



# Research Report



## Economic, Social, and Personal Outcomes of Vocational Qualifications

Prepared for:

London Borough of Newham

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# **Economic, Social, and Personal Outcomes of Vocational Qualifications**

**Prepared for: London Borough of Newham**

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# Executive Summary

## Introduction

This summary presents key findings and conclusions from research undertaken on behalf of the London Borough of Newham by BMG Research, in partnership with the Institute of Employment Studies, to identify the economic, social, and personal outcomes of vocational qualifications. In the context of high levels of unemployment amongst young people both in the UK as a whole and in Newham this research seeks to identify the relative benefits of different post-16 progression routes. In seeking to maximise the number of young people who find work after the end of compulsory education at age 16, a key question arises as to what provides the best preparation of young people for the jobs market. There are three basic routes at age 16 (although young people may combine routes or move between them):

- continuing in academic education, in 6<sup>th</sup> Forms or FE College, with the aim of securing employment post-A Level or, later, post-University;
- pursuing vocational qualifications, usually in FE; and
- leaving school and seeking to move directly into employment, sometimes as part of an Apprenticeship.

Research identifies significant returns to education, and vocational qualifications that increase the productivity of individual workers relative to qualification levels below NQF-2 or relative to having no qualifications, resulting in higher wages and better employment opportunities. Undertaking and successfully achieving vocational qualifications are investments in early life which increase lifecycle earnings relative to not having achieved these qualifications.

This research aims to explore motivations for pursuing different pathways post-16 and how different pathways, qualifications (including level and type of course), and experiences (such as undertaking work experience) impact upon young people's outcomes in terms of employment, wages, and satisfaction.

## Methodology

To explore the extent of the returns to education and vocational qualifications to individuals in Newham the research comprised the following methods:

- Secondary data analysis to provide an estimation of the effect of post-16 vocational education (compared to direct entry into employment) on employment and employment sustainability using regression models for the UK and London. This element of the study drew both on survey data and data from external sources including the Annual Population Survey and the Labour Force Survey.<sup>1</sup>
- Quantitative face-to-face survey of 445 young Newham residents, aged between 22 and 25. Immediately following their GCSEs 358 of these learners had pursued vocational qualifications, 22 had entered Apprenticeships, and 65 had entered employment.

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<sup>1</sup> APS and LFS datasets and the Newham primary research data differs slightly as the former included NEETs at 16 but Newham data only included those who went straight into employment or vocational training.

- An econometric analysis on employment effects of post-16 vocational education in Newham using a difference-in-differences approach (DiD). This analysis provides employment effects net of structural differences between those starting vocational education and those working, in particular differences in work experience. By taking differences in employment rates observed five years on to rates just after the end of the initial status within both groups and then comparing differences between both groups over time, initial differences in levels can be accounted for. The obtained estimate shows the increase in employment rates relative to initial levels instead of the unconditional observed levels of employment rates, which (at young age) are much higher for those with longer work experience.
- Qualitative telephone consultations with 30 survey participants.

Key variables analysed in the survey data included respondent's demographics and their destinations following the end of compulsory education at age 16. In addition, the impact of level of qualification and location studied (inside or outside Newham) where respondents attended FE college immediately post-16 was explored.

A further important dimension concerns the type of qualifications which FE and vocational 6th Form students had pursued. Following discussion with Newham Council and a review of the Paper 'Young People and Skills in Newham' (2012),<sup>2</sup> the vocational qualifications undertaken by respondents who had entered FE College or Sixth Form immediately following their GCSEs were divided into 'Knowledge-based' qualifications (such as vocational qualifications in Law or Psychology) and 'Competence-based' qualifications (such as vocational qualifications in health and beauty or construction).

### Context and scope

Unemployment amongst young people is one of the UK's most pressing social and economic problems. The Labour Force Survey shows that, across the UK, in 2012, 30.3 per cent of 16-19 year olds, 22.7 per cent of 20-21 year olds, and 14.7 per cent of 22-25 year olds were unemployed, compared to 5.7 per cent for people aged 26 and over. Unemployment rates in Newham were substantially worse: at 39 per cent for 16-19 year olds, 26.1 per cent for 20-21 year olds, 16.3 per cent of 22-25 year olds, and 14.5 per cent for those over 25. Unemployment amongst young people grew faster than for older people. In Newham, unemployment amongst 16-24 year olds grew by 48 per cent between 2008 and 2012 compared to an increase of 28 per cent amongst those aged 25 to 49.

Although Newham is economically and socially deprived relative to the London area, educational performance at all levels is improving. According to Weeden & Tindell (2012), GCSE performance reached the national average in 2011 although it remained below the London average (58 per cent versus 61 per cent achieving 6 GCSE grades A-C).<sup>3</sup> The Borough also had one of the highest retention rates among 16 year olds in London, with 95 per cent of students remaining in education or training. On the other hand, A-level performance was lower than in many other London boroughs.

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<sup>2</sup> *Young People and Skills in Newham*, November 2012. Achievement & Skills, Children & young People's Services.

<sup>3</sup> Weeden S and Tindell G (2012), *The Progression of Newham Young Residents to Higher Education*, Newham London and University of East London.

The report *Young People and Skills in Newham* found that 59 per cent of Newham residents aged 16-18 were studying at Level 3, 20 per cent at Level 2, 13 per cent at Level 1 and 7 per cent at Entry Level in 2011/12.<sup>4</sup> Over half of the vocational qualifications studied by Newham residents aged 16-18 are studied in Newham, while most of the remaining half studied in neighbouring boroughs. Success rates among young Newham residents are high for vocational courses and Apprenticeships, and have improved in the last few years. Achievement at all levels in 2010/11 was over 90 per cent. In recent years, the number of people studying Apprenticeships increased steadily, both in the 16-18 and 19-24 groups.

