

REWIRING EDUCATION

Part 2: A new path from school to work

July 2026



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About the Centre for Social Justice

Established in 2004, the Centre for Social Justice is an independent think-tank that studies the root causes of Britain's social problems and addresses them by recommending practical, workable policy interventions. The CSJ's vision is to give people in the UK who are experiencing the worst multiple disadvantages and injustice every possible opportunity to reach their full potential.

The majority of the CSJ's work is organised around five "pathways to poverty", first identified in our ground-breaking 2007 report *Breakthrough Britain*. These are: educational failure; family breakdown; economic dependency and worklessness; addiction to drugs and alcohol; and severe personal debt.

Since its inception, the CSJ has changed the landscape of our political discourse by putting social justice at the heart of British politics. This has led to a transformation in Government thinking and policy. For instance, in March 2013, the CSJ report *It Happens Here* shone a light on the horrific reality of human trafficking and modern slavery in the UK. As a direct result of this report, the Government passed the Modern Slavery Act 2015, one of the first pieces of legislation in the world to address slavery and trafficking in the 21st century.

Our research is informed by experts including prominent academics, practitioners, and policymakers. We also draw upon our CSJ Alliance, a unique group of charities, social enterprises, and other grassroots organisations that have a proven track record of reversing social breakdown across the UK. The social challenges facing Britain remain serious.

In 2026 and beyond, we will continue to advance the cause of social justice so that more people can continue to fulfil their potential.

Acknowledgements

In particular, we would like to thank the charities who attended roundtables, focus groups, interviews, formed best practice case studies, and hosted us at their charities, facilitated by the Centre for Social Justice, including:

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Foreword

Before leading the CSJ, I set up a charity to get young people living on my estate in Loughborough into work and onto a better track in life.

Many had left school without much to show for it. Some had not seen the inside of a classroom much since they were fourteen or so. A good number were not used to seeing people leave the house for work in the morning.

But, with a direction to walk in and a firm, caring arm round the shoulder, there was almost nothing these kids were not capable of. They were people packed with potential who just needed a push. The same is true for many of the over one million 16-to-24-year-olds who are not in education, employment or training today.

As we look at this so-called NEETs crisis, we need to be unapologetically ambitious.

We also need to be brave. We need to rewire our education system so that the path from school to work is sure and trustworthy. We are miles from this at the moment.

While our NEET rate – which sits at 13.5 per cent – has fallen below one in ten only once in the 2000s, European countries have reduced their rates as low as three in a hundred. The OECD average, too, sits comfortably below us at 11 per cent. Others retain their youth's talent. Britain is squandering it. We can and must do better.

First, we need to get started earlier. In England, those who fall behind are left behind. Those with low attainment at the end of primary school fall behind further in every step. Just 20 per cent achieve 4s in both English and Maths GCSE, compared to 96 per cent of high primary school attainers, and they are over three times as likely to become persistently NEET.

Part of the solution here lies with parents in early years and primary schools, as the CSJ has long campaigned on. But we also need a system that re-engages those who are falling behind.

The world's best do this. Singapore, who top the education rankings tables, understand this, with extensive career's guidance in their equivalent of the Years 7 to 9 curriculum. Our careers education needs to rise to this standard. The Netherlands, whose NEET rate is the lowest in the OECD, bring technical training in much younger. In Manchester, this has been trailblazed with the MBacc, but there is far more to do from age 14 to establish a nationally recognised technical route, rather than assuming increasingly harmful university courses are the right route for every child.

Second, we need to turn colleges into launchpads for work. FE colleges are currently expected to be both a "safety net" that rescues young people who have fallen behind, and bastions of technical excellence. They achieve neither well. The net has holes, with nearly three in ten of those studying Applied General Qualifications (AGQs) at FE colleges dropping out before their second year, while only 44 per cent of employers believe vocational courses prepare learners well for the workplace – an alarming contrast to 73 per cent of providers.

The two jobs should be separated. Specialist charities and social enterprises should provide more intensive support for young people at risk of becoming NEET, while Technical Excellence Colleges should focus on training for skilled industries. New V Levels should include subsidised paid work placements, giving young people experience, an income, and a clearer route into a permanent job.

Third, our apprenticeship system needs to put local employers back in charge. Apprenticeships are an excellent springboard: official analysis shows that for each 16-to-18-year-old who achieves an A-level-equivalent apprenticeship, the lifetime economic value amounts to £190,000 – compared to £100,000 for the average graduate. Average salaries for young higher apprentices five years after qualifying are £5,000 more than that of the average graduate. Yet policy churn and obsessive centralisation have left the system inaccessible for young people. Just six per cent of higher apprentices are under 19.

Modelled on Germany’s employer-led system and building on successes in Greater Manchester and Sheffield, we must enable training to match local skills shortages while giving young apprentices better practical support and mentoring.

The examples across the world are clear. But they will require clear-eyed bravery to implement. Now is the time for such bravery.



Andy Cook

Chief Executive of the Centre for Social Justice

Executive summary

For at least a generation, too many young people have fallen through the cracks between education and work. Since the early 2000s, the rate of 16- to 24-year-olds not in education, employment or training (NEET) has averaged 13 per cent. Today, over one million young people – 13.5 per cent – are classed as NEET.¹

This crisis is urgent. We have over a quarter of a million more NEETs than five years ago,² with the number projected to continue to rise.³ For each NEET individual, even if they re-enter the labour market, they will lose up to £300,000 in earnings over their lifetime.⁴ For the nation, the crisis costs £125 billion a year and rising.⁵

But it is not new. There were 1.25 million NEETs in 2011.⁶ The Milburn Review highlighted systemic issues in our welfare system, jobs market, and, as this report explores, education system. The education system's ability to bridge all young people into employment has been broken for years. Our university-or-bust education system, built for London, has consistently failed young people transitioning into adulthood, especially across the Midlands and North. Even in 2006, one in five young people in the North East were NEET.

It does not need to be like this. While our NEET rate has fallen below one tenth only once in the 2000s, European countries have achieved rates as low as 3.1 per cent.⁷ Our rate of economic inactivity is consistently above comparable northern European nations, including Germany, the Netherlands, Austria, and Denmark.⁸ The OECD average sits comfortably below us at 11 per cent.⁹ Others protect their youth's talent. England is squandering it. We can and must do better.

An education system producing NEETs

We will not be able to build opportunity for all young people in the long-term if we cannot stem the three education drivers that keep NEET rates high.

Those who fall behind are left behind

Our secondary education system is neither effectively stratified nor general. Unlike the comprehensive structure of the Japanese system or the permeability of Dutch early stratification, in England, if you fall behind, you tend to fall further behind at each interval until you are simply left behind.

1 Office for National Statistics (2026) Young people not in education, employment or training (NEET), UK: May 2026. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/unemployment/bulletins/youngpeoplenotineducationemploymentortrainingneet/may2026> (Accessed: 24 June 2026).

2 Ibid.

3 Department for Work & Pensions (2026) Young people and work: interim report, 8 June (Milburn Review). Available at: <https://www.gov.uk/government/publications/young-people-and-work-interim-report/young-people-and-work-interim-report>.

4 Ibid.

5 Ibid.

6 Office for National Statistics (2026) Young people not in education, employment or training (NEET), UK: May 2026. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/unemployment/bulletins/youngpeoplenotineducationemploymentortrainingneet/may2026> (Accessed: 24 June 2026).

7 Milburn Review.

8 ILOSTAT (n.d.) Country profiles. Available at: <https://ilostat.ilo.org/data/country-profiles/> (Accessed on: 21 July 2026); Figure 1.

9 OECD (2025) Youth not in employment, education or training (NEET). Paris: OECD Publishing. 2, October. Available at: <https://www.oecd.org/en/data/indicators/youth-not-in-employment-education-or-training-neet.html> (Accessed: 2 July 2026).

Those with low attainment at the end of primary school are several times more likely to go to secondary schools rated poorly by Ofsted,¹⁰ and are then only a quarter as likely to take EBacc subjects from 14.¹¹ By the time of GCSE exams, 96 per cent of high attainers in primary school pass English and Maths compared to 20 per cent of low attainers.¹² Up to 40,000 children behind in reading in Year 6 are set to be NEET for 12 months or more.¹³

This educational determinism means we create a cohort whose education disintegrates throughout their secondary schooling. The consequences are shocking. The incidence of home-schooling trebles from Years 6 to 10.¹⁴ Severe absence increases by six times.¹⁵ Permanent exclusions, seven times.¹⁶ Suspensions, eight times.¹⁷

Becoming NEET follows. Children who have been suspended are twice as likely to become NEET,¹⁸ and those who have been persistently absent are 6.3 times as likely to become persistently NEET.¹⁹

A struggling further education system torn between mixed purposes

Our further education system (FE) is asked to be both a safety net for those who fall behind and the route for producing technical excellence from 16. It struggles to achieve either.

Nearly three in ten of those studying Applied General Qualifications (AGQs) like BTECs at FE colleges are not retained into their second year.²⁰ Those who do finish AGQs have an average value-add of -0.24, far below state schools' +0.10.²¹ FE college leavers are two-and-a-half times as likely not to sustain either further education or employment as school leavers (23 per cent versus 9 per cent).²² For too many students, the safety net has holes in it.

But FE college fails to achieve technical excellence either. Inputs are weak: salaries for FE college teachers are over £10,000 lower on average than their secondary school equivalents,²³ having eroded by a fifth in real terms since 2011.²⁴ Half of teachers leave the profession within five years – even worse than the third of schoolteachers who leave.²⁵ Only 44 per cent of employers believe vocational courses prepare learners well for the workplace – an alarming contrast to 76 per cent of learners and 73 per cent of providers.²⁶

10 Hutchinson, J. (2016) School Inspection in England, Education Policy Institute. Available at: <https://epi.org.uk/wp-content/uploads/2018/01/school-inspection-in-england-web.pdf>.

11 Centre for Social Justice (2025) Rewiring Education Part 1: The state of technical learning in England, December (Rewiring Education Part 1). Available at: <https://www.centreforsocialjustice.org.uk/wp-content/uploads/2025/12/CSJ-Rewiring-Education.pdf>.

12 Department for Education (2026) Key stage 4 performance, 23 April. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/key-stage-4-performance/2024-25> (Accessed: 24 June 2026).

13 Centre for Social Justice (2026) Four kids in every Year 6 class heading for out of work benefits, warns think tank, 6 July. Available at: <https://www.centreforsocialjustice.org.uk/newsroom/four-kids-in-every-year-6-class-heading-for-out-of-work-benefits-warns-think-tank> (Accessed: 8 July 2026).

14 Department for Education (2026) Elective home education, 15 January. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/elective-home-education/2025-26-autumn-term> (Accessed: 15 July 2026).

15 Department for Education (2026) Pupil absence in schools in England, 21 May. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/pupil-absence-in-schools-in-england/2024-25> (Accessed: 2 July 2026).

16 Department for Education (2026) Suspensions and permanent exclusions in England, 30 April. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/suspensions-and-permanent-exclusions-in-england/2024-25-spring-term> (Accessed: 2 July 2026).

17 Ibid.

18 Joseph, A. and Crenna-Jennings, W. (2024) Early adult outcomes for suspended and excluded pupils, Education Policy Institute, August. Available at: <https://files.svdcdn.com/production/assets/publications/Report/Early-adult-outcomes-for-suspended-pupils-FINAL.pdf?dm=1754567556> (Accessed: 10 July 2026).

19 Milburn Review.

20 Department for Education (2026) A level and other 16 to 18 results, 23 April. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/a-level-and-other-16-to-18-results/2024-25> (DfE, A level and other 16 to 18 results) (Accessed: 29 June 2026).

21 Ibid.

22 Ibid.

23 Scott, M. et al. (2026) The Further Education Teacher Workforce in England Annual Report 2026, National Foundation for Educational Research, 12 March. Available at: https://www.nfer.ac.uk/media/zhebjwi/further_education_teacher_workforce_in_england_2026_v2.pdf.

24 Ibid.

25 Department for Education (2026) Every Child Achieving and Thriving, February. Available at: https://assets.publishing.service.gov.uk/media/69ef496808ecdb5c-6f34afc2/Every_Child_Achieving_with_Correction_-_PRINT.pdf.

26 Ofqual (2025) Perceptions of vocational and technical qualifications - wave 7, 5 June. Available at: <https://www.gov.uk/government/statistics/perceptions-of-vocational-and-technical-qualifications-wave-7>.

Weak outcomes follow. 27 per cent of T Level entrants do not see their course through to assessment, compared to less than 10 per cent of A Level entrants.²⁷

An apprenticeship system ravaged by centralisation and policy churn

The apprenticeship system has grown substantially in the last two decades. 2007/08 was the first year this century to have over 200,000 apprenticeship starts, and over the last five years there has been an average of 340,000 each year.²⁸

Apprenticeships are an excellent springboard: for each 16- to 18-year-old who achieves an apprenticeship, the lifetime economic value amounts to £120,000 at Level 2 and £190,000 at Level 3.²⁹ For context, research suggests that the average graduate is £100,000 better off over their lifetime for attending university, with a quarter worse off.³⁰ Similarly, average salaries for young higher apprentices five years after qualifying are £5,000 more than that of the average graduate.³¹

But our apprenticeship system has serious fault lines.

It has faced sharp quality-quantity trade-offs. Aspirations to drive the number of apprenticeships up have led to around 40 per cent of English apprentices failing to complete their course, similar levels to Australia (45 per cent) and Denmark (38 per cent), but much higher than France (27 per cent), Germany and Austria (both 25 per cent), and Ireland (20 per cent).³² Yet quantity issues also persist: Switzerland has one seventh of our population yet more under 19 apprentices than we do.

The system has also become distorted towards larger companies and older apprentices already in the labour market. Almost two thirds of apprenticeship starts are at companies with over 250 staff, just 23 per cent are from under 19s, who in turn make up just 6 per cent of higher apprentices.³³ Only four per cent of those on apprenticeships were previously NEET.³⁴

The system has also become centralised in a way that does not reflect the labour market: 98 per cent of businesses in the UK are single-site – accounting for 84 per cent of all business sites.³⁵ Industrial production, utilities and infrastructure make up a sixth of employment out of London, yet only around a fifteenth in London.³⁶ The pool of employers that can hire apprentices is local and looks different across the country, yet the apprenticeship system is missing material local and regional input.

The apprenticeship system has not become meaningfully impactful in upskilling young people, and a tiny number of the few it does reach are on the fringes.

27 DfE, A level and other 16 to 18 results.

28 Department for Education (2026) Apprenticeships, 16 July. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships/2025-26> (Accessed: 6 July 2026).

29 Department for Education (2025) The Net Present Value of further education in England. February. Available at: https://assets.publishing.service.gov.uk/media/67adc0ba69d39abb04adce22/The_net_present_value_of_further_education_in_England_2021_to_2022_.pdf (Accessed: 2 July 2026).

30 Britton, J. et al. (2026) New estimates of the impact of undergraduate degrees on lifetime earnings, Institute for Fiscal Studies, 25 June. Available at: <https://ifs.org.uk/publications/new-estimates-impact-undergraduate-degrees-lifetime-earnings>.

31 Rewiring Education Part 1.

32 Field, S. (2025) A World of Difference, The Sutton Trust, June. Available at: www.suttontrust.com/wp-content/uploads/2025/06/A-World-of-Difference-3.pdf.

33 Department for Education (2026) Apprenticeships in England by industry characteristics, 28 May. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships-in-england-by-industry-characteristics/2023-24> (Accessed: 9 July 2026).

34 Field, S. (2025) A World of Difference, The Sutton Trust, June. Available at: www.suttontrust.com/wp-content/uploads/2025/06/A-World-of-Difference-3.pdf.

35 ONS (2026) JOBS05: Workforce jobs by region and industry, 18 June. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employment-andemployeetypes/datasets/workforcejobsbyregionandindustryjobs05> (Accessed: 2 July 2026).

36 Ibid.

Learning from best practice

We need to rewire our education system to ensure it is building routes for those falling behind. Following best practice in the Netherlands, Singapore, and Germany, as well as the best of our charity sector, this report explores how we can reduce the proportion of young people falling out of education or work around three principles:

1. **Technical earlier:** from age 14, pupils should be able to pursue a nationally recognised Technical Baccalaureate combining English, maths and science with subjects such as engineering, construction and computing. Inspired by the Dutch system and trailblazed by the Manchester Baccalaureate, this would bring technical education earlier, tailored to regional industries with routes into T Levels, apprenticeships and skilled work. From Year 7, pupils would also receive a programme of careers and employability education based on Singapore's successful 'Education and Career Guidance' model.
2. **Rationalising further education:** our further education system is torn between two contradictory roles: a safety net and a producer of technical excellence. It is doing both poorly. Learning from the best of our charity and social enterprise sector, alongside Dutch specialisation, these functions should be disaggregated. FE college must be reformed to complement the growing Technical Excellence Colleges. This should include combining V Levels with subsidised paid work placements to build employability and reduce NEET risk cost-effectively.
3. **Put local employers back in charge of apprenticeships:** shift control over apprenticeship funding, standards and provision away from Whitehall and towards regional leaders and employers who understand their local economies. Modelled on Germany's employer-led system and building on successes in Greater Manchester and Sheffield, the reforms would enable training to match local skills shortages while giving young apprentices better practical support and mentoring.

Our education system has improved remarkably in the last fifteen years, but these policies have not solved the system's inability to secure outcomes for the bottom fifth. These reforms form the first building block in rewiring our education system towards one where there is a thriving academic and technical route – and where children are not left behind.

But they are not the whole picture. Technical education is about more than the NEETs crisis. We must aspire to become a technical education superpower in the way we are a higher education superpower. The future of higher technical training and the university system will be explored in more detail in *Rewiring Education: Part 3* this autumn.

Chapter 1:

The NEETs crisis

1.1 A familiar and longstanding crisis

The Milburn Review's interim report is stark: youth inactivity in the UK has reached a tipping point. The number of NEET 16- to 24-year-olds has now one million and the UK is falling further behind its international peers.³⁷

That said, the proportion of 16- to 24-year-olds NEET has only once fallen below ten per cent in the past 25 years.³⁸ Although the nature of the issue is changing, with a dangerous rise in prolonged inactivity instead of short-term unemployment, we must focus on fixing the UK's underlying structural deficiencies that consistently result in one in ten young people dropping out of education unprepared for the world of work.

A prominent and well-known weakness is the vulnerability of the UK's youth labour market to economic downturns. During the 2008 financial crisis, the share of 16- to 24-year-olds in payrolled employment fell by 5.4 percentage points.³⁹ The decline seen over the pandemic was 6.5 percentage points, and, more recently, the share of 16- to 24-year-olds in payrolled employment fell by 4.3 percentage points between December 2022 and December 2025. For the first time since 2013, the employment rate of people not in education between the ages of 18 and 24 has fallen to 70 per cent.⁴⁰ It had reached 77 per cent before the pandemic.⁴¹

This vulnerability can partially be explained by the type of industries many young people work in. Often, young people find their first job in industries that are highly responsive to economic downturns and often offer short-term work, such as hospitality, retail, and leisure.⁴² As the economy slows, so too does hiring and the bridge between school and work is cut-off. Worse still, structural changes to these industries, such as digitalisation and the decline in high street retail outlets, have further squeezed demand for young workers in these sectors.⁴³

However, this issue is not unique to the UK. In labour markets across the world, young people, who are the newest entrants to the workforce with the least experience, are the most vulnerable to economic shocks.⁴⁴ Yet volatile opportunities for young people should not be simply accepted. As illustrated in Figure 1, between 2010 and 2024 the proportion of young people NEET in England ranged between 10.7 and 16.0 per cent. Over the same period, the NEET rate in Germany ranged between 5.7 per cent and 8.3 per cent. In the Netherlands, it ranged between 3.1 and 6.0 per cent.

37 Milburn Review.

38 Ibid.

39 Michael, J. et al. (2026) Recent fall in youth employment approaching the decline seen during COVID and 2008 financial crisis, Institute for Fiscal Studies, 19 May. Available at: <https://ifs.org.uk/news/recent-fall-youth-employment-approaching-decline-seen-during-covid-and-2008-financial-crisis> (Accessed: 19 June 2026).

40 Milburn Review.

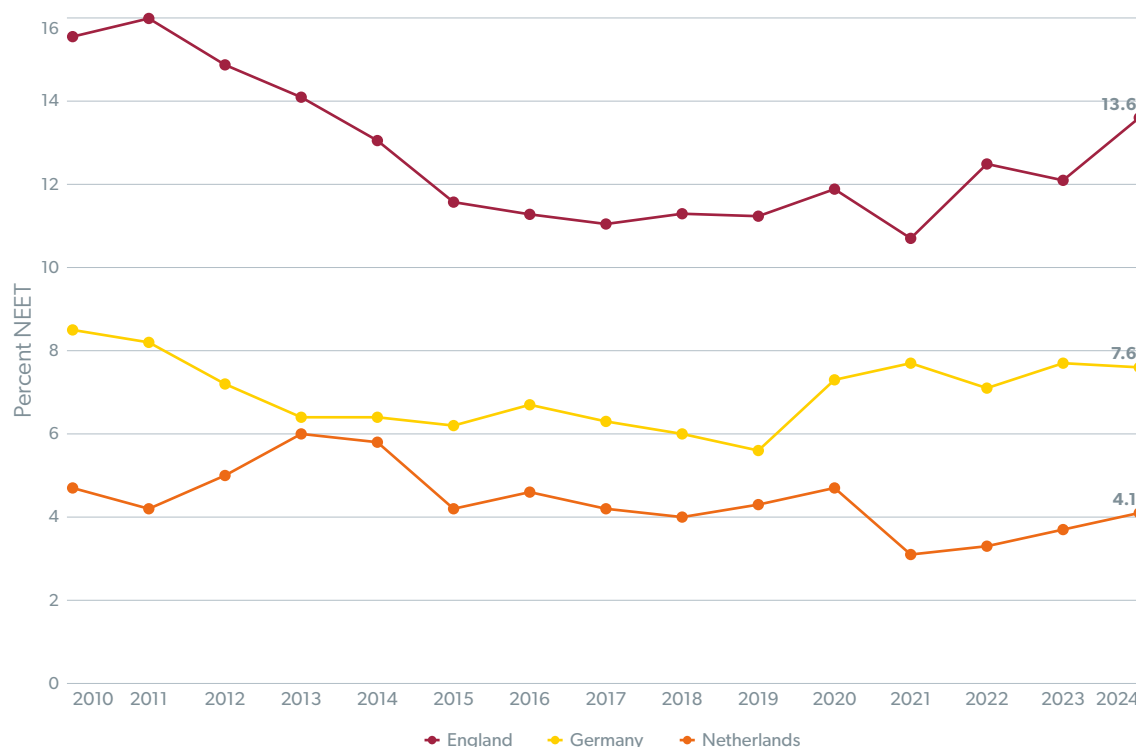
41 Ibid.

42 Marks, A. (2026) From classroom to career: Youth unemployment as a structural challenge, Institute for the Future of Work, 13 February. Available at: <https://www.ifow.org/news-articles/from-classroom-to-career-youth-unemployment-in-the-uk> (Accessed: 24 June 2026).

43 Milburn Review.

44 Axelrad, H. et al. (2018) Unemployment among younger and older individuals: does conventional data about unemployment tell us the whole story?, Journal for labour market research, 52(1). Available at: <https://pubmed.ncbi.nlm.nih.gov/29564419/>.

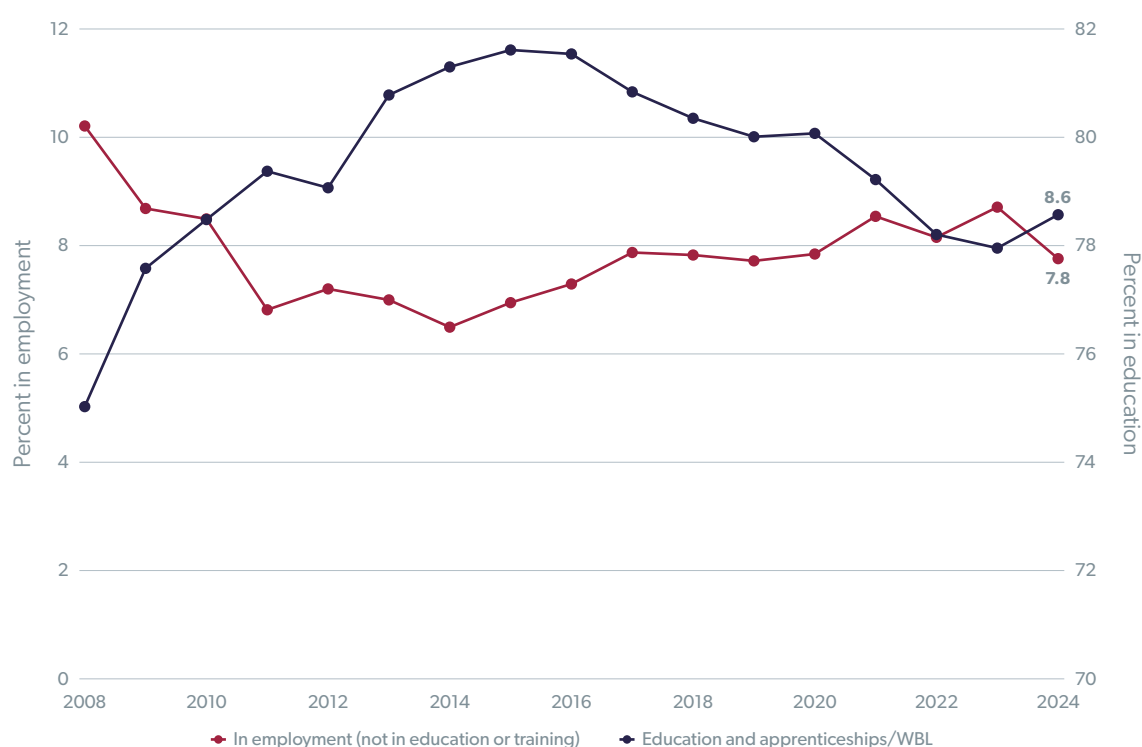
Figure 1 – Proportion of young people NEET in England, Germany, and the Netherlands, 2010-2024



Source: Department for Education (2026) NEET age 16 to 24. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/neet-statistics-annual-brief/2025/explore> (Accessed: 15 July 2026); ILOSTAT (n.d.) Country profiles: Germany. Available at: <https://ilostat ilo.org/data/country-profiles/deu/> (Accessed: 21 July 2026); ILOSTAT (n.d.) Country profiles: Netherlands. Available at: <https://ilostat ilo.org/data/country-profiles/nld/> (Accessed: 15 July 2026).

Until recently, the youth labour market's vulnerability to economic downturns and a gradual shift away from youth employment had been concealed by the education system absorbing a larger proportion of young people. As shown in Figure 2, between 2008 and 2011, the proportion of 16- to 18-year-olds in employment and not in education or training in England reduced by 3.4 per cent. Over the same period, the proportion in education or an apprenticeship increased by 4.4 per cent. However, between 2021 and 2024, employment reduced by 0.7 per cent, yet education also decreased by 0.6 per cent.

Figure 2 – Proportion of 16- to 18-year-olds in education and employment, 2008-2024



Source: Department for Education (2025) Participation in education, training and employment age 16 to 18: Calendar year 2024. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/participation-in-education-and-training-and-employment/2024/> (Accessed: 24 June 2026).

