those out of work to retrain or learn the skills that will be needed when the pandemic subsides. This makes it vital that every effort is put in now to ensure that all parts of the apprenticeship supply chain can continue into the future – and the progress made in recent years is not lost.

In our Better Apprenticeships research, we explained that since the age-based funding rules were relaxed in 2006, the apprenticeship programme has been largely adult based, with the majority of apprentices over 19 and many aged 25 and above.[3] Many of these apprentices are also existing employees rather than new starters. This is important to bear in mind in light of the survey evidence below. In the 2018-19 evaluation report, around six in ten apprentices already worked for their apprenticeship employer before starting their apprenticeship.[4] The vast majority (88%) of apprentices who were 25 and over were already employed before their apprenticeship, compared to 50% of apprentices aged 19-24 and 29% of apprentices aged 16 – 18. Now COVID-19 is exacerbating the disadvantages already facing young people seeking apprenticeships.

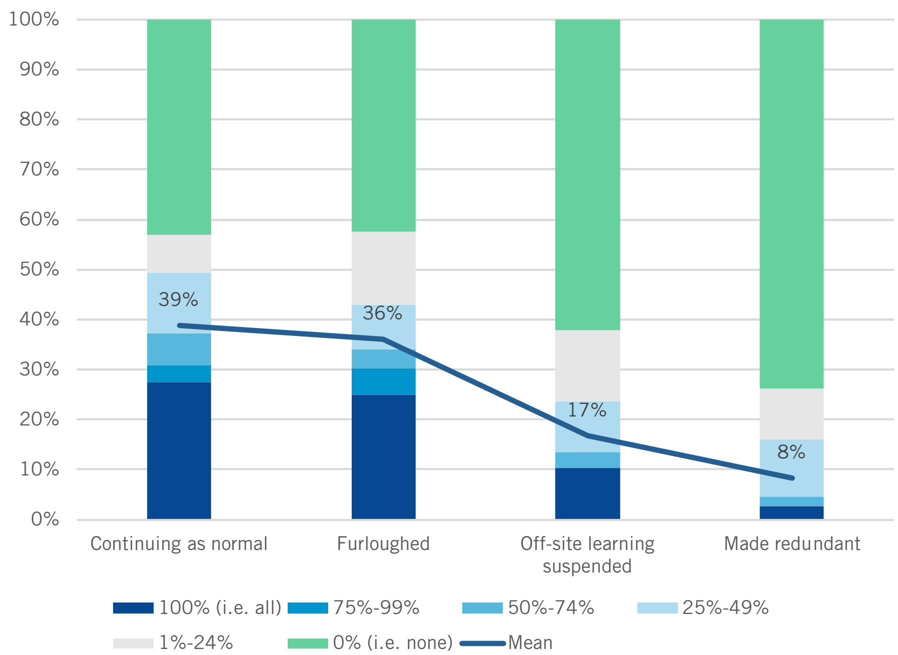
This report is the third in a series of impact briefs released by the Sutton Trust in response to the COVID-19 pandemic, looking at the implications of the current crisis on apprenticeships, with a focus on young people from less advantaged backgrounds. The brief will look at how employers, training providers and government can lessen the impact of the crisis on current and future apprentices, to help ensure all young people, no matter their background, continue to have the opportunity to both access and succeed on an apprenticeship.

IMPACT ON APPRENTICES

Considering the uncertainty caused by the pandemic, both current and future apprentices are likely to need more support than before. Many apprentices have been made redundant. Others are facing a decrease in wages due to being furloughed, whilst also experiencing barriers to their learning provision with many unable to continue training. For future apprentices they will be missing out on crucial face to face information and guidance through schools and colleges. Even if they can navigate the landscape independently, they will be faced with a diminished numbers of vacancies, making them even more competitive to access.

In early April we surveyed senior HR decision makers across the country to gauge the impact of the pandemic on apprentices.[5] While the number of companies employing apprentices in the sample was relatively small (around 150), the responses paint a picture that is indicative of the challenges faced by employers and apprentices at large. Employers surveyed reported that, on average, just 40% of their apprentices were continuing as normal, with the remainder of apprenticeships disrupted in some way. 43% of respondents indicated that none of their apprentices had been able to continue as normal, while 28% reported that all of their apprentices were able to do so. Employers on average were furloughing 36% of their apprentices, though in some cases this was much higher. 30% of employers indicated that they were furloughing more than three quarters of their apprentices. On average employers reported that 8% of their apprentices were being made redundant, though only 26% of employers had needed to make at least one redundant. Some apprentices however had remained in their jobs, but off-site learning had been suspended, either due to a provider shutting down, or the apprentice being unable to access remote learning. On average employers reported that 17% of their apprentices fell into that category. Figure 1 shows the average proportion of apprentices reported in each category by employers, along with the distribution of reported percentages. For example, it shows that on average employers reported 39% of their apprentices were continuing

Figure 1. Average proportion of apprentices reported by employers in each status, along with distribution



Source: YouGov HR decision makers omnibus for the Sutton Trust, April 9th-16th as normal, there was substantial variation: 43% of employers said none of their apprentices were, with 28% saying all of their apprentices.

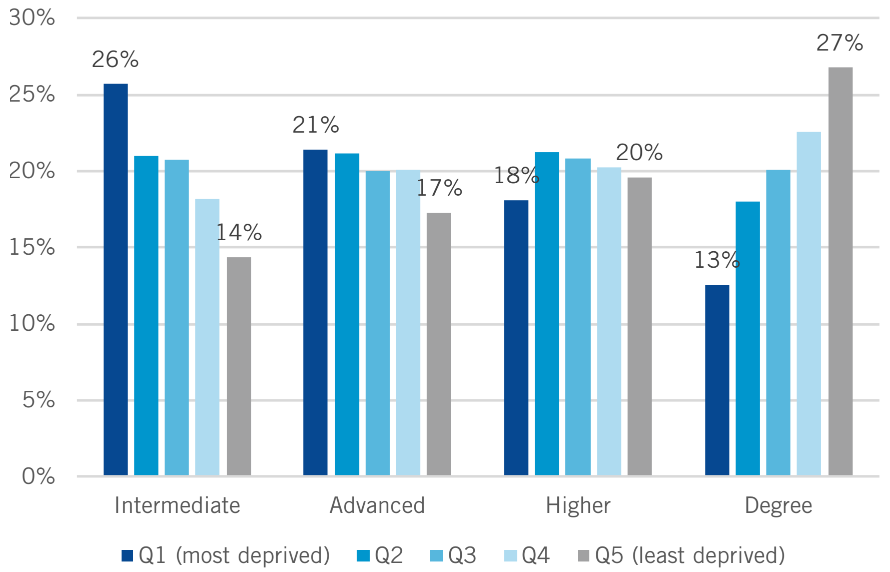
From a social mobility perspective, we know that apprentices from lower socio-economic backgrounds are clustered in lower return and lower level apprenticeships. In 2018-19, 43% of all apprentices were in the two quintiles with the highest deprivation, around 167,500 apprentices. 84% of these apprentices were clustered in intermediate (66,500) and advanced apprenticeships (73,700).[6] Figure 2 shows the breakdown of deprivation by apprenticeship level, with intermediate (level 2) apprenticeships and degree (level 6 and 7) apprenticeships forming mirror images of each other. The former is dominated by those from more deprived areas, and the latter by those from less deprived areas. There are twice as many degree level apprentices from the wealthiest areas as there are from the poorest.

