

# AELP Research Briefing

## Welcome to AELP’s Research Briefing



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Research Briefing is an electronic newsletter produced by AELP for members. It presents in a concise format the main points of relevance to AELP members from detailed Government statistics and selected major research reports. Members often use these data and analyses as evidence for their strategic and delivery planning as well as bid writing.

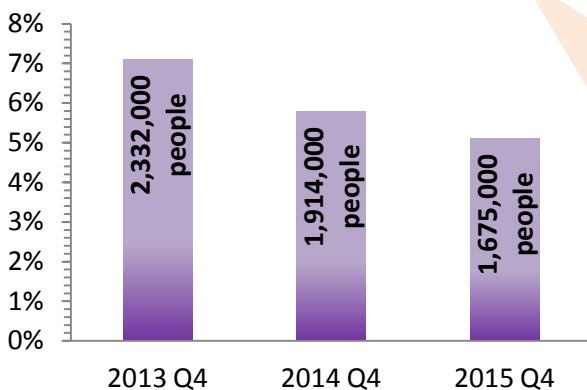
In this edition:

- latest unemployment and NEET figures
- trends in Apprenticeship and Traineeship starts and
- patterns in Ofsted inspection results since the introduction of the new CIF
- insights from the Employer Skills Survey.

Do let me know what you think and would like to see included in future. If you have conducted research or data analysis of your own, I would welcome contributions from members.

## UK unemployment is at its lowest for a decade – back to pre-recessionary levels

Data released in February by the Office for National Statistics (ONS) puts the number of unemployed at **1.69 million or 5.1%** of the population. Unemployment is defined as the number or proportion of economically active people who are jobless. The chart below summarises in graphical form the recent decline in UK unemployment showing change in number and rate from the same quarter the previous year.

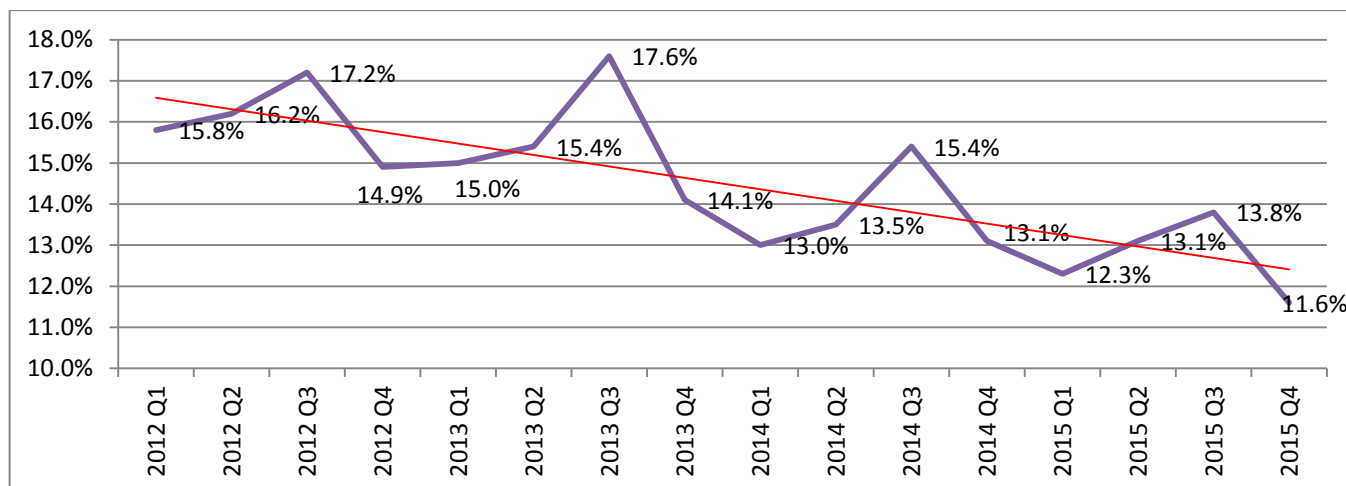


**AELP Comment:** These are welcome figures for the economy at large. The continuing fall in the number of long-term unemployed will be a particular factor in shaping the new Work and Health Programme, which we expect in part to concentrate on those who have been out of work for 2 years or more. It is hoped that these drops do not however result in a disproportionate reduction in funding allocated to the programme, so that providers can devote increased resources to those requiring the most support.