According to the 15billion report for Newham, April 2012, the cohort of resident young people in Year 12 to Year 14 was 11,395 individuals.<sup>5</sup> Among them, 561 people, or 5.2 per cent, were NEETs. Most young people in the cohort were involved in education (85.5 per cent), and only a few were in employment and not in education (2.5 per cent). The activity of the remaining proportion was unknown. Relative to April 2011, the figure of NEETs had fallen by 1.31 per cent. Among those involved in learning, 36.7 per cent were in a Sixth Form College, 29.4 per cent participated in Further Education (FE), 16.6 per cent were in School Sixth Form and 13.2 per cent participated in Higher Education.

A review of national literature finds one of the most critical findings consistently noted relates to the nil and often even negative earnings returns that result from competence-based National Vocational Qualifications (NVQ) at Levels 1 and 2.<sup>6</sup> When analysing the impact of training across FE, Apprenticeships and Train to Gain programmes, Frontier Economics and the Institute for Fiscal Studies (2011), found that amongst 20-24 year olds Apprenticeship programmes in the UK have the greatest impact on earnings, time in employment and time on benefit in the UK.<sup>7</sup>

Earnings returns of vocational qualifications are found to differ markedly depending on the age at which the qualification is obtained. Both Level 2 and Level 3 qualifications yield higher returns when these are obtained at relatively younger ages. According to research presented by London Economics (2010) the main reason for the variation of returns by age and the specific qualification achieved, and in particular the lower returns of NVQs to young people, is the flexibility allowed in the NVQ design.<sup>8</sup>

## Employment and wage returns from vocational qualifications

### Estimated earnings and employment returns for young people in the UK

Analysis of empirical data at the UK level identifies the largest returns of vocational qualifications on wages are for vocational qualifications at Level 4 and Trade Apprenticeships. These are both associated with pay levels one-quarter higher than the earnings of those without formal qualifications. Smaller effects arise from having GCSEs at grades A-C only (13 percentage point increase relative to the baseline category of no

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<sup>4</sup> Ibid

<sup>5</sup> [http://www.15billion.org/content\\_files/monthly\\_reports/April\\_2012\\_onwards/NEW\\_2012-04\\_Apr\\_-\\_web.pdf](http://www.15billion.org/content_files/monthly_reports/April_2012_onwards/NEW_2012-04_Apr_-_web.pdf)

<sup>6</sup> Wolf, A. (2011). *Review of vocational Education: The Wolf Report*. London: Department for Business, Innovation, and Skills.

<sup>7</sup> Frontier Economics and the Institute for Fiscal Studies (2011), 'Age and Returns to Training', *BIS Research Paper 48*, Annex 2.

<sup>8</sup> London Economics (2010), *Returns to BTEC vocational qualifications*. Final Report for Pearson.

qualifications), Vocational NQF Level 2 (10 percentage point increase) or GCSEs at grades D-G only (8 percentage point increase).

Empirical estimates for specifically young people as presented here clearly understate the true life-cycle impact of vocational educations on earnings or employment, for which much more positive estimates have been published in recent years. This downward bias results from the fact that young people with further educational investment have spent less time in the labour market than those starting work directly after school.

Although the regression models control for such differences by adding terms, which flexibly control for the differences in work experience between groups, the average and the range of work experience observed for people with educational investments are structurally below the corresponding figures observed for people without such investments. While this may be negligible in empirical estimates for the whole range of the working life (16-65) due to much greater variation in both education and work experience, differences matter more when focusing on young people. The *structurally* lower work experience of people with vocational education introduces a selection-bias, which cannot be fully captured by statistical models and some of the effect of lower work experience is then attributed to the differences education variables.

In addition to the econometric difficulty of estimating unbiased returns, full employment and earnings gains from vocational qualifications are unlikely to accrue in the years immediately following the end of further education. People with further educational investment delay initial transitions into the labour market or are still in the process of finding the right place. Even if qualified at higher levels, some labour market entrants initially work below their productivity level or firms may prefer young people with proven work experience for jobs initially paid better. With increasing labour market experience, such sorting processes end and estimates of returns to educational investments are more likely to correspond to true increases in earnings.

Analysis also estimated the effects of various types and levels of qualifications attained on the probability of being employed as opposed to unemployed. The highest impact arises from having Trade Apprenticeships, Vocational NQF Level 3 or Vocational NQF Level 4 qualifications, the three of which all lead to a 26-27 percentage point increase in the probability of being in employment. Sizeable effects are also associated with having GCSEs at grades A-C (a 19 percentage point increase in the probability of being employed relative to holding no qualifications), having Vocational NQF Level 2 (15 percentage point increase) or having GCSEs at grades D-G only (14 percentage point increase). However, the positive effect of work experience gets smaller for each additional year's work experience, and the effect can even turn negative. For instance, one year of experience would lead to a 7 percentage point increase in the probability of being employed. However, an additional second year would only increase this probability to 5 percentage points; and a third year of work experience would increase it to 3 percentage points.

### **Estimated earnings and employment returns for young people in London**

At the London level the largest returns of vocational qualifications on earnings are from Level 4 qualifications, earnings of people with these are on average approximately a third higher than those with no qualifications. This effect appears larger than for the UK. However, if a

wage penalty from recessionary affects is taken into account for 2011<sup>9</sup>, the wage premium in that year associated with NQF Level 4 qualifications would be only 17 per cent, closer to the 21 per cent effect observed in the UK in 2011/12. A sizeable wage premium is observed for those with GCSEs and grades A-C only, with a wage premium of 19 per cent relative to those with no qualifications. This effect is 6 points larger than the estimate for the UK, but considering the 2011 penalty then the effect in London would be much smaller. The other qualifications at Level 2 or above are associated with wage premiums similar in size, of around 10 per cent. Each additional year of work experience is associated with a 4 percentage point increase in gross hourly wages.

In data shows that in London the average hourly wage for young people has decreased relative to 2004, particularly in 2010 and 2011, reflecting the worsening employment situation in the London economy.

