



Population Matters' response to the ESE Sub-Committee inquiry on apprenticeships

About Population Matters

Population Matters is a UK-based charity that addresses population size and its effects on environmental sustainability. We see population growth as a major contributor to environmental degradation, conflicts, migration and many other problems. We conduct research, inform the public and advocate policies that promote smaller and thus more sustainable families.

Question

Population Matters is responding to the following question:

- The target of three million apprentices by 2020, how the Government proposes to achieve this and how this may affect the “skills gap”.

Summary of our response

- The current skills gap is a result of the supply of particular skills not meeting the demand for those skills.
- Apprenticeships can close the skills gap when they equip individuals with skills that are in demand.
- To close the skills gap, the government should focus on improving the quality, rather than the quantity, of apprenticeships and aim to improve the image of vocational training.

Skills shortages in the UK

Extent of skills shortages

The number of job vacancies in the UK grew to 928,000 in 2015 — an increase of 42 per cent in two years.¹ Employers have, however, claimed that they have been unable to fill 23 per cent of these positions due to skills shortages.² At the same time, there has been a strong shift towards higher education over the last ten years. The percentage of individuals qualified at a high level increased from 26.8 per cent to 37.5 per cent between 2003 and 2013, and is projected to reach 46.5 per cent by 2020. The percentage of low-educated workers declined from 34.1 per cent to

23.4 per cent, with a predicted further decrease to 16.9 per cent by 2020.³ This would suggest that a skills surplus should be apparent, rather than a shortage.

Emergence of the skills gap

While there are skills shortages in many sectors, the following industries face the most difficulty when recruiting skilled workers:

- Skilled trades face the highest density of skill-shortage vacancies.⁴ This includes construction-related trades, such as plumbing, engineering and building.⁵
- The IT sector is evolving quickly. Web developers in particular are in high demand.⁶
- Industries that rely on graduates with a science, technology, engineering or mathematics background state there are not enough candidates to meet their requirements.⁷
- Applicants for managerial positions are often lacking in appropriate skills and experience. The same applies to jobs requiring a professional with a specific set of skills.⁸

Causes of skills shortages

The question is whether those with the skills the UK needs really do not exist, or whether current circumstances make it difficult to recognise and efficiently use existing skills. Population Matters argues that the extent of skills shortages is a result of both factors. It seems that even though the supply of university graduates in the UK has increased, many graduates are not equipped with skills that are in demand.

In 2013, 74 per cent of surveyed education providers believed that their graduates were well equipped for the labour market. Only 35 per cent

of employers agreed.⁹ This implies that educators and employers have different ideas about the skills needs of society. Thus, whilst people may have the capacity to develop useful skills, they focus on the wrong things. Closer collaboration will give educators a better understanding of what today's businesses need, whilst employers can advise and guide students in the choices that will affect their future careers. This may lead to the conclusion that since science and technology demands more skilled workers, education should steer more students towards this field.



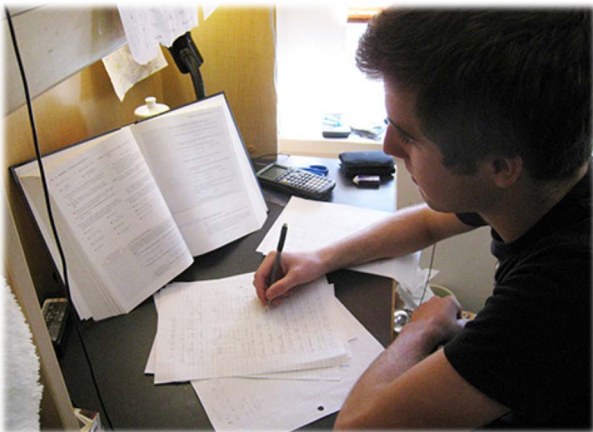
Apprenticeships

From the above, it can be concluded that a focus should be placed on desirable skills, rather than a qualification per se, when attempting to combat skills shortages. Thus, when the government proposes a target of three million apprentices by 2020, it should specify the type of apprenticeships that should result, rather than focus on a number.

The current state of apprenticeships

In October 2015, an Ofsted report stated that apprenticeships are currently not promoted sufficiently by secondary schools and that the quality of apprenticeships is often poor.¹⁰ It has furthermore been reported that, while in previous years more people started an apprenticeship, rates of successful completion have dropped. The

majority of apprentices are also much older than the targeted group of 16 – 18 year olds.¹¹ It has been a common occurrence for employers to take on apprentices because they are a cheap labour force. As a result, many apprentices find themselves unemployed after the completion of their training, and are replaced by new, cheap apprentices.¹² Businesses currently also employ apprentices for jobs that require little skill, such as mopping the floor and serving coffee.¹³ It is uncontroversial to say that such apprenticeships are not serious training programmes that will solve the skills shortage problem the UK faces.



