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Pocket Watch – How are education and skill systems shaping up?

Introduction

Last week saw the publication of two set piece Reports on how education and skills systems are performing both here and abroad. One was the regular OECD 'Education at a Glance' **Report**, at 400+ pages more of a gawp than a glance perhaps but as ever a rich source of evidence and data on system performance across a range of countries. The other was the latest CBI/Pearson employer **survey** of the UK education and skills system

These Reports tend to become standard reference points for any assessment of skill system performance both here and abroad and are therefore important planning documents. As economies across the world continue to retrench and adjust this is clearly a difficult time for labour markets generally but as these Reports indicate, four broad issues stand out

Four core issues

1. Helping young people enter the labour market

The big challenge, indeed the OECD calls it the UK's "*biggest challenge*" is how best to prepare young people, who don't have access to either traditional entry routes or traditional qualification currencies, for entry to the labour market. Sadly, this is not a new problem with depressing data on NEET volumes going back to well before the recession although it seems the recession has made things worse: "*educational attainment has a huge impact on employability and the crisis has strengthened this impact even further*" (OECD.) Alison Wolf highlighted the 'churn' effect experienced by young people with few qualifications who move in and out of employment, training and inactivity with little clear direction in her 2011 Report and the OECD Report puts this into wider perspective. 15-29 year olds in the UK spend on average 2.3 years "*either unemployed or out of the labour force entirely*" compared to 1.7 years in Germany, 1.3 years in Switzerland and 1.1 years in the Netherlands

Part of the problem is a lack of further training beyond the ages of 16 and 18: "*the UK has one of the lowest percentages of 15-19 year olds (78%) and 20-29 year olds (19%) enrolled in education among OECD countries*" (OECD.) Government efforts to raise the participation age should help of course but as the CBI/Pearson Report indicates there are two further problems. One is the demise of a universal system of careers guidance, the subject of continuing debate and currently awaiting an important Report from Ofsted but considered by UK employers to be "*not up to the mark*" (CBI/Pearson.) The other, and a further source of hand wringing, is the lack of attention given to developing employability skills in young people, those legendary core and personal skills so often cited by employers. The CBI/Pearson Report for the first time this year includes views from school leavers about which employability skills they felt were missing from their education. Top of the tree was relevant work experience, followed by understanding the world of work, technical and communication skills, and self management. All eyes will now be on the new study programmes for 16-19 year olds, intended to include some of these skills and being introduced in England this Sept

2. The importance of vocational qualifications

The importance here is not just to a country but to an individual as well. Pearson's recent London Economics Report on the market value of BTECs is one of a number of Reports from Government and others that have been making a similar case and the OECD adds to this

A particular point of interest in recent years is whether countries with strong levels of technical education have been able to withstand the recession better than others. The OECD Report claims at least to find "*new evidence of the value of Vocational Qualifications as a pathway to employment*" (OECD.) Its argument is that countries with a higher than average share of vocational graduates, typically the Rhineland countries, have seen lower levels of

unemployment. What seems to matter is what the OECD calls *'programme orientation,'* in effect programmes matched to market needs. *"Such programmes often include intensive work place training and are based on extensive partnerships between schools and enterprises"* (OECD)

For the CBI/Pearson Report, the issue is captured in the ongoing debate about STEM skills where nearly one in five employers report that they have had difficulty in recruiting staff with the right skills. There's been a big push in this area recently partly arising out of the Government's current Industrial Strategy and there is some sense that things are improving but as the CBI/Pearson Report indicates and leading figures like Sir James Dyson have argued, many high-tech sectors are still struggling to recruit young people with the requisite skills

3. The long-term benefits of higher education

With graduation rates second only to Poland, lifetime returns remaining high and the UK, between 2008 and 2011 at least, remaining as *"the second preferred destination among international students after the US"* (OECD,) UKHE remains an important contributor to the economy. Strong views still persist about the fee loan system in England which the OECD studiously avoids this year and issues such as graduate employment remain high as the recent HESA data shows, but both Reports highlight the continuing value of higher education to individuals and to countries

Broadly three points stand out from the Reports. First that the demand for graduate and high-level skills generally remains strong and in some cases growing: *"nearly one in three jobs require degree level skills and the proportion is likely to grow in the years ahead"* (CBI/Pearson.) Second, recession or not, the return on a degree, the so-called graduate premium remains high, 57% higher than those with A levels and GCSEs. Third, that as with school and college courses, the alignment with market needs is important though not always straightforward: *"the relationship between students' career choices, skills development in a particular field of study and actual employability is more complex than assumed"* (OECD)

4. The impact of funding

The big questions here remain how much the UK spends on education compared to other competitor countries and secondly, what relationship, there is, if any, between funding input and education output. These questions come of course as the Government has been forced to announce a cut in the resource budget for the Dept focused on growth and indeed the OECD Report underlines that the UK spends less than others when it comes to public spending on higher and tertiary education. However, up to 2010 at least, the UK spent highly on primary and secondary education, 4.8% of GDP according to OECD figures and well above the OECD average of 3.9% and, perhaps even more significantly, *"private funding in the UK for all levels of education have more than tripled"* (OECD)

As for the relationship between money in and achievement out, Ministers may be relieved to note that the OECD argues that it's not the amount of public funding that counts: *"what matters more are the choices countries make to allocate that spending and the policies they pursue to improve the efficiency and relevance of the education they provide"* (OECD.)

As ever it seems, it's not the amount of money it's how you use it that makes the difference, especially when there's not much of it around



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