In London, vocational qualifications below NQF Level 2 and Vocational NQF Level 2 do not have statistically significant effects on the probability of being employed. Achieving GCSEs at grades D-G only (below Level 2) is not associated with higher employment chances either. However, Vocational NQF 4 is associated with the highest probability of being employed, 13 percentage points higher than among those with no formal qualifications. The second largest effect is found for Trade Apprenticeships, which lead to an 11 percentage point increase in the probability of being employed. Vocational NQF Level 3 and GCSEs at grades A-C only have a similar effect, of a 7 percentage point increase in the probability of employment.

Work experience appears linearly associated with the probability of employment, increasing it by 6 percentage points for every additional year of work experience. However, experience is subject to a flattening effect associated with diminishing marginal returns. The diminishing returns effect does not apply if the analysis is restricted to young people given their lack of work experience in the market.

### **Estimated earnings and employment returns for young people in Newham**

The average earnings in the first job held by young people in Newham were highest among those who went straight to work after general education, with a mean pay per hour of £9.90. Average pay per hour in the first job of those on the FE route was £7.50, and £7.00 in the case of those on the Apprenticeship route.

Very little significant difference exists in the average pay per hour received by respondents in their first job based on the level of qualifications studied by those who undertook vocational qualifications immediately post-16. Limited evidence exists suggesting those who achieved below a Level 2 qualification were more likely to be paid on the lower end of the scale: 12 per cent of those who achieved below Level 2 qualifications were paid less than £5 per hour compared to 4 per cent of those who achieved Level 2 and higher. There were no significant differences in wages based on whether respondents had undertaken work experience at school or at college.

Looking at the distribution of earnings in the most recent job held by the survey respondents, average earnings per hour for those who took the straight-to-work route are again the highest, at £8.61. This pay level is lower than the average pay reported by this group in the

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<sup>9</sup> indicated by a negative coefficient in the 2011 year dummy, of -0.15

case of their first jobs suggesting high 'outlier' wages reported in the 'first job' stage. Interestingly, average pay levels in the FE and Apprenticeship groups had increased, reducing the distance in pay per hour from £2-3 to less than £1 extra per hour. The average pay among those on the FE route was £8.00, and £7.90 among those on the Apprenticeship route. The range of pay levels was still highest in the work-first route.

Very little significant differences exist in the average pay per hour received by FE respondents in their most recent job based on the level of qualifications they studied immediately post-16. However, those who achieved below a Level 2 qualification were less likely to be paid on the higher end of the scale, as 14 per cent of those who achieved below Level 2 qualifications were paid £10 or more compared to 22 per cent of those who achieved Level 2 and higher. There was no significant difference in wages based on whether or not respondents had undertaken work experience at school or at college.

Of respondents who took the FE route, the proportion of people who subsequently move to employment increases progressively, although a large proportion continues in full-time education several years after leaving general schooling. Twelve months after leaving school, 84 per cent remain in full-time education. Two years after, 59 per cent of the respondents continued in full-time education. Five years after the initial point, 35 per cent of them continued in this status. After six years, the proportion was 23 per cent. In parallel, a steady increase in the proportion of people in employment is observed, from a small 9 per cent of those in the FE route 12 months after finishing formal education to 26 per cent two years after, 37 per cent after four years, or 48 per cent after six years. As more people in this group become active in the labour market, the proportion of unemployed people among them also goes up progressively, from 8 per cent two years after starting the FE route to 18 per cent six years later. Young people exiting education later are affected by the labour market slow down and limited work experience compared with those who joined the market earlier.

The trajectories of those immediately working post-16 is markedly different from those entering FE. At the departure point, all the individuals in this group were employed. Twelve months later, 90 per cent were still employed, 5 per cent had gone back to education, and 5 per cent were inactive. After two years and up to six years from the initial point, the proportion of those at work fluctuates between 65 per cent and 79 per cent with no pattern. The share of those who are unemployed hovers around 5-13 per cent, and those inactive represent 8-13 per cent. Between 7-11 per cent are back in education at some point after two years and up to six years later.

Among those who took the FE route, 45 per cent went into another episode of education a month after completing their first course. This was only the case for 14 per cent of those who went straight into regular work and 19 per cent of those who went into Apprenticeships after general education. Among those in the FE route, only a third were employed, compared to 54 per cent of those in the working route and 62 per cent of those in the Apprenticeship route. However, only 10 per cent of those in the FE route were unemployed after their first FE spell, compared to 15 per cent of those in the working route after their first job ended.

Among those in the FE route, the proportion of those in employment increases progressively from 33 per cent just after the first FE spell, to 29 per cent 12 months later, 45 per cent 4 years later, and 55 per cent six years later. The proportion of unemployed individuals stays low in the beginning, but rises after a few years, in parallel with the decrease in the proportion of those who continue in education. Looking at those who went straight to work

after ending general education, the proportion of those in employment is at any point higher than those in the FE route.

The DiD analysis subtracts long-term employment rates from observed levels initially after the first FE, work or apprenticeship spell. It shows that employment rates are higher for those who started work initially, but they are also stagnating. In contrast, employment rates are increasing for people on the FE route until six years after the end of their initial FE. This is evidence that, due to the differences in trajectories, educational investments pay off much later than in the first years following initial vocational education.

In terms of achieving sustainable employment the proportion of people employed for at least six months in their second episode (i.e. after the end of the initial episode) is much higher for people who initially started FE (89 per cent) or Apprenticeships (92 per cent) compared to people who initially started work and subsequently changed jobs (58 per cent). In subsequent spells, the share of sustainable employment among people initially on the FE or work routes becomes more similar.

## **Institution, course type, and content**

### **Institution choice**

A range of factors contributed to the institution and course choices of learners who chose to pursue qualification in FE immediately following their GCSEs. Learners who chose to go to colleges outside of Newham reported this was because the College outside Newham had a good academic reputation (29%).

The demographics of respondents who studied vocational qualifications outside Newham were mainly consistent with those who studied at colleges within Newham. However, respondents from Pakistani backgrounds were significantly more likely to study in Newham than outside (17% compared to 9%).