Higher level apprenticeships, typically undertaken by those who are older or more affluent, as explored in greater detail in the degree apprenticeship report that accompanies this brief,[7] are more likely to be with larger employers.

Conversely, younger apprentices from lower socio economic backgrounds are more likely to have been in sectors which have been vulnerable in the crisis, for example the hospitality sector. 21% of small employers surveyed rated themselves as unlikely or unsure they would survive the crisis, compared to 14% of large employers.

Newer apprentices may also be at more risk from the current crisis as they have only just started their apprenticeships and may not have developed the skillset needed to redeploy to other roles. In fact, 29% of employers reported that their apprentices did not yet have the skills and training to be redeployed into other roles they would have liked to fill. Many of those in higher apprenticeships, by contrast, are current employees rather than new starters.[8] As newer apprentices are likely to have lower levels of skills and experience than colleagues who were existing employees in a business, they may be considered more disposable by employers having to make cutbacks.

Figure 2. Proportion of apprenticeship starts 2018/19, by apprenticeship level and Index of Multiple Deprivation quintile



Source: DfE FE data library - Apprenticeship starts by indices of multiple deprivation

Apprentices concerned that they are more at risk of redundancies, while balancing a significant change in their working practices may also affect their mental health and wellbeing. The level of support they will need both now and once they begin to re-integrate back into the workforce should be carefully considered and implemented.

Access to training and assessments

COVID-19 has led to a variety of issues surrounding apprentices' ability to access training and assessments. The government's training guidance for apprentices reiterates that employers can use the job retention scheme for their apprentices and confirms that apprentices can continue their training whilst furloughed.[9] This is a positive move, and employers are clearly taking advantage of this, but every employer may not be aware that apprentices can continue or begin their apprenticeship training whilst furloughed, which may need to be emphasised more.

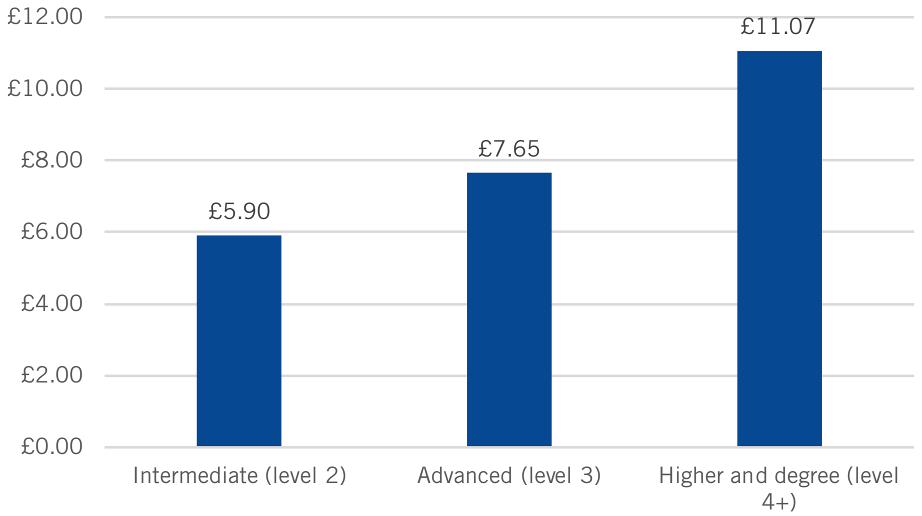
The Department for Education (DfE) has encouraged training and assessments to be delivered remotely wherever possible. Although some providers will be using distance-learning tools, for others this will not be possible for a range of reasons. If the technical system was not already in place, apprentices, especially those from lower income backgrounds, may not have the equipment, access to internet or a suitable home learning space. In our survey 37% of these employers reported that some of their apprentices were not able to work from home due to a lack of equipment, or because their role was not suitable for such work. A further 14% of employers asked said they had apprentices who could not access learning from home due to a lack of internet or devices with which to access learning.

Even if an apprentice does have the access, tech and skills needed, the training provider may not. While IT contractors or the apprentice's employer could potentially help here, they may be overwhelmed with demand at a time when they are likely to not have a fully staffed team, or it may come at a cost the provider is unable to fund. Initially some providers were furloughing staff, which meant that even if all these barriers were overcome, there may not have been the teaching staff needed to deliver the training. This was supported by our survey, with a quarter (24%) of employers reporting that a learning provider had closed, with another 16% reporting that the learning provider had been unable to continue provision for other reasons. The provider relief scheme being implemented may now have started to address this barrier for eligible providers, as some will be in a better financial position to bring staff back to deliver the government funded provision.

In mid-April the Association of Learning Providers (AELP) found that 43% of the providers they asked were managing to train apprentices and other learners at between 80 and 100% of their pre-pandemic capacity. For providers to have put in place digital learning so quickly, whilst experiencing the loss of funding that may have come with some apprentices being put on a break in learning, is a considerable achievement.[10]

If apprentices are ready to undertake their end point assessments it is being encouraged that these happen remotely, wherever possible. The Chief Executive of the Institute for Apprenticeships and Technical Education (IfATE) Jennifer Coupland has backed this, saying there should be a "significant shift" towards online assessments, but acknowledging there will be challenges ensuring quality, which is a concern not just for the apprentice but the sector as a whole.[11] There have been estimates that only 40% of current frameworks or standards could be assessed remotely,[12] with worries that variation between external quality assurance providers could lead to diminishing consistency across the system. The IfATE has tried to ease these worries by stating that External Quality Assurance (EQA) providers have now agreed assessment plans to be rolled out remotely for over 50 apprenticeship standards and that around 300 of the 538 standards approved for delivery have no end point assessment due in the coming months. However, AELP also found that a third of apprentices now have less than a 1 in 5 chance of completing their programmes in the expected timescale[13] which could have a direct impact on apprentices gaining pay rises or promotions they may have been anticipating once completing their apprenticeship.

Figure 3. Median hourly pay for apprentices in 2018/19 by apprenticeship level



Source: 2018/19 Pay Survey

Financial impacts

Many apprentices are likely to face financial difficulties in the coming months. While apprentices can be furloughed, for many their wages are already low, so they may struggle to cope on levels any lower than they already receive. Even before the current crisis, many apprentices were struggling financially.[14] Since April 2020 the minimum wage for apprentices under 19 and those in their first year is just £4.15 per hour, and in the most recent 2018/19 Pay Survey among Level 2 and Level 3 apprentices in England, the median basic pay was just £6.95 an hour.[15] Given the low levels of pay for apprentices, and the high proportion citing financial difficulty on their current wages, many are likely to face significant financial challenges if this is reduced.

The government have announced that furloughed apprentices must be paid at least the appropriate minimum wage[16] for all the time they spend training.[17] For the majority of apprentices their furlough payment will be sufficient to cover the training hours being paid at their appropriate minimum wage. Where there is a shortfall between the time spent training (which they have to be paid minimum wage for) and the amount of their furlough payment, the employer has to top it up.

While this was welcome news for some apprentices, it may have come too late for some who have already been made redundant or put on breaks in learning. It will also not support the majority of apprentices as they will not be doing enough training to be in excess of their furlough payment.