**Similar numbers were unemployed for 12-23 months as for 24 months plus.** There were a little under half a million people unemployed for 12 months or more. This number has reduced by 100,000 or 24%, between Quarter 4 2014 and Quarter 4 2015. The rate of decrease is slightly faster for those unemployed for 12 months or more compared to all unemployed. Over half of these 488,000 had been unemployed for over 24 months and of these, 267,000 or 55%, of all unemployed for 12 months or more. AELP is monitoring numbers unemployed for over 24 months because it is the potential client cohort for the new Work and Health programme due to begin in 2018.

## NEETs continue to reduce but 16-24s are still three times as likely to be unemployed

The NEET rate in England continues to steadily decline over time, according to government statistics published on 25<sup>th</sup> February. This is referring to the proportion of all 16-24s who are Not in Employment, Education or Training. In the trend line graph below, purple is used for the percentage of NEETs in the wider 16-24 year old population and shows major seasonal peaks that are typical of these data. The straight red 'best fit' line highlights the overall downward trend over time.



The large majority of NEETs are 19-24 years old. By age band, the following numbers were NEET in Quarter 4 2015, the latest available figures:

- 121,000 16-18 year olds
- 569,000 19-24 year olds.

The decrease in the number of 16-18 year olds who are NEET has stayed remarkably steady for over a year now; previous to this the decline was more rapid. There were 11,000 to 12,000 fewer 16-18 NEETs per quarter for each of the last five quarters. This is calculated by comparing figures to the same quarter of the previous year to iron out seasonal fluctuations. The variance for 19-24 year olds is far greater.

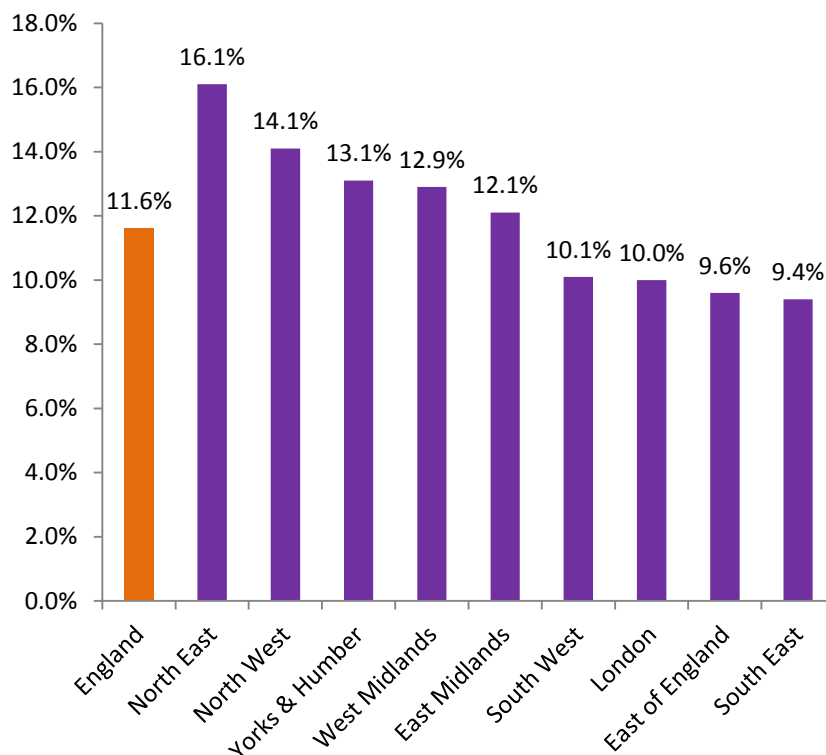
	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4
<b>NEET 16-18</b>	133,000	134,000	142,000	190,000	121,000
Change from same quarter in the previous year	-11,000	-12,000	-11,000	-12,000	-12,000
<b>NEET 19-24</b>	654,000	604,000	647,000	639,000	569,000
Change from same quarter in the previous year	-41,000	-47,000	-12,000	-92,000	-85,000

Despite the declining number of young people who are NEET, the unemployment rate for this group continues to be nearly three times as high as the unemployment rate for the population as a whole – **younger people remain much more likely to be unemployed than older adults**. While approximately 5% of the total all-age population were unemployed in 2015, the figure for 16-24 year olds was 14%.