1.2 An educated solution

The NEETs crisis cannot be attributed to one issue alone. As pointed out by the Milburn Review, elements of the youth labour market, health system, welfare system, and family life have all contributed to a crisis of a million young people falling through the gaps.⁴⁵

This report focuses on how our education system contributes to the NEETs crisis on a structural level. This can be justified for two main reasons.

Encouraging more young people to continue education would, by definition, reduce the NEET rate. It would also benefit the individuals. In the UK, young adults without upper secondary education earn 43 per cent less than those with upper secondary education, the widest income margin in the OECD.⁴⁶

Importantly, there is plenty of room for expansion, especially post-18. The UK has the lowest proportion of 18- to 24-year-olds in education out of any European OECD nation, with 43 per cent, far below the OECD average of 54 per cent, Germany's 59 per cent, and the Netherlands' 67 per cent.⁴⁷

That said, encouraging more young people to remain in education will only be effective if educational pathways are aligned with the skills and abilities of the individuals dropping out of education, their career

⁴⁵ Milburn Review.

⁴⁶ OECD (2025) United Kingdom: Overview of the education system. Available at: <https://gpseducation.oecd.org/CountryProfile?primaryCountry=GBR&tresh-old=5&topic=EO> (Accessed: 23 June 2026).

⁴⁷ OECD (2025) Education at a Glance 2025, 9 September. Available at: https://www.oecd.org/en/publications/2025/09/education-at-a-glance-2025_c58fc9ae.html.

aspirations, and labour market opportunities. The recent decline in educational participation, despite falling employment,⁴⁸ implies a growing disconnection between pupils and the schooling they are offered.

Secondly, consistently low NEET rates in Germany and the Netherlands are often attributed to the early and widespread integration of young people into technical education. In the Netherlands, 51 per cent of pupils attend pre-technical secondary schools, which begin at the age of 12.⁴⁹ Similarly, in Germany, almost half of upper secondary school pupils engage in technical education.⁵⁰

High participation in technical education in Germany and the Netherlands facilitates a smooth school-work transition into long-term occupations offering stable employment. It does so by equipping graduates with skills relevant to their future career and enhancing their work readiness, largely through deeply embedded work-based learning. In Germany, nine in ten upper secondary school vocational learners take an apprenticeship.⁵¹ The strong connection to work continues in post-18 education. In the Netherlands, over three quarters of 18- to 24-year-olds in education are also in employment, whereas it is only 40 per cent in the UK.⁵²

It is clear that England's international peers have had greater success in designing their education systems, and in particularly technical education, to allow for an easier transition between school to the workplace. Taking these lessons on board, we must rewire our education system to ensure all pupils are provided the appropriate opportunities to succeed in the labour market.

48 See Figure 2.

49 Statistics Netherlands (2024) Students with a non-Dutch background more likely to attend HAVO or VWO, 22 November. Available at: <https://www.cbs.nl/en-gb/news/2024/47/students-with-a-non-dutch-background-more-likely-to-attend-havo-or-vwo> (Accessed: 23 June 2026).

50 Destatis (2020) Share of vocational education and training in upper secondary education above OECD average in 2018, 9 September. Available at: https://www.destatis.de/EN/Press/2020/09/PE20_345_213.html (Accessed: 24 June 2026).

51 Ibid.

52 OECD (2025) Education at a Glance 2025, 9 September. Available at: https://www.oecd.org/en/publications/2025/09/education-at-a-glance-2025_c58fc9ae.html.

Chapter 2:

Secondary school stratification

A long-debated topic in education policy, both domestically and internationally, is the age at which pupils should be separated into different tracks or pathways, often referred to as school stratification.

The argument between a highly stratified and specialised education system versus a comprehensive, general education system centres around the trade-off between a smoother school-work transition versus educational mobility and a perception of fairness and choice.

In the first national design of British state secondary schooling, the Butler Act 1944 created a stratified education system from the age of 11 onwards.⁵³ The stratification aimed to establish three routes, through grammar schools, technical schools, and secondary modern schools.

Grammar schools allowed an academic path into professional work, sometimes via university. Technical schools equipped pupils for higher technical industry, where Britain's mid-twentieth century economy still excelled. And secondary modern schools ensured general competence and employability to allow young people to consistently find work at 16.

Or at least, that was the intention. Grammar schools were indeed, by all accounts, outstanding.⁵⁴ They provided elite academic schooling at a large-scale in a way that was accessible to poorer, as well as wealthy, children who could demonstrate the merit. But the rest of the system – comprising some three quarters of pupils – was not so successful.

Technical schools failed to take-off and hardly existed.⁵⁵ As a result, the system only segmented by academic ability between secondary modern and grammar schools. The result was a tiered general system.

In the 1960s and '70s, 'comprehensivisation' sought to rectify this by removing grammar schools. Instead, explicit stratification would now occur much later, at 16, with all pupils schooling together until then. But the system quickly became a 'post-code lottery', whereby pupils in affluent areas attended stronger comprehensives and pupils in poorer areas attended weaker ones.⁵⁶

In 2010, there was a renewed attempt to build a complete late stratification system with the introduction of the English Baccalaureate (EBacc), a school performance measure designed to improve academic rigour. Modelled on the world's strongest late-stratification systems, the EBacc was initially designed to

53 The National Archives (1944) Education Act 1944, 3 August. Available at: <https://www.legislation.gov.uk/ukpga/Geo6/7-8/31/enacted>.

54 Marten, C. (2015) The Case for Grammar Schools, The Ins and Outs of Selective Secondary Schools: A Debate, pp. 55-79. London: Civitas.

55 UK Parliament (1960) House of Lords debate: The Crowther Report and further education, 23 March, vol. 221, cc. 1060-1116. Hansard.

56 Centre for Social Justice (2016) Selective education and social mobility, December. Available at: <https://www.centreforsocialjustice.org.uk/library/selective-education-and-social-mobility>.

ensure all children were taught the same core general subjects, by requiring students to take sciences, humanities, and languages at GCSE.⁵⁷

As part of a broader set of reforms brought in by Education Secretary Michael Gove, the EBacc was effective at driving up school standards. The proportion of children who do not achieve English and Maths GCSEs and the proportion of schools rated poorly by Ofsted reduced substantially.⁵⁸

However, within an unbalanced system, it effectively introduced a quasi-stratifying layer at 14 and amplified its negative effects by improving rigour at the top half of the system without offering an appropriate alternative for the bottom half.

Today, we have landed upon a system which fails to achieve the purpose of either early or late stratification systems. The school-to-work transition is precarious, but educational mobility is not high. There is no rigorous technical route in the form of an early split, but nor is there a capacity to ensure all pupils meet the standard on the general route.

Not only can the pupils who perform worst in their GCSEs be accurately predicted by attainment at the end of primary schooling, but so can the schools they go to, their subject choices at 14, and their pathway for post-16 education.⁵⁹ Even absent of a major public alternative to the mainstream route until 16, the route for high prior attainers is completely different to the route for low prior attainers.

Our education system is neither built around what we aspire to achieve nor the reality we face.

2.1 Types of school stratification

There is large variation across the globe in the type and timing of stratification used in schools.

Japan and the Netherlands are prominent examples of systems with very different approaches, yet both countries sustain very low NEET rates. It is therefore useful to explore how England's schooling relates to each of these systems to take lessons on how to rebalance the education system.

2.1.1 Late stratification

Late stratification is common globally. In 27 out of 38 countries in the OECD, selection first occurs at age 15 or older.⁶⁰

57 Department for Education (2011) Michael Gove on the moral purpose of school reform, 20 June. Available at: <https://www.gov.uk/government/speeches/michael-gove-on-the-moral-purpose-of-school-reform> (Accessed: 8 July 2026).

58 Rewiring Education Part 1.

59 Ibid.

60 OECD (2024) Managing choice, coherence, and specialisation in upper secondary education, 29 February. Available at: <https://doi.org/10.1787/4a278519-en>.

Case study 1: Late stratification – Japan

In Japanese public lower secondary schools, all pupils follow the same general education pathway until the age of 15.⁶¹ Until this point, all pupils are prescribed the same curriculum and classes are mixed ability.⁶²

The Japanese education system has excellent academic attainment. In 2022, it sat third in the PISA tables for aggregated education score.⁶³ In each measurement, it ranks ahead of England: fifth in maths compared to England's 11th, second in science compared to England's 13th, and tied second in reading compared to England's 13th.⁶⁴

Alongside these exceptional results, the Japanese comprehensive system is remarkably effective at ensuring all children achieve the expected standard, and that children do not consistently fall behind.

There is a very small low-performing tail in Japan, with just 12 per cent being low performers in maths (OECD average 31 per cent), just 14 per cent in reading (OECD average 26 per cent) and just 8 per cent in science (OECD average 24 per cent).⁶⁵ There is also a lower-than-average impact of socio-economic status on performance.⁶⁶ Overall, 88 per cent of pupils attained at least the expected standard in mathematics, far above the 69 per cent average in the OECD.

Interestingly, Japan achieves such outstanding and equal academic performance with relatively low spending on education. Per pupil government expenditure for primary, secondary, and post-secondary non-tertiary is (PPP) \$10,993, below the OECD average of (PPP) \$12,438, and the UK's (PPP) \$13,063. Isolating secondary schooling, these figures are (PPP) \$11,528 (Japan), (PPP) \$12,750 (OECD) and (PPP) \$12,905 (UK).⁶⁷

Japan also observes an extraordinarily low – and regionally even – NEET rate. In 2023, it was estimated at 3.7 per cent, with no region's NEET rate exceeding 4.6 per cent.⁶⁸

However, it is worth noting that there are substantial cultural differences between Japan and the United Kingdom that may contribute to Japan's performance and make comprehensive general education effective. There is near cultural uniformity, with three per cent of the population being foreign-born, compared to over 15 per cent in the UK.⁶⁹ The share of birth outside marriage is around two per cent compared to nearly half in the UK.⁷⁰ Parental education expectations and encouragement of academic success in Japan is high.⁷¹ Classrooms also tend to be better behaved, with only eight per cent of teachers reporting losing a lot of time due to pupils disrupting lessons, compared to 27 per cent in England.⁷²

61 International Association for the Evaluation of Educational Achievement (2024) Japan. Available at: <https://timss2023.org/wp-content/uploads/2024/10/Japan.pdf>.

62 Ibid.

63 World Population Review (2026) PISA Scores by Country 2026. Available at: <https://worldpopulationreview.com/country-rankings/pisa-scores-by-country> (Accessed: 24 June 2026).

64 Ibid; Ingram, J. et al. (2023) PISA 2022: National Report for England, December, Department for Education. Available at: https://assets.publishing.service.gov.uk/media/656dc3321104cf0013fa742f/PISA_2022_England_National_Report.pdf.

65 OECD (2023) PISA 2022 Results (Volume I and II) - Country Notes – Japan, 5 December. Available at: https://www.oecd.org/en/publications/pisa-2022-results-volume-i-and-ii-country-notes_ed6fbcc5-en/japan_f7d7daad-en.html.

66 OECD (n.d.) Japan student performance (PISA 2022). Available at: <https://gpseducation.oecd.org/CountryProfile?primaryCountry=JPN&treshold=10&topic=PI> (Accessed: 24 June 2026).

67 OECD (2025) Education at a Glance 2025, 9 September. Available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/09/education-at-a-glance-2025_c58fc9ae/1c0d9c79-en.pdf. Table C1.1, p286

68 OECD (2024) Job Creation and Local Economic Development 2024 - Country Notes: Japan, 28 November. Available at: https://www.oecd.org/en/publications/job-creation-and-local-economic-development-2024-country-notes_ad2806c1-en/japan_2487e1d7-en.html.

69 OECD (2025) International Migration Outlook 2025, 3 November. Available at: [oecd.org/en/publications/international-migration-outlook-2025_ae26c893-en.html](https://www.oecd.org/en/publications/international-migration-outlook-2025_ae26c893-en.html).

70 OECD (2025) SF2.4: Share of births outside of marriage, October. Available at: webfs.oecd.org/Els-com/Family_Database/SF_2_4_Share_births_outside_marriage.pdf.

71 Yamamoto, Y. et al. (2006) Maternal involvement in preschool children's education in Japan: Relation to parenting beliefs and socioeconomic status, *Early Childhood Research Quarterly*, 21(3), pp. 332–346. Available at: <https://www.sciencedirect.com/science/article/abs/pii/S0885200606000469>.

72 OECD (2019) TALIS 2018 Results (Volume I): Teachers and School Leaders as Lifelong Learners. Available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2019/06/talis-2018-results-volume-i_03d63387/1d0bc92a-en.pdf.

In theory, the English school system is similar to the Japanese, since pupils are not explicitly separated into distinct academic or vocational pathways until 16. That said, important differences reduce the degree to which all pupils receive the same education in comparison to Japan.

Most prominently, English schools employ one of the highest levels of grouping by ability in the world through sets.⁷³ These often dictate the educational pathway a pupil takes, determine the intensity and volume of content taught to pupils, and are a strong predictor of whether they choose the EBacc pathway.⁷⁴ The result is a more unequal and less educationally mobile system, despite no formal stratification.

2.1.2 Early stratification

A number of countries, mostly in Central Europe, have explicit early stratification.⁷⁵ A prominent example is the Netherlands, which separates pupils into distinct schools and/or pathways at age 12,⁷⁶ four years before pupils in England. Currently, the Netherlands has the lowest NEET rate in the OECD.⁷⁷

Case study 2: Early stratification – the Netherlands

Upon leaving primary school at age 12, Dutch pupils are divided into one of three lower-secondary major tracks based on advice from their primary school and test scores.⁷⁸ The three types of lower-secondary education in the Netherlands are: pre-vocational secondary education (VMBO), senior general secondary education (HAVO), and pre-university education (VWO).⁷⁹ In 2022/23, 49 per cent of pupils participated in the academic tracks, i.e. HAVO or VWO.⁸⁰

The staggered length of time of each course, with VMBO taking four years, HAVO taking five years, and VWO taking six years, allows pupils to move between tracks.⁸¹ Many secondary schools also offer multiple tracks within one setting, facilitating lower friction in switching.⁸² However, it is most common for pupils to remain within their vocational or academic track.

The lower-secondary vocational education and training (VET) pathway, i.e. VMBO, is intended to lay the basis for further education and progression into upper-secondary VET, i.e. MBO.⁸³

73 Jerrim, J. (2019) PISA: England's schools segregate by ability more than almost every other country in the world, UCL, 24 September. Available at: <https://blogs.ucl.ac.uk/ioe/2019/09/24/pisa-englands-schools-segregate-by-ability-more-than-almost-every-other-country-in-the-world/> (Accessed: 25 June 2026).

74 Neumann, E. (2021) Setting by Numbers: Datafication Processes and Ability Grouping in an English Secondary School, *Journal of Education Policy*, 36(1), pp.1–23. Available at: <https://www.tandfonline.com/doi/full/10.1080/02680939.2019.1646322>.

75 Austria, Germany, and Hungary first select at the age of 10, Belgium, Luxembourg, the Netherlands, and Switzerland first select at 12, and Italy, Slovenia, and Turkey first select at 14. OECD (2024) Managing Choice, Coherence and Specialisation in Upper Secondary Education. Available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/02/managing-choice-coherence-and-specialisation-in-upper-secondary-education_5d51ecda/4a278519-en.pdf.

76 Eurydice (2026) Germany: 5.1 Organisation of general lower secondary education. Available at: <https://eurydice.eacea.ec.europa.eu/eurypedia/germany/organisation-general-lower-secondary-education> (Accessed: 25 June 2026); Eurydice (2023) Netherlands: 1.3 Organisation of the education system and of its structure. Available at: <https://eurydice.eacea.ec.europa.eu/eurypedia/netherlands/organisation-education-system-and-its-structure> (Accessed: 25 June 2026).

77 OECD (n.d.) Youth not in employment, education or training (NEET). Available at: <https://www.oecd.org/en/data/indicators/youth-not-in-employment-education-or-training-neet.html> (Accessed: 14 July 2026).

78 Eurydice (2023) Netherlands: 1.3 Organisation of the education system and of its structure. Available at: <https://eurydice.eacea.ec.europa.eu/eurypedia/netherlands/organisation-education-system-and-its-structure> (Accessed: 25 June 2026).

79 Ibid.

80 Statistics Netherlands (2024). Students with a non-Dutch background more likely to attend HAVO or VWO, 24 November. Available at: <https://www.cbs.nl/en-gb/news/2024/47/students-with-a-non-dutch-background-more-likely-to-attend-havo-or-vwo> (Accessed: 25 June 2026).

81 Statistics Netherlands (2024) How many students passed their final exams and what did they do next?. Available at: <https://longreads.cbs.nl/the-netherlands-in-numbers-2024/how-many-students-passed-their-final-exams-and-what-did-they-do-next/> (Accessed: 25 June 2026).

82 Eurydice (2023) Netherlands: 1.3 Organisation of the education system and of its structure. Available at: <https://eurydice.eacea.ec.europa.eu/eurypedia/netherlands/organisation-education-system-and-its-structure> (Accessed: 25 June 2026).

83 Eurydice (2023) Netherlands: 5.5 Teaching and Learning in Vocational Lower Secondary Education (VMBO). Available at: <https://eurydice.eacea.ec.europa.eu/eurypedia/netherlands/teaching-and-learning-vocational-lower-secondary-education-vmbo> (Accessed: 25 June 2026).

Within VMBO, pupils are further separated into one of four learning pathways: basic vocational programme (VMBO-B); middle-management vocational programme (VMBO-K); combined programme (VMBO-G); and theoretical programme (VMBO-T).⁸⁴ All pathways are four years long and follow the same general curriculum in years 1 and 2.⁸⁵

The content taught to pupils in the final two years of their VMBO education depends on their pathway.⁸⁶ VMBO-T pupils mainly take general subjects.⁸⁷ VMBO-G pupils take the same general subjects but one is replaced by four hours of vocational training.⁸⁸ VMBO-K pupils receive 12 hours of vocational training and the general subjects are taught at a slightly lower level than VMBO-T.⁸⁹ VMBO-B pupils receive 12 hours of vocational training, and the general subjects are taught at a slightly lower level than VMBO-K.⁹⁰

Within their VMBO pathway, pupils choose an occupational sector in mind of future VET and jobs, with the options available to pupils dependent on the VMBO pathway.⁹¹ In VMBO-T, there are four sectors: care and welfare; engineering and technology; business; and agriculture.⁹² Each pathway contains sector-specific subjects, for example in the engineering and technology pathway pupils study mathematics, physics, and chemistry.⁹³ Pupils in other VMBO pathways choose one of ten sectors and may partake in a work-study programme that includes an out-of-school practical component.⁹⁴

Pupils completing the VMBO track at the age of 16 typically go onto upper-secondary vocational education (MBO), pupils obtaining a HAVO certificate at 17 or 18 typically progress into higher professional education or a university of applied sciences (HBO), and pupils obtaining a VWO certificate at 17 or 18 typically study at a HBO or university.⁹⁵

A pupil's upper-secondary VET, i.e. their MBO track, is determined by the VMBO qualification they obtain. VMBO-B graduates typically enter upper-secondary VET level 2 (basic training), for example an apprenticeship as a retail salesperson.⁹⁶ Graduates of the other three tracks typically enter VET level 3 (professional training), such as a school-based programme in financial administration, or VET level 4 (middle-management training), for example a school-based programme in nursing.⁹⁷ Completion of the MBO provides direct access to the labour market.⁹⁸

84 Eurydice (2023) Netherlands: 1.3 Organisation of the education system and of its structure. Available at: <https://eurydice.eacea.ec.europa.eu/euryperia/netherlands/organisation-education-system-and-its-structure> (Accessed: 25 June 2026).

85 Government of the Netherlands (n.d.) Pre-vocational secondary education (VMBO). Available at: <https://www.government.nl/themes/education/secondary-education/different-types-of-secondary-education/pre-vocational-secondary-education-vmbo> (Accessed: 25 June 2026).

86 Ibid.

87 Ibid.

88 Ibid.

89 Ibid.

90 Ibid.

91 Ibid.

92 Ibid.

93 Ibid.

94 These are: building, housing, and interiors; engineering, fitting out, and energy; transport and mobility; media, design, and IT; maritime and technology; care and welfare; business and commerce; catering, baking, and leisure; animals, plants, and land; and services and products. Ibid; Eurydice (2023) Netherlands: 5.5 Teaching and Learning in Vocational Lower Secondary Education (VMBO). Available at: <https://eurydice.eacea.ec.europa.eu/euryperia/netherlands/teaching-and-learning-vocational-lower-secondary-education-vmbo> (Accessed: 25 June 2026).

95 Statistics Netherlands (2024) How many students passed their final exams and what did they do next?. Available at: <https://longreads.cbs.nl/the-netherlands-in-numbers-2024/how-many-students-passed-their-final-exams-and-what-did-they-do-next/> (Accessed: 29 June 2026).

96 OECD (2025) Vocational Education and Training Systems in Nine Countries, 30 October (OECD, VET Systems in Nine Countries). Available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2025/10/vocational-education-and-training-systems-in-nine-countries_6169d7a2/1a86eb6c-en.pdf, p. 130.

97 Ibid, pp. 115-116.

98 CEDEFOP (2023) Vocational education and training in Europe – Netherlands: system description. Available at: <https://www.cedefop.europa.eu/en/tools/vet-in-europe/systems/netherlands-u3> (Accessed: 29 June 2026); OECD, VET Systems in Nine Countries, p. 115.

As described above, the Dutch education system employs early and diverse stratification in terms of ability, academic versus vocational, and subject area, which has a significant impact on the eventual occupation of the pupil. Such a direct connection between school and work through multiple years of specialist training and work experience likely contributes to the Netherlands having the lowest NEETs rate in the OECD.⁹⁹ Only four per cent of 15- to 24-year-olds in the Netherlands are NEET, compared to 14 per cent in the UK.¹⁰⁰

Nevertheless, early stratification has been found to result in a stronger association between socioeconomic background and educational outcomes through several different mechanisms. Firstly, disadvantaged Dutch pupils were found to be more likely to underachieve in primary school tests relative to their cognitive potential compared to pupils from advantaged backgrounds.¹⁰¹ Secondly, track recommendations by Dutch teachers have been found to be biased by a pupil's socioeconomic background.¹⁰² Finally, even when pupils from disadvantaged backgrounds perform equally well compared to advantaged backgrounds and receive the same track recommendation, they are less likely to enter academic tracks.¹⁰³ As a result, Dutch pupils from disadvantaged backgrounds are disproportionately represented in VET tracks.¹⁰⁴

Elements of the Dutch education system attempt to mitigate these effects. In schools where pupils on different tracks learn together at the start of lower-secondary education, pupils are more likely to move between vocational and academic tracks.¹⁰⁵ Moreover, pupils can stack qualifications, even if this process is time-consuming, which allows for greater upward mobility.¹⁰⁶

Overall, the Netherlands provides an example of a highly stratified education system that enables a smooth transition between school and work. However, to avoid accentuating the effects of socioeconomic background on educational attainment, this must be combined with a high degree of mobility between education pathways.

The Dutch school stratification system is markedly different to the one employed in England and more closely related to the system introduced by the Butler Act in 1944. The teaching provided to each pupil diverges at age 12 and is explicitly determined by their primary school performance.

In England, the curriculum, type of school, and subjects taught are intended to be broadly the same for all pupils until the age of 16. But in practice, quasi-stratification – as shown by the EBacc – introduces elements of the Dutch system while missing many of the benefits.

Students not pursuing the EBacc – those at the lower end of general education – don't receive the benefits of a rigorous technical education as an alternative (that formal stratification might be able to provide), instead being provided non-tailored and inadequate preparation for their likely move into vocational education post-16. But neither do they get the choice or flexibility that a comprehensive, general education should provide them because there isn't the ability to ensure all pupils meet the standard on the general route.

99 See Figure 1.

100 Ibid.

101 Bluemink, C. et al. (2024) Underachievement among disadvantaged pupils in Dutch primary education, *Irish Educational Studies*, 45(2). Available at: <https://www.tandfonline.com/doi/full/10.1080/03323315.2024.2430291>.

102 Geven, S. (2025) Tracking Procedures and Criteria and the SES Bias in Teacher Track Recommendations, *American Educational Research Journal*, 62(2). Available at: <https://journals.sagepub.com/doi/full/10.3102/00028312241288212>.

103 Dumont, H. et al. (2019). The Many (Subtle) Ways Parents Game the System: Mixed-method Evidence on the Transition into Secondary-school Tracks in Germany, *Sociology of Education*, 92(2), pp. 199-228. Available at: <https://journals.sagepub.com/doi/10.1177/0038040719838223>.

104 Timmermans, A. C. et al. (2018) Track recommendation bias: Gender, migration background and SES bias over a 20-year period in the Dutch context, *British Educational Research Journal*, 44(5). Available at: <https://bera-journals.onlinelibrary.wiley.com/doi/10.1002/berj.3470>.

105 Bles, P. et al. (2026) Types of Tracking and Upward Mobility: Causal Effects on (Social Inequality in) Educational Attainment in The Netherlands, *European Journal of Education*, 61(1). Available at: <https://onlinelibrary.wiley.com/doi/10.1111/ejed.70451?af=R>.

106 Ibid.

This is stratification by stealth. Even without the formal systems of stratification, children are heavily segmented and locked into tracks. The problem with the covertness of this system is it conceals the support that is needed for those at the bottom, allowing them to be left behind.

2.2 From stratification by stealth to NEET

“The system knows, from the moment a child arrives at school, who is most likely to fail. It has the data, and the unambiguous evidence.”

The Milburn Review¹⁰⁷

There are three similar but distinct mechanisms through which our education system separates young people.

The first is selection. This can occur either between schools, as schools and families choose the school a child attends, or within schools, as pupils are separated into sets based on ability.

The second is stratification, where the education system separates into multiple channels at a juncture, to ensure that it can cater for different needs and competencies and maximise opportunity for young people across the country.

The third is path-dependence, where a child’s outcomes at 16, 18, or even 28, can be reliably predicted by age 4 or 11. Where the characteristics of an 11-year-old can accurately predict their likely path through to 16 to 18 and beyond, because the path depends on the starting point.

2.2.1 Path dependence

Our education system exhibits path dependence. From 11 – or even 4 – your likely path depends on past outcomes.

The biggest strength of selection and stratification tends to be ‘matching’ – getting every child a route that suits them. The biggest criticism tends to be path dependence – the low mobility the system creates. Yet in England we see a different story. One of path dependence without either selection or stratification.

Path dependence at 11

The Education Policy Institute found in 2016 that, upon entering secondary school aged 11, the schools with the fewest pupils with low prior attainment are almost six times as likely to be rated “outstanding” as those with the most (47 per cent versus 8 per cent). Those with the greatest proportion of low prior attainers were seven times as likely to be rated inadequate (14 per cent versus 2 per cent).¹⁰⁸

The Milburn Review built on this, along socioeconomic grounds, finding that, in 2024/25, secondary schools in the least deprived areas were three times more likely than schools in the most deprived areas

¹⁰⁷ Milburn Review.