Learners who went to colleges outside Newham had on average 6 GCSEs at grades A-C, higher than those who went to colleges in Newham, who had 5 on average.

Learners studying outside of Newham were significantly more likely to be studying Knowledge-based qualifications than those who studied in Newham (70% compared to 59%). However, there was no significant difference in the level of qualification studied.

There were no significant differences in the wages or employment outcomes of respondents based on whether they had studied in Newham or elsewhere.

### **Course choice**

Learners who chose to undertake more Knowledge-based vocational qualifications were significantly more likely to be male (76% males compared to 51% females) whilst those that undertook Competency-based qualifications were significantly more likely to be female (25% males compared to 49% females). There were no differences by ethnicity in the type of course undertaken.

Respondents who sat GCSEs and later went to FE College or Sixth Form were evenly divided between those who chose Knowledge-based vocational options and those who chose Competence-based options. However, respondents who studied Competence-based options at FE College or Sixth Form had an average of six GCSEs in total compared to seven for those who studied Knowledge-based options. Respondents who studied

Competence-based qualifications had lower grades, with an average of 4 GCSEs at grades A-C compared to learners studying Knowledge-based options who passed an average of 6 GCSEs at grades A-C. No significant differences exist in the level of qualification undertaken by learners studying Knowledge or Competency based qualifications or in the wages of respondents.

On initially leaving college, a third of respondents went to University or other higher education (31%). More respondents who did Knowledge-based qualifications at college went to University or other higher education than those who undertook Competency-based qualifications (36% compared to 21%).

More detailed examination of wages for those who followed the FE route suggest those who pursued Knowledge-based qualifications were paid, on average, a little more than those who studied for Competency-based qualifications in their first job but this conclusion is weakened by the higher proportion of the latter group of respondents who preferred not to divulge their first-job wages.

However, immediately after college, those who had focused Knowledge-based qualifications were more likely than those taking Competence-based qualifications to enter sales and related occupations.

### **Work experience and employer contact**

Over half (52%) of respondents who went to college or into Sixth Form to take a vocational course had contact with employers during their time at college (through work experience, employer visits to the college, and/or at careers fairs). The most frequently reported employer contact was through spending time in a business or undertaking work experience as part of their course. Respondents who undertook Competency-based qualifications were significantly more likely to have had contact with employers than those who undertook Knowledge-based subjects (61% compared to 46%).

There were no significant differences in whether learners had undertaken work experience based on whether they went to college in Newham or elsewhere. However, learners who studied outside of Newham were significantly more likely to have had employers come into college to talk about the world of work (23% compared to 13%).

There were no significant differences in the wages or employment outcomes of respondents based on whether they had undertaken work experience while at college.

### **Development of soft skills**

Most respondents are positive about their employability skills. In particular, respondents felt they are quite or very good at: 'Relating well with other people in the way that an employer would expect if you were dealing with customers' (89%); 'Making sure you are present and punctual in the way that employers expect' (88%); and 'Working effectively with other people in work situations to get a job done' (88%).

Respondents who went into FE or Sixth Form post-16 were significantly more likely to rate their more technical employability skills as quite or very good than those who entered employment post-16. Their self-ratings were higher for: 'Using computers for producing documents or letters' (86% compared to 75% of those that went in employment); 'Using computers for numerical tasks and data processing' (79% compared to 57%), 'Writing documents in good English with good spelling and punctuation' (85% compared to 71%),



and 'Doing numerical things which depend on good basic arithmetic' (77% compared to 63%).

For the majority of skill areas respondents who studied different types of courses (either Knowledge or Competency based) reported no significant difference in their abilities. However, those who studied Knowledge-based qualifications were significantly more likely than those who studied Competency-based qualifications to believe they are good or very good at using computers for 'Numerical tasks and data processing' (84% compared to 71%).

In many skill areas respondents who studied either in Newham or outside of Newham reported no significant difference in their abilities. However, those who studied outside of Newham were significantly more likely than those who studied in Newham to believe they are good or very good at: 'Working effectively with other people in work situations to get a job done' (94% compared to 84%); 'Solving organisational problems of the kind that arise in many work situations' (90% compared to 80%); 'Relating well with other people in the way that an employer would expect if you were dealing with customers' (93% compared to 86%); and 'Making sure that you are present and punctual in the way that employers expect' (94% compared to 85%).

## Young people's experience, decisions and pathways

### Experience of school and choices at 16

Generally respondents were positive about their experiences of school and the level of control they had over their choices post-16.

Nearly three-quarters (70%) of respondents enjoyed school 'very much' or found it 'good but not great'. However, 71 per cent of those who entered college enjoyed school compared to 61 per cent of those who entered employment. Respondents from Indian, Pakistani and Bangladeshi backgrounds were significantly more likely than White British respondents to have enjoyed school very much (63%, 64%, 47% and 29% respectively).

Seventy per cent of respondents were fairly or very satisfied they had control of their education and future prospects when they were in Years 10 and 11. Respondents who chose to go to FE College or Sixth Form to study vocational qualifications were significantly more likely to think this than those who entered employment (72% compared to 57%). Further, women were more likely than men to think this (74% compared to 66%) as were respondents from Asian backgrounds compared to those from White and Black backgrounds (80% compared to 54% and 68% respectively).

Respondents who were fairly or completely dissatisfied as to their control over their education and future prospects in Years 10 and 11 were more likely to enter employment post-16 than those who went to FE College or Sixth Form or to enter an Apprenticeship (17% compared to 10%), although this is not a statistically significant finding.

### Reasons for young people's choices post 16

Respondents chose to undertake vocational qualifications post-16 for a range of reasons – over a fifth because they liked practical work (22%) and a fifth (20%) because they had a definite future career in mind and wanted to do the relevant qualifications. Over one in eight (12%) choose the vocational route because they received poor GCSE results.

Respondents from African backgrounds were significantly more likely to say they undertook vocational qualifications because they did not achieve good enough GCSEs to do A-levels than were Indian, Pakistani and Bangladeshi respondents (30% compared to 8%, 8% and 11% respectively).