The government should widen this minimum wage requirement to include all usual weekly hours, not just those spent training. It is vital that the financial security of apprentices already on low wages is protected, both by government and employers themselves.

IMPACT ON TRAINING PROVIDERS AND EMPLOYERS

Funding for training providers

All providers who deliver apprenticeship training, whether they are colleges, independent training providers or universities will be facing challenges during this crisis. The government have already implemented several measures to limit the damage and allow apprenticeships an opportunity to continue.

Breaks in learning for up to 12 weeks can now be actioned by the provider or employer, whereas previously it was only the apprentice who could initiate a break in learning. However, any such break in learning raises issues for everyone involved. For apprentices, learning being put on hold and assessments being delayed could lead to some not returning and subsequently not completing their apprenticeship, as well as delays to promotions and pay increases. For training providers, the government guidance confirms that they will continue to be paid for the training they have delivered and can evidence, but this payment will be made retrospectively.[18] TProviders will not be paid for learners who are on breaks in learning, which could lead to some coming under significant financial strain, with the potential of some collapsing altogether.

The DfE has now confirmed that some apprenticeship training providers may be eligible for support under the Cabinet Office's supplier relief scheme to ensure some service continuity.[19] This will provide targeted financial relief. However, concerns were immediately raised that many providers will miss out on this support, specifically those whose funding comes through levy contracts with employers, rather than direct funding through the Education and Skills Funding Agency (ESFA).[20] FE Week found 593 current providers that have received non-levy funding this year amounting to £690 million, with over a thousand providers using levy funding which will not be supported through the scheme. It was also clarified that any apprenticeship funded via an employer transfer is ineligible, reducing further the amount that providers can claim through the scheme. The extent of ineligibility for this relief is of serious concern.

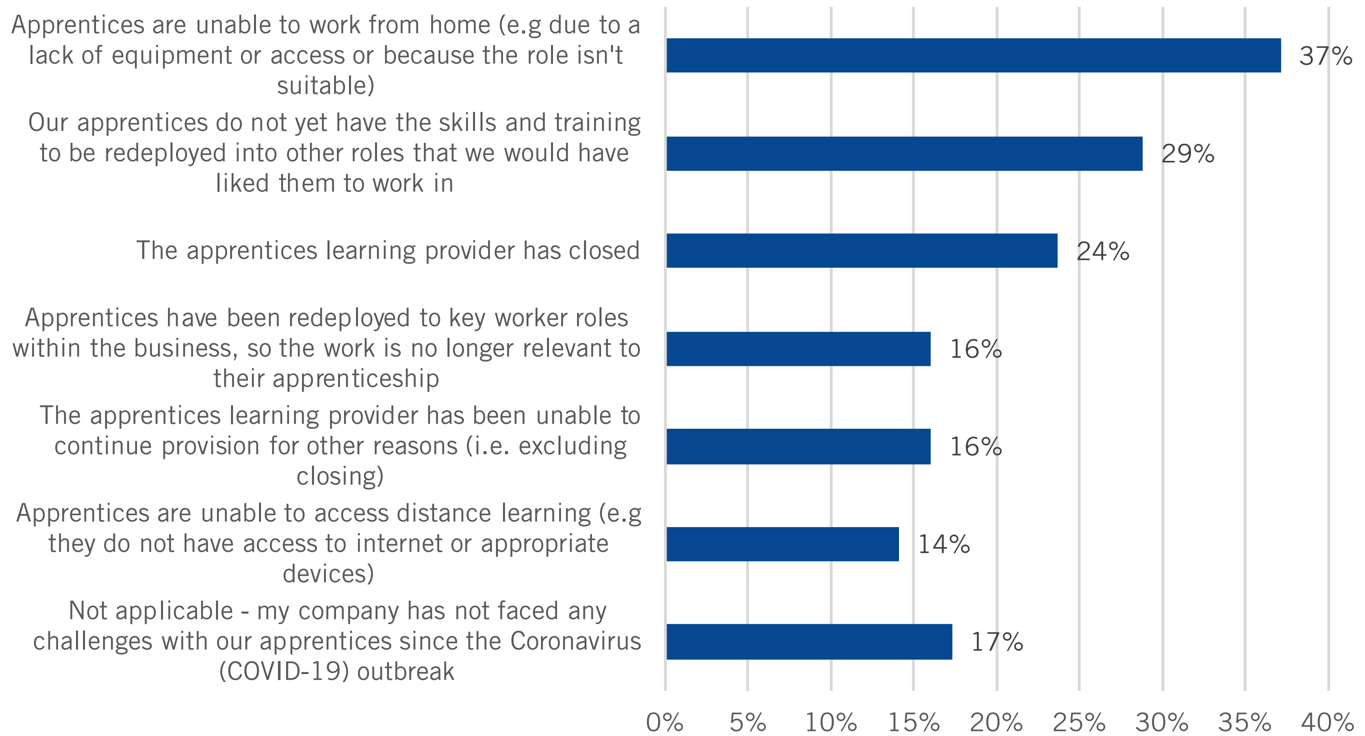
Providers ineligible for this scheme have been encouraged to consider their eligibility and apply for the financial support already announced for businesses[21] but only 4% have successfully received a Coronavirus Business Interruption Loan.[22] It is crucial that training providers are still standing at the end of this crisis in order to play a key role in supporting the economic recovery post-outbreak. However, the longer providers do not receive funding the less likely it is they will be in a place provide the training that will be desperately needed. At the end of March AELP found that 83% of their training providers were furloughing employees, with consequent impacts on delivery.[23] In April they warned that a quarter of providers rated their chances of surviving the crisis at less than 50-50.[24] This could have serious and immediate impacts on apprentices. AELP have reported an estimated 52,000 apprentices could lose their apprenticeship due to providers potentially closing down, with another 60,000 adversely affected by mothballing.[25]

Problems encountered by employers

Apprenticeships would not be possible without employers, and they have a bigger input than ever before in the development of apprenticeships. Employers throughout the economy are currently battling for survival and we found that 10% of apprenticeship employers surveyed rated their business as unlikely to survive the Covid-19 crisis, with a further 5% unsure. 85% said their business was likely to survive, slightly higher than employers not employing apprentices (80%). For employers who do not survive the pandemic, their apprentices are left to find a new employer to complete their apprenticeship. This is a hard ask: at such a challenging time for the economy it is unlikely employers will be in a position to take on apprentices and for those who are taking on apprentices who have partially completed their course elsewhere is likely to be challenging.