¹⁰⁸ Hutchinson, J. (2016) School Inspection in England, Education Policy Institute. Available at: <https://epi.org.uk/wp-content/uploads/2018/01/school-inspection-in-england-web.pdf>.

to be rated as ‘Outstanding’ by Ofsted, and more deprived areas have a much higher proportion of ‘Inadequate’ or ‘Requires improvement’ schools.¹⁰⁹

Path dependence at 14

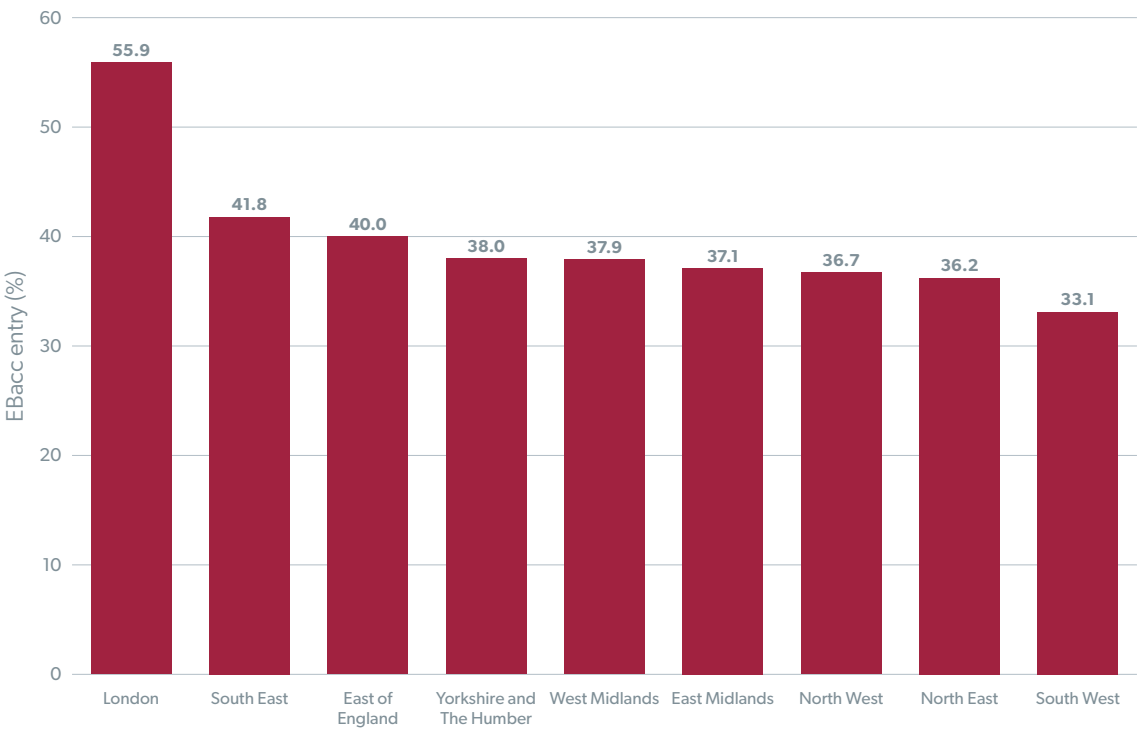
Path dependence is cemented as pupils enter Key Stage 4. In the Japanese model, subject choice is substantially constrained throughout lower secondary school until the age of 15. This was the intention of the English Baccalaureate, seeking to ensure the same high standard for all young people in GCSE attainment.

What happened instead was another dimension of stratification by stealth.

Full EBacc entry is four times as common among high KS2 attainers than low attainers, and low KS2 attainers are 18 times as likely not to take maths as high attainers.

This same relationship is true – albeit less starkly – regionally, where EBacc entry is much higher in London than the rest of the country.

Figure 3 – EBacc entry is far higher in London



Source: Department for Education (2026) Key stage 4 performance : Academic year 2024/25. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/key-stage-4-performance/2024-25> (Accessed: 8 July 2026)

109 Milburn Review.

Path dependence at 16, 18, and beyond

Such disparities follow through into education outcomes.

Attainment 8¹¹⁰ scores are two-and-a-half times higher for high KS2 attainers than for low KS2 attainers, with 96 per cent passing English and maths compared to 20 per cent for low attainers. Perhaps most clearly, high KS2 attainers have an average progress 8 score of 0.02, compared to -0.14 for low KS2 attainers.¹¹¹ Those who fall behind fall behind further.

Following these exams, high KS2 performers go to sixth forms while low performers go to further education colleges – even across socioeconomic context. Almost half (47.6 per cent) of disadvantaged pupils with high KS2 attainment enter School Sixth Forms, almost three times the rate of 17.1 per cent for non-disadvantaged pupils with low KS2 attainment. Just 24.1 per cent of disadvantaged, high KS2 attainment pupils enter FE, while 53.0 per cent – more than twice as many – non-disadvantaged pupils with low KS2 attainment enter FE.¹¹²

Finally, at 18, twice as many low KS2 attainers enter no sustained destination as high KS2 attainers (20.4 per cent versus 11.9 per cent).¹¹³

2.2.2 The consequence of no alternative

Path dependence fuels the NEETs crisis in a way that a general system, an openly selective system, or a stratification system cannot. This is because the system does not provide anything substantial or inspiring for those who fail to thrive on the main track.

Instead, what is created is a cohort of children whose education disintegrates as they drift through secondary school. Ultimately, these provide a large share of the flow into the NEET population.

The immediate cost: disintegrating education

For many children who arrive at secondary school already behind, their secondary schooling is characterised by drift, and their education prospects disintegrate over these years.

We see this in school absence, exclusions and suspensions data, and in the surging number leaving the education system to be home educated.

Absence, suspensions and exclusions

One thing that school absence, school suspensions, and school exclusions data all share is a shocking rise in incidence as children progress from Years 6 to 10. Figure 4 shows these indexed at Year 6 to see the scale of the rise in each over the years of secondary schooling. The rate of severe absence increases by six times between Years 6 and 10, permanent exclusions seven times, and suspensions eight times.

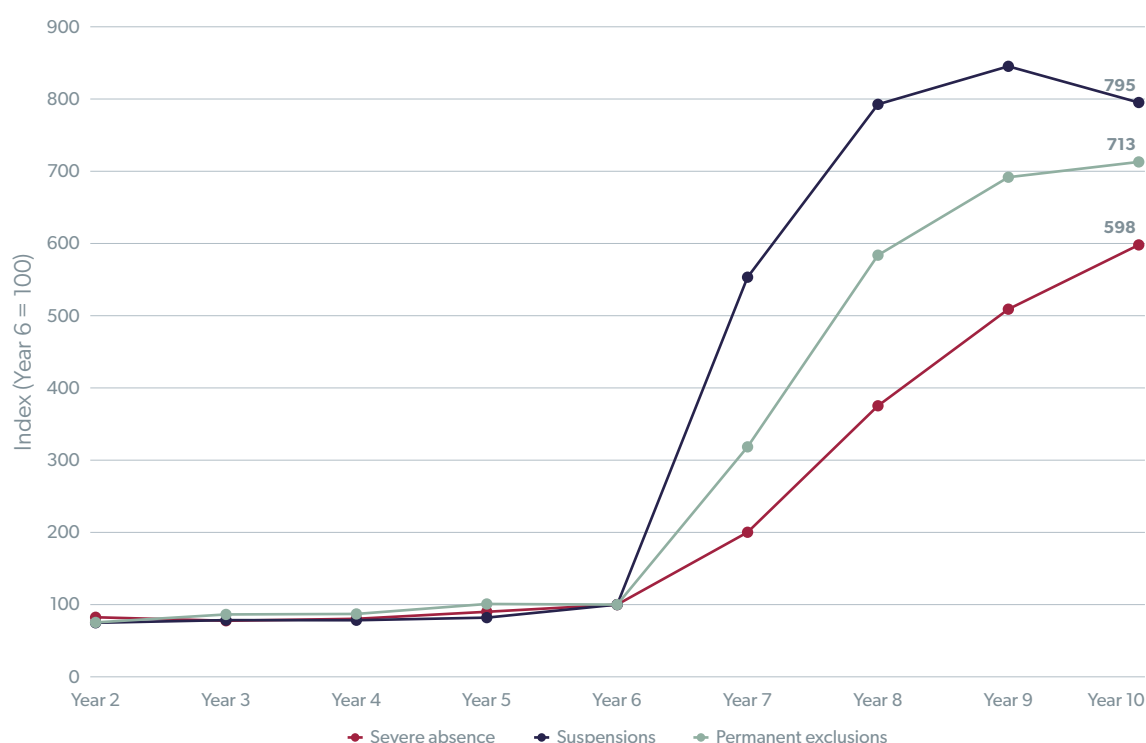
¹¹⁰ Attainment 8 is a single number that aggregates GCSE performance, with emphasis on core subjects. Rewiring Education Part 1, p. 31.

¹¹¹ Department for Education (2026) Key stage 4 performance, 23 April. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/key-stage-4-performance/2024-25> (Accessed: 24 June 2026).

¹¹² Department for Education (2026) Key stage 4 destination measures, 23 April. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/key-stage-4-destination-measures/2023-24> (Accessed: 24 June 2026).

¹¹³ Department for Education (2026) 16-18 destination measures, 23 April. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/16-18-destination-measures/2023-24> (Accessed 29 June 2026).

Figure 4 – Absence, suspensions, and exclusions rise rapidly in secondary school



Source: Department for Education (2026) Suspensions and permanent exclusions in England. 30, April. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/suspensions-and-permanent-exclusions-in-england/2024-25-spring-term> (Accessed: 2 July 2026); absence: Department for Education (2026) Pupil absence in schools in England. 21, May. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/pupil-absence-in-schools-in-england/2024-25> (Accessed: 2 July 2026) (Note: suspensions and exclusions data is for Spring 2025, absence is for joint Autumn 2024 and Spring 2025.)

Home education

At the most severe end of this, we have seen that home education has increased by nearly three-and-a-half times between January 2016 and Autumn 2025, from 37,500 to 126,000 children.¹¹⁴ This rise, too, has been concentrated among the same cohort. Figure 5 shows the number of children home educated by year group. We again see the same trend, where the proportion surges between Years 6 and 11.

This mirrors research by the Centre for Social Justice that has found much home education is a result, not of conviction, but of relational breakdown.¹¹⁵

“The thing that concerns me most, are growing reports from some parents who feel they are being coerced into home educating their child, reasons other than the child’s best interest, with parents often left with little or no support.”

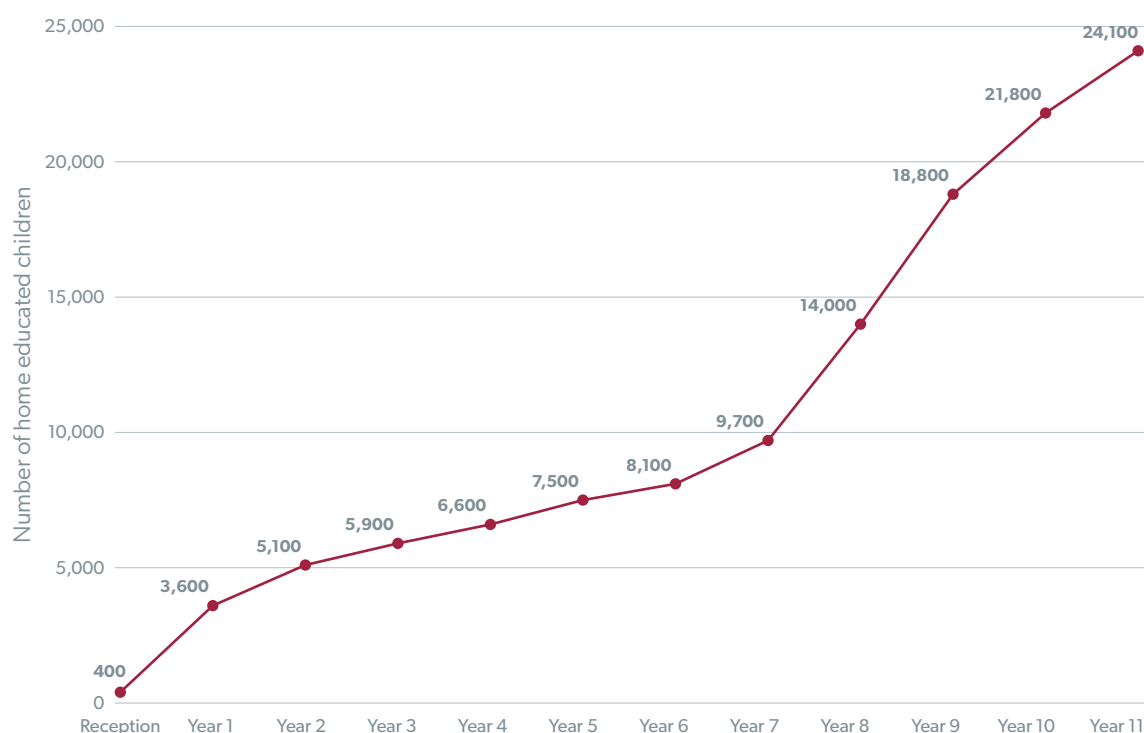
Dame Rachel de Souza, Children’s Commissioner for England¹¹⁶

¹¹⁴ ADCS (2016) Overview of the ADCS Survey on Elective Home Education - May 2016, May. Available at: <https://www.adcs.org.uk/elective-home-education/> (Accessed: 29 June 2026); Department for Education (2026) Elective home education, 15 January. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/elective-home-education/2025-26-autumn-term#content> (Accessed: 29 June 2026).

¹¹⁵ Centre for Social Justice (2022) Out of Sight and Out of Mind, November. Available at: <https://www.centreforsocialjustice.org.uk/wp-content/uploads/2022/11/CSJ-Home-education-report.pdf>.

¹¹⁶ Ibid.

Figure 5 – Home education also surges between Years 6 and 11



Source: Department for Education (2026) Elective home education, 15 January. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/elective-home-education/2025-26-autumn-term> (Accessed: 15 July 2026).

The longer-term cost: a path into becoming NEET

In the longer-term, all these factors lead to the same place: becoming not in education, employment, or training. The Milburn Review highlighted lack of belonging, absence, suspensions, exclusions, and home education as key risk of NEET indicators.

For school absence, the review found that persistent absenteeism is associated with a 3.9 times greater risk of being NEET at age 16 to 18 and a 6.3 times greater risk of being persistently NEET.¹¹⁷ Children who have been suspended are twice as likely to become NEET.¹¹⁸

Having an education system designed around comprehensive education until 16 and yet failing to take all young people along the way, consistently generates a disengaged cohort with weak employment outcomes.

¹¹⁷ Connell, E. et al. (2024) School absence and Not in Education, Employment or Training, Vulnerability & Policing Futures Research Centre, 5 September. Available at: <https://vulnerabilitypolicing.org.uk/school-absence-and-not-in-education-employment-or-training/> (Accessed: 29 June 2026).

¹¹⁸ Joseph, A. and Crenna-Jennings, W. (2024) Early adult outcomes for suspended and excluded pupils, Education Policy Institute, August. Available at: <https://im-petus-org.files.svdcn.com/production/assets/publications/Report/Early-adult-outcomes-for-suspended-pupils-FINAL.pdf?dm=1754567556> (Accessed: 10 July 2026).

2.3 Learning from best practice

This issue feels so ingrained that it can never be overcome, that our education system can never consistently build a good education for those who fall behind, but there are regional examples in the UK, and abroad, that challenge that assumption.

2.3.1 Years 7-9: early careers education and exposure

For the school system to stop the disintegration of engagement for so many from Years 7 to 9, provision needs to be more closely tied to what students will need to bridge from education to employment.

Pupils need assistance and information on potential educational and careers pathways. And they need direct intervention to help promote work-relevant soft skills. As highlighted by the Milburn Review, employers are increasingly encountering confidence and resilience issues when hiring young workers entering the labour force.¹¹⁹ As a first step, this should be counteracted by schools providing more well-rounded support to their pupils. Both employers and young people consistently cite lack of work experience as a major barrier to work.^{120 121}

Policy has improved in this area, but there is much more to learn from best practice within the country and across the world to improve how much pupils are preparing for adult life throughout their secondary schooling.

Gatsby Benchmarks

The Gatsby Benchmarks, originating in the Leitch Review, are a core part of England's school-based careers education. The benchmarks were designed to improve the quality of career guidance offered at schools and colleges, built through evaluating the best careers guidance across the OECD in Germany, Netherlands, Ireland and a few other areas.

There are eight Gatsby Benchmarks, designed around ensuring that careers education is meaningful. They are:

1. A stable careers programme
2. Learning from career and labour market information
3. Addressing the needs of each young person
4. Linking curriculum learning to careers
5. Encounters with employers
6. Experiences of workplaces
7. Encounters with further and higher education
8. Personal guidance

¹¹⁹ Milburn Review.

¹²⁰ Milburn Review, Figure 17.

¹²¹ Youth Employment UK (2025) 2025 Youth Voice Census Results. Available at: www.youthemployment.org.uk/youth-voice-census/results/ (Accessed 29 June 2026).

Implementation is supported through the Careers and Enterprise Company (CEC), which provides hubs, coordinators, and training.¹²² The Baker Clause statutorily requires that schools must ensure all students are informed about approved technical pathways and opportunities, which is enforced by Ofsted.¹²³

The Benchmarks have been adopted widely across the schools system, with 90 per cent of schools now benchmarking against the framework, and the average number of benchmarks achieved having risen from 2.1 to 5.8 since their introduction.¹²⁴ There is also evidence to suggest that NEET rates are lower when more benchmarks are achieved.¹²⁵ The Careers and Enterprise Company argue that the highest quality careers provision reduces the likelihood of young people being NEET by eight per cent and is thus generating £300 million in annual fiscal savings.¹²⁶

Best practice at home

We can learn from best practice at home and abroad in how this should be done.

Case study 3: Early careers education – David Nieper Academy, Derbyshire

In September 2016, Alfreton Grange Arts College was renamed David Nieper Academy and converted into an academy, having been in special measures after being deemed inadequate by Ofsted in 2013.¹²⁷ It was in the bottom two per cent of schools in England when it was taken over.¹²⁸

In this context, the school focused its provision on ensuring that young people who were less academically inclined were well prepared for meaningful work in adulthood.

In Years 7 and 8, pupils have a double lesson per fortnight called 'Employability'.¹²⁹ This subject includes modules such as the 'Fiver Challenge', where pupils launch their own mini enterprises, starting with a fiver. These culminate in 'Employability Workshops' in Years 8, 10, and 12 focused on understanding the opportunities in, and expectations of, the workplace they will enter.

To facilitate this, the school is supported by employer partnerships including Places for People, major construction company Bowmer and Kirkland, and TC Harrison.¹³⁰ These employer partners take on pupils as apprentices each year.

Alongside this, the PSHE provision is tailored to complement the employability work, with savings, loans, apprenticeships, workplace skills, CV writing and preparing for job interviews all on the curriculum.¹³¹

122 Department for Education (2026) *Careers hubs*, 19 March. Available at: <https://www.gov.uk/government/publications/access-support-from-school-hubs/careers-hubs> (Accessed: 24 June 2026).

123 The National Archives (1997) Education Act 1997. Available at: <https://www.legislation.gov.uk/ukpga/1997/44/section/42B>.

124 Careers & Enterprise Company (2025). Written evidence from Careers & Enterprise Company (SMP0050). Submission to the House of Commons Science, Innovation and Technology Committee. Available at: <https://committees.parliament.uk/writtenevidence/141787/pdf/> (Accessed: 24 June 2025).

125 Ibid.

126 Ibid.

127 Bisknell, E. (2022) New £15m Derbyshire school needs outdoor canopy as dinner hall is too small, Derbyshire Telegraph, 20 May. Available at: <https://www.derbytelegraph.co.uk/news/local-news/new-15m-derbyshire-school-needs-7106819> (Accessed: 24 June 2026).

128 Yule, S. (2026) UK school wipes out NEETs – pupils go onto education, The Sun, 9 May. Available at: <https://www.thesun.co.uk/money/39059914/uk-school-wipes-out-neets-pupils-go-onto-education/> (Accessed: 24 June 2026).

129 David Nieper Academy (n.d.) Careers in the Curriculum. Available at: davidnieper.academy/employability/careers-in-the-curriculum/ (Accessed: 24 June 2026).

130 Centre for Social Justice (2025) Skills to Build: Fixing Britain's construction workforce crisis, November. Available at: https://www.centreforsocialjustice.org.uk/wp-content/uploads/2025/11/CSJ-Skills_to_Build.pdf.

131 David Nieper Academy (n.d.) Careers in the curriculum. Available at: davidnieper.academy/employability/careers-in-the-curriculum/ (Accessed: 24 June 2026).

David Nieper was upgraded to 'Requires Improvement' in 2019 and 'Good' in 2022. Its exam performance has improved substantially but remains fairly low, with 55 per cent of pupils achieve GCSE English and Maths grades 9-4 in 2025, a climb from 44 per cent in 2023¹³² and just 40 per cent in 2017.¹³³

More striking are its destination measures. In 2025, 97 per cent of students at the end of post-16 education continued in education, training, or employment, compared to the national average of 79 per cent.¹³⁴ The school is now one of the most oversubscribed in its area.¹³⁵

Best practice abroad

To understand how this can be enhanced nationally through policy, we can look to the example of Singapore.

Case study 4: Education and Career Guidance – Singapore

To develop pupils' self-identity and ability to make education and career choices, primary and secondary schools in Singapore provide Education and Career Guidance (ECG) lessons.

At primary school, ECG covers a range of topics meant to allow students to discover their interests, abilities, and career aspirations as well as gain more understanding and awareness of secondary education.¹³⁶

At secondary school, the aim is for pupils to develop self-awareness and explore possible career pathways and education options.¹³⁷ It enables pupils to identify who they are, where they want to go, and how they can get there.¹³⁸

"ECG helps our children develop a growth mindset, adaptability and a resilient attitude to embrace future opportunities and appreciate the value of all occupations." - Ministry of Education, Singapore¹³⁹

132 Department for Education (n.d.) David Nieper Academy: results over time. Available at: <https://www.compare-school-performance.service.gov.uk/school/142405/david-nieper-academy/secondary/results-over-time> (Accessed: 24 June 2026).

133 David Nieper Academy (2018) GCSE Results 2017-18. Available at: <https://davidnieper.academy/wp-content/uploads/2018/10/GCSE-Results-2017-18.pdf> (Accessed: 24 June 2026).

134 David Nieper Academy (2025) Post-16 Results (KS5). Available at: <https://davidnieper.academy/wp-content/uploads/2025/11/Post-16-Results-Website-Upload-KS5.pdf> (Accessed: 24 June 2026).

135 Yule, S. (2026) UK school wipes out NEETs – pupils go onto education, The Sun, 9 May. Available at: <https://www.thesun.co.uk/money/39059914/uk-school-wipes-out-neets-pupils-go-onto-education/> (Accessed: 24 June 2026).

136 Ministry of Education, Singapore (n.d.) Education and career guidance in schools. Available at: <https://www.moe.gov.sg/education-in-sg/our-programmes/education-and-career-guidance/education-and-career-guidance-in-schools> (Accessed: 24 June 2026).

137 Ibid.

138 Ministry of Education, Singapore (n.d.) Education and career guidance: overview. Available at: <https://www.moe.gov.sg/education-in-sg/our-programmes/education-and-career-guidance/overview> (Accessed: 24 June 2026).

139 Ibid.

Pupils are taught to understand how their interests, knowledge, skills, and attitudes can be transferable to different education choices and occupations.¹⁴⁰ They also establish short-term goals to work towards their aspired pathways and build skills to make them workplace ready, such as developing their CV.¹⁴¹ Secondary schools are resourced with ECG Counsellors, who guide pupils to make informed decisions about their education and career plans.¹⁴²

ECG also makes a concerted effort to engage parents. Resources are provided for parents to complete, which encourage open communication with their child and active exploration of possible career and education pathways.¹⁴³ It is also reinforced to parents the importance of their child developing the critical core skills demanded by employers, such as problem solving, adaptability, and communication.¹⁴⁴

RECOMMENDATION 1

Education and Career Guidance

The DfE should develop a mandatory Education and Career Guidance (ECG) course for all secondary school pupils, starting in Year 7, inspired by Singapore's provision. Pupils should receive one lesson per week, with the structure of these lessons changing as pupils progress through secondary school.

ECG should encourage pupils to consider the pathways available to them and the steps needed to reach them. ECG should also include modules aiming to develop pupils' resilience and other soft skills to enhance work readiness. The DfE should also ensure that parents are actively engaged in ECG, through the development of interactive materials and the inclusion of ECG in parent consultation evenings, so that the lessons taught in school are reinforced at home.

140 National Institute of Education, Singapore (2014) Education and career guidance (secondary): 2014 syllabus. Available at: https://library.nie.edu.sg/sites/default/files/2018-08/ECG_secondary-2014_syllabus.pdf.

141 Ibid.

142 Ministry of Education, Singapore (n.d.) Education and career guidance: overview. Available at: <https://www.moe.gov.sg/education-in-sg/our-programmes/education-and-career-guidance/overview> (Accessed: 24 June 2026).

143 Ministry of Education Singapore (n.d.) Journeying with our children, supporting their aspirations. Available at: <https://www.moe.gov.sg/education-in-sg/our-programmes/education-and-career-guidance/overview> (Accessed: 17 June 2026).

144 Ibid.

2.3.2 Years 10-11: Introducing a TBacc

For pupils not pursuing the EBacc, we must offer an alternative that better prepares them for their subsequent education pathway. Developing a nationally recognised technically orientated performance measure for pupils to obtain at 16 will go far towards rebalancing technical education with academic.

Case study 5: Focusing on KS4 – the Greater Manchester Baccalaureate

Aiming to create a clearer and stronger path for pupils choosing technical education over the academic route to university, the Greater Manchester Baccalaureate (MBacc) is a technical education pathway designed to sit alongside the academic EBacc.

The MBacc provides pupils with earlier and more diverse technical education options. At age 14, pupils choose subjects that enable progression to a selection of gateways. For example, on top of the essential subjects English, maths, sciences, and digital, pupils obtaining qualifications in design and technology, business studies, geography, engineering, and construction¹⁴⁵ can progress into one of three gateways at 16: construction and the green economy, engineering and manufacturing, and digital and technology.¹⁴⁶ Importantly, the academic route through A Levels remains available.¹⁴⁷

A range of options are available for pupils choosing to pursue further technical education. For example, a design, surveying and planning T Level or an apprenticeship in plumbing/heating engineering.¹⁴⁸ These qualifications are mostly designed for pupils to move directly into work in related occupations but can also allow entry into Higher Technical Qualifications and Professional Qualifications.¹⁴⁹

By reducing the age at which pupils select a distinct technical pathway, the addition of the MBacc moves Manchester's education system closer to the Dutch and German systems. Provided high-quality teaching and well-designed qualifications, pupils will gain a broader set of skills that are relevant to their eventual occupation, which will smoothen the transition between school and work.

RECOMMENDATION 2

A National Technical Baccalaureate

The Department for Education (DfE) should develop a Technical Baccalaureate (TBacc): a technically orientated performance measure that recognises pupils who sit GCSEs in a specific set of subjects. This will include English language and literature, maths, and the sciences as essential subjects plus at least two technically orientated optional GCSEs. These optional subjects could include, for example, computer science, design and technology, construction and the built environment, or engineering.

¹⁴⁵ Greater Manchester Combined Authority (2024) The Greater Manchester Baccalaureate, July. Available at: <https://www.greatermanchester-ca.gov.uk/media/f5w-btxu2/mbacc-brochure-school-leaders-v2.pdf> (Accessed: 29 June 2026).