**AELP Comment:** The falling trend over time of the numbers of NEET young people belies the fact that there still appears to be a structural issue. For 16-18 year olds in particular, it appears that the pace of decline has reduced and is somewhat settled. The introduction of Traineeships and Study Programmes over the last few years have helped to keep the 16-18 NEET figures falling, so the recent decision not to award growth to providers delivering Traineeships for young people is not easy to rationalise when we consider that nearly 12% of young people are still currently NEET in spite of these efforts.

## North East stands out as having by far the highest proportion of NEETs

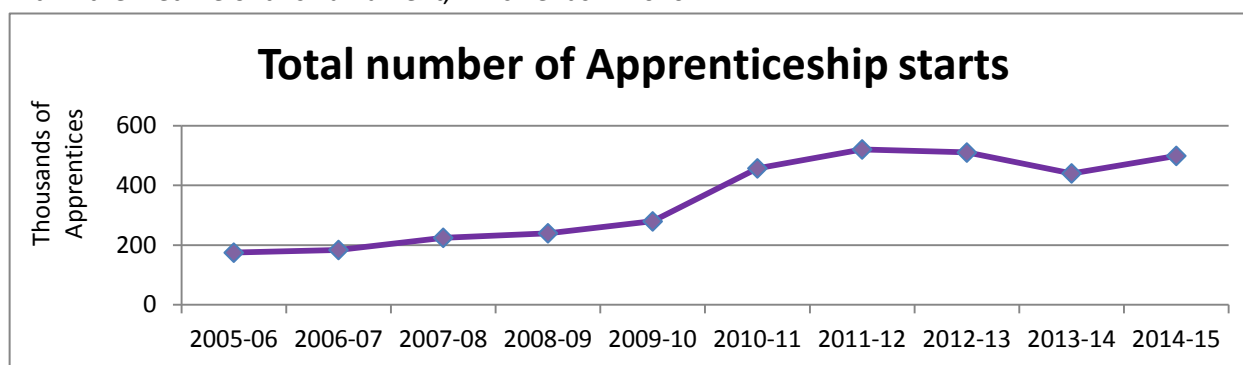
Regional variation in the proportion of NEETs continues to be great. It ranges from the North East at 4.5 percentage points the English average above, to London 1.6 percentage points below.



Explore [NEET data](#) in more detail.

## Apprenticeships starts up to half a million a year – on target for 3 million by 2020, or not?

There were very nearly **half a million Apprenticeship starts in 2014/15**, and this was the first year with over one hundred thousand starts *every* quarter. The number of people starting an Apprenticeship in England rose in 2014-15 after two years of declining numbers. England could now be on track to meet the Government's ambition of 3 million within the lifetime of this Parliament, which ends in 2020.



Beneath the surface of the total annual figures, there is huge variability by age band and level. Particular statistics to note from comparisons of 2013/14 and 2014/15 (the last two full years of available data) are as follows:

- the relatively large 32% increase in starts are by those aged 25-plus
- in contrast, the mere 0.75% increase in starts by 19-24 year olds (minus 5% in Level 2s age 19-24)
- provisional figures for Q1 2015/16 showed 153,100 starts which is 6.41% *down* on the same quarter last year.

As you may have read in sector press, the figures in the final bullet point above sparked some doubt on the likelihood of reaching the 3 million starts ambition (mentioned above) and could focus yet more attention on, and perhaps investment in, overcoming barriers to Apprenticeship growth.

## Traineeship starts set to increase significantly again in 2016

The number of Traineeships starts close to doubled in 2014/15, although from an arguably low base of just over 10,000 in 2013/14. The latest figures for Quarter 1 2015/16 suggest a continuation of the rapid programme growth for a third year running. Since their introduction in August 2013, two thirds of those starting Traineeships have been under-19, the remaining third aged 19-24.

	2013-14	2014-15	Q1 2015-16
<b>Under-19</b>	7,000	11,600	5,200
<b>19-24</b>	3,400	7,800	2,400
<b>TOTAL</b>	<b>10,400</b>	<b>19,400</b>	<b>7,600</b>

**AELP Comment:** The 3m target is a challenge for all to meet and providers are working hard to achieve this at the same time as coming to grips with new standards, funding systems and funding flows. Once again, the wisdom of not sufficiently funding 16-19 Apprenticeship growth requests must come into question if we are to maintain and build on the increases seen in 2014-15. It is vital that there is a simple funding and contracting system in place to allow this to happen rather than the stop-start growth mechanisms that are currently in place.

Read the latest full [Apprenticeships and Traineeships participation and starts data](#).

