



COUNTRIES IN FOCUS – United Kingdom

PURPOSE

This document provides a summary in response to one of the topics identified in the Country Comparisons. Through a brief appraisal of facts, key issues and points of tension, this summary aims to provoke discussion amongst Commission members in relation to design issues facing the Australian post-compulsory education system.

RESPONSE

Topic: *Given the UK's strong performance in employment rates among 25 – 64 year olds, it would be worthwhile considering how the post compulsory education sector is aligned to the country's broader economic strategy. In doing so, assess whether the performance in employability is lifelong or attached to a key period of life.*

The lay of the land:

- As at 2016, the United Kingdom is 5th lowest in the world (Iceland was lowest) for unemployment rates in 25 – 64 year olds, among those with upper secondary, non-tertiary qualifications and 7th lowest in world (Hungary was 1st, Iceland 2nd) among those with tertiary qualifications.
 - The *unemployed* are defined as people without work but actively seeking employment and currently available to start work. This indicator measures the percentage of unemployed 25-64 year olds among 25-64 year olds in the labour force.
 - In the context of the OECD classification, post-secondary, non-tertiary qualifications describe, *'programs that may be designed to increase options for participants in the labour market, for further studies at a tertiary level, of both; usually, programs at this level are vocationally oriented.'* Tertiary qualifications encompass programs ranging from, *'bachelor-level qualifications through to doctoral, or equivalent level qualifications'*. This is informed by the International Standard Classification of Education (ISCED).
- However, when looking at long-term unemployment rates, which refers to people who have been unemployed for 12 months or more, the United Kingdom is 17th lowest in the world (Korea was lowest; the UK also follows comparator countries including US, New Zealand and Australia).
 - Long-term unemployment causes significant mental and material stress for those affected and their families. It is also of particular concern for policy makers, as high rates of unemployment indicate labour markets are operating inefficiently.
- The proportion of young people neither in employment nor in education or training (NEETs) in the United Kingdom, roughly equivalent to the OECD average, has fallen since 2010. In 2016, 13.2% of 15-29 year-olds were classified as NEET, compared to 15.9% in 2010.
- Women have lower earnings than men in the United Kingdom, although the income gender gap for workers with upper secondary and tertiary qualifications is similar to the OECD average.

- Overall, Britain's productivity, whilst strong, is lagging behind competitors. Specifically, output per hour worked in the British economy has been weak since the financial crisis. The current Government is of the view that strong employment rates, must be sustained by higher productivity (as the essential requirement for higher wages)

Reasons why:

- Flexible labour market – Britain's labour market has performed well in the decade since the financial crash, contributing to strong overall employment rates.
- Expanding access of tertiary education (tertiary, as defined in the Monash Commission sense of both universities and VET/TAFE not the OECD measure used) – in the 1960s, 5% of young people ages 18 – 24 went into tertiary education, that number is close to 46% in 2018.
 - However, the growth has been particularly dominated in the university sector (i.e. through undergraduate degrees) with declines noticed in the achievement of other tertiary education qualifications (i.e. higher national diploma, professional technician, higher apprenticeships).
 - The 2012 reforms to university financing have incentivised universities to attract prospective students onto undergraduate degrees (as funding follows the student).
 - Meanwhile, the supply, availability and resourcing associated with other options of qualifications remain issues of concern.
- Long-term unemployment rates, could be explained in part, by decline in part-time learning in higher education – there has been a 60% reduction in part-time study between 2010 and 2016 – where students are more likely to be older adults.
 - There are a range of restrictions around accessing loans, for students who already have a degrees, and the lack of maintenance support for part-time students across both universities, and further education. Such measures don't necessarily promote lifelong learning, particularly for those unemployed later in life (noting the higher long-term unemployment rates)

Implications, tensions and future considerations:

- Despite the strong unemployment rates, it appears that many graduates appear to be in jobs which do not require a degree-level education and at the same time (i.e. 26% of graduates were not in graduate level jobs), businesses are reporting skills shortages (i.e. technician, roles in the advanced manufacturing sector), at the qualification levels noted above as in decline.
- Through the United Kingdom's recently released Industrial Strategy, the Government has committed in its key policies, to do the following:
 - Establish a technical education system that rivals the higher education system.
 - Creating a National Retraining Scheme that supports people to re-skill, beginning with a 64m investment for digital and construction training.

RECOMMENDATION

In informing the future design of Australia's post-compulsory education system, it is worth noting key features of the UK system, including:

- Despite strong overall employment outcomes, there appears to be a mismatch between skills of graduates and job opportunities, and opportunities to train students in a more tailored fashion for the lives they wish to lead;
- Flexible labour market and high levels of access to tertiary education;
- The key policies of the United Kingdom's Industrial Strategy, especially the creation of a national retraining scheme and establishing a strong technical education system,

In understanding its position as a nation with strong performance in the areas of employment outcomes.

Key references:

- Lords Committee Review – <https://publications.parliament.uk/pa/ld201719/ldselect/ldeconaf/139/139.pdf>
- The Guardian Post-School Education – <https://www.theguardian.com/education/2018/jun/11/post-school-education-in-england-attacked-lords-report-universities-poor-value-for-money>
- United Kingdom's Industrial Strategy: the 5 foundations - <https://www.gov.uk/government/publications/industrial-strategy-the-foundations/industrial-strategy-the-5-foundations>
- Industrial Strategy; Building a Britain fit for the future - https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664563/industrial-strategy-white-paper-web-ready-version.pdf