The main reasons given for entering employment post-16 were, wanting to earn money (38%) and dislike of study (23%). Respondents entered Apprenticeships post-16 for a variety of reasons, including earning money while training (23%), not getting good GCSEs (18%), and an interest in the careers to which the Apprenticeship led (18%).

### **Experience of first activity post-16**

Respondents were asked in respect of their first post-16 activity, to assess the extent to which they feel the activity – a course, a job, or an Apprenticeship – had benefited them in personal or social terms. Those who undertook the FE route were most likely to say ‘to a large extent’ followed by those who went straight into a job. However, the FE group also contained the largest proportion who said their first destination had not benefited them at all. There were no significant differences in the proportion of respondents that went to college in Newham or outside of Newham that did not feel it benefited them at all; however, respondents who went to college outside of Newham were significantly more likely to say it benefited them ‘to a large extent’ than those that attended college in Newham (58% compared to 42%).

Additionally, respondents were asked directly about their satisfaction with the decision they took on leaving school at age 16. Positively, over four-fifths (83%) of respondents were very or quite satisfied with the decisions they made on leaving school. Respondents who entered Apprenticeships were the least likely to be very satisfied with their choice (however, this is not a statistically significant finding). Further, there are no statistically significant differences in respondents’ satisfaction according to their current earnings.

### **Impact of post 16 choices on future academic pathways**

Analysis shows that FE learning results in further learning activity after the initial episode, with more people obtaining qualifications at higher levels, particularly at degree level. Such further learning results in much later transitions into the labour market and at higher skills levels, but also result in far less work experience. In particular 18 per cent of respondents who entered FE immediately following their GCSEs had subsequently gained degrees compared to 9 per cent of those that had entered employment.

### **Career and academic aspirations**

In terms of future ambitions, two-thirds (65%) of respondents want to be in full-time employment by the time they are thirty, 15 per cent want to be self-employed, but 16 per cent of respondents were currently not sure what they want to do. Of those who want to be in full-time employment, 40 per cent want to be in their current job and 29 per cent want to work for the same company but with a promotion. A fifth (21%) of those who want to be in full-time employment when they are thirty want to a different job and employer.

Those who want to be in full-time employment at the age of thirty identify a range of occupational levels. Respondents who went to a FE College or Sixth Form post-16 were significantly more likely to want to enter professional occupations than those who entered employment (29% compared to 15%). Conversely, those who entered employment post-16

were significantly more likely to want to be in Skilled Trade Occupations (15% compared to 5%).

Female respondents were more likely than males to want to be in Professional Occupations (34% compared to 21%) although males were just as likely to enter FE colleges post-16.

Over two-thirds (68%) of those who want full-time employment at the age of thirty hoped to be paid £10 or more per hour at this point. However, 29 per cent did not know what they hope to be paid or preferred not to say.

To achieve their 'at the age of thirty' aspiration, over half (58%) of respondents identified a need to undertake further training or study particularly towards first or higher degrees, NVQs at Level 3 or higher, and specific professional qualifications. There were no significant differences in respondent's perceived need to study further based on what they did immediately post-16.

## Conclusions

### **The impact of achieving vocational qualifications on employment and wages**

The study notes national published evidence of wage returns of varying scale to most qualifications other than those below Level 2. Further analysis undertaken for this study, at national and London-wide levels, of earnings and employment rates from achievement of vocational qualifications also revealed that returns to vocational qualifications for young people aged 22 to 25 were broadly positive but were most clearly positive from qualifications at Level 3 and above and for trade apprenticeships.

However, the Newham context is not a precise microcosm of London or the UK. It has a higher proportion of young people in the 22 to 25 year old range and has an unemployment rate almost twice the average for London. While the recession, and its aftermath of low economic growth, may generally, in many areas of the UK, inhibit the returns to qualifications, the specific condition of Newham's labour market suggests employment returns may be relatively hard to accrue and earning returns may be depressed by high local competition for jobs. Available data does not allow an econometric analysis of earnings returns to vocational qualifications specifically in Newham. However, the evaluation's survey of young adults reveals that a high proportion of respondents' first and current employment was and is in lower occupational groups and in sectors, such as wholesale, retail, and motor vehicle repair, which are not, on the whole, high-wage industries.

In employment terms, going into a job post-16 leads over a six year period to a higher likelihood of being employed at the end of the period compared to going into FE post-16. In the first month after leaving the respondent's initial status post-16 status, 54 per cent of those who initially went to work were in employment compared to 33 per cent of those who were previously in FE. After 6 years, these proportions had advanced to 73 per cent and 55 per cent respectively. This might suggest that FE is less effective in getting people into work than is entering work immediately at the end of compulsory education; however, when explored further the overall proportion of time that respondents to the Newham survey had spent in unemployment since leaving secondary school was generally similar although those that had entered further education were a little more likely to have subsequently spent time in unemployment (9% of their time since leaving secondary school compared with 7% of the time for those who had entered work and 8% for those who had entered an Apprenticeship).

Several factors may influence this. First, many more of those who took the FE route subsequently undertook further courses in FE or higher education. Secondly, more of those who took the FE route were in higher level occupations than was the case for those who took the employment route. Twenty per cent of those who took the FE route and were employed at the time of the survey were in managerial, professional or technical occupations compared with only four per cent of those who went directly into a job after leaving school at age 16. Thirdly, the aspirations of those who took the FE route were notably higher than of those who took the employment route. It is possible when the economy strengthens, and with the foundation of additional education beyond the initial FE experience, that the employment outcomes of the FE group will accelerate beyond those of the employment group.

A similar perspective may apply in respect of earnings returns. Average earnings in respondents' first jobs were £2.47 per hour higher for those who took the employment route than for those who took the FE route. However, though still higher in current jobs, the differential had reduced to £0.64. The wage advantage which 'employed route' individuals derive from having more post-16 work experience may erode over time.