Employers are having to make tough choices to survive and may see apprentices as an easier option to cut back on, especially newer apprentices who potentially do not have the training or experience to redeploy to other roles. While 16% of employers

Figure 4. Problems encountered by apprenticeship employers during the COVID-19 health crisis



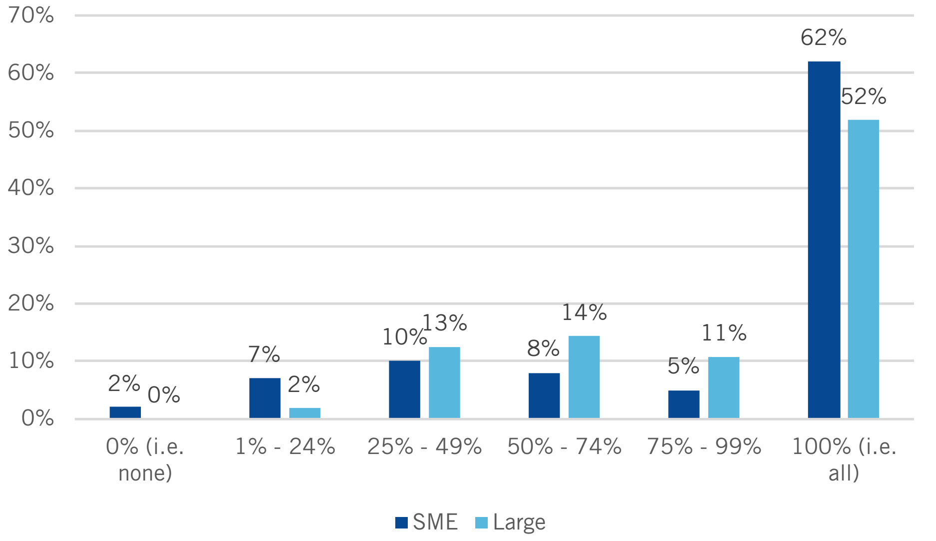
Source: YouGov HR decision makers omnibus for the Sutton Trust, April 9th-16th said apprentices had been redeployed to other 'keyworker' roles in the business, 29% reported that their apprentices did not yet have the skills for such redeployment (Figure 4).

Unsurprisingly then, we have already seen apprentices experiencing redundancies. The government said that apprentices made redundant are to be supported to find a new employer within 12 weeks. However, it appears to be the responsibility of training providers to ensure this happens, which is likely to be extremely challenging for them to do so successfully in the current economic climate, alongside many providers having to furlough staff or close completely. The 12 week timeframe should be kept under review and extended if necessary, as 12 weeks in the current circumstances is not a long time to find a new role. The ESFA may step in if a significant number of apprentices are made redundant in one instance to offer 'practical support' – but it is unclear what this support would be.[26]

Employers are also facing a multitude of challenges surrounding maintaining and progressing their current apprentices. Just 17% of the HR leaders we asked reported that they had not faced any challenges with their apprenticeship programme since the outbreak, and since the survey in mid-April it is likely this may have reduced further.

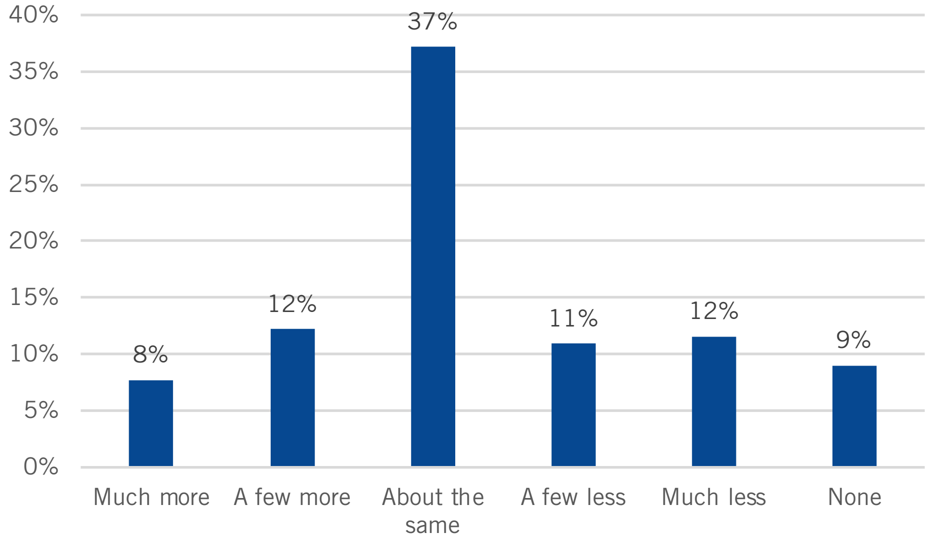
So far, we have seen 60% of employers stop all new apprenticeship starts,[27] and with so much uncertainty this is unlikely to improve in the near future. September is the next peak in the year for apprentice starts so it is vital that that where employers can, that they continue the recruiting and on boarding of apprentices. With the decrease in apprenticeship vacancies, they will become even more competitive and difficult to access. We know that less advantaged young people already face barriers in accessing higher level apprenticeships and this is likely to worsen.[28] It is more essential than ever that employers are reaching out to disadvantaged young people to

Figure 5. Proportion of apprentices expected to resume studies by employers, by size of company



Source: YouGov HR decision makers omnibus for the Sutton Trust, April 9th-16th

Figure 6. Anticipated number of apprentices hired in the year following the COVID-19 outbreak, compared to the year before



Source: YouGov HR decision makers omnibus for the Sutton Trust, April 9th-16th

ensure barriers can be broken down and young people are equipped to access competitive apprenticeships. As part of this, the Sutton Trust is launching its first apprenticeship summer school. This will be delivered digitally this year to ensure we are providing information and guidance around apprenticeships at a time when young people are missing out on face to face outreach.

PROSPECTS FOR RECOVERY

In recent years, apprenticeships have been gaining increased traction and recognition, and we have been hearing more about positive apprenticeship experiences, increasing awareness of a valuable route into the workplace. However, the pandemic risks this progress. During a significant economic downturn, they may seem an easier option for employers to cut, and employers may become less willing to invest in them in the short-term. The resilience of the apprenticeship system will undoubtedly be tested in the coming months.

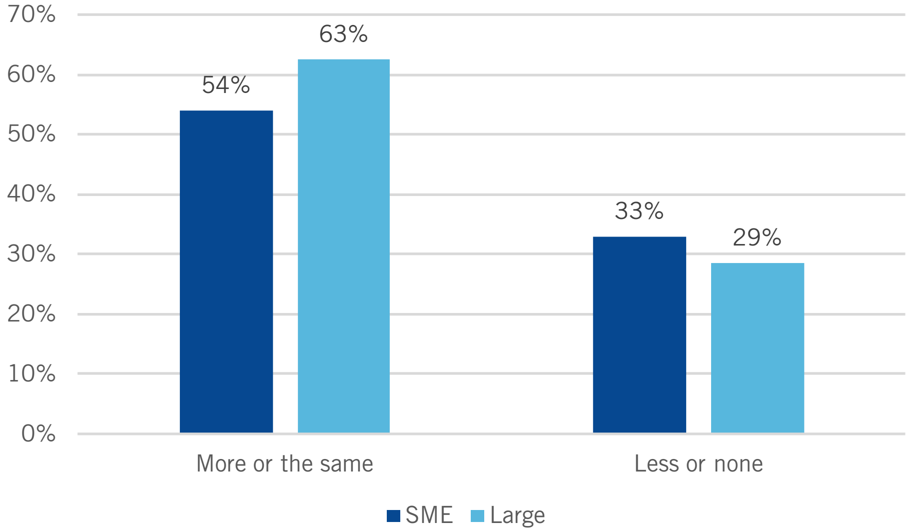
Making the case for the economic

value of apprenticeships is crucial at a time like this. As employers recover from the economic consequences of COVID-19, their initial priorities may not involve recruiting apprentices. Currently there are just over 6,000 apprenticeship vacancies being advertised on the Find An Apprenticeship website, with 52% at intermediate level, 44% at advanced level and only 3% for higher and degree level apprenticeships. The sharp drop in employers taking on new apprentices[29] and the already high dropout rates[30] for apprentices look set to rise even higher. Some apprentices will have been made redundant, some breaks in learning may lead to apprentices not returning, and some apprentices may not be able to survive on low furloughed wages meaning they may try and seek alternative employment.