¹⁴⁶ Ibid.

¹⁴⁷ Ibid.

¹⁴⁸ Ibid.

¹⁴⁹ Ibid.

RECOMMENDATION 3

A Technical Educator Passport

To ensure this TBacc can be resourced with teaching expertise, those teaching them must be able to bring genuine industry expertise into the classroom.

The Government should create a Technical Educator Passport as a dedicated pathway within the Assessment Only route to QTS.¹⁵⁰ Holders of a recognised professional qualification in a technical field would be exempt from the requirement to have taught in two or more schools, while meeting all other Assessment Only criteria.

Following the Children's Wellbeing and Schools Act 2026,¹⁵¹ the Government should use the forthcoming QTS regulations and statutory guidance which is due to be updated this autumn ahead of the requirement taking effect in September 2027¹⁵² to preserve academies' and free schools' ability to appoint experienced STEM professionals without QTS. This should act as the on-ramp where industry entrants gain the classroom experience that lets them convert to QTS via the Passport, so openness to industry talent and teaching quality pull together.

150 Marsh, Z. (2025) From School To The Skilled Workforce: The Case for University Technical Colleges, Policy Exchange. Available at: <https://policyexchange.org.uk/wp-content/uploads/From-School-To-The-Skilled-Workforce.pdf> (Accessed: 29 June 2026).

151 UK Parliament (2026) Children's Wellbeing and Schools Act 2026, 26 June. Available at: <https://bills.parliament.uk/bills/3909> (Accessed: 29 June 2026).

152 NASBTT (n.d.) DfE: The Children's Wellbeing and Schools Act (2026) – Qualified Teacher Status (QTS) and Statutory Induction changes. Available at: <https://www.nasbtt.org.uk/dfe-the-childrens-wellbeing-and-schools-act-2026-qualified-teacher-status-qts-and-statutory-induction-changes/> (Accessed: 29 June 2026).

Chapter 3:

Further education with mixed and missed objectives

“There’s a fundamental error [...] to conflate two things. The problem that we have with 20, 30, 40 per cent of students who do not achieve their full potential [...] and the quality of technical and vocational education.

The conflation of the two reinforces a particular point, and that particular point is broadly “you’re not doing well, vocational is for you” and yet at the same time we talk about parity of esteem between vocational, technical, and academic. Our actions are always to confirm that vocational and technical are for those who don’t succeed, who fall behind.”

The Rt Hon. The Lord Gove at the Centre for Social Justice, 26th January 2026.¹⁵³

England has created a post-16 technical system confused by competing objectives. The further education sector, in addition to leaving too many young people behind, is caught between the roles of educational safety net and prestigious technical pathway. In this misguided middle, it struggles to do either effectively.

Two – often conflicting – objectives

Further education as a safety net

On the one hand, FE picks up many of the young people whose engagement and attainment have deteriorated during secondary school, offering a second chance to those who have struggled on the mainstream academic route up to age 16. It seeks to rebuild their confidence and help them gain the qualifications required to reach further destinations. Sometimes, this can look like a bridge into more accessible university courses.

¹⁵³ Rewiring Education Part 1.

Further education as technical excellence

On the other hand, FE exists to provide stratification: to be a high-quality technical pathway that can compete on a parity with the academic A Level to university route. Its purpose is to allow young people who have completed their general education to specialise in technical subjects, develop occupational expertise, and pursue a clear route into skilled employment. At its best, FE should be an exceptional destination of choice, rather than a fallback option.

These two objectives are importantly different. At one extreme, they resemble youth services that provide intensive support for young people struggling in education, at the other end, they resemble segmentation of elite education into specialist occupations.

These functions serve two different groups of learners, requiring different forms of provision, and seeking different outcomes. Yet the current FE system is expected to cater to both. It struggles to fulfil either role effectively.

3.1 Overview: the further education system

Further education (FE) college is the single most common destination after Key Stage 4, with 37 per cent of pupils completing key stage 4 progressing into them, compared to 34 per cent to school sixth forms, 13 per cent to sixth form colleges, and only a small proportion entering work or apprenticeships.¹⁵⁴

FE colleges also serve a much broader population than school or sixth-form provision. While they are the main post-16 destination for many young people, only around a third of FE learners are 18 or under, while half are over the age of 25.¹⁵⁵ Despite this wider remit, 16–18 education still accounts for around 60 per cent of FE colleges' public funding.¹⁵⁶

Taken as a whole, the FE sector has shrunk in the last decade. Student numbers fell by about 14 per cent between 2016/17 and 2023/24.¹⁵⁷ However, this overall decline masks some more recent growth: since 2022, the number of 16- and 17-year-olds studying Level 2 courses at FE colleges has risen substantially.¹⁵⁸

Despite recent increases, funding pressures remain a significant challenge for the FE sector. In real terms, funding per student in further education colleges is still around eight per cent below its 2010/11 level, compared with a three per cent reduction for secondary schools. However, FE has fared better than school sixth forms and sixth form colleges, where funding has fallen by around 16–18 per cent over the same period.¹⁵⁹ Since 2019/20, funding has begun to recover, rising by around 11 per cent in FE colleges and seven per cent in school sixth forms.¹⁶⁰ As a result, FE colleges now receive higher per-student funding (£8,000 in the 2025/26 academic year) than school sixth forms (£6,400) or sixth form colleges (£6,000).

¹⁵⁴ Department for Education (2026) Key stage 4 destination measures, 23 April. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/key-stage-4-destination-measures/2023-24> (Accessed: 29 June 2026).

¹⁵⁵ Department for Education (2025) Education and training statistics for the UK, 13 November. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/education-and-training-statistics-for-the-uk/2025> (Accessed: 29 June 2026).

¹⁵⁶ Moura, B. and Tahir, I. (2024) The state of college finances in England. The Institute for Fiscal Studies. Available at: <https://ifs.org.uk/sites/default/files/2024-10/State-of-college-finances-in-England.pdf>.

¹⁵⁷ Department for Education (2025) Education and training statistics for the UK, 13 November. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/education-and-training-statistics-for-the-uk/2025> (Accessed: 29 June 2026).

¹⁵⁸ Farquharson, C. et al. (2026) Annual report on education spending in England: 2025–26. The Institute for Fiscal Studies, January. Available at: <https://ifs.org.uk/sites/default/files/2026-01/IFS-annual-report-on-education-spending-in-England-2025-26.pdf> (Accessed: 29 June 2026).

¹⁵⁹ Ibid.

¹⁶⁰ Ibid.

At the same time, in the last two decades, government funding has been reoriented away from classroom-based provision and towards work-based learning and apprenticeships. Funding for classroom-based learning has fallen (in 2025/26 prices) from £5.3 billion in the early 2000s to £1.8 billion in 2024/25, while work-based funding has doubled from around £1.4 billion in 2002/03 to £2.8 billion over the same period.¹⁶¹

There are clear signs that the further education system is struggling. Almost three in ten colleges were reporting deficits in 2023/24, 16 per cent of which had been in deficit for at least three consecutive years – although this is an improvement on the period between 2015/16 and 2019/20 when more than half of colleges were in deficit.¹⁶² There are also currently an estimated 32,000 unfunded students in the sector, alongside a staff vacancy rate of 3.9 per cent and a five-year teacher retention rate of just 50 per cent.¹⁶³ For context, the school sector – known for its teacher retention crisis – has a five-year retention rate of two-thirds.¹⁶⁴

3.2 The struggling further education system

3.2.1 Further education struggling as a ‘safety net’

The first of the core objectives of the further education (FE) sector is to act as a safety net for young people who struggle in secondary school. This role is evident in who FE colleges serve. Among those who fail to achieve grades 4 in GCSE English and Maths, 55 per cent progress into FE college, compared with just 8 per cent into school sixth forms. By contrast, among those who succeeded in passing both, only 27 per cent progress to FE while 49 per cent enter school sixth forms.¹⁶⁵

FE colleges therefore play a disproportionate role in supporting young people who leave secondary school with lower attainment. Their purpose is not simply to provide another place of study, but to help these students recover lost ground and progress into sustained education, training, or employment.

Even at the most basic level, that safety net has large holes, with many not making it to any post-16 provision. It is concerning to see that nearly one in five (some 18.8 per cent) of those who fail to pass GCSE English and Maths fail to secure a sustained destination at 16, suggesting that a significant number of vulnerable young people are falling through the gaps before post-16 education can support them.

Once in post-16 education, the effectiveness of FE as a safety net can be assessed by following students through the system: from their prior attainment, to retention, value-add and the destinations they achieve afterwards.

Prior attainment

Assessment of FE colleges must begin by recognising the challenges of the cohort that they serve. FE colleges have a much higher proportion of students with prior attainment below grade 4 compared to other educational settings: 34 per cent of those taking Applied General Qualifications (AGQs) and 3.1 per cent of those taking A Levels have low prior attainment – compared to 26 per cent and 2.0 per cent

¹⁶¹ Ibid.

¹⁶² Institute for Fiscal Studies (2025) Why 2025 is a critical year for FE funding, 9 January. Available at: <https://ifs.org.uk/articles/why-2025-critical-year-fe-funding>.

¹⁶³ Milburn Review.

¹⁶⁴ Department for Education (2026) Every Child Achieving and Thriving, February. Available at: https://assets.publishing.service.gov.uk/media/69ef496808ecdb5c-6f34afc2/Every_Child_Achieving_with_Correction_-_PRINT.pdf.

¹⁶⁵ Department for Education (2026) Key stage 4 destination measures, 23 April. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/key-stage-4-destination-measures/2023-24> (Accessed: 29 June 2026).

respectively at sixth form colleges, and even lower figures at school sixth forms and University Technical Colleges (UTCs).¹⁶⁶

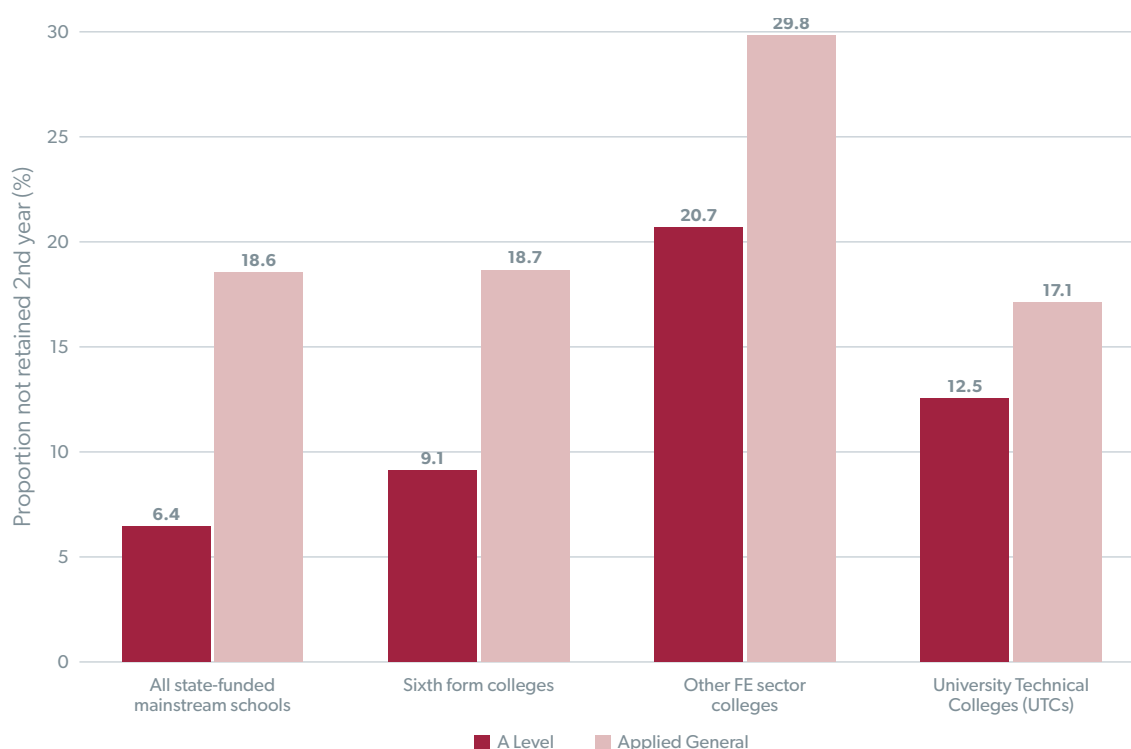
This means that poorer outcomes in FE cannot automatically be interpreted as poorer performance. Hence, this analysis focuses on value-add over attainment.

Retention

Nevertheless, retention into second year is materially poorer at FE colleges and raises concerns about the sector's ability to keep students engaged. A Level students are 2.3 times more likely to not be retained into their second year at FE colleges than Sixth Form Colleges, and over three times more likely to not be retained as those at school sixth forms.¹⁶⁷

A similar story is true for those taking Applied General Qualifications (AGQs), who make up the majority of those studying at FE colleges. Nearly three in ten AGQ students are not retained into their second year at FE college, far higher than at schools (19 per cent), sixth form colleges (19 per cent) and UTCs (17 per cent).¹⁶⁸ Much of this disparity is an inevitable consequence of the safety-net function of FE colleges – although it is concerning that so many are slipping through the net designed to catch them.

Figure 6 – FE college students are far more likely to not be retained into their second year



Source: DfE, A level and other 16 to 18 results.

¹⁶⁶ DfE, A level and other 16 to 18 results.

¹⁶⁷ Ibid.

¹⁶⁸ Ibid.

Value-add

These concerns are exacerbated when we evaluate the value-add of FE colleges against other institutions. Value-add assesses the progress students make relative to what would have been expected based on their prior attainment.¹⁶⁹ It therefore provides a better indication of institutional performance than raw attainment alone.

We would expect – as we see – that school sixth forms would perform more strongly on A Levels than colleges. However, in AGQs, we would hope FE colleges can help students who have fallen behind to catch up with a more flexible programme as the flexibility should help FE colleges fulfil their safety-net function by enabling young people to recover lost ground and progress successfully. However, the opposite appears to be true. The greater flexibility of AGQs drives relatively large value-add in these qualifications at both schools (+0.10) and sixth form colleges (+0.22) but in fact emphasises the issues in the FE sector (-0.24).

Rather than narrowing attainment gaps, students in FE colleges appear to fall further behind relative to expectations. UTCs provide results which characterise a technical pathway more, with the worst academic results but stronger AGQ outcomes – although even here their value-add is poor (-0.08).¹⁷⁰

The implication is troubling. The institutions that serve the largest share of lower-attaining students are generating the weakest progress measures. The FE safety net is not consistently helping learners regain momentum once they enter post-16 education. They continue to fall further behind.

Figure 7 – Young people fall further behind in A Levels and AGQs at FE college



Source: Department for Education (2026), A level and other 16 to 18 results: value added – institution type and sex, revised 2023/24 data. Available at: <https://explore-education-statistics.service.gov.uk/data-catalogue/data-set/38832da0-a435-47aa-bb33-3197066bbec7>

¹⁶⁹ Cambridge Insight (n.d.) What is value-added in education and how does it help?. Available at: cambridge.org/insight/what-is-value-added (Accessed: 3 July 2026).

¹⁷⁰ Ibid.

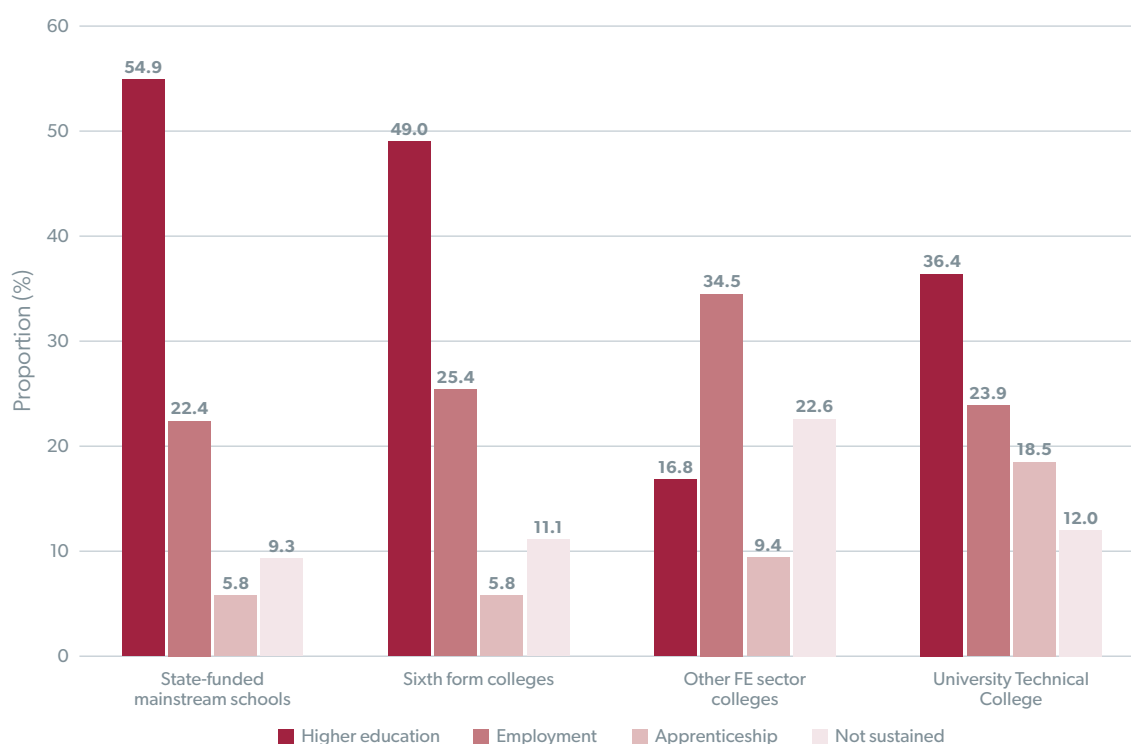
Destinations

Destination data is even more striking, especially considering it sits downstream of retention and attainment. If FE colleges are succeeding as a safety net, we would expect this to be reflected in the destinations students achieve after leaving. However, FE college leavers are twice as likely as sixth form college leavers to not sustain a destination (23 per cent versus 11 per cent) and two-and-a-half times as likely as school leavers (9 per cent). Similarly, while being much less likely to enter higher education – one in six compared to half for sixth form colleges and schools – this does not correspond with a similar rise in the likelihood of employment or apprenticeships. Only 61 per cent of FE leavers enter one of work, HE, or apprenticeships, compared with around 80 per cent for sixth form colleges, schools, and UTCs.¹⁷¹

The progression challenge begins even earlier. Just 37 per cent of those studying at Level 2 at 16 progress to Level 3 qualifications or apprenticeships by age 18.¹⁷²

There is, however, one important area in which FE colleges perform relatively strongly. Young people leaving FE are materially more likely to move directly into sustained employment, with around 35 per cent sustaining work, over a third more than any other institution.¹⁷³

Figure 8 – Substantially fewer leavers sustain destinations after FE college



Source: Department for Education (2026) 16-18 destination measures, 23 April. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/16-18-destination-measures/2023-24> (Accessed 29 June 2026).

¹⁷¹ Department for Education (2026) 16-18 destination measures, 23 April. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/16-18-destination-measures/2023-24> (Accessed 29 June 2026).

¹⁷² Department for Education (2026) Curriculum and Assessment Review Final Report, 5 November. Available at: <https://www.gov.uk/government/publications/curriculum-and-assessment-review-final-report>.

¹⁷³ Department for Education (2026) 16-18 destination measures, 23 April. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/16-18-destination-measures/2023-24> (Accessed 29 June 2026).

Operating as a safety net is not a straightforward role for an organisation to take, and FE colleges have an especially difficult challenge when working with a cohort that has often experienced years of disengagement, low attainment and weak educational outcomes in the 11-16 system. However, it is not an acceptable long-term solution to have a safety net where young people not only fall further behind educationally, but also consistently struggle to find positive destinations afterwards.

3.2.2 Broader work readiness and driving licences

For many young people, experience of the workplace is as fundamental as formal education in preparing them for their future career, and complements education institutions in preparing young people for adult life, alongside parents. A crucial part of why FE colleges have become ineffective at turning teenagers into adults is because they are increasingly alone in the fight.

The languishing youth labour market is a major contributing factor in undermining the work of FE colleges. There are many factors here, but there is one roadblock that needs clearing urgently: the difficulty for young people in getting driving licences.

The languishing youth labour market

As opportunities for young people to gain experience of work have diminished, FE colleges have been left trying to deliver employability, workplace readiness, and adult socialisation without the support of a strong youth labour market.

In the Netherlands, over three quarters of 18-to-24-year-olds in education are also in employment, whereas it is only 40 per cent in the UK.¹⁷⁴ This is even worse if we focus on 16- and 17-year-olds. As Figure 9 shows, the proportion of 16-to-17-year-olds who are in employment has collapsed over the past thirty years, from 49 per cent in Q4 1997 to 20 per cent today.

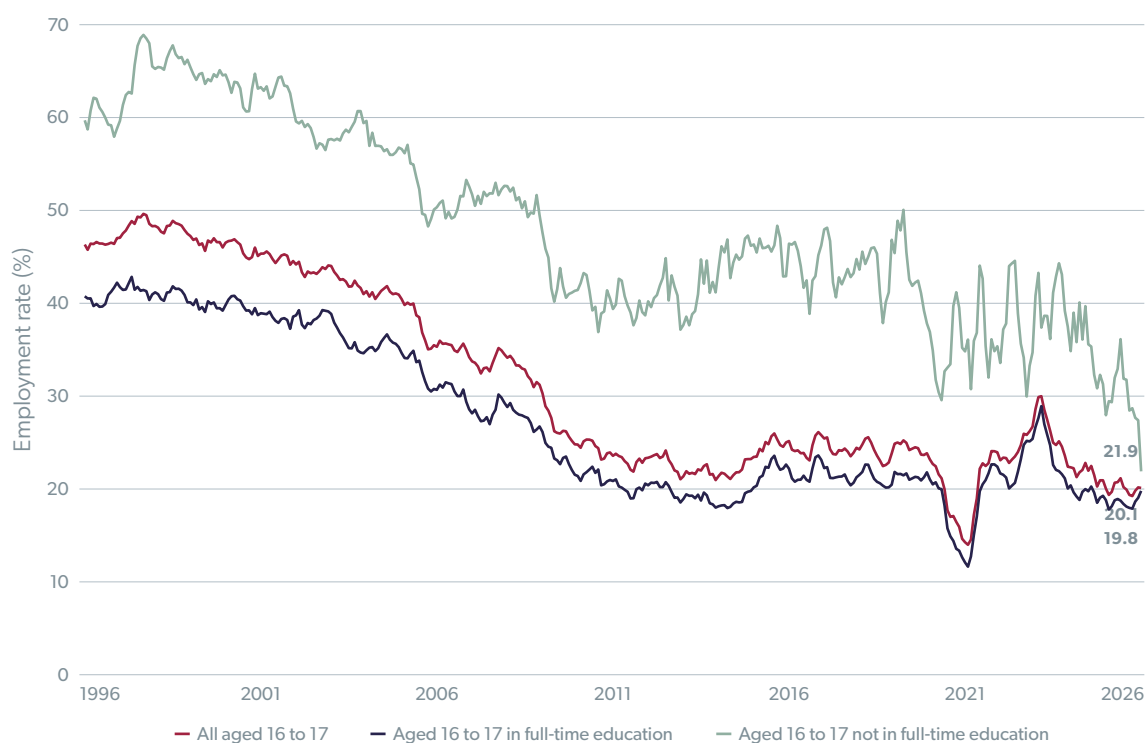
A substantial part of this over the period has been the increase in participation in education to 18. At the beginning of 1996, 71 per cent of 16-to-17-year-olds were in full-time education, this has risen to 85 per cent at the beginning of 2026. For most of this period those in education were much less likely to work, and thus the 16-to-17 employment rate fell.

However, in 2026, this explanation fails. It can no longer be said that falling teenage employment is due to rising teenage education participation because, in raw numbers, there are now more 16-to-17-year-olds who are both not in full-time education and not in work than there were thirty years ago. The employment rate among those aged 16 to 17 who are not in education has converged to that of those in education – it is now just 22 per cent.

It is now more accurate to say that, irrespective of education participation, teenage employment has collapsed.

174 OECD (2025) Education at a Glance 2025, 9 September. Available at: www.oecd.org/en/publications/2025/09/education-at-a-glance-2025_c58fc9ae.html.

Figure 9 – Teenage employment rates have collapsed, irrespective of education participation



Source: Quarterly LFS

This matters because a strong youth labour market complements the education system. When fewer teenagers are working, there are fewer opportunities for young people to gain experience and develop confidence and connections within the workplace. FE colleges are therefore being asked to prepare young people for adulthood and employment without them independently being able to experience employment.

The decline in driving licences

A substantial and often underappreciated blockage here is the inability to attain driving licences. This longstanding problem has hugely worsened since the pandemic, as the driving-test system has developed a large and persistent backlog, with no sign of improving.

A huge blockage in driving test access

An estimated 1.1 million driving tests were lost during the pandemic.¹⁷⁵ The effects of that disruption are still embedded in the system: in September 2025, around 400,000 existing bookings were attributable to the pandemic backlog, while a further 360,000 backlog-related tests had yet to enter the booking system.¹⁷⁶ Those individuals have been failed to an extraordinary extent.

The National Audit Office report that average waiting times for practical car driving-tests reached 22 weeks in September 2025, compared with just over five weeks in early 2020.¹⁷⁷ Waiting times in parts

¹⁷⁵ National Audit Office (2025) Investigation into car driving test waiting times, 17 December. Available at: <https://www.nao.org.uk/reports/investigation-into-car-driving-test-waiting-times/> (Accessed: 30 June 2026).

¹⁷⁶ Ibid.

¹⁷⁷ Ibid.

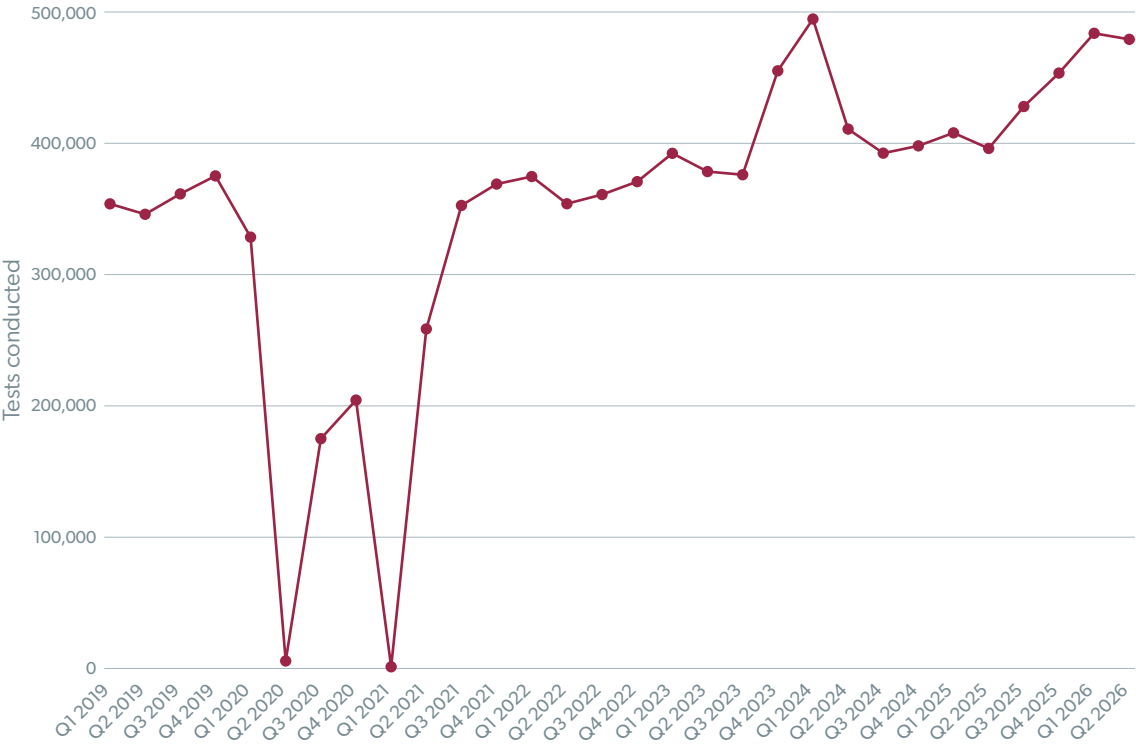
of the Midlands, South and London have continued to deteriorate since 2022 post-pandemic,¹⁷⁸ despite claims of progress. The backlog is becoming entrenched rather than steadily improving.