It can also be noted that most respondents – around 80 per cent or above – from all three groups (entered FE, employment, or Apprenticeship) were broadly satisfied with their post-16 choice. However, those who took the employment and Apprenticeship routes were a little more dissatisfied with their post-16 choice than those who took the FE route. When respondents were asked what other option they should have taken, rather fewer of those who went into employment said 'no other option' with substantial minorities, 18 per cent and 15 per cent respectively, saying they should have gone into FE or done an Apprenticeship instead.

**Thus, the study does not identify that employment or earnings advantages accrue to those who pursue vocational qualifications in FE in the immediate years following study. Recent economic conditions have, perhaps, not allowed inherent advantages of learning to emerge readily or quickly. There are, however, pointers, even in current conditions, that individuals who pursued vocational qualifications will see advantages from their study in future years and that they are already somewhat more likely to be happy with their career path than are those who went directly into work from school.**

### **The impact of young people's school experiences on post-16 outcomes**

Most people's views of their school experiences were positive. Only 10 per cent said they did not enjoy school in Years 10 and 11, only 7 per cent said they were not conscientious in their approach to their schooling, and only 12 per cent said that they felt dissatisfied with their degree of control over their education and future prospects. Those who subsequently followed the employment route were a little less positive on each of these factors (which may have disposed some to take this route rather than studying further). However, given that most young people were happy with their school experience, this factor has little scope to strongly predict post-school outcomes and no significant associations were found between experience and conscientiousness at school and future wage levels.

### **The impact of young people's attitudes to study on post-16 outcomes**

While school experience was not a strong predictor of outcomes, when those who went on to study vocational qualifications in FE and those who went into employment were asked the reasons for their choice of route, there were clear differences. Those who went into FE to

study for vocational qualifications were most likely to say that they liked practical work or had a career goal or thought the qualification would help them find work in general. Those who chose the employment route said they wanted to earn money or disliked or weren't good at studying.

### **The impact of young people's GCSE attainment on post-16 outcomes**

In respect of academic abilities in particular, the research observed that routes chosen post-16 correlated in various ways with the pattern of prior qualifications achieved by young people. As would be anticipated, the study shows that a higher level of attainment at GCSE predicted a higher likelihood of staying in education at an FE institution and, further, of pursuing Knowledge-based courses. Thus, those who went into employment were less likely to have sat for GCSEs (75% did so) than those who went into FE (94%) and if they did sit them, tended to get fewer passes at grades A-C. Amongst those who went into FE, passing higher numbers of GCSEs at grades A-C was associated with study in FE of Knowledge-based, rather than Competence-based subjects. Asian students, in line with other indicators, were significantly more likely to have sat GCSEs than young people from White or Black backgrounds.

### **The FE route: impact of institution, work experience, and course type**

Generally, few significant differences were seen in the relationships, in each case, between (1) the institutions attended, (2) work experience content of courses, (3) types of courses studied and the respondent's long-term employment and wage outcomes.

Around a quarter of survey respondents who went into FE went to colleges outside Newham. The most frequent reason for this was the academic reputation of the non-Newham institution – this finding is consistent with the finding that those leaving the Borough to study had, on average, slightly more GCSE passes at grades A-C. However, choosing to go to college inside or outside Newham did not have a significant long-term impact on survey respondents' employment and wage outcomes.

College experiences were often not accompanied by work experience or contact with employers of any kind – nearly half (48%) of respondents who went into FE reported this. As would be expected, respondents who undertook Competency-based qualifications were significantly more likely to have had contact with employers than those who undertook Knowledge-based subjects. However, whether or not students undertook work experience whilst studying in FE also had no subsequent impact on employment or wages.

In some contrast, the nature of the course undertaken did have a small impact, such that those who studied Knowledge-based courses subsequently earned slightly more than those who studied Competency-based courses. This may be due to the higher market value of the former courses, the higher likelihood of progression to higher qualifications amongst those who studied Knowledge-based courses (36% compared to 21% of those that studied Competency-based courses), the stronger GCSE profile of those who entered Knowledge-based courses in FE (see below), and/or other differences in the personal characteristics of the two groups which the research did not identify.

Overall, as noted previously, recent economic conditions have, perhaps, not allowed inherent advantages of different types of learning experience to be revealed as might be the case in stronger economic and labour market conditions. In essence, as with graduates,

when the supply of higher level jobs is constrained, many young adults are obliged to take jobs at a lower level and/or in sectors other than those for which their qualifications nominally equip them. It may only be in significantly better economic conditions that this compression of opportunity relaxes and allows greater differentiation in terms of labour market achievement according to achievement in FE of different types. Assuming economic growth in East London, future longer term tracking might well reveal more clearly the types of FE participation and study which deliver the greater benefits.

### **The impact of FE students' experiences in FE on post-FE outcomes**

Further, the survey examined respondents' perspectives on their FE experience. These were generally positive with only minorities, each of 8 per cent or below, saying that they did not enjoy their experience, that they were not conscientious while at college, or that they were dissatisfied with their level of control over their education and future prospects. Consequently, as with school experiences, there is little scope for this factor to predict post-experience differences in outcomes.

### **The impact of post-16 routes on employability skills**

In respect of some employability skills – use of computers and literacy and numeracy – those who went into employment were less confident of their ability than those who went into FE. If this lack of confidence has a basis in actual lower ability, then those who went directly into employment may face long-term limits on their career progression and earning power.

In addition, differences were noted between the employability skills developed by learners who attended college in Newham compared with those who attended college outside of Newham, with the latter group being more confident overall that they have the skills needed for employment.

## Chapter 1: Introduction

Unemployment amongst young people is one of the UK's most pressing social and economic problems. The Labour Force Survey shows that, across the UK, in 2012, 30.3 per cent of 16-19 year olds, 22.7 per cent of 20-21 year olds, and 14.7 per cent of 22-25 year olds were unemployed, compared with a rate of 5.7 per cent for people aged 26 and over. Unemployment rates for Newham residents were substantially worse: at 39.0 per cent for 16-19 year olds, 26.1 per cent for 20-21 year olds, 16.3 per cent of 22-25 year olds, and 14.5 per cent for those over 25.