## Ofsted grades holding up for ILPs since introduction of the new CIF

This section provides an analysis of Ofsted reports published since the introduction of the new Common Inspection Framework (CIF) on September 1<sup>st</sup> 2015. A total of 36 Independent Learning Providers (ILPs) had inspection reports published between 1 October and January 31<sup>st</sup> 2016. There were none in September due to the introduction of the new CIF. Over the same five month period, 24 inspection grades and 7 monitoring reports for General FE Colleges were published, so comparisons were done between types of provider. Key findings are below.

**ILPs improving over time**

Thirteen ILPs achieved a higher grade than in their previous inspection compared to just six that did worse than last time.

**ILP / College comparison**

While no provider was given an 'outstanding', 69% of ILPs and 48% of GFEs received 'good'. Further, five ILPs were found 'inadequate' compared to one GFE in full routine inspections plus seven more GFEs that had Monitoring Reports due to previously 'inadequate' results, most of which showed only limited improvement.

**AELP members do better**

'Good' Grade 2s were achieved by 14 AELP members vs 11 non-members and 'inadequate' Grade 4s given to 1 member and 4 non-members.

Review recent [Ofsted reports](#). Tip: scroll down to search providers by date published then filter by type of provider.

## UK Employer Skills Survey 2015 research findings

Main headlines and national results from the biennial survey of 90,000 UK employers are available now – look out for local authority and industrial sector level data and analysis in March. Topics include vacancies, ease of recruitment, skills shortage areas, training budgets, use of skills for productivity and understandings of the skills system.

The unusually large scale of this research makes its findings highly significant, both in terms of statistical reliability and influencing policy reviews. Two thirds of the Local Enterprise Partnership (LEP) strategies used findings from previous Employer Skills Surveys, a figure which is set to increase now that new data is available.

### Summary of challenges and opportunities

<ul style="list-style-type: none"><li>+ Due to the buoyant labour market, recruitment was found to be back to pre-recession levels and skills gaps have fallen to the lowest level in a decade.</li><li>+ Training levels were holding up and employers were found to be investing in skills.</li><li>+ Only 5% of employees were reported as having Skills Gaps, which equates to 1.5 million people nationally, and the most common response was to increase training (58% of employers). The UK is behind OECD average of 3%, which could link to the UK's relatively high level of workers with low numeracy skills (24% UK vs 19% OECD average).*</li></ul>	<ul style="list-style-type: none"><li>+ Skills shortages are growing (up by 43% from a very low base number) and these are often found in 'persistent pockets'.</li><li>+ There is scope for what was termed 'better investment' in skills for productivity, as workers have skills unused in the workplace and many businesses pursue very few 'High Performance Working Practices'.</li><li>+ Skills Shortage Vacancies (struggling to recruit someone with the right skills) account for a around a quarter of all vacancies, are more likely in skilled trades or managerial and commonly result in increased workload on colleagues.</li></ul>
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\*Organisation for Economic Cooperation and Development, which pools research resources from 34 developed nations.

**AELP Comment:** What is noticeable here is that levels of training are generally increasing, in direct contradiction of the rationale used by government to justify the levy and wider reforms to the Apprenticeship programme in particular.

### The volume of training now undertaken by employers was praised.

Research analysts were clearly impressed by the levels of training being done by employers. The total investment in training by businesses was calculated to have increased from £4.3bn in 2011 to £5.4bn in 2015. Around 2/3rds of businesses offer training. Off the job training went up from 47% in 2011 to 49% in 2015. However, public services training rates are very high compared to the private sector therefore skew the national average.

### Training was acknowledged as a key route to increased productivity.

According to analysts, trainers could better meet employers' needs by considering and then presenting training opportunities to employers holistically, not in isolation. For example, how it could complement and supports management practices and business development plans.

**High Performance Working Practices (HPWP) were a key feature of the analysis.** Employers that had adopted fourteen or more HPWPs were considered to be highly productive businesses.\* Currently only 12% of employers were found to be following 14 or more such practices, the majority do at least some, but many do virtually none. There are whole towns such as Blackpool and Hastings scoring almost zero on the HPWP scale making it very challenging environments for inspiration and business growth whereas other cities, such as Cambridge, come out extremely high.

Read the summary or full [Employer Skills Survey](#) UK results. \*HPWPs are grouped into: planning, autonomy, skills, organisation and rewards – see Figure 6.1 on page 120 of the full report for the full list.