COVID-19 has shone a light on certain sectors such as health and social care, engineering and technology, influencing public opinion towards how essential vocational routes are in developing future talent. If employers are to recover and thrive going forward, new skills and ways of working will be crucial. This provides an important opportunity for development through apprenticeships. Flexibility and a new set of skills may be required to thrive in the post-pandemic workplace, and businesses could use their levy allowance to build capacity by upskilling current staff or taking on new apprentices, who are keen to develop new skills. In particular, employers should be encouraged to significantly focus on supporting young people into apprenticeships, as we know that they are likely to particularly suffer in the coming months and years. Leaving education or training in the middle of a recession and suffering unemployment leaves scars that continue throughout a young person's career.[31] It is vital that we do everything we can to avoid these scars for the 'Covid Cohort'.[32]

In our employer survey, HR decision makers were cautiously positive about their current group of apprentices (Figure 5). 65% of respondents felt that more than three quarters of their apprentices would resume their studies once restrictions were

Figure 7. Anticipated number of apprentices hired in the year following the COVID-19 outbreak, compared to the year before, by size of company



Source: YouGov HR decision makers omnibus for the Sutton Trust, April 9th-16th

elapsed, including 58% saying that all apprentices would continue. 17% reported that fewer than half of their apprentices would return. On average, the employers reported that 81% of their apprentices would resume. We will have to wait and see if this surprisingly positive outlook plays out as anticipated, but the figures are likely to reflect the high proportion of apprentices which are existing employees. Apprentices employed as new starters are likely to be more vulnerable.

The perceived likelihood of survival for a company obviously influences perceptions of the future for their apprentices. While 69% of those who felt likely to survive reported than more than three quarters of apprentices would resume, this was just 44% for those who rated themselves as unlikely.

Employers were also asked about the prospects for future hiring for the next year (Figure 6). Again there were some signs of optimism. 31% of companies said they were likely to hire fewer apprentices over the coming year than before the outbreak, or none at all. However, a significant proportion of companies reported they were likely to increase their apprentices (20%). 37% said they would hire about the same, the most common response.

Worries for the viability of the company again impacted anticipated hiring. While 61% of those likely to survive rated themselves as likely to hire the same or more apprentices, for those worried for their future, this was 44%. There were also some differences by the size of the company (Figure 7), with larger companies appearing to show greater resilience in anticipating to hire apprentices at the same or higher rate.

DISCUSSION: POLICY IMPACTS

The apprenticeship sector is in the midst of a profound challenge, with the crisis having severe impacts on employers, providers and apprentices themselves. As is being seen across society, the virus is exposing and exacerbating existing inequalities. In the case of apprentices, it is those from disadvantaged backgrounds who are most vulnerable. They undertake lower level apprenticeships, are paid less, are more likely to be recent starters, and are most likely to struggle to access remote learning. As competition for fewer apprenticeship vacancies increases, the potential for apprenticeships to drive social mobility is likely to be seriously affected.

It will be essential to monitor closely the affect the pandemic is having on apprentices. It has been promising to see the IfATE asking apprentices for comments on the impact that Covid-19 is having on their learning in their recent satisfaction survey.[33] But to complement the apprentice voice, the publishing of key data around apprentice starts, participation, completion and breaks in learning is essential. The intial apparent cancellation of regular apprenticeship statistics was of concern. The publication of as much information as practicable will allow transparency as to how the situation is developing, which is vital information for everyone involved in the apprenticeship sector.

That is not to say however that there is nothing that can be done. But many of the challenges facing the sector will require all players in the apprenticeship landscape to work together. The primary goals should be to ensure current apprentices can complete their apprenticeships, and young people are still able to access and acquire high quality apprenticeships in the future.

Even small changes can have substantial impacts. More should be done to highlight to employers that furloughed apprentices can continue to carry out training where possible. This could help to address issues across the board. The more hours of learning an apprentice can complete whilst furloughed, the more hours they are then entitled to the appropriate minimum wage, meaning they do not have to survive on even lower wages than normal. It also enhances their chances of completing their apprenticeship in the expected timeframe or reduces the delay they may face.

Protecting training providers is also of paramount importance. Continuing training would ensure training providers are receiving an income and put them in a better situation to survive the crisis. Where this isn't possible, providers in danger of folding should receive further support. The government has stated that it doesn't want to see viable businesses go to the wall during this crisis, and the benefits to society of a functioning apprenticeships system mean that the survival of training providers are even more important.[34] The Supplier Relief scheme should ensure all providers are supported sufficiently to retain capacity in the apprenticeship sector to deliver the skills that will be needed to support the economic recovery.

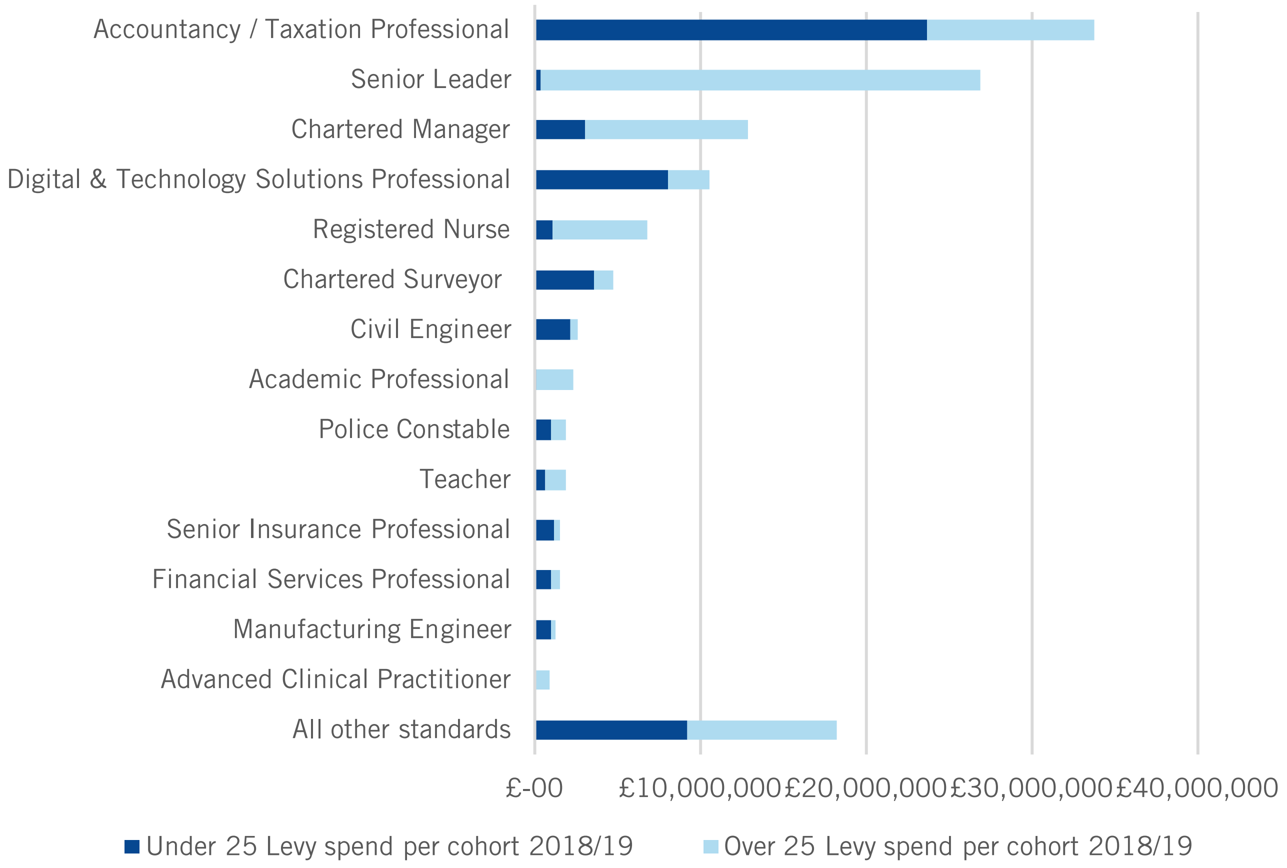
Even before the pandemic, the expansion of higher-level apprenticeships that were going to older, potentially existing employees was questioning whether one of the core objectives of providing young people a good quality training route into their chosen career was being met. Now more than ever employers should be focusing their attention on young people and new starters as we know they will be severely affected by the impact of COVID-19 on the economy. The government should direct the focus of the limited apprenticeship vacancies towards young people and promoting social mobility.