Further, unemployment amongst young people grew faster than that amongst older ones. For example, in Newham, unemployment amongst 16-24 year olds grew by 48 per cent between 2008 and 2012 compared with an increase of 28 per cent amongst those aged 25 to 49 in the same period.

The costs of youth unemployment to individuals and public budgets have been well-documented. For example, a report<sup>10</sup> by the Association of Chief Executives of Voluntary Organisations (ACEVO) proposes that:

*'Unemployment hurts at any age; but for young people, long-term unemployment scars for life. It means lower earnings, more unemployment, more ill health later in life. It means more inequality between rich and poor – because the pain hits the most disadvantaged. It poses particular challenges for young women. And it means more division between communities. The human misery of youth unemployment is also a time-bomb under the nation's finances. At its current rates, in 2012 youth unemployment will cost the exchequer £4.8 billion (more than the budget for further education for 16- to 19-year-olds in England) and cost the economy £10.7 billion in lost output. But the costs are not just temporary. The scarring effects of youth unemployment at its current levels will ratchet up further future costs of £2.9 billion per year for the exchequer (equivalent to the entire annual budget for Jobcentre Plus) and £6.3 billion p.a. for the economy in lost output.'*

To maximise the number of young people finding work after the end of compulsory education at age 16, a question arises as to what is the best preparation of young people for the jobs market. There are three basic routes at age 16:

- continuing in academic education, in 6<sup>th</sup> Forms or FE College, with the aim of securing employment post-A Level or, later, post-University;
- pursuing vocational qualifications, usually in FE; and
- leaving school and seeking to move directly into employment, sometimes as part of an Apprenticeship.

Of course, young people may combine academic subjects with vocational ones, others may pursue one route for a short period and then move into another one, and qualifications obtained in a particular subject may not lead to employment in that subject. Further complexity concerns the nature of vocational qualifications. The returns to VQs at Levels 1,

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<sup>10</sup> *Youth unemployment: the crisis we cannot afford*, ACEVO, 2012

2, and 3 are likely to be different; and some VQ subject areas are likely to have different value in the labour market than others, depending on their relative scarcity and their relevance to actual demand from employers. Numerous overview reports have been produced in recent years which measure the returns to qualifications at national level<sup>11</sup>.

The academic route has its own dynamic which is relatively well-understood and is, therefore, excluded from examination. The study is concerned with the various linkages between Key Stage 4 outcomes, the immediate choices and destinations at age 16 which are made within the 'employment' and 'vocational qualification' routes, and their outcomes for, and effects on, early adult life, at ages 22 to 25. This research aims to explore:

- How differences in GCSE results impact on employment/vocational qualification decisions and the outcomes of those decisions.
- Employment outcomes for Newham residents aged 22-25 who took vocational qualifications in Newham post 16.
- The extent to which 22-25 year olds who took vocational qualifications take up employment in the same sector as their qualification.
- Employment outcomes of residents aged 22-25 who left school and went straight into employment.
- Earnings of Newham residents aged 22-25 who took post-16 vocational qualifications in Newham.
- Earnings of Newham residents aged 22-25 who left school and went straight into employment.
- Which vocational qualifications have the highest/lowest wage dividends by sector?
- The comparative wage dividends of doing vocational qualifications vs. entering work without them.
- Whether differences in qualification and course subjects result in differences in outcomes.
- How outcomes at age 22-25 for those who studied in Newham colleges vary from those who studied outside the Borough.
- The scale of sustainable employment outcomes for vocational and non-vocational groups by sector.

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<sup>11</sup> *Returns to Intermediate and Low Level Vocational Qualifications*, BIS RESEARCH PAPER NUMBER 53, September 2011; Dearden, L., McGranahan, L., and Sianesi, B., (2004), "An in-depth analysis of the returns to national Vocational Qualifications obtained at level 2", Centre for the Economics of Education Discussion Paper 46, December 2004; De Coulon, A. and Vignoles, A. (2008), "An analysis of the benefits of NVQ2 qualifications acquired at age 26-34", Centre for the Economics of Education Discussion Paper 106, October 2008; Jenkins, A., Greenwood, C., and Vignoles, A., (2007), "The returns to qualifications in England: Updating the evidence base on level 2 and level 3 vocational qualifications", Centre for the Economics of Education Discussion Paper 89, September 2007; McIntosh, S., (2002), "Further analysis of the returns to academic and vocational qualifications", Department for Education and Skills Research Report RR370; McIntosh, S., (2007), "A cost benefit analysis of apprenticeships and other vocational qualifications", Department for Education and Skills Research Report RR834; McIntosh, S., (2009), "The economic value of intermediate vocational education and qualifications", UK Commission for Employment and Skills Evidence Report 11, December 2009.



- The extent to which vocational employment outcomes vary by level of qualification (vocational courses at levels 1-3).
- The extent to which qualification type, employment decisions and employment outcomes are contingent upon the decline and growth of their designated industry sectors and consequent supply of, and demand for, jobs.
- Whether one of the outcomes of pursuing vocational qualifications is an increase in job satisfaction at 22-25 as compared to those who chose employment at 16.
- Soft skill outcomes for Newham residents aged 22-25 who took vocational qualifications in Newham post 16.
- Soft skill outcomes for residents aged 22-25 who left school and went straight into employment.
- The soft skill outcomes for those who took the vocational skills route compared with those for those who went into employment.
- The features of courses which result in successful outcomes.
- The impact of teaching style, course content and structure of courses on employment and soft skill outcomes.
- The impact of work experience during courses on employment and soft skills outcomes.

## 1.1 Research method

The research comprised both quantitative and qualitative surveys of young Newham residents, aged between 22 and 25 at the time of survey, and additional analysis from external data (mainly from the Annual Population Survey, a major national survey) adds further insights on the key research issues.