However, the long wait is only the visible part of the problem. Tests are released on a rolling 24-week basis, meaning that once local capacity is exhausted, learners simply cannot enter the queue.¹⁷⁹ National Audit Office evidence found that around 70 per cent of test centres were operating at the maximum 24-week wait. In these centres, it was simply impossible to book a test at all. Only five per cent of all possible slots were available.¹⁸⁰ By 2026, this has only improved to an average of 7.7 per cent availability throughout 2026 across England.¹⁸¹

Conveniently, DVSA acrobatics to assure of falling waiting times¹⁸² do not use the average wait times stats nor do they acknowledge the vast number of people unsuccessfully attempt to secure a booking in their calculations.¹⁸³

Despite repeated interventions, the government response has been unsuccessful in matching the scale or nature of the problem. There has been an uptick in the supply of tests, as shown by table, but an insufficient one. Four years on from tests re-opening, there are still an estimated 480,000 missing tests.

Figure 10 – test numbers have improved but not enough to match demand



Source: Driver and Vehicle Standards Agency (2026) Driving test and theory test data: cars. Available at: <https://www.gov.uk/government/statistical-data-sets/driving-test-and-theory-test-data-cars> (Accessed: 22 July 2026)

178 O'Brien, N. (2024) New data on the driving tests crisis, 14 October. Available at: neilobrien.co.uk/p/new-data-on-the-driving-tests-crisis (Accessed: 30 June 2026).
 179 Ibid.
 180 National Audit Office (2025) Investigation into car driving test waiting times, 17 December. Available at: <https://www.nao.org.uk/reports/investigation-into-car-driving-test-waiting-times/> (Accessed: 30 June 2026), p12.
 181 <https://www.gov.uk/government/statistical-data-sets/driving-test-and-theory-test-data-cars>
 182 Oreschnick, C. (2026) Giving you a clearer picture of driving test waiting times, Driver and Vehicle Standards Agency, 18 June. Available at: <https://despatch.blog.gov.uk/2026/06/18/giving-you-a-clearer-picture-of-driving-test-waiting-times/> (Accessed: 8 July 2026).
 183 O'Brien, N. (2024) New data on the driving tests crisis, 14 October. Available at: neilobrien.co.uk/p/new-data-on-the-driving-tests-crisis (Accessed: 30 June 2026).

The enduring vast backlog is allowing scarcity to be monetised. The share of driving tests booked by businesses has risen from 7 per cent to 24 per cent in six years - roughly one in four slots, and more than triple the 2019 rate.¹⁸⁴ It is also creating a black market, with reports that instructors are being offered kickbacks of up to £250 a month to sell their official test-booking login details.¹⁸⁵

A longer rise in demand

This problem has been exacerbated by a long-term rise in the demand for driving tests, due in part to immigration, with DVSA board meeting minutes confirming that demand for tests from non-EU countries has increased substantially.¹⁸⁶ Licence holders moving to the UK from non-designated countries may drive on their home licence for only 12 months after becoming resident, after which they must pass both the DVSA theory test and practical driving test.¹⁸⁷ Designated countries are those from the EU or EEA plus some selected other countries.¹⁸⁸

The Office for National Statistics reports that there was 5.8 million total non-EU+ immigration in the ten years up to December 2025, with over 80 per cent aged 16 to 64.¹⁸⁹

Corroborating data affirms this, the share of theory tests accounted for by drivers aged 16-20 has fallen from over half to around 40 per cent in the last six years,¹⁹⁰ and the driving test backlog is concentrated in high-migration urban centres – the rise in demand has been concentrated where migrant demand is highest according to age and geography.¹⁹¹

This has meant that the shock to the system has happened at a time where the system was already under historic pressure to increase the supply of tests to manage rapidly growing demand. The driving tests system was in trouble without the lockdown wrecking ball.

A generational fall in licence holding

The disaster in driving licence holding among young people during and following the pandemic has had a large impact on licence holding, but it has also followed a long-term decline in youth licence-holding. It has also generated perverse incentives to behave poorly, both of which hit the poorest hardest. While official data on driving licence holding is erratic, with large year-on-year changes in estimates for each age group that bear minimal resemblance to either population or test pass statistics,¹⁹² it does appear clear that young people today are substantially less likely to hold a driving licence than previous generations, as shown in Table 1 below.¹⁹³

184 DVSA (2026) DVSA Stats: FOI. Available at: https://docs.google.com/spreadsheets/d/1FFw1laczzW_CGMYH-rvCjAe9NZ1Lj1d0zAn3TraAHE/edit?gid=0#gid=0 (Accessed: 30 June 2026).

185 Convery, N. et al. (2025) Driving test touts offer instructors £250 monthly kickbacks, BBC News, 6 December. Available at: <https://www.bbc.co.uk/news/articles/cn0k2858jji1o> (Accessed: 30 June 2026).

186 Lancefield, N. (2025) 'Driving test backlog is partly caused by immigration, officials tell minister'. The Independent. 14 September. Available at: <https://www.independent.co.uk/news/driving-test-backlog-is-partly-caused-by-immigration-officials-tell-minister> (Accessed: 22 July 2026)

187 Gov.uk. Driving in Great Britain on a non-GB licence. Available at: <https://www.gov.uk/driving-nongb-licence> (Accessed: 22 July 2026)

188 Ibid. Designated non-EU countries: Andorra, Australia, Barbados, British Virgin Islands, Canada, Cayman Islands, Falkland Islands, Faroe Islands, Gibraltar, Hong Kong, Japan, Monaco, New Zealand, Republic of Korea, Republic of Moldova, Republic of North Macedonia, Singapore, South Africa, Switzerland, Taiwan, Ukraine, United Arab Emirates and Zimbabwe.

189 Office for National Statistics (2026) Long-term international immigration, emigrations and net migration flows, provisional. Available at: <https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/datasets/longterminternationalimmigrationemigrationandnetmigrationflowsprovisional> (Accessed: 22 July 2026). Gross immigration, non-EU+ as modelling overall new demand base. Tables 1 and 7d.

190 Collingwood (2026) 'Are learner drivers getting older?' Available at: <https://www.collingwood.co.uk/insight/learner-driver-age-trends/> (Accessed: 22 July 2026).

191 Dulgunde, V. (2026) 'UK driving test wait times by region, where the backlog actually lives'. PassRates.uk. 15 May. Available at: <https://passrates.uk/research/wait-time-by-region> (Accessed: 22 July 2026).

192 DVSA (2025) Driving test and theory test data: cars, 1 January. Available at: <https://www.gov.uk/government/statistical-data-sets/driving-test-and-theory-test-data-cars> (Accessed: 29 June 2026).

193 Department for Transport (2025) NTS0201: Full car driving licence holders by age and sex, aged 17 and over: England, 1975 onwards, 27 August. Available at: <https://assets.publishing.service.gov.uk/media/68a4318af49bec79d23d298b/nts0201.ods> (Accessed: 29 June 2026).

Table 1 – driving licences have declined among young people

Year	Proportion of 17–20-year-olds holding full car licence in England	Proportion of 21-to-29-year-olds holding full car licence in England
1992-1994	48%	75%
2019	35%	62%
2021	21%	67%
2024	29%	61%

Source: National Travel Survey, Department for Transport statistics. Data shown for All adults aged 17–20. Available at: <https://assets.publishing.service.gov.uk/media/68a4318af49bec79d23d298b/nts0201.ods>

Additionally, while the practical test pass rate has remained at around 48-51 per cent for the last decade,¹⁹⁴ the theory test pass rate has fallen from around two-thirds in the late 2000s to under 45 per cent today.¹⁹⁵ This has a large effect as those who fail re-enter the system. Dynamically, of those assessed, demand only falls by the number of passes but rises both by new ‘entrants’ and those who fail. Unless the number of passes each year exceeds new entrants plus re-entries, the backlog grows. With the combination of large wait times for retesting and a pass rate below fifty per cent, this is extremely difficult, as the flow into the backlog from those who fail for each tested ‘cohort’ exceeds the number that pass. We desperately need to increase testing capacity, but such low pass rates are unsustainable and wrongheaded.

The driving test backlog and the NEETs crisis

Transport poverty is consistently identified as a significant barrier to education, employment and training.¹⁹⁶ This challenge has a distinct rural dimension, as young people in rural areas are more likely to face limited transport links where opportunities are often dispersed across a much wider geographic area.¹⁹⁷

Driving licences are instrumental in access to work

Young people aged 16-18 in rural areas in the east of England travel around 30 per cent further than their urban peers to reach work or education,¹⁹⁸ while 52 per cent report driving because public transport alternatives are limited.¹⁹⁹ 86 per cent said poor transport makes them more likely to leave their rural community.²⁰⁰ In these areas, mobility is a prerequisite for participation. The CEO of a youth support organisation in Somerset describes how young people can face journeys “upwards of 90 minutes each way to access FE colleges”,²⁰¹ while access to vocational and technical provision is often especially constrained.

Historically, a driving licence offered a route out of this isolation. Limited bus services and times could often be overcome by learning to drive. The driving-test backlog now delays or blocks that solution,

194 DVSA (2025) Driving test and theory test data: cars, 1 January. Available at: <https://www.gov.uk/government/statistical-data-sets/driving-test-and-theory-test-data-cars> (Accessed: 29 June 2026).

195 Ibid.

196 Milburn Review.

197 Gordon, C. et al. (2023) Supporting young people in rural areas, Youth Futures Foundation, June. Available at: https://youthfuturesfoundation.org/wp-content/uploads/2025/01/Research_Supporting-young-people-in-rural-areas_evidence-review_2023_Claire-Gordon-James-Noble-Flora-Charatan.pdf.

198 Transport East (2025) Rural Roots, Limited Routes, Transport East. Available at: transporteast.gov.uk/wp-content/uploads/Young-People-Transport-Analysis.pdf.

199 Ibid.

200 Ibid.

201 Rural England (2019) Challenges facing rural 16-18 year olds in accessing appropriate education and work based learning, July. Available at: <https://ruralengland.org/wp-content/uploads/2019/12/Challenges-facing-rural-16-18-year.pdf> (Accessed: 1 July 2026).

erecting a persistent barrier to employment and training. Nearly one in five unemployed people report having turned down a job or deciding not to apply because of transport difficulties.²⁰²

A driving licence is increasingly a labour-market qualification. Analysis of more than one million UK job adverts found that 17.4 per cent of vacancies in 2023 required applicants to have a driving licence.²⁰³ In sectors such as care and social work, the proportion was substantially higher, with more than one in three care-worker vacancies requiring a driving licence.²⁰⁴ The requirement was even more pronounced in the skilled trades: 68 per cent of plumbing vacancies specified a driving licence.²⁰⁵

"I'd say the fact I can't drive probably doesn't help me with searching for jobs because I've found a lot of jobs even then that you don't really need to be able to drive for, require you to have a driving licence. I can't afford the driving lessons because I'm not in work."

Female, age 22, giving evidence to the Milburn Review²⁰⁶

For young people, obtaining a licence therefore expands access to a significant share of available employment opportunities.

Fixing the failing driving licencing system

Britain has some of the safest roads in the world.²⁰⁷ It is important we improve the access to driving instruction and licencing in a way that does not jeopardise this. There are a few best practice case studies that demonstrate how we can do this.

Case study 6: Delegating driving-test authority: the Delegated Examiner Scheme

Driving tests are usually conducted by examiners employed directly by the DVSA, however, under the Delegated Examiner scheme, certain organisations can be authorised to appoint their own staff to conduct driving tests in-house. Three types of organisation can appoint delegated examiners:

- Bus or haulage operating licence holder
- Police service
- Fire and rescue service.²⁰⁸

Companies such as supermarkets and logistics firms can be eligible to apply as they hold operator's licences for their HGV fleet.

202 The Health Foundation (2024) Difficulties in job searching due to problems with transport, 11 December. Available at: <https://www.health.org.uk/evidence-hub/transport/difficulties-in-job-searching-due-to-problems-with-transport> (Accessed: 1 July 2026).

203 Nur, J. et al. (2024) Driving as an employment qualification, RAC Foundation, 8 February. Available at: <https://www.racfoundation.org/wp-content/uploads/Driving-as-an-employment-qualification-Nur-Chatterton-Wengraf-Feb-2024.pdf> (Accessed: 1 July 2026).

204 Ibid.

205 Ibid.

206 Milburn Review.

207 Ritchie, H. (2025) 'How Britain built some of the world's safest roads' Our World in Data. September 8. Available at: <https://ourworldindata.org/britain-safest-roads-history> (Accessed: 22 July 2026).

208 Driver and Vehicle Standards Agency (2021) Employ delegated driving examiners to provide driving tests. Available at: <https://www.gov.uk/guidance/employing-delegated-examiners-your-role-and-responsibilities#tests-that-can-be-provided> (Accessed: 22 July 2026).

Delegated examiners can provide both theory and practical tests. For haulage operating licence holders, they are permitted to test on lorries, lorries with trailers, and cars with trailers (Categories C, C+E, and B+E), for buses, they can test on buses or coach and the same with trailers (Categories D and D+E). Emergency services can test on standard cars and lorries (Categories B and C).

Case study 7: the military testing system: the Defence School of Transport

Separately from the Delegated Examiner scheme, the armed forces operate their own testing system. The Defence School of Transport at Leconfield trains and qualifies Defence Driving Examiners through its own dedicated Driving Examiner Section and delivers licences across all civilian categories of vehicle. In November 2025, the DfT and MOD deployed 36 Defence Driving Examiners to conduct public driving tests one day a week for twelve months.²⁰⁹

Case study 8: Integrating driving training into education – Iowa

In the United States responsibility for driver licensing and driver education rests with individual states rather than the federal government.²¹⁰ Iowa uses this responsibility to treat access to driving as a public good. State law requires every public school district to ensure an approved driver education course is available to all resident pupils, including those who are homeschooled or attend non-public institutions.²¹¹ Availability is universal.

Obtaining a licence in Iowa:

- Step one: get an instruction permit. To do this you must be at least 14, pass the knowledge and vision tests (which can be taken at school or home), and have written parental or guardian consent. Supervision-only driving is permitted with an instructor, parent/guardian over 21, or anyone licenced with parental permission over 25.
Here there is also a possibility of a minor's restricted licence if you have had an instruction permit with a clean record for six months and get a signed affidavit from school and a parent/guardian, outlining the specific purposes (mostly school community or farm work).
- Step two: get an intermediate licence. To do this you must be 16, have completed a driver education course and 20 hours (2 or more at night) of supervised driving, and have had an instruction permit for at least 12 months with a clean record for six. You are only tested if your education instructor requests it (which happens about seven per cent of the time)²¹² or if you are parent-taught, otherwise the course satisfies this. This allows unsupervised driving between 5am and half past midnight, with a maximum of one unrelated passenger.
- Step three: a full licence. From age 17, if you have had an intermediate licence for 12 consecutive months and logged a further 10 hours (2 or more at night) of supervised driving with a clean record while holding it.²¹³

209 Department for Transport (2025) Press release: Mirror, signal, manoeuvres: Military driving examiners mobilised to cut test backlog. Available at: <https://www.gov.uk/government/news/mirror-signal-manoevres-military-driving-examiners-mobilised-to-cut-test-backlog> (Accessed: 22 July 2026).

210 US Department of Transportation (2021) Traffic Laws and Regulations, 17 November. Available at: <https://ops.fhwa.dot.gov/publications/fhwahop20013/ch3.htm> (Accessed: 30 June 2026).

211 Iowa Legislature (2026) §321.178 Driver education — restricted work license — reciprocity. Available at: <https://www.legis.iowa.gov/docs/code/2026/321.178.pdf> (Accessed: 10 July 2026).

212 Iowa Department of Transportation (2026) Driver Education. Available at: <https://iowadot.gov/drivers-licenses-ids/driver-education> (Accessed: 17 July 2026).

213 Iowa Legislature (2026) §321.178 Driver education — restricted work license — reciprocity. Available at: <https://www.legis.iowa.gov/docs/code/2026/321.178.pdf> (Accessed: 10 July 2026).

Licensing can be graduated and treated as a rite of passage. Testing is less punitive, but standards are higher. In Iowa, an estimated 79-80 per cent of 16-to-19-year-olds hold a driver's licence,²¹⁴ compared to 57 per cent across the US²¹⁵ and 29 per cent of 17-to-20-year-olds in England.²¹⁶

Fatality rates from 17-24-year-old drivers in Iowa are the second lowest of any state in the US, sitting at 7.65 fatalities per 100,000 licensed teen drivers compared to the US national average of roughly 18 per 100,000.²¹⁷

RECOMMENDATION 4

Allow employers to test employees who need a driving licence by extending the Delegated Driving Examiner scheme

It is already the case that at employers where specific driving licences are essential, the DVSA is able to give Delegated Driving Examiner accreditation so that the companies can train and assess their own staff to be licenced. This is done to some extent across all civilian category vehicles, including Category B (standard car) driver's licences. It is also the case that the military has full licencing capacity and has used this to test both service personnel and the public. All these together account for an estimated 140,000+ tests a year.²¹⁸

However, currently, applicability is extremely restrictive. Many companies and sectors where Category B driving licences are essential – such as skilled trades or social care – are completely excluded from this scheme, and the companies that do have accreditation only have so for specific licences.

The Delegated Driving Examiner scheme should be extended to include organisations where a Category B driving licence is essential. It should also extend the programme so that bus or haulage operating licence holding companies can also test employees on Category B licences.

The existing DVSA-operated driving test system could continue to operate in the same way as currently and would have some of the pressure on it relieved. There would be no significant increase in terms of the regulatory framework, such that the only cost in terms of the regulatory burden would be an extension in capacity within existing channels.

To prevent 'ghost' employee fraud, and to avoid perverse incentives from firms to hand out unsafe licences, candidates must remain on a company's payroll for at least six months after an in-house pass, else their license automatically reverts to provisional status. Category B licences acquired specifically for work must also only be used for work purposes for this six-month period, modelling the graduated system in Iowa. Equally, employees who receive the scheme for Category B licences must be British nationals, thereby targeting investment entirely at the domestic workforce and eliminating any potential loopholes related to short-term international visa manipulation.

214 Federal Highway Administration (2025) Highway Statistics 2024: Table DL-22 – Licensed Total Young Driver, by Age. Washington, DC: U.S. Department of Transportation. Available at: <https://www.fhwa.dot.gov/policyinformation/statistics/2023/pdf/dl22.pdf> (Accessed: 17 July 2026). US Census Bureau, ACS 2019–2023 5-year estimates, table B01001 (sex by age), 5-year bands. Note: driver counts are 2023, the population is the ACS 2019–2023 5-year average.

215 Federal Highway Administration (2026) Highway Statistics 2024: Table DL-20 – Licensed drivers, by sex and percentage in each age group. Washington, DC: U.S. Department of Transportation. Available at: <https://www.fhwa.dot.gov/policyinformation/statistics/2024/dl20.cfm>

216 National Travel Survey (2026), Department for Transport statistics. Available at: <https://assets.publishing.service.gov.uk/media/68a4318af49bec79d23d298b/nts0201.ods>

217 Zutobi (2026) 'Teen Driver Report: The states with the most and least teenage driving fatalities', 1 July. Available at: <https://zutobi.com/us/driver-guides/teen-road-fatalities-report> (Accessed: 17 July 2026).

218 DVSA annual reports and accounts plus extrapolation from 6,500 new tests from one day a week. Likely a large underestimate. <https://www.gov.uk/government/news/mirror-signal-manoevres-military-driving-examiners-mobilised-to-cut-test-backlog>

RECOMMENDATION 5

FE colleges should introduce driving instruction into the new V Level and colleges and employers should partner to test those who need driving licences for prospective roles

Building on the lessons of Iowa, and facilitated by the new V Level design, the DfE should encourage FE colleges to deliver a structured, DVSA-aligned learn-to-drive programme inside the V Level, including theory, hazard perception and logged practical lessons.

Alongside this, colleges should be added as delegated testing bodies for car theory tests and should be added as official DVSA test *venues* for practical driving tests. Practical driving tests for FE college students would still need to be delivered by DVSA examiners, but theory tests, driving practice and instruction, and the test venue can all be provided by the colleges.

However, one extension that should be applied to this is that employers with Delegated Driving Examiners should be permitted to test FE college students *who they have already made a job offer* for a role that will require a driving licence. Here, the employers and FE colleges can co-fund these test slots, strengthening the partnership between the college and the local business.

The programme takes the lesson of the lowan teenage licensing system, believing that the on-ramp to driving is an essential element of preparation for work and adulthood, and should therefore be provided inside the education institution, rather than a private cost that families are left to meet alone – without imposing a huge statutory requirement on schools to single-handedly teach driving.

This model also reinforces the broader idea that partnerships between the educational system and the private sector are critical to resolving the NEETs crisis.

3.2.3 Further education struggling as ‘technical excellence’

Another core objective of the further education (FE) sector is significantly different from its role as a safety net: to compete with academic pathways by providing a rigorous and aspirational technical route with impressive outcomes available. What we see is that – in part due to juggling this role while trying to operate as a safety net, FE fails to achieve this role effectively, caught between two very different missions.

It is easiest to evaluate how well the FE sector provides technical excellence by evaluating its inputs and outcomes. Are the quality of staff and employer relationships that are being put into the system excellent? And do these inputs translate into strong outcomes in terms of retention, attainment, and destinations?

Quality of input challenges

First, we see that the FE sector faces severe challenges regarding the quality of its inputs.

The expertise to teach technical excellence

Finding teaching expertise in technical education is especially difficult as the combination of skills required straddle teaching ability and industry knowledge in a way that school teaching does not. The sector faces significant difficulties in attracting and retaining that expertise.

In spite of this challenge, average FE sector teacher salaries are 20 per cent lower than secondary school salaries at £39,355 versus £49,789 in 2024/25, having declined in real terms by almost 20 per cent since 2011.²¹⁹ For context, average UK earnings have grown by 4.4 per cent in real terms in that time. Industry pay varies across technical specialisms but tends to sit in between the two – albeit with a much higher tail in senior positions.²²⁰ This makes recruitment particularly difficult in high-demand sectors where other roles offer significantly greater earning potential.

The consequences are visible in vacancy rates. Although fairly high across the sector, vacancy rates are especially high in certain pockets – such as construction (7.1 per cent) and engineering (6.9 per cent). In some areas of the country, as many as one in ten teaching roles in these subjects were vacant in 2023/24.²²¹

Retention is similarly challenging. There is high churn of staff, with around one in six leaving the profession each year²²² and half leaving it within five years.²²³ This compares to only a third leaving teaching within five years – a sector that, itself, has serious retention issues.²²⁴

The FE sector struggles, compared with schools, to attract and retain the specialist staff needed to ensure high-quality teaching input.

Employers valuing further education

The second input question of whether FE is delivering technical excellence is around employer-input: whether employers value and engage with the qualifications FE produces. It is very difficult to measure direct employer engagement with FE college qualifications, but employer perceptions data provides a good proxy.

Employer confidence in vocational and technical qualifications remains limited. Just under half of employers (49 per cent) report having a very or quite good understanding of vocational and technical qualifications. 48 per cent reported valuing them, compared with 88 per cent for providers of these qualifications and 73 per cent for learners. More concerningly, only 44 per cent of employers felt they prepared learners well for the workplace, an alarming contrast with 76 per cent of learners and 73 per cent of providers. Just 27 per cent think the availability of these qualifications is sufficiently flexible, less than half the rate reported by learners (63 per cent).²²⁵

This matters for FE because technical education as an alternative pathway relies heavily on employer confidence. If employers do not understand or value qualifications, they are less likely to recruit from them or view them as credible alternatives to academic routes.

For T Levels, the picture was more concerning. Despite being the government's flagship technical qualification, only 19 per cent of employers report having a good understanding of T Levels, a substantial but slow rise from 14 per cent the previous year.²²⁶

219 Scott, M. et al. (2026) The Further Education Teacher Workforce in England Annual Report 2026, National Foundation for Educational Research, 12 March. Available at: https://www.nfer.ac.uk/media/zhebjwi/further_education_teacher_workforce_in_england_2026_v2.pdf.

220 Flemons, L. et al. (2024) Building a stronger FE college workforce, Nuffield Foundation for Educational Research, 18 September. Available at: <https://www.nfer.ac.uk/publications/building-a-stronger-fe-college-workforce-how-improving-pay-and-working-conditions-can-help-support-fe-college-teacher-supply/>.

221 Scott, M. et al. (2026) The Further Education Teacher Workforce in England Annual Report 2026, National Foundation for Educational Research, 12 March. Available at: https://www.nfer.ac.uk/media/zhebjwi/further_education_teacher_workforce_in_england_2026_v2.pdf.

222 Ibid.

223 Milburn Review.

224 Department for Education (2026) Every Child Achieving and Thriving, February. Available at: https://assets.publishing.service.gov.uk/media/69ef496808ecdb5c-6f34afc2/Every_Child_Achieving_with_Correction_-_PRINT.pdf.

225 Ofqual (2025) Perceptions of vocational and technical qualifications - wave 7, 5 June. Available at: <https://www.gov.uk/government/statistics/perceptions-of-vocational-and-technical-qualifications-wave-7>.

226 Ibid.

This illustrates the importance of policy stability in technical education, as it takes a long time for understanding to flow through into the system, yet qualifications are frequently redesigned or replaced before they have become fully embedded.