With young people now missing out on face-to-face information and guidance, apprenticeship open days and direct opportunities to interact with employers, digital programmes have a huge part to play to ensure they are informed about their future decisions. Outreach work should not be stopped but transitioned to digital delivery where possible. Now is not the time to let up on widening access to opportunities, as those opportunities become more valuable than ever but harder and more competitive to access.

In the context of an economic downturn, the prospects for the apprenticeship levy, already under strain, look even more difficult. Levy contributions are likely to go down as company turnovers drop, putting an even greater pressure on the funds available for providing apprenticeships, both for levy paying employers, but also small and medium employers who don't pay the levy, but rely on government funding for their apprentices. As our report on degree apprenticeships highlights, there are significant concerns about the prioritisation of spending in the levy. As much was spent in 2018/19 for the new cohort of senior leader apprentices, as was spent on degree apprentices under 25 as a whole. Levy funds in general are increasingly skewed towards older apprentices, on higher salaries and from wealthier areas. (Figure 8) This was already a concerning direction of travel, but in the context of economic contraction, this is unsustainable. It is vital that the levy is refocused on providing genuinely new opportunities for young people, and those who would benefit most from upskilling, and not becoming a vehicle for subsidising training for senior employees. Employer 'top ups', where employers are required to pay a certain percentage of training costs for certain types of apprentice, for example those who are older, are already well-paid, or already have an equivalent qualification, could help both to relieve pressure on funds, while also incentivising apprenticeship provision in areas where it could have greater benefit. A maximum salary ceiling should also be considered, ending the practice of levy funds being spent on highly remunerated senior staff.

The potential of apprenticeships to offer social mobility, to increase opportunity and to deliver the skills needed by the economy remains undimmed by the virus. With focused effort, the apprenticeship programme, which has made so much progress in recent years, cannot just survive, but help to offer a way out of this crisis.

Figure 8. Apprenticeship Levy spend per cohort in 2018/19 by age and apprenticeship framework/standard, level 6 and 7 apprenticeships only (degree level)



Source: Authors' calculations from DfE monthly apprenticeship starts, levy statistics and ESFA funding bands

RECOMMENDATIONS

1) The current support measures for apprenticeship training providers do not go far enough. **The COVID supplier relief scheme for training providers should also cover levy-funded apprenticeships,** in order to ensure that providers survive the crisis and can drive the next generation of apprenticeships.

2) **The priority for current apprentices should be to continue training where possible, even when on furlough or if redeployed within a company.** This can create a virtuous circle for the apprentice, provider and employer.

3) **The government should require employers to top up the wages of furloughed apprentices up to the appropriate minimum wage for all usual hours per week, not just those spent training.** Additionally, where employers can, they should top up the 80% of furlough funding to 100% for apprentices on low wages, to secure the finances of all the lowest paid apprentices.

4) **Information, advice and guidance for young people considering apprenticeships should be protected.** While young people are missing out on face-to-face- support and open days, outreach from employers, and support from schools and colleges should continue and be moved online where possible.

5) In order for apprenticeships to deliver on the levelling up agenda as we come out of the coronavirus crisis, **social mobility and widening opportunity should be an explicit criterion in a review of the apprenticeships levy**. The balance of apprenticeships across age groups, levels, those with equivalent or lower qualifications (ELQ) and existing versus new starters should be examined.

6) With the likelihood of limited funding in the future, it is even more vital that apprenticeship levy funding is focused in the right direction, to ensure both effectiveness and sustainability. **The government should consider a maximum salary ceiling for levy-funded apprentices,** ensuring that levy funding is not being spent on highly-paid and well-qualified senior staff. Other measures to reduce the strain on levy funding should also be considered, **for instance, requiring employers to 'top up' levy funding for certain categories of apprentice**, or otherwise incentivising apprenticeships most conducive to increasing opportunities for groups who need it most.

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The authors would like to thank Anna Morrison, Prof Lorna Unwin and Prof Alison Fuller for offering comments on earlier drafts.

GLOUCESTERSHIRE EMPLOYMENT AND SKILLS BOARD

Meeting held on Tuesday 2nd June 2020 between 10:00 and 12:00 on Zoom.

1) **Welcome, introductions and apologies for absence:**
A welcome to Nick Holyoake from Holyoake Training Ltd. Nick is the Project Lead working on GFirst Covid-19 Recovery Plan.

Attendees: Anne Stoke, Boyd Hatwood, Dan Boon, Diane Haines, Duncan Willoughby, Ian Mean, Jason Dunsford, John Mayell, Kathryn Wagstaff, Linsey Temple, Matthew Burgess, Michael Carter, Mike Hoilday, Nick Holyoake, Nicki Williams, Patrick Molyneux, Rob Jenkins, Rob Loveday, Roxy Varnham, Sarah Danson, Sara-Jane Watkins, Simon Spooner, Stephen Lydon.

Apologies: John Walker, Matthew Galley and Mel Packham.

2) **Declaration of interests**
Nothing declared on 02/06/2020.

