Education, Skills & Productivity – the role of careers provision

This briefing note has been prepared at the request of the Business, Innovation & Skills (BIS) and Education Select Committees to feed into their joint invitational seminar on ‘Education, Skills and Productivity’ held on 5th November 2015 in Portcullis House, London. The aim of this briefing note is to stimulate discussion on the degree of attention needed by Government and other key players to improve the education and skills systems (up to the age of 19) in order to increase national labour productivity. It provides a brief oversight and issues pertaining to the careers landscape in England located within an economic productivity context: since jobs, skills and growth are inextricably linked to our economy, businesses, families, as well as individuals.

1. Meeting the productivity challenge

- The UK workforce is well educated, by 2020 nearly half of the workforce will be qualified to degree level above (overtaking the USA) and the number of highly skilled jobs is growing more than any other EU state. Yet our productivity growth remains slow compared to other international competitors.
- The inability to secure talent with the right skills and manage talent-related costs keeps large, medium and small companies from being able to expand and launch new products or services.
- There is significant potential to improve, but it is very clear there are persistent skills shortages that prevent business getting the skills they need.
- The UKCES Employer Skills Survey reported that skills shortage vacancies – where vacancies cannot be filled due to a lack of applicants with suitable skills or experience - increased by 60% from 2011 to 2013. These shortages cover nearly a quarter of all vacancies and are concentrated in sectors critical to growth such as manufacturing and business services.
- It seems like every week there is a new study or evidence-based report highlighting the difficulties faced by employers when it comes to skills
shortages or skills mismatch. For example, on the 28th October 2015, Azonobel (the owner of Dulux paint) warned the UK is facing ‘a skills crunch’ that could exacerbate the country’s housing shortage. The latest Royal Institute of Chartered Surveyors’ UK Construction Survey shows that the country’s skills shortage has reached its highest levels since the survey was launched 18 years ago, with bricklayers and quantity surveyors in shortest supply. There are many other major skill shortage examples from the National Health Service and the Army. In the most recent survey of British firms that employ engineers and IT staff by the Institution of Engineering and Technology (IET), over half reported that they could not find the employees they were looking for and 59% said that the shortage would be “a threat to their business in the UK”. Engineering UK, a lobby group, has issued dire warnings that Britain currently has a shortfall every year of about 55,000 people with engineering skills. The mismatch of supply to demand across the broader range of STEM subjects (science, technology, engineering and mathematics) is just as bad. Also, an ageing population means we need to stimulate the younger generation to obtain important skills needed in the labour market. Their knowledge and skills determine the future of our society.

Skills shortages and skills mismatch are key challenges faced by many economies. OECD empirical evidence (2011) shows that, in far too many cases, a growing number of people are over-skilled for their current jobs, while others are under-skilled. In countries such as Austria, Finland, Germany and Switzerland careers education and guidance feature prominently in their education systems.

**Key Issue: Who has oversight and responsibility in England for the whole system from a future jobs and skills requirement for the UK economy against the career aspirations, intentions, skills and qualifications that young people are working towards?**

2. **Labour market signals**

Signals to young people (and parents) about the added-value of learning and work are becoming more blurred and their sources of careers information are
often coming from distorted or unreliable sources of information, for example TV and social media. Weighing up the cost benefits of higher education can be difficult for some young people even though ‘in difficult conditions graduates continue to experience better outcomes than non-graduates in both lifetime earnings and employability (UUK, 2014)\textsuperscript{ix} In stark contrast, there is significant variation in the estimated wage premiums of apprentices depending on the sector of employment. Choices are becoming more difficult.

- Many young people (and parents) have concerns about the added-value returns for their investments in learning and work, job quality and future salaries. Destination data and high quality labour market intelligence (LMI) are necessary, although this is not a sufficient condition to meet the objective of enhancing individuals’ career decision-making. LMI, as any other type of information, must be meaningful and resonate with individuals to be transformed into knowledge. Indeed, it would be difficult to argue that there is insufficient LMI at a national level – a myriad of open source data currently exists and developments in ICT have ensured that much is easily accessible, for example, ‘LMI for All’ (UKCES)\textsuperscript{x}. Finding LMI that meets high quality standards, which is easily accessible and meaningful for end users is a challenge at a national and local level.

**Key Issue: Who is responsible for providing high quality robust, real time, reliable careers and labour market information that can be accessed by schools, colleges, young people and parents?**

3. Young people

- Our education landscape requires young people to make early subject choice decisions (some from 13 years old upwards) and the raising of the participation age from 16 to 18 years old in 2015 signals further challenges for this current generation of school pupils, parents and teachers.
- There is also evidence that children begin to eliminate their least favoured career options between the ages of 9 and 13\textsuperscript{xi}. By those ages it is argued that they will have abandoned the ‘fantasy’ associated with the very young and started to become more aware of potential constraints on their occupational
choice. Researchers at King’s College London investigated young people’s science and career aspirations aged 10-14 and found that most young people and parents were not aware that science can lead to diverse post-16 routes\textsuperscript{xii}.