Attitude change

Society can benefit from apprenticeships if they deliver individuals with the skills that it needs. To achieve that, the current image of apprenticeships needs to be improved.

- The government should prioritise quality over quantity. This means that it should promote those apprenticeships which equip individuals with skills that are in demand. It should not spend money on apprenticeships that do not train individuals at all, or that merely give them skills that society does not need. This would lead to higher satisfaction rates among apprentices, and that in turn would encourage more students to consider an apprenticeship.
- University should no longer be promoted as the superior option. Vocational training followed by a good apprenticeship should be promoted as an equally valuable alternative by schools and businesses.
- The government could analyse the approach of Germany and the Netherlands, because these countries have a strong apprenticeship system and show a smoother transition from school to work.¹⁴
 - In Germany nearly two-thirds of all school leavers start apprenticeships. Nine in ten find a permanent job after finishing them, and there is a great focus on apprenticeships in the technology branch.¹⁵
 - In Germany and the Netherlands, the vocational pathway is given a much higher status than in the UK, and the job prospects for those completing apprenticeships are much better than those of individuals who have received no training.¹⁶
 - Both Germany and the Netherlands demand that all programmes train students in both general and vocational skills. This makes apprenticeships much broader in scope, and this improves the employability of apprentices greatly. UK apprenticeships are currently deemed to be too narrowly focused on the skills that the employer currently needs.¹⁷
- The government should incentivise businesses to hire in the UK so that they do not have to attract skilled migrants to fill open vacancies.¹⁸ While attracting skilled migrants may seem advantageous, it adds more people to an already-overpopulated country and means that a part of the current population remains unemployed when this is unnecessary.

- The introduction of a visa levy of £1,000 per head per year, as proposed by the government, could achieve this.¹⁹
- Ensuring that skilled migrants are no longer cheaper than UK residents would also encourage employers to focus on the UK's current population. This could be achieved through the introduction of job-related payment thresholds.²⁰
- While the apprenticeship levy has received a lot of criticism, Population Matters believes that the burden it imposes on companies is warranted if it facilitates a decrease in the skills gap. Such a decrease could, in the long term, reduce welfare costs due to lower population growth resulting from lower migration, and would lead to lower unemployment rates among UK residents.
- The apprenticeship levy also has the potential of increasing the role of employers in the creation of apprenticeships, and could therefore bring skills supply and demand close together.²¹



Conclusion

The UK can use apprenticeships to eliminate skills shortages. To successfully use apprenticeships to combat skills shortages, the government should

aim for quality rather than quantity. It should promote both close collaboration between education and businesses, and vocational training as a valued alternative to university education. It could look at Germany and the Netherlands to see how these countries guarantee the quality of their apprenticeships.

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/495447/UKCESS_2015_Report_-_for_web.pdf

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/495447/UKCESS_2015_Report_-_for_web.pdf

³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/470017/skill_levels_2014.pdf

⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/495447/UKCESS_2015_Report_-_for_web.pdf

⁵ <http://www.theguardian.com/business/2015/feb/10/uk-plumbers-builders-engineers-skill-crisis-economy>

⁶ <http://www.telegraph.co.uk/finance/jobs/11602670/Here-are-the-workers-most-in-demand-in-the-UK.html>

⁷ <https://yougov.co.uk/news/2013/10/11/uk-skills-gap-stem-subject/>

⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/495447/UKCESS_2015_Report_-_for_web.pdf

⁹ <http://www.bbc.co.uk/news/education-25714313>

¹⁰ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/469814/Apprenticeships_developing_skills_for_future_prosperity.pdf

¹¹ <http://blogs.channel4.com/factcheck/apprenticeships-what-the-government-isnt-telling-you/12650>

¹² <http://www.bbc.co.uk/news/education-34549989>

¹³ <http://www.telegraph.co.uk/education/further-education/11940466/Tackle-Mickey-Mouse-apprenticeships-before-they-damage-vocational-education.html>

¹⁴ <http://www.epp.eu/files/uploads/2015/11/EDS.pdf>

¹⁵ <http://www.bbc.co.uk/news/business-16159943>

¹⁶

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/305129/evidence-report-42-international-approaches-synthesis-report.pdf

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/305129/evidence-report-42-international-approaches-synthesis-report.pdf

¹⁸ <http://www.ft.com/cms/s/0/e997205a-2879-11e3-a035-00144feab7de.html#axzz3zZNchEB5>

¹⁹ <http://www.theguardian.com/uk-news/2016/jan/19/theresa-may-to-charge-firms-employing-skilled-migrants-1000-levy>

²⁰ <http://www.theguardian.com/uk-news/2016/jan/19/theresa-may-to-charge-firms-employing-skilled-migrants-1000-levy>

²¹ <http://blogs.lse.ac.uk/politicsandpolicy/the-apprenticeship-levy-employers-reluctance-to-contribute-to-apprentice-training-costs-leaves-government-little-choice/>