3) **Minutes and actions of last meeting**
Action: Roxy has circulated provisional dates for 2020 GESB meetings and will look to reschedule the proposed date in March hosted by UCAS. Roxy will email out the finalised dates and venues in receipt of these minutes. **Action complete on 19/02/20.**

Action: John Mayell has now got access to the latest Data Cube release from ESFA. He will update the Apprenticeship figures and circulate to all GESB members. **Action complete on 19/02/20.**

Action: GCC is inviting individuals and organisations to make comment about its local transport plan during the consultation period. Please could all members have a look at the transport plan and, where applicable provide feedback. **Action complete on 02/06/20.**

Action: Pete and GESB members to ensure that the key messages around social mobility are incorporated in their contributions to the local industrial strategy and in further skills investments when funding becomes available. **Action complete.**

Action: Liam to provide a link to all resources mentioned – these will be circulated to all GESB members. **Action complete on 09/01/20.**

Action: Clare to review and rewrite the 'People' chapter of the LIS sharing it with the sub-group in their catch-up W/C 16/12/2019. **Action complete.**

Action: Pete to review and rewrite the 'Cyber' chapter and circulate for sub-group members to comment upon. All amendments will be agreed by the subgroup within 10 days (Monday 23rd December 2019) **Action complete.**

Action: John Mayell to circulate updated employment and skills evidence base to GESB members. Can be accessed here https://www.gfirstlep.com/downloads/2020/gloucestershire-labour-market-and-skills-review-final-draft.pdf This is in the process of being updated in line with COVID response and business demands. **Action complete.**

Action: Rob Jenkins to ensure Enterprise Advisers and school careers leads are all sent details of the EDGE project resources and that a 'walk through' of these is included in Enterprise Adviser training and careers leader meetings. **Action complete on 02/06/2020.**

4) **Matters arising:**
Action: The GESB has now successfully transitioned to the Skills Advisory Panel (SAP) and there will be an update provided to all members in the coming week.

5) **Impact of Covid-19 on Youth Employment by Duncan Willoughby (Enterprise Coordinator for GFirst LEP)**
Please see the research documents attached re: Impact of Covid-19 on Youth Employment.

- Duncan provided an overview of the Resolution Foundation Briefing Paper: Class of 2020 (Education Leavers in the Current Crisis).

- Duncan stated a 6.1% percentage point increase in the unemployment rate at the point of leaving full-time education entails a 13% lower likelihood of a graduate being in employment three years after having left education.

- Those with mid-level (some higher education or an A level equivalent education) and lower-level (GCSE-equivalent or below) qualifications, these figures are 27% and 37% respectively.

- Exploration around Policy recommendations and information provided about Apprenticeships with information provided by the research published in May 2020 by The Sutton Trust entitled COVID-19 and Social Mobility Impact Brief: Apprenticeships has found the following impacts of Covid-19 on current apprentices.

Don't hesitate to contact Duncan on Duncan.Willoughby@gfirstlep.com for further information.

6) **LEP Covid-19 Recovery Activity led by Nick Holyoake**
Roundtable with Nick Holyoake who gathered views from attendees exploring organisational and structural impacts Covid-19 has had.

Action: Email Nick on nick@holyoaketraining.co.uk if you wish to make any further comments.

7) **Skills Strategy Development by Sarah Danson**
Information shared about the strategic objectives and headlines explored in relation to the Skills Strategy development.

Action: Should any members like to get involved with this piece of work contact Sarah Danson on sarah.danson@gfirstlep.com. Further information can be seen in the email thread.

8) **AOB**
None.

The Impact of Covid-19 on Youth Employment

The ONS announced on 12th May 2020 that the UK economy in terms of GDP fell by 2% in the first quarter of 2020, with projections of up to 30% in the coming quarter. Predictions for the whole of 2020 are projected by the Bank of England point to a 14% fall in GDP. Turning to the present situation the ONS last week indicated in its Business Impact of COVID-19 Survey (BICS) that 1 in 4 businesses has temporarily stopped trading, and importantly as we shall see later 80% of employers in accommodation and food service activities and 80% of employers in arts, entertainment and recreation were closed.

This can only mean that young people currently employed are likely to be suffering as much as any other sections of the working population in the current crisis. Research from the Institute for Fiscal Studies indicates that new vacancy postings on 25th March were just 8% of their levels in March 2019, so gaining employment moving forward is going to get harder.

In this paper I shall look at various pieces of contemporary research which present a picture of the future problems that Covid-19 will visit upon young people and their transitions into employment, and also some of the impacts of those in early careers, including apprenticeships, and entry into graduate schemes.

So how does this impact on young people?

The problem we face:

(Based on "Class of 2020: Education leavers in the current crisis"

Resolution Foundation/Nuffield Foundation May 2020)

- Looking back to the last recession in 2008 the unemployment rate rose from 5.2% in 2007 (before the financial crisis began) to 8.5% 2011, a peak at that stage in 21st century.
- Unemployment among those who had left education with GCSE-equivalent qualifications over the previous two years rose from 22% to 32%
- A 6.1% percentage point increase in the unemployment rate at the point of leaving full-time education (the change forecast by the OBR between Q2 2019 and Q2 2020) entails a 13% lower likelihood of a graduate being in employment three years after having left education. For those with mid-level (some higher education or an A level equivalent education) and lower-level (GCSE-equivalent or below) qualifications, these figures are 27% and 37% respectively
- This means that the current crisis may reduce the employment chances of lower-skilled young adults leaving education by more than a third, with lasting impacts even years down the line
- For those able to find work, pay is expected to be depressed too. At least two years on from leaving education, real hourly graduate pay is forecast to be, on average, 7% per cent lower. For leavers with mid- and lower-level qualifications, average hourly

pay is forecast to be 9% and 19% lower than had unemployment not risen, respectively

- Unlike previous recessions, the most-affected sectors are those that attract a large proportion of non-graduates upon leaving education. These include non-food retail, hospitality, travel, the arts, and entertainment. One year after having left full-time education in 2019, more than one-third of non-graduates, and more than one-in-five, graduates work in a sector that is now mostly shut down as a result of Covid-19.
- Normally we would have expected just under half of 18-year-old secondary school leavers, and a minority of 18-24-year-old higher and further full-time education leavers, to stay on in full-time study. That means that without the crisis, around 800,000 young adults would have been joining the labour market this year.
- Looking back to previous recessions there was a 4% rise in education participation rates among 16-17-year-olds and 18-20-year-olds between 2008-2009, and a 7% rise among 21-23-year-olds – noticeably higher than the usual growth rates, and this masked the problem, and delayed entry into the labour market of many young people at that time.
- Using that "delay" strategy the research model used by the Resolution Foundation suggests a lower-skilled young adult delaying education exit by a year in this crisis might see the hit to their employment rate three years after leaving reduced from 37% to just 18%.
- It is estimated that an additional 640,000 18-24-year-olds could find themselves unemployed this year alone
- While recessions, such as the one following the 2008 financial crisis, raised unemployment overall, and even more so for 18-29-year-olds (from 8% to 11% between 2008 and 2012), the worst effects were reserved for those who had only recently left full-time education. Among them, recent non-graduate leavers were hardest hit. For those recent leavers with mid-level qualifications (Some higher education/A level-equivalent), unemployment nearly doubled between 2008 and 2011, rising from 10% to 19%. Among those with lower-level qualifications (GCSE-equivalent and below), unemployment rose from 23% to 32% over the same period.

Policy recommendations made by the Resolution Foundation;

- Financial support
  - Most 18+ students studying outside higher education i.e. in F.E. Colleges and with training providers aren't eligible for a maintenance loan, making it difficult to meet living costs while studying full time.
- Government should:
  - Offer maintenance support for young adults in higher *and further* education
  - Consider offering student finance on a modular basis
- Short-term help for leavers. Many leavers will have missed out on learning, networking and advice in educational settings as a result of disruption caused by the Covid-19 lockdown.