- Research findings (2013) indicate that a higher level of employer contacts for older school pupils does, on average, give them advantages in early adulthood in relation to employment outcomes and earnings over their broadly matched peers without such engagement with employers\textsuperscript{xiii}. A common concern of employers is generally young people’s lack of experience of the world of work. Different policies have emerged to address this issue. For example, in Scotland this is being addressed through the employer-led development of a Certificate of Work Readiness – providing 190 hours of work experiences for a young person\textsuperscript{xiv}. In London and further afield, the drive towards at least 100 hours experience of the world of work by the age of 16 has captured the imagination of young people, teachers and employers\textsuperscript{xv}.

- John Cridland (Director General, CBI)\textsuperscript{1} has stated “skills shortage starts in the classroom” with earlier interventions needed to ensure vocational options are fully considered alongside other routes to learning and work\textsuperscript{xvi}. In current (and future) labour markets’ individuals will continue to experience new patterns of work, with changing behaviours expectations affecting the way we do things and how we respond. This has enormous implications for schools and colleges and their curriculum leadership, design and delivery in helping students to look ahead and prepare themselves for a very different world.

**Key Issue:** What policy incentives or levers can be used most effectively to drive up accessibility and quality in careers support services for young people, particularly those most vulnerable in our society?

4. **The careers system: the role of government and other key providers**

Recently, there has been a lot attention on the need to improve careers and enterprise opportunities for young people. A proliferation of initiatives has emerged at a local and national level\textsuperscript{xvii}. The current system is not working properly. The evidence is compelling: over the last three years a plethora of reports from employer, education,
trade union and careers sector bodies (as well as the Education Select Committee findings\textsuperscript{xviii} and the National Careers Council’s two reports commissioned by Government (op.cit)) reaffirm the urgent need for improved careers provision for young people. The process of rebuilding and re-engineering careers provision for young people has been slow, with false starts and setbacks. There exists a crowded, confused and complex landscape, with a multiplicity of disjointed careers initiatives.

The all-age National Careers Service has remained a predominantly adult careers service, with online rather than face-to-face careers support aimed at young people, unless in exceptional circumstances. The overall budget provided by government departments has remained broadly static (circa £106m). A £20m government-funded investment for careers and enterprise for young people, announced in early December 2014, set out plans for a new independent careers and enterprise company to coordinate activity but not to provide face-to-face impartial and independent careers advice. On 6th November 2015, it was announced that Jobcentre Plus will launch in all schools by March 2017\textsuperscript{xix}. The government said trials will begin across Birmingham in November, before the initiative is extended to a further nine pathfinder areas before the end of the current academic year in July 2016. It will then be introduced to all schools by March 2017. A letter written by Conservative peer Baroness Evans reveals that the initiative, which she said will aim to deliver “independent, high-quality and impartial careers advice”, is not intended to be universally available to all students. Instead it will be focused on helping young people deemed to be at risk of dropping out of education and not getting a job.

In this crowded and complex landscape, Government must be clear on the actual problem it is trying to solve. We should ask ourselves whether or not the attention given by Government to date is sufficient to mend a fragmented system (are we pointing in the right direction)? Should cities simply get on with it and create/shape their own careers offer for young people? Alternatively, should more schools cluster with a local college to find their own ways of maximising their limited and shared careers resources? Some evidence is emerging that LEPs and City Deals are starting to step up to find their own local solutions. To what extent can a largely unregulated careers provider market in England deliver in the public interest? Lessons from the
Netherlands who have adopted a similar approach show marketisation of career guidance leads to an impoverished supply of services, both in the quantitative as well as in the qualitative sense (Hughes & Meijiers, 2014). This can also reduce innovation and significantly narrow the ‘careers offer’ to young people.

Careers provision is a public as well as a private good. If we want to keep more young people switched on to learning; encourage them not to close down opportunities too early; broaden horizons and challenge inaccurate assumptions; and create relevant experiences and exposure to the world of work, including techniques for career adaptability and resilience, then more needs to be done. The historical evolution of a careers service and profession constantly up-rooted by successive governments now requires apolitical cross-party agreement to stabilise education and career systems. Finding a way to reduce fractures in the system rather than create new ones is paramount.

Dr Deirdre Hughes, OBE
Principal Research Fellow,
University of Warwick, Institute for Employment Research

Email: deirdre.hughes@warwick.ac.uk
Tel: 07533 545057
Visit: http://www2.warwick.ac.uk/fac/soc/ier/
References


v http://www.rics.org/uk/knowledge/market-analysis/rics-uk-construction-market-survey/