This lack of familiarity is reflected in the continuing difficulty many schools and colleges face in securing industry placements for T Level students.²²⁷

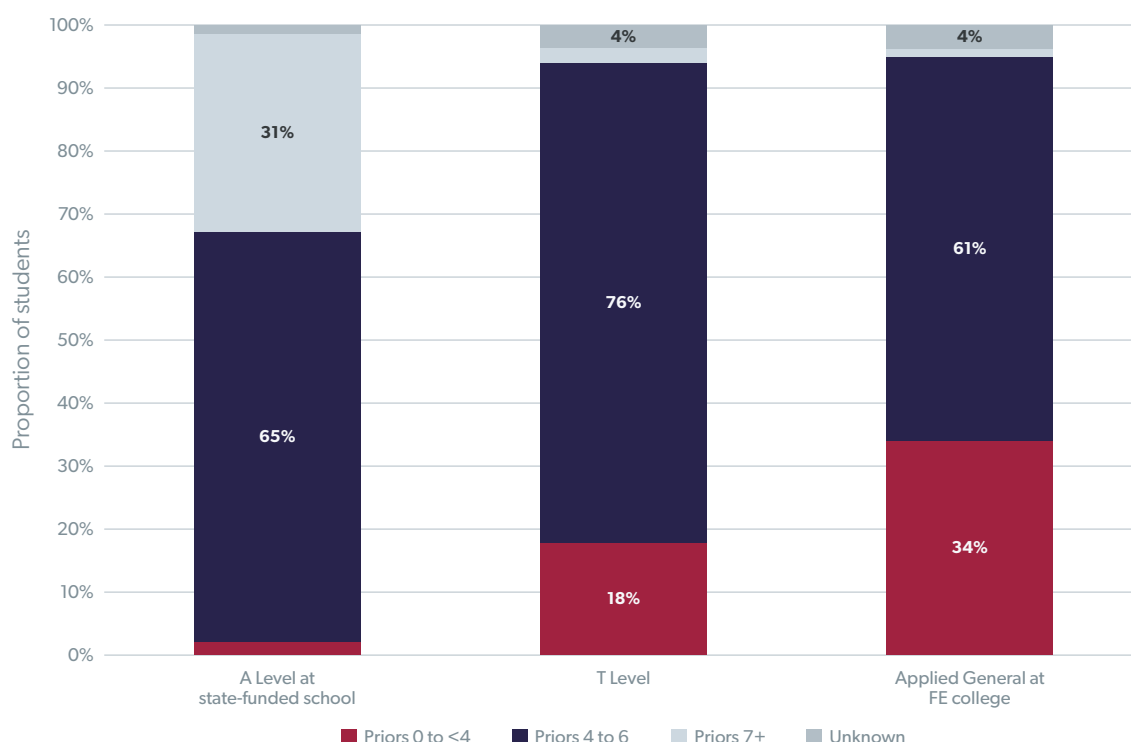
High attainment pupils choosing further education

Another indication of whether FE is functioning as a prestigious technical pathway is its ability to attract high-performing students. Care must be exercised when evaluating FE on the grounds of the prior attainment of those studying, as the sector is seeking to provide something to two distinct cohorts at once.

The “safety net” cohort *should* be low attainers, and it is a positive indication if FE colleges get these young people in *and* over the line. The “technical excellence” cohort is being drawn in competition with A Levels, so we would hope to see that a good proportion of T Level candidates having strong prior attainment – but more as a proxy than a target itself. Indeed, if T Level candidates are low prior attainers but consistently excel, this would be an outstandingly encouraging finding.

We see that the prior attainment spread of T Level candidates sits between that of those studying AGQs at FE college and school A Level candidates, slightly nearer FE college AGQ candidates. This suggests that T Levels are more effective than other qualifications at attracting high attainment input, but have somehow to go to compete with A Levels.

Figure 11 – Prior attainment of candidates for A Level, T Level, and AGQs



Source: DfE, A level and other 16 to 18 results; Department of Education (2026) *Provisional T Level results: T Level retained and assessed rates*. 19, March. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/provisional-t-level-results/2024-25#section-t-level-retained-and-assessed-rates> (Accessed: 2 July 2026).

227 National Audit Office (2025) *Investigation into introducing T Levels*, 28 March. Available at: <https://www.nao.org.uk/wp-content/uploads/2025/03/investigation-into-introducing-t-levels.pdf>, p 9.

Outcomes

T Levels

Colleges deliver 90 per cent of T Levels, making the success of the qualification an FE sector question.²²⁸ Outcomes tell a mixed story.

Retention remains a significant challenge. Of students who started a T Level in 2023/24, only 73 per cent remained through to assessment, compared with 80 per cent for other vocational and technical qualifications and over 90 per cent for students taking three or more A Levels.²²⁹ Furthermore, of those who withdrew, 11 per cent did not switch to another qualification such as an apprenticeship or A Levels – this compares with 3 per cent of A Level withdrawers not switching.²³⁰

Among those who did complete, however, the outcomes were considerably stronger. The pass rate was high – at 93 per cent – but variable, with subjects as ‘Design and Development for Engineering and Manufacturing’ and ‘Onsite Construction’ having pass rates nearer 80 per cent.²³¹

Destinations data among those who complete is the most encouraging. Over nine in ten (92 per cent) T Level completers progress into work or further study – with 40 per cent entering paid work, 34 per cent university degrees, and 14 per cent into apprenticeships.²³² Importantly, two thirds were working or studying in the same field as their T Levels and 27 per cent of those working were doing so with their placement employer.²³³

Technical Excellence Colleges

Another way of assessing the technical excellence function of FE is to examine whether it provides a clear progression route into higher technical training.

At present, this remains a weakness. Further education colleges are not effective at providing a line of sight to higher apprenticeships in the way schools are for university, with less than one per cent progressing in higher apprenticeships from FE college at 18. While this is partly explained by the fact that many higher apprenticeships are taken later in life, the contrast with University Technical Colleges (UTCs) is striking: progression into higher apprenticeships is ten times higher.²³⁴

One potentially positive development moving forwards is the Technical Excellence Colleges (TECs) programme, which is the newest and most substantive of the labels. Ten TECs were already announced in August 2025 under an earlier £100 million phase specialising in construction, and the October 2025 White Paper expanded the model: building on the appointment of 10 construction TECs, 19 new TECs were announced specialising in advanced manufacturing, clean energy, defence, and digital and technologies, bringing the total to 29.²³⁵ This does resemble 2022’s ‘Institutes of Technology’ which fizzled out under political uncertainty, and thus represents continued churn, but is nonetheless an encouraging move towards carving out a distinct higher technical subsector within the FE college system.

228 Association of Colleges (2025) Written evidence submitted by the Associations of Colleges (ITL0005), April. Available at: https://committees.parliament.uk/written-evidence/140103/html/#_ftn5 (Accessed: 1 July 2026).

229 Department of Education (2026) Provisional T Level results, 19 March. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/provisional-t-level-results/2024-25> (Accessed: 2 July 2026).

230 Ibid.

231 Ibid.

232 Department for Education (2026) Technical Education Learner Survey 2025, February. Available at: https://assets.publishing.service.gov.uk/media/69ce395acbb-f5b6b95f387aa/Technical_education_learner_survey_2025.pdf.

233 Ibid.

234 Department for Education (2026) 16-18 destination measures, 23 April. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/16-18-destination-measures/2023-24> (Accessed 29 June 2026).

235 GOV.UK (2026) Next generation empowered through Technical Excellence Colleges, 14 April. Available at: <https://www.gov.uk/government/news/next-generation-empowered-through-technical-excellence-colleges> (Accessed: 2 July 2026).

3.3 Learning from best practice

The previous section described an FE sector pulled between two purposes and serving neither well. Confused between being a safety net and an esteemed technical route, the sector fails to catch those who fall behind or to command parity of esteem with traditional academic routes.

The answer is not to abandon one of these functions in favour of the other. Both are essential. Instead, the system should distinguish between the two more clearly. We take the two in turn, mirroring the two objectives.

First, we can look at best practice from our own charity sector to reimagine how the further education sector can more effectively operate as a safety net for those who are falling behind in the education system.

Second, we consider the technical excellence function. While this will be developed and explored in greater depth in *Rewiring Education: Part 3*, it is introduced here exploring the most promising signs in the city regions.

3.3.1 FE as a safety net: relational employability

Two functions of education

Education has dual, linked functions in helping young people into work: a human capital function and a signalling function. The former is straightforward: educated employees are, on average, more productive. The latter slightly less so: employers can also use education credentials as a proxy for productivity – education signals that an individual is more likely to be productive.

The signalling effect of all educational qualifications is and always will be profoundly important. Even in jobs that don't require them, many employers will filter for graduates with degrees.²³⁶ Similarly, there exists decades of evidence that lower status qualifications are treated as signals of low-quality.²³⁷

This happens because passing exams is itself informative. A young person who has been tested and performed well is more likely to be dependable under pressure. Their knowledge base likely also signals stronger critical thinking. Employers read this all into a qualification, regardless of whether it was actually assessed.

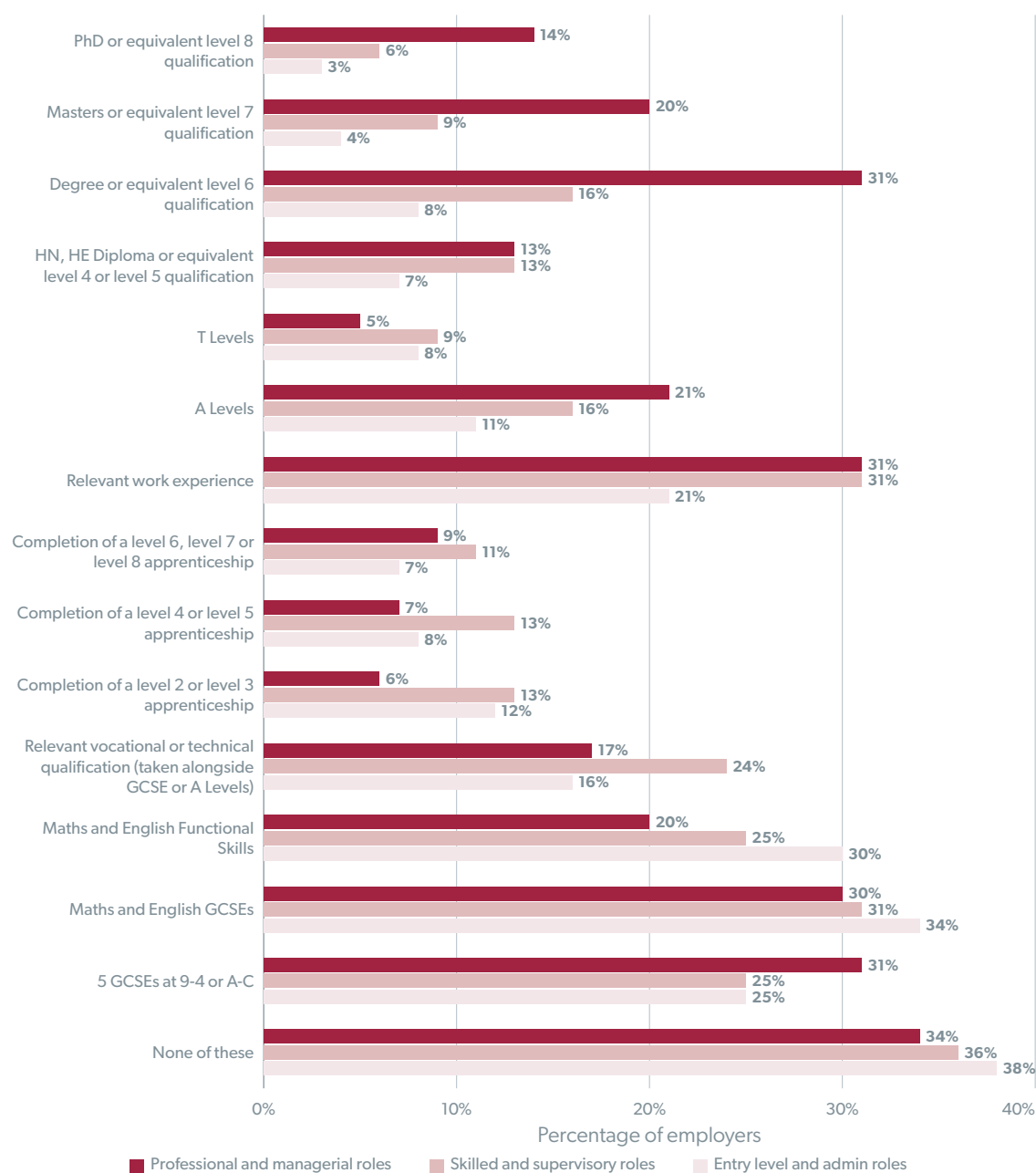
The human capital effect is more complex. The actual content learnt can often have minimal relation to the work itself. This means that employers deeply value not only intellectual flexibility or critical thinking skills, but also so-called 'soft skills': punctuality, politeness, conscientiousness, adaptability, reliability, amongst others.

The data is clear on this, as shown in Figure 12. Employers – especially at entry level – are broadly unconcerned by qualifications in terms of human capital.

236 People Management (2022) More than half of employers still use degrees to screen job applicants, research finds, People Management, 3 August. Available at: <https://www.peoplemanagement.co.uk/article/1794877/half-employers-use-degrees-screen-job-applicants-research-finds> (Accessed: 2 July 2026).

237 Wolf, A. (2011) Review of Vocational Education: The Wolf Report. Department for Education and Department for Business, Innovation & Skills, 3 March. Available at: <https://www.gov.uk/government/publications/review-of-vocational-education-the-wolf-report>.

Figure 12 – There are no qualifications that most employers consider essential



Source: Ofqual (2025) *Perceptions of Vocational and Technical Qualifications in England – wave 7*. Available at: <https://www.gov.uk/government/statistics/perceptions-of-vocational-and-technical-qualifications-wave-7/perceptions-of-vocational-and-technical-qualifications-in-england-wave-7> (Accessed: 24 June 2026). Figure 42. Results for ‘When recruiting new employees, are any of the following essential for the following types of roles’ (Employers)

When employers profess indifference about education levels, they are generally citing human capital effect. When they follow them anyway, they are making use of the signalling effect.

This is crucial to understand because it explains which employability schemes work and why: trust. If another signal can overcome that of exam grades, it will be the one used by employers. One such signal is trusting that the organisation a young person is sent from only send those who are ready and will help if things get difficult.

Such a signal resonates with employers on a deeper human level than qualifications can. Trust comes with a promise, there is a commitment to one another's long-term flourishing that always hold more weight than evidence of ability can.

The pockets of best practice that we see show that employability is most effectively done relationally.

Case study 9: Social enterprise – Jericho Foundation, Birmingham

Jericho is a charity based in Birmingham that runs social enterprises getting vulnerable people into work and training.²³⁸ The organisation formed out of a church providing support to survivors of modern slavery in the early 1990s.²³⁹ Over the years, Jericho found that its provision in helping these marginalised individuals into work and independence was also an effective way of supporting vulnerable young people – especially those who are NEET.

Today, they have six social enterprises – Jericho cleaning, construction, and workspace, alongside the ReUsers, the Wood Shack, and ChangeKitchen CIC. These trade as businesses alongside providing work and training opportunities to young people on the margins of society.²⁴⁰

Young people brought into Jericho complete a three-part programme, consisting of work, training, and wrap-around support to guide them through. At the end of the programme, as well as ending with substantial work experience and competence-based qualifications including apprenticeships, the charity ensure that young people develop the character they required for long-term success, graduating as mature and conscientious young adults.²⁴¹

Of those undertaking a placement with Jericho, 84 per cent achieve a positive outcome - usually meaning mainstream employment, 'graduating' from the enterprises.²⁴²

Another example is the Newcastle United Foundation. While Jericho demonstrates the model of building work inside its own enterprises, the Foundation operates in the open labour market.

Case study 10: NU Futures – Newcastle United Foundation

The Newcastle United Foundation NU Futures programme supports 16- to 24-year-olds in the Newcastle area into education and training.²⁴³ With their offices a short walk from St James' Park and all staff wearing Newcastle training kit, the organisation is designed to be approachable and unintimidating for youngsters in the square mile who are falling out of school or college or who are not interested in going to the job centre. Yet the Centre for Social Justice found, when visiting, that football is just the tool that gets people through the door to help they need.

"Don't underestimate the power of this [points to badge]. We wear this kit so you can recognise us and trust us. But, at the end of the day, it's not about football." – Senior Community Manager, NU Foundation

238 The Centre for Social Justice (2020) The CSJ Awards 2020 | Work and Welfare Award: The Jericho Foundation. Available at: https://www.youtube.com/watch?v=pRR_JR-6DIA (Accessed: 10 July 2026).

239 JERICO (2024) How JERICO began. Available at: <https://www.youtube.com/watch?v=ZQaQU9nEBJs&t=8s> (Accessed: 10 July 2026).

240 JERICO (2026) Impact Report 2025/26. Birmingham: JERICO. Available at: <https://www.jericho.org.uk/> (Accessed: 17 July 2026).

241 Ibid.

242 Ibid.

243 Newcastle United Foundation.) NU Futures. Available at: <https://www.nufoundation.org.uk/what-we-do/nu-futures> (Accessed: 17 July 2026).

The NU Futures programme for 16- to 24-year-olds provides a varied offering of support for young people depending on how close they are to being ready for employment.²⁴⁴ In one part of the provision, they partner with the King's Trust to provide a 12-week programme to help young people some way from the labour market at learning the basics of adulthood. Skills like eye-contact, hygiene, communication, and teamwork, that many of these young people have never been taught. In another part of the provision, they provide a walk-in service to help those deemed ready for the labour market with trusted employer placements to connect them into work.

When visiting Newcastle, we found that the most striking thing about the Foundation was its reputation as reliable across the city. Speaking to a hotel manager in the centre of Newcastle, we heard how many employers in hospitality yearn to give opportunities to local young people who haven't had the chances in life that they might have, but that it is very difficult to do so without taking on excessive business risk. Furthermore, that distortions from incentives in many employability programmes – alongside a lack of partnership once employed – eroded trust in the promise that a young person was ready for a placement.

The Newcastle United Foundation was commended as different. Over breakfast, we heard touchingly:

"When a young person comes from the [Newcastle United] Foundation, I know that, if there's a problem, all I need to do is give them a ring, and they will help me sort it. I've known them for years, and they continue to help years after a young person has left their programme. I know they're in it for the long run, and it means I can give these people these opportunities. Look at [name], when he arrived, he couldn't wear his uniform properly, wouldn't look me in the eye... didn't see him until 11am. But look at him now, a few years later. That wasn't a straightforward process, but it's a future unlocked." – Local business leader

Newcastle United Foundation work with 12,000 young people each year and 250 businesses in the region. They have been independently assessed as having an estimated £7 in social value for every £1 invested in the foundation.²⁴⁵

RECOMMENDATION 6

Re-anchor Youth Hubs in or alongside further education colleges

The Youth Hub gives young people a single physical place to seek help into work. But for the cohort this chapter is concerned with – those who have disengaged from school and would rarely willingly walk into a Jobcentre – a low-trust institution, with the association of the benefits office is unlikely to be effective. The Newcastle United Foundation shows the importance of existing trust to engaging those who have been let down by the system.

The Government should re-anchor the 16 to 18 Youth Hub in, or immediately alongside, the further education college. The hub should be given an explicitly education remit, remaining a point of contact once young people are placed into education or training. This relocation and reorientation of an existing institution positions it in a place where young people actually are, and where trust is explicitly at the core of its mission.

²⁴⁴ Ibid.

²⁴⁵ Ibid.

RECOMMENDATION 7

Build employability, functional skills and paid work experience into the new V Level

The post-16 education and skills white paper has recommended a new pathway of V Levels for students for whom A Levels and T Levels are not appropriate.

Because the V Level is still being designed, there is a rare chance to build it correctly from the outset rather than reform it later. A Levels must be seen the primary academic route, and T Levels the primary technical route. V Levels must therefore provide a general bridge into fruitful work.

- V Levels should be a split course, with three days at FE college and two days on paid work placement.
- Colleges will receive a 25 per cent per-pupil-day-rate funding increase for this cohort, which will mean that – as they will spend 60 per cent of their time at college – they will receive 75 per cent of full-time pupil funding. The course will be centred around level 2 functional skills qualifications and employability training – potentially including driving lessons.
- Employers – as an extension of the Youth Guarantee and modelled on Kickstart – will receive the full salary for 15 hours a week at £8 an hour for 40 weeks over the first year at the current minimum wage for 16- and 17-year-olds. This will amount to £4,800 per young person. The growth of this rate should be set at a regional level, instead of tying it to the future 16-17 minimum wage.
- To reduce the bureaucratic burden of hiring a 16–17-year-old, the Government should introduce a single agreement, co-signed by the college and the employer, that the young person will be treated ‘as if’ they are 18 at the placement, with the safeguarding, health-and-safety and employment duties being covered by the three days at college.

This is likely to have a net annual cost in the region of £2,825 per learner.²⁴⁶ Considering average lifetime cost of each NEET to government of £29,000, and that currently an estimated 53 per cent of those who achieve 1 to 4 GCSEs go on to become NEET for at least 12 months,²⁴⁷ this will only need to reduce NEET risk for that cohort by 10 percentage points to have a corresponding cost saving.

3.3.2 FE as technical excellence: devolution, T Levels, and TECs

Alongside these reforms enhancing the safety net function of FE sector, we must build a technical pathway with a true parity of esteem to academic route.

A route that competes with A Levels and carries a credible line of sight into highly skilled technical work. Focussing on the most effective parts of the sector through the new TECs, this will require a stronger pipeline into TECs via the TBacc and refining the T Levels model to draw in more and better involvement with employers. It will also depend – as we saw in *Rewiring Education: Part 1* – on a strategic regional layer to the sector that the national system has spent two decades dismantling. The clearest evidence that this can be rebuilt is now emerging in the city regions. We can learn from this best practice here to understand the remit of the disaggregated FE sector, and full policy package will be outlined in *Rewiring Education: Part 3*.

²⁴⁶ The salary for 15 hours a week at £8 an hour for 40 weeks will have a cost of £4,800 per learner per year. The reduction in FE spend of 25 per cent will have an estimated saving of £1,975 per learner year. Milburn Review.

²⁴⁷ Addario, G. et al. (2026) NEET Risk Index: Methods Report, National Centre for Social Research, April. Available at: <https://natcen.ac.uk/sites/default/files/2026-05/NEET%20Risk%20Index%20-%20Methods%20Report.pdf> (Accessed: 9 July 2026).

Returning to case study 5: Regional leadership – the Greater Manchester Baccalaureate

The MBacc is an initiative across the Greater Manchester Combined Authority (GMCA) designed to improve the 'line of sight' into technical pathways across the city region.

Within the brand are a few main initiatives to improve the quality and scale of technical learning in GM.

First is 'Beeline', which seeks to overcome the information asymmetry which draws young people away from technical training and towards university. As discussed in *Rewiring Education: Part 1*, many young people do not have a clear understanding of what technical pathways are available to them, or what careers these will prepare them for.²⁴⁸ Contrasting this with an exceptionally clear university application system, this distorts demand into academic higher education. Beeline is a digital tool that seeks to address this by providing a repository of jobs in Greater Manchester, what courses and qualifications are needed for them, what the demand is for the role, and what the job pays.²⁴⁹

Second is a major expansion of work experience opportunities. Much of this is being done in partnership with the Careers and Enterprise Company using their 'equalex' framework for impactful work experience.²⁵⁰ There is moderate evidence that work experience is a useful tool at both broadening horizons and giving valuable professional practice is valuable when young people join the labour market.

Third, and closely related, is substantial work into expanding T Levels in the region as the dominant pathway into higher technical apprenticeships. T Levels are Key Stage 5 technical qualifications worth three A Levels, which are constituted of 80 per cent classroom time and 20 per cent industry placement.

This is an area where the MBacc branding and public emphasis from the Mayor have helped stimulate outcomes in technical training. By January 2026, 352 employers across the ten boroughs of Greater Manchester had pledged to provide placements, contributing to T Levels growing substantially faster in the North West than the rest of the country. The North West now has the most T Levels of any region (18 per cent of the total),²⁵¹ a higher pass rate than the national average, and positive destination rates of 90 per cent.

These are anchored around 'seven gateways' – selected growth sectors in the area to focus training around. These include:

- Construction and the Green Economy
- Creative, Culture and Sport
- Digital and Technology
- Education and Early Years
- Financial, Business and Professional Services
- Health and Social Care

248 Rewiring Education Part 1, p.48.

249 Greater Manchester Combined Authority (2026) Educator Toolkit: Beeline Resources. Available at: <https://www.greatermanchester-ca.gov.uk/what-we-do/work-and-skills/technical-education-city-region/the-greater-manchester-baccalaureate-mbacc/green-shoots-from-year-1/green-shoots-report/>. (Accessed: 2 July 2026).

250 Greater Manchester Combined Authority (2025) Greater Manchester students first to access prestigious new computing certificate, 2 July. Available at: <https://www.greatermanchester-ca.gov.uk/news/greater-manchester-students-will-be-first-to-access-prestigious-new-computing-certificate-giving-them-an-edge-as-ai-and-digital-skills-become-essential/> (Accessed: 2 July 2026).

251 Department of Education (2026) Provisional T Level results, 19 March. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/provisional-t-level-results/2024-25> (Accessed: 2 July 2026).

- Manufacturing and Engineering

There are other promising parts of the broader vision of the MBacc which are worth monitoring, not least the introduction of UTC sleeves as a growth mechanism for T Levels and for integrating high quality technical training in Key Stage 4 studies.

The MBacc is unfinished, and its destinations data is still emerging. But it shows what technical excellence function demands: employer-shaped, regionally tailored architecture that gives a young person a visible line of sight from school to higher technical training to work. How to build that architecture nationally will be outlined in *Rewiring Education: Part 3*.

Chapter 4:

Devolving a centralised apprenticeship system

For many, the obvious answer to improving technical education for decades has been to increase the number of young people taking apprenticeships. In dutiful response governments of various rosettes have chased ambitious targets for apprenticeship starts and have reformed the design of the system to achieve this.

In some ways this has been extremely effective – numbers have risen, and the rise has been concentrated in the highest value-add courses. However, in terms of accessibility and value for young people, this has failed. It has failed in different ways over the years, but two trade-offs have sat at the heart of it: between quality and quantity, and between upskilling existing staff and providing better entry-level access.

In the early 2000s, a large expansion in apprenticeships was achieved, but the increase in starts was somewhat illusory and apprenticeships often lacked rigour. Subsequent changes in the early-2010s improved standards but ultimately came at the cost of continued growth in scale.

A renewed focus on increasing apprenticeship starts in the mid-2010s led to the introduction of the apprenticeship levy in 2017.²⁵² Employers with an annual pay bill above £3 million began paying 0.5 per cent of their payroll into the levy.²⁵³ Those with an annual pay bill below £3 million were not required to pay the levy and received 90 per cent of training and assessment costs,²⁵⁴ while employers with fewer than 50 employees taking on apprentices between 16 and 18 years old received 100 per cent coverage.²⁵⁵ Levy funds could only be used for approved apprenticeship training and end-point assessment, not wages or wider training costs,²⁵⁶ and funds expired after 24 months if unused.

Despite the levy being a well-intentioned policy that accurately identified the need to increase employer demand for apprentices, by 2024 it had become apparent that it had shifted the apprenticeships system away from entrants into the labour market and towards older and higher-level learners.²⁵⁷

In response, the Government has made encouraging changes to the requirements and redistribution of the levy in an attempt to prioritise entry-level and technical skills and better support SMEs and younger people. *Rewiring Education: Part Three* will focus more greatly on the levy and how it can be more effectively used to encourage both employers and young people to engage with apprenticeships.

The apprenticeship system exists to provide work-based, job-specific training tied to an employer. It is the most consistently effective technical education pathway for young and old alike. The question is whether

252 GOV.UK (2017) New levy to double annual investment in home-grown skills, 6 April. Available at: <https://www.gov.uk/government/news/new-levy-to-double-annual-investment-in-home-grown-skills> (Accessed on: 17 July 2026).