- Government should open a leavers' innovation fund:
    - Six-month programmes
    - Offered by schools, colleges, universities
- Employer-focused or work-readiness programmes encouraged
    - 160,000 students could cost £250m
- Job guarantee schemes:
    - Review successes and challenges of past schemes
    - e.g. Future Jobs Fund offered paid, temporary jobs for unemployed youth
- Apprenticeships:
    - Prioritise apprenticeships for younger people. However, recent figures from DfE suggest that an ongoing decline in apprenticeship starts from 510,200 in 2012/13 to 393,400 in 2018/19
    - 46% of the apprenticeships started in 2018/19 were by people aged 25. The age group with the largest increase was by those aged between 35 and 44, with 21% more starts than in 2017/18.*

* Apprenticeship statistics, briefing paper 9th April 2020, House of Commons Library

A snapshot of the current picture for young people

What are university under graduates and post graduates saying now?

Undergraduates

Research from the Higher Education Policy Institute has found the following trends amongst current undergraduates. Based on a survey of over 1,000 full-time undergraduate students and was undertaken between the 27th March and 1st April 2020:

- 79% say the feel very confident or slightly confident of gaining graduate employment upon leaving university
- 28% feel anxious about the future career
- Whilst on 29% say that Covid-19 has increased their concerns about gaining employment.

Anecdotally under graduates have expressed concerns about:

- The relative strength of the economy nationally and internationally
- Freezing of recruitment
- Cancellation of work placements and internships
- For those completing degrees in Health and Social Care, they have concerns about the safety of the environment they are joining

Graduates

Of 438 members of the Bright Network surveyed in March 2020:

- 83% of all graduates and 90% of 2020 graduates said that they felt uncertainty as a result of Covid-19
- Since January 2020 there has been a 49% drop in confidence in securing a graduate job

20% saying that they would aim to secure a supermarket or delivery job, whilst 9% said they would look to work in the NHS.

Consider that there were 407,000 applications submitted in March 2020 an increase of 13,500 on the same month last year, and the Institute for Fiscal Studies indicate that Health and social care vacancies rebounded from half their 2019 levels in the first week of April to 85% of their 2019 levels in the first week of May. In comparison, all other occupations, new vacancies in the first week of April were 21% of their 2019 levels, and remained at only 26% of their 2019 levels in the first week of May.

As is pointed out, however, the roles in this sector often require training to acquire very specific or highly specialised skills.

Apprenticeships

Current picture

Research published in May 2020 by The Sutton Trust entitled COVID-19 and Social Mobility Impact Brief: Apprenticeships has found the following impacts of Covid-19 on current apprentices.

Against a 7% reduction in apprenticeship starts in the first half of academic year 2019/20, just 39% of apprenticeships were continuing as normal at the start of April, whilst a further 36% had been furloughed and 8% were made redundant nationally. 17% of apprentices had their off-the-job training suspended as a result of the crisis.

In terms of the future, 81% of employers surveyed said that their apprentices would return once restrictions were relaxed. However, 17% indicated that less than half of their apprentices would resume their apprenticeships.

Home working is also proving challenging to young people, particularly to those most disadvantaged in terms of relevant I.T. equipment. 37% of employers reported that some of their apprentices were not able to work from home due to a lack of equipment, or because their role was not suitable for such work. Whilst an additional 14% said some apprentices could not access learning from home due to a lack of internet or devices.

The future

In the same research, 31% of employers surveyed said that they would hire fewer apprentices in the coming year, or none at all, this was especially prevalent in businesses uncertain that they would survive the crisis. There is also a real risk that contributions to the apprenticeship levy will drop in step with an economic downturn, so less funds will be available for providing apprenticeships.

Students leaving full time education for intermediate apprenticeships and hence in possession of lower qualifications will struggle the most to gain employment here, as there is a year on year reduction in these types of pathways or standards. 36% of apprenticeship starts in 2018/19 were intermediate a drop from 63% in 2011/12. Thus, young people with lower qualifications and/or generally from disadvantaged backgrounds will find greater challenges in finding suitable early employment.

Generally, the trend towards a decline in uptake of apprenticeships amongst younger people is a cause for concern as there is a risk of widening an ever-increasing gap for the potentially most vulnerable young people. In 2018/19 on 25% of apprenticeships were started by under 19 year olds, which fell from 28% in 2017/18. Only 6% of apprentices are age 16, and only 11% are aged 18. Contrast a 14% increase in apprenticeship starts for 35-44 year olds in the same recording period.

Of concern too, is that recovery so far in terms of posted jobs, are for those which require a greater level of training or "preparation" to join. The Institute for Fiscal Studies, suggests that jobs requiring little or no preparation to do are still 80% where they were in 2019, whereas, jobs requiring extensive preparation are at about ¾ level of where they were in 2019.

Young people will need to have a greater understanding of strategic LMI as it becomes available, to help them to "get real" about the realities of the labour market. In a recent report it was indicated that in arts, culture and entertainment five times as many 17-18 want to work in these sectors compared to a projected demand of 3% in the economy*

* Disconnected: Career Aspirations and jobs in the UK, Education and Employers January 2020

<table>
<tr><th colspan="4">Strategic Objectives</th></tr>
<tr><th>SO1</th><th>SO2</th><th>SO3</th><th>SO4</th></tr>
<tr>
<td>Careers Advice and Guidance, Lifelong learning
Improve the quality, accessibility and dissemination of LMI and CEAIG</td>
<td>Priority sectors
Develop a robust supply of skilled ambitious talent for our priority growth sectors and actively support skills development and recruitment of for our large employment sectors.</td>
<td>Apprenticeships
Develop a dedicated, permanent resource to manage work with schools and employers to promote apprenticeships and work with providers and the National Apprenticeship Service.</td>
<td>Address skills shortages
Raise aspiration among all ages and communities to progress into higher level learning.

Digital Literacy
Lifelong learning
Graduate retention
Workforce development</td>
</tr>
<tr><td colspan="4">Employer engagement
Raise employer commitment and investment in skills at all levels.
Ensure businesses are at the heart of the skills system, influencing the design and delivery of provision and investing in their current workforce and the workforce of tomorrow.
Work Experience
T-Levels
Employability Skills</td></tr>
<tr><td colspan="4">Collaborations
Foster an inclusive LEP -wide approach with all stakeholders
Create a simplified skills offer which employers understand, can engage with and are able to invest in
Use partnership and collaboration to tackle skills shortages and gaps that are barriers to long-term business growth and productivity
Clear and shared approach to addressing the challenges – Businesses, private and public, VCS, providers
SAP - Act as a coordinator of local skills provision, foster co-operation between providers.</td></tr>
<tr><td colspan="4">Increased levels of aspiration, achievement and confidence amongst people in the more deprived areas of the county</td></tr>
<tr><td colspan="4">Healthonomics
Maximise positive connections between health, jobs and prosperity and address barriers to work to help individuals to meet their economic potential
Social Mobility, Essential affordable travel and housing, digital infrastructure, healthy workplaces, good quality flexible work, opportunities for development and living wages.
Increased levels of aspiration, achievement and confidence amongst people in the more deprived areas of the county.</td></tr>
<tr><td colspan="4">Cross Cutting Themes</td></tr>
</table>