253 Ibid.

254 Ibid.

255 Ibid.

256 Department for Work & Pensions (2026) Apprenticeship unit funding rules: April 2026 to 31 July 2026, 16 July. Available at: <https://www.gov.uk/government/publications/apprenticeship-unit-funding-rules-2026-to-2027/apprenticeship-unit-funding-rules-april-2026-to-31-july-2026> (Accessed on: 17 July 2026).

257 Powell, A. (2024) Apprenticeships Policy in England, House of Commons, 3 October. Available at: <https://researchbriefings.files.parliament.uk/documents/SN03052/SN03052.pdf>.

the apprenticeship system can – and should – be more accessible to those who are drifting out of the education system. To do so, it must overcome creeping overcentralisation and return to a system rooted in the regional and local context that continues to define employment.

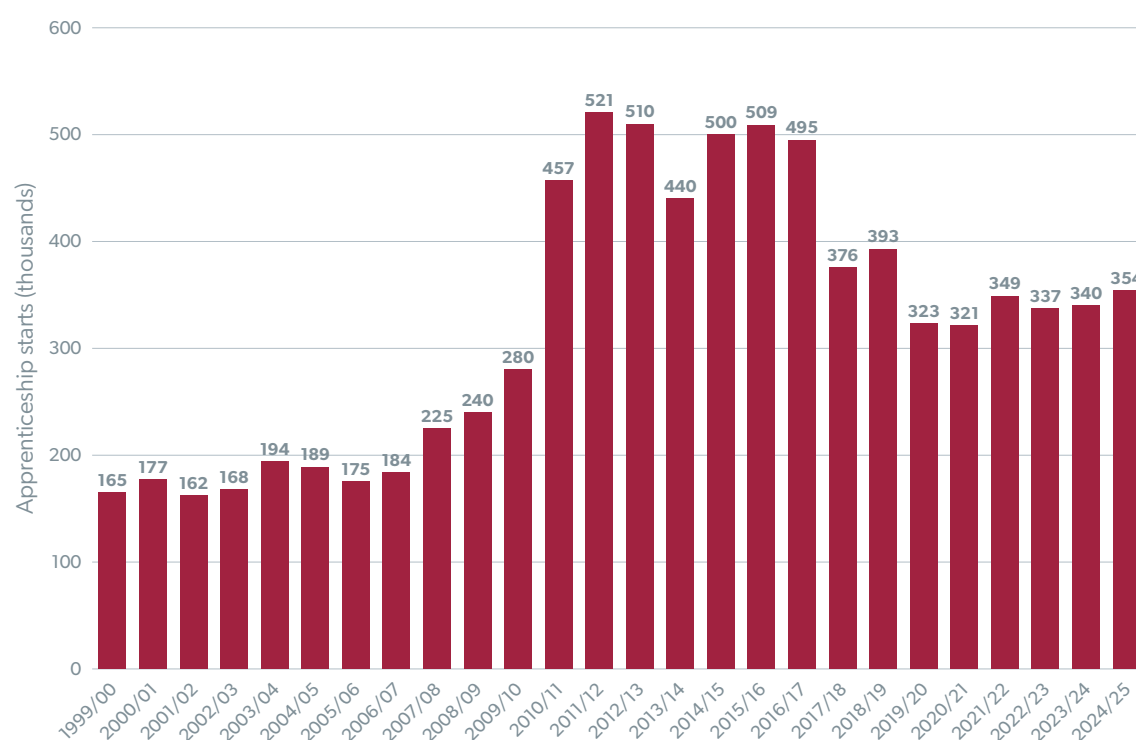
4.1 The quality-quantity trade-off

Today, the number of apprenticeships starts each year are far higher than they were in the early 2000s. 2007/08 was the first year this century to have over 200,000 apprenticeship starts, and they have averaged 340,000 each year over the last five years of data.²⁵⁸

Successive governments – with reasonable success – have exerted large amounts of energy on both substantially increasing the scale and rigour of apprenticeships of the last twenty years. There are cautionary notes within this story, but it is one of limited success more so than failure.

Apprentice starts surged between 2006 and 2011, substantially accounted for by a huge year-on-year rise between 2009/10 and 2010/11 of 63 per cent in one year. Most of this expansion was in adult employees who were passported learners from the ‘Train to Gain’ programme, launched in 2006, which subsidised employers to train existing staff. After a National Audit Office review found the overwhelming majority of that spending to be deadweight – funding training that would have happened anyway – the programme was discontinued, and much of the same activity was rebadged as apprenticeships. These were generally delivered to people in post, sometimes without the “apprentice” being aware of it.²⁵⁹ Almost all were over 25.

Figure 13 – Number of apprenticeships starts in England, 1999/00 to 2024/25



Source: Murray, A. (2025) *Apprenticeship statistics for England*. House of Commons Library, 4, December. Available at: <https://commonslibrary.parliament.uk/research-briefings/sn06113/> (Accessed: 2 July 2026).

258 Department for Education (2026) Apprenticeships, 16 July. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships/2025-26> (Accessed: 6 July 2026).

259 Tahir, I. (2023) Investment in training and skills, Institute for Fiscal Studies, October. Available at: <https://ifs.org.uk/sites/default/files/2023-10/IFS-Green-Budget-2023-Investment-in-training-and-skills.pdf>.

The Richard Review followed in 2012, seeking to increase quality in the apprenticeship system. The review argued that the system, having become a rubber-stamping exercise, had lost sight of its overall goal. It recommended a refined system centred around new job roles, substantial training expectations, end point assessment, and a clear employer-recognised standard of occupational competence.²⁶⁰ As these recommendations were gradually introduced over following years, standards were tightened, but a rise in both rigour and bureaucratic load, resulted in total numbers stalling.

In 2017, the system was overhauled with the introduction of the Apprenticeship Levy. The levy represented a decisive shift in how apprenticeships were funded. Rather than routing funding primarily through providers, it imposed a hypothecated payroll tax on employers, set at 0.5 per cent of annual pay bill above a £15,000 allowance. In effect, larger employers were required to contribute directly into a ringfenced pot for apprenticeship training.

This marked a partial realisation of the Richard Review's vision. It embedded the principle that employers should co-fund training and have purchasing power over it. Funds were notionally returned to firms through digital accounts, which could then be spent on approved apprenticeship training, giving employers greater formal control over provision.

The levy operated as a compulsory tax with use-it-or-lose-it features. It increased overall employer investment and forced engagement with the apprenticeship system, particularly among large firms. It also created a clearer, more transparent funding stream for apprenticeships, aligned with the principle that those who benefit from skills should contribute to their development.

4.2 A system pivoted older and higher level

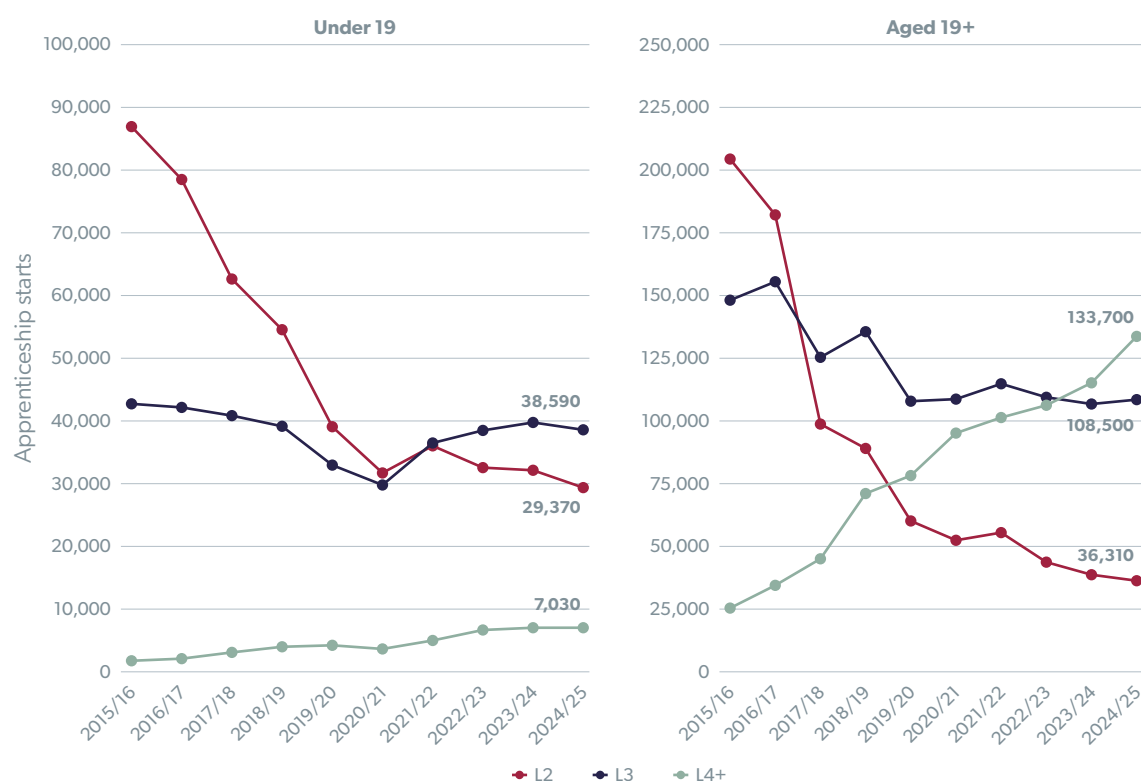
But the Apprenticeship Levy also created distorted behavioural incentives. Employers did not simply respond by increasing training, but by specifically seeking to recoup levy payments. Much of this pivot came directly from the Richard Review. First, the review had explicitly recommended that apprenticeships should be open to anyone, not just new entrants.²⁶¹ Thus, it opened the door to upskilling existing employees – far lower risk than training entrants. This led to employers responding to incentives and shifting resources away from young people.

This encouraged a shift towards higher-cost, higher-level apprenticeships, often for existing employees, rather than entry-level opportunities for young people. As Figure 14 suggests, apprenticeship starts for younger age groups fell sharply in the years following implementation, with particularly steep declines at Level 2.

²⁶⁰ Richard, D. (2012) Richard Review of Apprenticeships, Department for Business, Innovation & Skills, 27 November. Available at: <https://assets.publishing.service.gov.uk/media/5a79cfb1ed915d042206b345/richard-review-full.pdf>.

²⁶¹ Ibid.

Figure 14 – Apprenticeship starts by age and level, 2017/18 to 2024/25



Source: Department for Education (2026) *Apprenticeships: Academic year 2025/26*. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships/2025-26> (Accessed: 24 June 2026)

Just four per cent of those on apprenticeships were previously NEET.²⁶² Clearly, the levy system is not built to incentivise support for those leaving education – and those who it does help are not those who are typically on the fringes of economic inactivity.

Equally, the quality versus scale tension that followed was intrinsic to the Richard Review’s own logic. The review’s central prescription was to raise the bar for what counted as an apprenticeship. But it paired this with a recommendation to open apprenticeships to anyone. This is not an incidental combination. Widening eligibility requirements allowed employers to cope with more exacting standards by permitting existing staff to be upskilled – for lower risk and cost. Thus, weakening the entrance pipeline was necessary for improving the top of the apprenticeship pyramid.

Apprenticeship outcomes: completion rates, salary uplifts

Concerns in the quality-quantity dance have been accurate over the last 15 years. England lags behind other OECD countries in the proportion of students enrolled in work-based learning programmes and has suffered the largest decline in the proportion of young people enrolled in these programmes since 2013.²⁶³ Focus on quality has impeded quantity.

262 Field, S. (2025) *A World of Difference* International apprenticeship policy and lessons for England, The Sutton Trust, June. Available at: <https://www.suttontrust.com/wp-content/uploads/2025/06/A-World-of-Difference-3.pdf>.

263 OECD (2025) *Education at a Glance 2025: United Kingdom*, 9 September. Available at: https://www.oecd.org/en/publications/education-at-a-glance-2025_1a3543e2-en/united-kingdom_c93708b1-en.html.

Nevertheless, quality in the system is not assured. England’s apprenticeship system suffers from high dropout rates. Around 40 per cent of apprentices fail to complete their course. While rates are similarly high in Australia (45 per cent) and Denmark (38 per cent), they are much lower in several other similar countries, including France (27 per cent), Germany and Austria (both 25 per cent), and Ireland (20 per cent).²⁶⁴

Despite this, apprenticeships have meaningful lifetime economic value. For each young person (aged 16 to 18) who starts an apprenticeship, the lifetime economic value amounts to £56,000 at Level 2 and £104,000 at Level 3, compared with £54,000 and £67,000 respectively for equivalent classroom-based qualifications. For achievers, this is far higher.

Table 2 – the lifetime value of apprenticeships is still high

Level	Age	Apprenticeship: NPV per starter	Apprenticeship: NPV per achiever	Classroom: full NPV per starter	Classroom: full NPV per achiever
Level 2	16-18	£56,000	£120,000	£54,000 ²⁶⁵	
Level 2	19-23	£46,000	£93,000	£62,000	£76,000
Level 2	24+	£18,000	£45,000	£41,000	£51,000
Level 3	16-18	£104,000	£190,000	£67,000 ²⁶⁶	
Level 3	19-23	£67,000	£122,000	£61,000	£82,000
Level 3	24+	£22,000	£55,000	£46,000	£63,000

Source: Department for Education (2025) The Net Present Value of further education in England. February. Available at: https://assets.publishing.service.gov.uk/media/67adc0ba69d39abb04adce22/The_net_present_value_of_further_education_in_England_2021_to_2022_.pdf (Accessed: 2 July 2026).

4.3 A system increasingly centralised and sullied by churn

The last 30 years of apprenticeship oversight policy have been tumultuous. The only consistency has been an increasing tendency to centralise. The National Skills Taskforce, set up by David Blunkett in 1997, produced the first report that outlined Britain’s “intermediate gap” in our education system. Even then, compared to other OECD countries, our secondary sector and technical training growth and productivity were poor, even though our schools and universities were excellent.²⁶⁷

The most substantial reform that resulted from it was a major centralisation: the abolition of the locally anchored Further Education Funding Councils and Training and Enterprise Councils (TECs), replacing them with a single Learning and Skills Council (LSC) – which would by 2006 be Britain’s largest quango (quasi-autonomous non-governmental organisation). This brought school sixth forms, FE colleges, and

²⁶⁴ Field, S. (2025) A World of Difference International apprenticeship policy and lessons for England, The Sutton Trust, June. Available at: <https://www.suttontrust.com/wp-content/uploads/2025/06/A-World-of-Difference-3.pdf>.

²⁶⁵ Note: this estimate is proxy based and from Table 27 from Department for Education (2025) The Net Present Value of further education in England. February. Available at: https://assets.publishing.service.gov.uk/media/67adc0ba69d39abb04adce22/The_net_present_value_of_further_education_in_England_2021_to_2022_.pdf (Accessed: 2 July 2026).

²⁶⁶ Note: this estimate is proxy based and from Table 27 from Department for Education (2025) The Net Present Value of further education in England. February. Available at: https://assets.publishing.service.gov.uk/media/67adc0ba69d39abb04adce22/The_net_present_value_of_further_education_in_England_2021_to_2022_.pdf (Accessed: 2 July 2026).

²⁶⁷ National Skills Taskforce (2000) Skills for all: Proposals for a National Skills Agenda. Available at: <https://dera.ioe.ac.uk/id/eprint/15159/1/Skills%20for%20all%20-%20proposals%20for%20a%20national%20skills%20agenda.pdf>.

work-based training under one roof and demoted the role of employer voice in occupational standards. It also meant accountability and inspection became directed by a new national inspectorate, instead of by employer bodies.²⁶⁸

The result was a cleaning up much of the messiness and abuse in the employer-led local system, but also a gutting out much of the relational capital in the system.

In 2008 and 2009, the relentless drumbeat of centralisation continued with the introduction of: the 'UK Commission for Employment and Skills' (UKCES) (which would be abolished by 2016), which assumed responsibility for national labour market intelligence and occupational standards oversight; the National Apprenticeships Service to coordinate apprenticeship delivery nationally; and a statutory framework specification to bring standards and the matching process under central control as well.²⁶⁹

From 2010 onwards, although the new Coalition government abolished the Qualifications and Curriculum Development Agency and the Young People's Learning Agency, alongside a wider programme of reducing education-related quangos, many of their functions were absorbed into the Department for Education and new executive agencies. The march to centralisation largely continued.²⁷⁰

The Wolf Review, although not primarily covering apprenticeships, did advocate for greater employer autonomy, and achieved some degree of this, but the Richard Review that followed it formed legislation that tightened the system through national standards, national end-point assessment, and, eventually, a national levy – all of which stripped out local flexibility.²⁷¹

In 2017, the Institute for Apprenticeships and Technical Education (IfATE) followed, which provided a single body responsible for standards and oversight.²⁷² This did achieve a degree of simplicity but continued the reduction of flexibility – rubber-stamping authority from a centralised body undermined genuine employer leadership.

Naturally, the IfATE, too, was abolished fairly swiftly, and the Labour Government replaced it in 2024 with a new executive agency, labelled Skills England – initially under the DfE and then the DWP.²⁷³ Skills England is the ultimate realisation of the centralisation doctrine in the apprenticeship system. Employer autonomy has been reduced by direct operation of civil servants over the system. And, once more, relational capital and institutional knowledge has been reset to zero by yet more churn, even across civil service departments.²⁷⁴

The story of English apprenticeship agency is ever more agency taken away from the people who actually give out apprenticeships and given to an endless churn of ever-changing arm's-length bodies.

268 The National Archives (2000) Learning and Skills Act 2000. Available at: <https://www.legislation.gov.uk/ukpga/2000/21/contents> (Accessed: 10 June 2026).

269 UK Parliament (2009) Apprenticeships, Skills, Children and Learning Bill: apprenticeship and training provisions (Bill 55 2008-09), 18 February. Available at: <https://commonslibrary.parliament.uk/research-briefings/rp09-14/> (Accessed: 10 June 2026).

270 House of Commons Library (2012) What has happened to school-related quangos?, 16 July. Available at: <https://commonslibrary.parliament.uk/research-briefings/sn06386/> (Accessed: 10 June 2026).

271 Winch, C. et al. (2025) Apprenticeship policy in England since 2010. Change and continuity, *Journal of Vocational Education & Training*, 77(5), pp. 1304–1324. Available at: <https://www.tandfonline.com/doi/full/10.1080/13636820.2024.2443914>.

272 The National Archives (2016) Enterprise Act 2016. Available at: <https://www.legislation.gov.uk/ukpga/2016/12/introduction> (Accessed: 2 July 2026).

273 UK Parliament (2025) Skills policy in England, 16 October. Available at: <https://commonslibrary.parliament.uk/research-briefings/cbp-10365/> (Accessed: 2 July 2026).

274 Yeomans, D. (2011) Thirty years of 14–19 education and training in England: Reflections on policy, curriculum and organisation, *London Review of Education*. Available at: https://www.academia.edu/20440984/Thirty_years_of_14_19_education_and_training_in_England_Reflections_on_policy_curriculum_and_organisation.

4.3.1 Employment is local and industry is regional

The businesses across the country that do this training are not national or centralised.

In 2025, 98 per cent of firms in the UK were single-site – comprising 84 per cent of all business sites.²⁷⁵

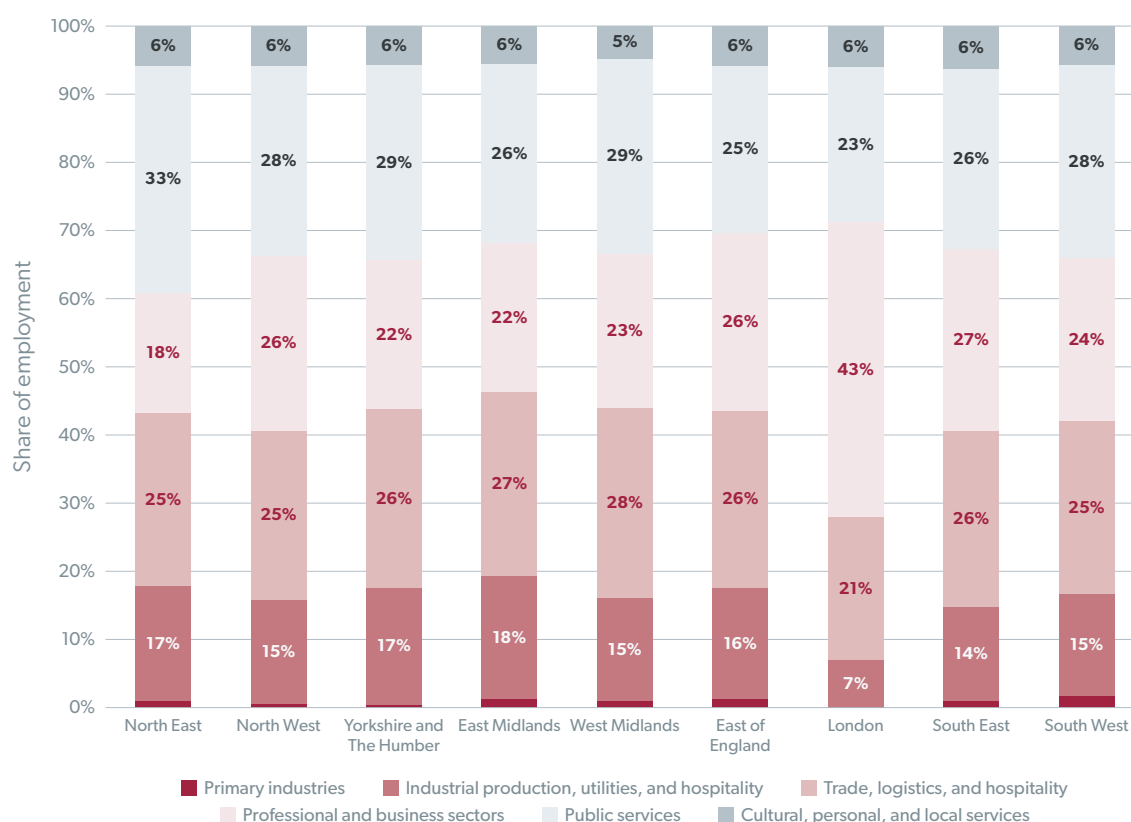
More than a third of all employment in Britain is from small employers with fewer than 50 employees.²⁷⁶

Sectors have regional variation, too. England has a significant and storied history of regional sectors of employment. The story of the post-Industrial Revolution economic geography of the nation was one of deep pockets of regional comparative advantage: textiles in Lancashire and Yorkshire, steel and shipbuilding on the banks of the Tyne and the Clyde, coal mining across South Wales and the North East, and pottery concentrated around Stoke-on-Trent.²⁷⁷

As Figure 15 shows, this regional variation has not evaporated. Professional and business sectors are nearly half of employment in London but only around a quarter on most other regions. Industrial production, utilities and infrastructure make up a sixth of employment out of London, while only around a fifteenth in London.²⁷⁸

The pool of employers that can hire apprentices is local and looks different across the country, yet the apprenticeship system is missing material local and regional input.

Figure 15 – Share of employment by sector and region, England, Mar 26



Source: ONS (2026) JOBS05: Workforce jobs by region and industry, 18 June. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/workforcejobsbyregionandindustryjobs05> (Accessed: 17 July 2026).

275 ONS (2026) JOBS05: Workforce jobs by region and industry, 18 June. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/workforcejobsbyregionandindustryjobs05> (Accessed: 2 July 2026).

276 ONS (2026) Employment in the UK: June 2026, 18 June. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/employmentintheuk/june2026> (Accessed: 9 July 2026).

277 Thompson, E.P (1963) The Making of the English Working Class. London: Victor Gollancz Ltd.

278 ONS (2026) JOBS05: Workforce jobs by region and industry, 18 June. Available at: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/workforcejobsbyregionandindustryjobs05> (Accessed: 2 July 2026).

4.4 Learning from best practice

4.4.1 Apprenticeships as a bridge between education and local industry

Evidence from abroad and closer to home highlights that apprenticeships work best when they are grounded in regional context and giving employers agency, helping to bridge the gaps specific to a local employment sector.

Best practice at home

Case study 11: Concentrated industry – Sheffield Advanced Manufacturing Research Centre (AMRC)

On the site of the former Orgreave Colliery, a major advanced manufacturing park has grown into one of the UK's leading industrial clusters. Since 2004, on the border between Sheffield and Rotherham, across 2 million square feet, the development has grown to employ more than 2,500 individuals and host near 100 firms, including major employers, such as Boeing, Bodycote, Rolls-Royce, McLaren Automotive, Castings Technology International, and the Advanced Manufacturing Research Centre (AMRC)²⁷⁹ – a Boeing and University of Sheffield partnership that now employs more than 500 researchers and engineers across South Yorkshire, Broughton and Lancashire.²⁸⁰

The developer Harworth has explicitly framed the development in reference to the region's previous industrial history, stating the region was chosen for its continued advanced industrial pedigree.²⁸¹ Even the park's road names - Brunel, Stephenson, and Brindley Way – are part of emphasising a coherent engineering identity.

This concentrated expansion in manufacturing has also help grown apprentice training in the AMRC Training Centre, as the private and higher education sectors collaborate to promote skills. Over 2,200 apprentices since 2013 have been trained, in coordination with more than 400 employers.²⁸² There is explicit benefit to the local region. 87 per cent of apprenticeships live and work in South Yorkshire.²⁸³ AMRC estimate that their programme has added over £280 million to the economy, £230 million of which is directly benefitting South Yorkshire.²⁸⁴

The AMRC shows the potential of keeping agency local in apprenticeship decisions, while still retaining scalability and economic impact, with the end result of direct local economic benefit – using a public / private local partnership.

279 Harworth (n.d.) Advanced Manufacturing Park. Available at: <https://harworthgroup.com/projects/advanced-manufacturing-park/> (Accessed: 3 July 2026).

280 University of Sheffield (n.d.) Our Story. Available at: <https://www.amrc.co.uk/pages/our-story> (Accessed: 6 July).

281 Harworth (n.d.) Advanced Manufacturing Park. Available at: <https://harworthgroup.com/projects/advanced-manufacturing-park/> (Accessed: 3 July).

282 University of Sheffield (n.d.) Economic Impact Summary. Available at: <https://amrctraining.co.uk/economic-impact-summary> (Accessed: 2 July 2026).

283 Ibid.

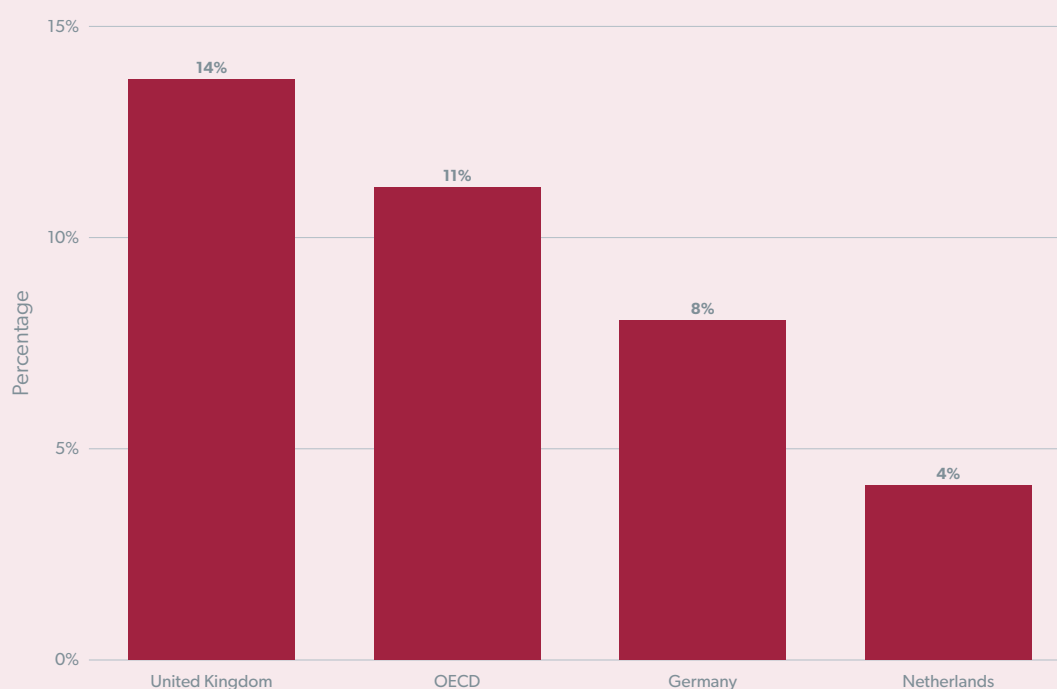
284 Ibid.

Case study 12: Regionalised vocational education and training – Germany

Germany offers an example of effective regional education design. Over 60 per cent of decisions in lower secondary education are made at the level of the state, of which there are 16, compared to 11 per cent on average across the OECD.²⁸⁵ In England, just six per cent of decisions are taken at the local level.²⁸⁶

Germany's Vocational Education and Training (VET) system also stands out from its international peers for having local employers integrated into the education to offer young people a clear pathway between school and work. In 2024, 95 per cent of VET graduates participated in work-based learning, with part of their course conducted with a company as an apprentice or an intern – the highest rate in the EU and substantially above the EU's average of 65 per cent.²⁸⁷ In the same year, it had the 8th lowest proportion of 15- to 24-year-olds NEET in the OECD, with 8 per cent – 6 per cent below the UK's 14 per cent.²⁸⁸

Figure 16 – Proportion of 15- to 24-year-olds NEET, 2024



Source: OECD (2025) *Youth not in employment, education or training (NEET)*. Paris: OECD Publishing. 2, October. Available at: <https://www.oecd.org/en/data/indicators/youth-not-in-employment-education-or-training-neet.html> (Accessed: 2 July 2026).

285 OECD (2018) *Education at a Glance 2018*, 11 September. Available at: www.oecd.org/en/publications/2018/09/education-at-a-glance-2018_g1g921ab.html.

286 Ibid.

287 European Commission (2025) *Education and training monitor 2025: Germany: 4. Vocational education and training*. Publications Office of the European Union. Available at: <https://op.europa.eu/webpub/eac/education-and-training-monitor/en/country-reports/germany.html#chapter-4> (Accessed: 2 July 2026).

288 OECD (n.d.) *Youth not in employment, education or training (NEET)*. Available at: <https://www.oecd.org/en/data/indicators/youth-not-in-employment-education-or-training-neet.html> (Accessed: 14 July 2026).

The strong connection between school and work is frequently attributed to Germany's dual system,²⁸⁹ where three quarters of learning time is spent in the workplace as an apprentice and one quarter in school.²⁹⁰ Principally, it aims for pupils to acquire comprehensive vocational competence, becoming effective and efficient employees through the completion of a 2-to-3.5-year training contract.²⁹¹

Companies that take on apprentices must prove their suitability as a training facility, i.e. it has accredited trainers and can enable the apprentice to learn all the skills, knowledge, and abilities listed in the training regulations for the apprentice's occupation²⁹² – of which there are over 300.²⁹³

Each set of regulations contains an occupational profile that defines core tasks and competence areas, a training plan that outlines the schedule for acquiring competencies, and examination requirements detailing the structure and content of assessments.²⁹⁴ These training regulations are jointly developed by the Federal Ministry of Education, Family Affairs, Senior Citizens, Women, and Youth (BMBFSFJ), employers, trade unions, and state governments.²⁹⁵ In fact, in all fundamental matters regarding VET, each group gets an equal share of the votes.²⁹⁶

Alongside assisting in the development of national training regulations, each state is responsible for vocational schools,²⁹⁷ which account for a quarter of learning time in the dual system.²⁹⁸ They also provide schooling for the 12 per cent of VET learners who engage in school-based VET rather than an apprenticeship.²⁹⁹ For example, the organisation of lessons in vocational schools is decided by the state government, who coordinate the timing of learning phases with chambers, guilds, and local companies to cater for local needs.³⁰⁰

Decentralised control of primary and lower-secondary education is also important. Individual states control the age at which primary education ends,³⁰¹ therefore when stratification begins, and the types of lower-secondary school children are split into.³⁰² For instance, some states have three tiers of lower-secondary education, whereas others have merged them together.³⁰³ Such decentralisation is strikingly different to the English system.

289 Haasler, S. R. (2020) The German system of vocational education and training: challenges of gender, academisation and the integration of low-achieving youth, *European Review of Labour and Research*, 26(1). Available at: <https://journals.sagepub.com/doi/10.1177/1024258919898115>.

290 CEDEFOP (2023) Vocational education and training in Europe – Germany. Available at: https://www.refernet.de/dokumente/pdf/2023_VET%20system_DE.pdf (Accessed: 2 July 2026), p. 5.

291 Ibid; BIBB (2020) The Dual System: Young people study in the company and at school, 4 November. Available at: <https://www.bibb.de/en/77203.php> (Accessed: 2 July 2026).

292 BIBB (2024) In-Company Training in Germany, 10 September. Available at: <https://www.bibb.de/en/147094.php> (Accessed: 2 July 2026).

293 OECD, VET Systems in Nine Countries, p. 94.

294 Ibid, p. 94.

295 Ibid, p. 94.

296 BIBB (2025) Board, 15 December. Available at: <https://www.bibb.de/en/463.php> (Accessed: 2 July 2026).

297 German Missions in the United States (n.d.). The German Vocational Training System: An Overview. Available at: <https://www.germany.info/us-en/welcome/wirtschaft/03-wirtschaft/1048296-1048296> (Accessed: 2 July 2026).

298 CEDEFOP (2023) Vocational education and training in Europe – Germany. Available at: https://www.refernet.de/dokumente/pdf/2023_VET%20system_DE.pdf (Accessed: 2 July 2026), p. 5.

299 OECD, VET Systems in Nine Countries, p. 90.

300 Eurydice (2026) Germany: 5.7 Organisation of vocational upper secondary education. Available at: <https://eurydice.eacea.ec.europa.eu/euryperia/germany/organisation-vocational-upper-secondary-education> (Accessed: 2 July 2026).

301 Eurydice (2026) Germany: 4. Primary education. Available at: <https://eurydice.eacea.ec.europa.eu/euryperia/germany/primary-education> (Accessed: 2 July 2026).

302 Eurydice (2026) Germany: 5.1 Organisation of general lower secondary education. Available at: <https://eurydice.eacea.ec.europa.eu/euryperia/germany/organisation-general-lower-secondary-education> (Accessed: 2 July 2026).

303 Ibid.

This is important since the qualification obtained by a pupil at lower-secondary school determines the subsequent vocational or academic track a pupil follows.³⁰⁴ Consequently, the schooling structure implemented by each state directly influences the flows of pupils into vocational education and final qualifications obtained.

For example, in Bavaria, which has a highly stratified schooling system and a strong manufacturing economy,³⁰⁵ 27 per cent of school leavers obtained a university entrance qualification, 67 per cent obtained a qualification typically leading to VET, and six per cent left without a qualification in 2023/24.³⁰⁶ This is dramatically different to the UK, with far fewer attending university but also far fewer achieving no destination.

In Berlin, which has a more comprehensive schooling system and fast-growing startup and tech sectors,³⁰⁷ the respective proportions were 41 per cent, 50 per cent, and nine per cent.³⁰⁸

Decentralisation has undoubtedly contributed to the strong alignment between the education system and regional and local labour market needs. However, it has also amplified the influence of socioeconomic background on education paths and outcomes, with the degree of influence varying by state. For example, the role of socioeconomic background in determining the path taken between lower- and upper-secondary school has been found to be 3.5 times stronger in Bavaria than in Brandenburg.³⁰⁹

Differences in education systems may not offer a full explanation of social mobility differences between states. Clusters of high and low social mobility are spread out across all of Germany and extend across state borders.³¹⁰ Furthermore, the total range of NEET rates between regions in Germany (5.8 per cent)³¹¹ is much smaller than England's (11.1 per cent)³¹², suggesting that decentralisation may have been more effective than England's centralisation at avoiding pockets of poorer outcomes.

The German economy is not without its acute challenges and copy and pasting such an education system would not necessarily be wise, but Germany's regional tailoring is remarkably effective at ensuring young people leave school into positive employment destinations.

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- 304 Beicht, U. and Walden, G. (2016) Transitions into vocational education and training by lower and intermediate secondary school leavers. Can male adolescents compensate for their school-based educational disadvantage in comparison with female adolescents?, *Empirical Research Vocational Education and Training*, 8(11). Available at: <https://link.springer.com/article/10.1186/s40461-016-0037-9>; Research in Germany (n.d.) Schools. Available at: <https://www.research-in-germany.org/plan-your-stay/family/schools.html> (Accessed: 2 July 2026).
- 305 Helbig, M. and Sendzik, N. (2022) What Drives Regional Disparities in Educational Expansion: School Reform, Modernization, or Social Structure?, *Education Sciences*, 12(3). Available at: <https://www.mdpi.com/2227-7102/12/3/175#B17-education-12-00175>; Germany Trade & Invest (2026) Federal States: Bavaria. Available at: <https://www.gtai.de/en/invest/business-location-germany/federal-states/bavaria-151324> (Accessed: 2 July 2026).
- 306 Destatis (2026) Graduates and graduates: federal states, school year, Gender, type of school, school qualifications. Available at: <https://genesis.destatis.de/daten-bank/online/statistic/21111/table/21111-0013/search/s/MjExMTE%3D> (Accessed: 2 July 2026).
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- 308 Destatis (2026) Graduates and graduates: federal states, school year, Gender, type of school, school qualifications. Available at: <https://genesis.destatis.de/daten-bank/online/statistic/21111/table/21111-0013/search/s/MjExMTE%3D> (Accessed: 2 July 2026).
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- 310 Schüle, P. et al. (2021) New evidence on social mobility in Germany, Centre for Economic Policy Research, 24 December. Available at: <https://cepr.org/voxeu/columns/new-evidence-social-mobility-germany> (Accessed: 2 July 2026).
- 311 Statista (2026) Youth unemployment rate (15 to under 25 years) in Germany in 2025, January. Available at: <https://de.statista.com/statistik/daten/studie/73091/umfrage/bundeslaender-im-vergleich-junge-arbeitslose/> (Accessed: 2 July 2026).
- 312 Department for Education and Department for Work & Pensions (2026) NEET age 16 to 24, 12 March. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/neet-statistics-annual-brief/2025#content> (Accessed: 2 July 2026).

RECOMMENDATION 8

Expand mayoral NEET pilot, but anchored around colleges and charities not Jobcentres

The Government has committed £140 million to a pilot through which mayors connect NEET young people with apprenticeship opportunities at local employers,³¹³ a welcome recognition that this work is local and that regional leaders understand their own labour markets.

This policy is promising but it is underdeveloped. Routed through Jobcentres, the pilot reaches the cohort through an institution which many report to not be trusted by young people: the Milburn Review characterised Job Centre provision – and the perception of it – as uneven and often “generic and tick box”. The evidence of this report is that the relational work is done best by colleges and by charities such as Jericho and the Newcastle United Foundation, which hold the long-term relationships with both young people and local employers that a Jobcentre cannot.

The Government should expand the mayoral pilot and anchor its delivery around these relational institutions, with Youth Guarantee funding for the 16 to 18 cohort flowing through the further education college and its voluntary-sector partners.

RECOMMENDATION 9

An FE wraparound to cut apprenticeship drop-out

England loses too many apprentices before they finish: around 40 per cent fail to complete, against roughly 25 per cent in Germany and Austria and 20 per cent in Ireland. Because so many apprentices don’t finish, the average lifetime value of a Level 2 apprenticeship start for a 16–18-year-old - £56,000 - is less than half the £120,000 lifetime value for those who achieve.³¹⁴

Drop-out is concentrated among the youngest and least advantaged apprentices who have less life and work experience. For too many, bumps in the road – a necessary part of entering the workplace – become exits. There is a huge cost associated with this.

The apprenticeship system provides the job and the training but not the relationship that holds a vulnerable young person in place when problems arise, and it is the absence of that relationship, more than the absence of opportunity, that drives so many out. The Government should fund further education colleges to provide a formal wraparound for apprentices most at risk of dropping out: pastoral and relational support running alongside the workplace and the off-the-job training, the named point of contact for both apprentice and employer when difficulties emerge.

313 Department for Work & Pensions (2025) 50,000 more young people to benefit from apprenticeships as Government unveils new skills reforms to get Britain working, 7 December. Available at: <https://www.gov.uk/government/news/50000-more-young-people-to-benefit-from-apprenticeships-as-government-unveils-new-skills-reforms-to-get-britain-working> (Accessed: 6 July 2026).

314 Department for Education (2025) The Net Present Value of further education in England, February. Available at: https://assets.publishing.service.gov.uk/media/67adc0ba69d39abb04adce22/The_net_present_value_of_further_education_in_England_2021_to_2022_.pdf (Accessed: 2 July 2026).

The Department for Education estimate the lifetime value of a 16 to 18 year old achieving a level 2 apprenticeship at £120,000 and a level 3 apprenticeship at £190,000.³¹⁵ They also estimate that the lifetime benefit of a start without achievement is negligible.³¹⁶ Achievement rates are currently just 65.6 per cent and 62.0 per cent, respectively.³¹⁷ Even at current disappointingly low levels, an increase in the achievement rate to 80 per cent for each of these cohorts would have an estimated total individual lifetime value of £1.53 billion.³¹⁸

4.4.2 Employer buy-in

Employers in countries with the strongest apprenticeship systems stand out for their commitment to training young people.

In 2023, almost 1 in 5 German companies engaged in training an apprentice.³¹⁹ This is in stark contrast with England. In 2022, only 1 in 30 English companies hired an apprentice.³²⁰

Furthermore, demand for apprenticeships from pupils in England far exceeds the supply from companies.³²¹ Germany has the reverse issue, as companies are finding it increasingly difficult to fill training places. In 2023, there were over 70,000 unfilled vocational training positions.³²²

Such provision and commitment is particularly striking when considering the lack of direct financial support for companies to provide training,³²³ with both training costs and remuneration to apprentices covered by companies in most cases.³²⁴ In England, non-levy paying companies currently receive 100 per cent of training and assessment costs for under-21s, plus £1,000 to support the apprentice if they are 16- to 18-years-old.³²⁵

It is therefore clear that to build an apprenticeship system that rivals the best internationally, we must improve employer buy-in and commitment to training young people.

315 Ibid, p. 33.

316 Ibid, p. 21.

317 Department for Education (2025) Apprenticeships, 16 July. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships/2025-26> (Accessed: 10 July 2026).

318 In 2024/25, there were 17,730 16 to 18 year old level 2 achievers and 21,900 16 to 18 year old level 3 achievers. At an achievement rate of 80 per cent, these would be 22,877 and 26,707, respectively. Ibid.

319 BIBB (2025) Recent Developments, 20 November. Available at: <https://www.bibb.de/en/147677.php> (Accessed on 17 July 2026).

320 In 2022/23 academic year, 76,450 enterprises hired at least one apprentice. In the calendar year 2022, the ONS estimated there to be 2,408,040 VAT and/or PAYE based enterprises in England. Department for Education (2025) Apprenticeships in England by industry characteristics, 29 May. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships-in-england-by-industry-characteristics/2022-23> (Accessed on: 17 July 2026); ONS (2022) UK business; activity, size and location: 2022, 28 September. Available at: <https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/ukbusinessactivitysizeandlocation/2022> (Accessed on: 17 July 2026).

321 Rewiring Education Part 1, p. 58; CSJ, Centre for Social Justice (2025) Skills to Build: Fixing Britain's construction workforce crisis, November. Available at: https://www.centreforsocialjustice.org.uk/wp-content/uploads/2025/11/CSJ-Skills_to_Build.pdf, p. 8.

322 Statista (2024) Number of vacant vocational training positions and applicants without a training position in Germany from 1992 to 2023, May. Available at: <https://www.statista.com/statistics/1182108/apprenticeship-market-vacancies-unplaced-applicants-germany/> (Accessed on: 17 July 2026).

323 BIBB (2024) Incentives in Germany, 10 September. Available at: <https://www.bibb.de/en/146584.php> (Accessed on: 17 July 2026).

324 BIBB (2024) Funding Arrangements in Germany, 10 September. Available at: <https://www.bibb.de/en/146617.php> (Accessed on: 17 July 2026).

325 <https://www.gov.uk/employing-an-apprentice/get-funding>.

RECOMMENDATION 10

Cost-benefit analysis of training apprentices

To increase the willingness of companies to train apprentices, the Department for Education and the Department for Business and Trade should produce a biennial report that includes a cost-benefit analysis of training apprentices by industry and region. Companies, especially SMEs, would gain from improved information on the cost of training an apprentice and how the provision of training is a worthwhile investment due to the production by apprentices during training and the long-term benefits.

This report should build on the survey by Germany's Federal Institute for Vocational Education and Training on costs and benefits of training produced, which is a standardised, statistically representative national survey conducted roughly every 5 years covering over 3,000 training firms.³²⁶ This contributes to the wide understanding in Germany that over time companies benefit financially from training an apprentice, despite the estimated net cost of €8,086 per apprentice, and over a quarter in fact do so within the training contract.³²⁷

Furthermore, companies save on average €13,689 per skilled worker in recruitment costs by hiring their apprentices full-time and can at least partially meet their demand for skilled labour through their own training that imparts company-specific knowledge.³²⁸

Employers displaying commitment to provide high-quality training to young people should be rewarded for doing so. Increasing recognition and emphasising its social value aims to encourage more employers to engage more proactively in training young people.

Case study 12: Employer buy-in – The 5% Club

The 5% Club is a UK employer-led charity founded in 2013 to tackle skills shortages, improve social mobility, and expand high-quality workplace learning opportunities.³²⁹ It brings together employers committed to increasing the number of people in 'earn and learn' roles, including apprentices, sponsored students, graduates on formal training programmes, and other structured early careers pathways. Members pledge to work towards having at least 5% of their UK workforce in these roles within five years of joining and publicly report on their progress.

A key feature of the charity is its Employer Audit and Accredited Membership Scheme. The independent audit enables organisations to benchmark their workforce development activity and receive Bronze, Silver, Gold, or Platinum accreditation based on their commitment and performance. This accreditation provides external recognition of an employer's investment in training young people. 252 companies, employing over 800,000 employees, of whom over 70,000 are in 'earn and learn roles', participated in the 2025 Employer Audit, with 78 achieving Platinum, 137 Gold, 30 Silver, and 7 Bronze.³³⁰

326 BIBB (2024) Company Costs and Benefits in Germany, 10 September. Available at: <https://www.bibb.de/en/146543.php> (Accessed on: 17 July 2026); BIBB (2025) Costs and benefits of training from a company perspective, 31 July. Available at: <https://www.bibb.de/de/11060.php> (Accessed on: 17 July 2026)

327 Ibid.

328 Ibid.

329 The 5% Club (2026) The 5% Club: Impact Report 2025-26, 3 June. Available at: <https://www.5percentclub.org.uk/wp5pc/wp-content/uploads/2026/06/The-5-Club-Impact-Report.pdf>.

330 Ibid.

RECOMMENDATION 11

Employer recognition for training commitment and excellence

The Department for Education, alongside the Department for Business and Trade, should develop accreditation benchmarks as the government's recognised marker of employer best practice on youth workforce investment.

The accreditation system should ensure that the process is not overly burdensome for SMEs. Accreditation benchmarks should also be considered as evidence of social value commitment in the award of public contracts.

4.4.3 Apprenticeships and technical excellence

University remains the correct path for many. Graduates today are still more likely to be employed and earn more over their lifetime work than non-graduates. Even controlling for higher prior attainment or socioeconomic background, university continues to increase average lifetime earnings.³³¹

But, increasingly, that fact alone masks variation beneath the surface. 13 per cent of NEETs hold a degree.³³² Recent evidence estimates that university has negative net lifetime returns for 30 per cent who graduate.³³³ Even for those in work, graduate premia outside London and the South East are falling for most subjects,³³⁴ even as tuition fees are rising.

High-skilled (level 4+) apprenticeships have become increasingly attractive to students as the financial calculus shifts in their favour: three to four years of paid work and study, no tuition debt (which for the average graduate now exceeds £50,000),³³⁵ and average salaries five years after completion that beat average graduates by over £5,000 a year.

Top apprenticeship schemes that rival the most elite university education have started to emerge. The Rolls-Royce programme is one. Others include BAE Systems, Airbus, Jaguar Land Rover, and Siemens. They serve as admirable templates of what the British education system can achieve. Scaling these programmes to a significant extent outside a few select firms is a policy question that deserves much thought.

Rewiring Education: Part Three will focus more greatly on this point – high quality apprenticeships offer a critical route for improving Britain's advanced manufacturing sector and have a significant role to play in the general transition away from an entirely university-centric model of higher education.

331 Britton, J. et al. (2026) New estimates of the impact of undergraduate degrees on lifetime earnings, Institute for Fiscal Studies, 25 June. Available at: <https://ifs.org.uk/publications/new-estimates-impact-undergraduate-degrees-lifetime-earnings>.

332 Milburn Review.

333 Britton, J. et al. (2026) New estimates of the impact of undergraduate degrees on lifetime earnings, Institute for Fiscal Studies, 25 June. Available at: <https://ifs.org.uk/publications/new-estimates-impact-undergraduate-degrees-lifetime-earnings>.

334 Department for Education (2026) Graduate labour market outcomes (LEO), 25 June. Available at: <https://explore-education-statistics.service.gov.uk/find-statistics/graduate-labour-market-outcomes-leo/2023-24> (Accessed: 27 June 2026).

335 Britton, J. et al. (2026) New estimates of the impact of undergraduate degrees on lifetime earnings, Institute for Fiscal Studies, 25 June. Available at: <https://ifs.org.uk/publications/new-estimates-impact-undergraduate-degrees-lifetime-earnings>.

Case study 13: Technical excellence – Rolls-Royce Apprenticeship Scheme, UK

By hiring and training students straight from school, Rolls-Royce plc apprenticeships offer an alternative of technical excellence to the university-first education model.

Rolls-Royce apprenticeships are exceptionally highly regarded in UK engineering and manufacturing circles. The programme has been operating for over a century³³⁶ and frequently earns an 'Outstanding' rating from Ofsted.³³⁷

The higher-level and Degree Apprenticeships (Level 6) are considered directly equivalent to (and in many industry circles, preferable to) a standard engineering degree from a top-tier Russell Group university.

For recruiters, the programme signals technical competence and experience in a highly regulated engineering environment, in addition to the ability to pass through a competitive selection process. Traditional graduates might have deep theoretical knowledge, but a Rolls-Royce apprentice graduates with an equivalent academic qualification plus 3 to 5 years of high standard engineering work experience and a competitive salary.

Route	Entry Level	Qualification	Entry Salary*
Level 3 Advanced Apprenticeship (4 Years)	GCSEs	Level 3 Engineering qualification (equivalent to A Levels)	£18,316.40
Higher Apprenticeship (4 Years)	A Levels	Level 4/5 qualification (HNC/HND equivalent)	£21,512.27
Degree Apprenticeship (4-5 Years)	A Levels	Bachelor's degree (Level 6) while employed with Level 7 (Master's equivalent) pathway available for Finance Professionals	£23,932.59

Source: Rolls-Royce (2026) *Apprenticeships & School Leavers*. Available at: <https://careers.rolls-royce.com/en/students-and-graduates/united-kingdom/apprenticeships-and-school-leavers> (Accessed: 2 July 2026).

*Correct as of April 2026. Salary variation subject to location. Salaries increase annually by ~14.25% throughout the 4–5-year programmes.

Rolls-Royce employed over 1,100 apprentices in the UK in 2023, including 634 Degree Apprentices, 129 Higher Apprentices and 350 Advanced Apprentices.³³⁸ Those came across a variety of sectors, including engineering, operations, business, digital, and manufacturing.

Entrance opportunities are aimed both at leavers and those retraining after previous careers.³³⁹ Programmes at Rolls-Royce are highly competitive. In some cases, competition can be considerably fiercer than most Russell Group university courses, which have average offer rates between 70 and 85 per cent.³⁴⁰

336 Rolls-Royce (2026) *Apprenticeships & School Leavers*. Available at: <https://careers.rolls-royce.com/en/students-and-graduates/united-kingdom/apprenticeships-and-school-leavers> (Accessed: 2 July 2026).

337 Rolls-Royce (2010) Rolls-Royce awarded "outstanding" rating for apprenticeship scheme, 24 February. Available at: <https://www.rolls-royce.com/media/press-releases-archive/yr-2010/100224-award-outstanding-apprenticeship-scheme.aspx> (Accessed: 2 July 2026).

338 Rolls-Royce (2023) *Achieving growth through apprenticeships factsheet*. Available at: <https://www.rolls-royce.com/~media/Files/R/Rolls-Royce/documents/about/achieving-growth-through-apprenticeships-factsheet.pdf>.

339 Rolls-Royce (2026) *Apprenticeships & School Leavers*. Available at: <https://careers.rolls-royce.com/en/students-and-graduates/united-kingdom/apprenticeships-and-school-leavers> (Accessed: 2 July 2026).

340 Academic Jobs (2026) *Acceptance Rates: How to get into The Russell Group?*. Available at: <https://www.academicjobs.com/employers/the-russell-group/15287/acceptance-rate> (Accessed: 2 July 2026).

Rolls-Royce apprenticeships provide access to a range of progression pathways. On completion, apprentices may progress into technical and professional roles such as Technicians, Machinists or Engineers. With further experience, opportunities exist to move into senior technical positions, project leadership, specialist engineering roles, or operational management.³⁴¹ Some such opportunities exist within Rolls-Royce – and many choose to stay on at the firm – but, equally, the skills and experience gained are also highly transferable to other high-quality advanced manufacturing sectors including aerospace, defence, and engineering consultancy.

The Rolls-Royce apprenticeships demonstrate that technical education should never be considered secondary to that of a university. Graduates from their programmes are going on to be vital contributors to the British economy across nationally critical industries.

Apprentices are exposed to complex environments such as international supply chains or delivering on large-scale projects - experiences that are difficult to replicate in a lecture hall. Employers have high demand for their demonstrable technical and professional skill. We need more programmes like Rolls-Royce.

Rewiring Education: Part 3 will focus on how we can make Britain a technical education superpower in the way it is a higher education superpower.

³⁴¹ Rolls-Royce (2025) My apprenticeship got me here – Cassie, 11 February. Available at: <https://www.rolls-royce.com/media/our-stories/discover/2025/my-apprenticeship-got-me-here-cassie.aspx> (Accessed: 2 July 2026).



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