### 1.1.1 Quantitative survey

In the quantitative survey, a total of 445 Computer Assisted Personal Interviews (CAPI) were conducted with individuals aged 22-25 who lived in Newham at the age of 16 and had either undertaken vocational qualifications (358 respondents), entered employment (65 respondents), or undertaken an apprenticeship post-16 (22 respondents). Interviews were conducted between 12th January and 10th March 2013. This survey used a mainly structured questionnaire.

A more detailed description of the survey methodology and its sampling procedure is contained in Appendix 1.

### 1.1.2 Qualitative interviews

Qualitative interviews were conducted with 40 survey respondents following their initial survey interview. This included:

- 31 respondents who had undertaken vocational qualifications or Apprenticeships post-16 (x1 at Foundation level, x5 at level 1, x12 at level 2, and x13 at level 3); and
- 9 respondents who had entered employment post-16.

These interviews were longer and used a 'topic guide' which allowed respondents to give more open and expressive responses than was possible in the quantitative survey.

### 1.1.3 Econometric analysis

The research also sought to provide an estimation of the effect of post-16 vocational education (compared to direct entry into employment) on employment and employment sustainability based on econometric estimations. This element of the study drew both on data from external sources, mainly the Annual Population Survey, and the Newham survey. We estimate effects on differences employment rates as well as difference-in-differences (DiD), which relate the employment rates observed five years on to rates observed when people leave initial vocational education or work experience. This approach removes initial level differences and can show the impact of learning on employment dynamics.

## 1.2 Survey respondent profile

A broadly representative sample of Newham's 22 to 25 year old population was achieved in terms of age, gender and ethnicity. Full details of the distribution and comparison with 2011 census data where relevant is included in Appendix B.

On one key dimension of the respondent profile, that is, the destination of interviewed respondents following the end of compulsory education at age 16, most respondents (80%) had entered FE College or Sixth Form to take vocational qualifications, 15% had entered employment, and 5% had entered an Apprenticeship.

A further important dimension concerns the type of qualifications which FE and vocational 6<sup>th</sup> Form students pursued. Following discussion with the London Borough of Newham and a review of the Paper '*Young People and Skills in Newham*' (2012), the vocational qualifications undertaken by respondents who entered FE College or Sixth Form immediately following their GCSEs **were divided into 'Knowledge-based' qualifications (such as vocational qualifications in Law or Psychology) and 'Competence-based' qualifications (such as vocational qualifications in health and beauty or construction)**. Nearly two-thirds (64%) studied Knowledge-based courses, while the rest studied Competency-based courses. Comparisons between these groups are used throughout the report.

## 1.3 Report content and structure

Following this one, the report has six further chapters:

- Chapter 2 discusses existing evidence on returns to vocational qualifications nationally and London-wide. The chapter also briefly reviews some features of local labour market conditions, of local participation by young people in education, and of workforce qualifications, which bear on those returns for young people in Newham.
- Chapter 3 draws on survey data to examine the choices which young people in Newham make at the end of compulsory schooling at age 16.
- Chapter 4 uses survey data to identify the impact of those choices on subsequent employment and earnings.
- Chapter 5, describes the current situations of young people who took the various post-16 routes.

- Chapter 6 examines how post-16 choices and experiences impact on young people's ambitions for the future.
- Finally, Chapter 7 discusses the report's findings and suggests some implications for local public policy.
- Supporting annexes to the report describe research methodologies and the profile of respondents in the main quantitative survey, and list references to other work which have informed this study.

Throughout the report, short vignettes of individual experiences illustrate statistical findings.

The survey data used in these chapters are usually rounded up or down to the nearest whole percentage. It is for this reason that, on occasions, tables or charts may add up to 99% or 101%. Where tables and graphics do not exactly match text in the report, this is an effect of combining responses (for example, proportions of respondents who are 'quite positive' or 'very positive' about some issue may be shown separately in a table or graph but the text may simply discuss the combined 'positive' proportion). However, again, results that differ in this way should not have a variance larger than 1%.

Throughout the report, in tables and graphs, the symbol '\*\*' is used to denote less than 0.5%.

Cross tabulations have been generated for a range of variables including: age; gender; ethnicity; pathway undertaken post-16; current (or most recent) income; and type of qualification studied at college or Sixth Form. Independent t-tests (within the groups of interest) were conducted at the 95% confidence level to identify where findings were statistically significant. Where specific findings from cross-tabulations are discussed in the report it is because they are statistically significant unless otherwise stated.

## Chapter 2: National policy and local context

This chapter reviews secondary evidence on the impact of vocational qualifications. It also discusses some features of Newham's economy, of local participation in education of Newham's young people, and of Newham's profile of workforce qualifications, each of which are significant to local returns to vocational qualifications.

### 2.1 The principle of returns to vocational education

At age 16, young people not continuing in general education to prepare for further academic qualifications make crucial choices about their route into the labour market. With further vocational education up to Level 3 fully funded by the Skills Funding Agency in England, most of these young people begin their way into an occupational role via Further Education colleges and Apprenticeships. Only a minority of respondents start working immediately after obtaining GCSEs.

Vocational qualifications increase the productivity of individual workers relative to qualification levels below NQF-2 or relative to having no qualifications, resulting in higher wages and better employment opportunities (London Economics, 2011a; 2011b). Undertaking and successfully achieving vocational qualifications are investments in early life which increase lifecycle earnings relative to not having these qualifications. Over the longer term, successful skills investments compensate for initial costs because of relatively higher wages, better employment prospects and further, non-monetised, benefits (McIntosh, 2007). People make a rational decision to invest in vocational qualifications and skills if such long-term benefits justify learning effort and reduced earnings when learning is undertaken.

In contrast, individuals who do not make further skills investments provide instantaneous labour supply after the end of secondary education but at a lower vocational skills level. These young people earn relatively little because their employers face the costs of training and the young and inexperienced are unlikely to make the same high value contribution as qualified employees. However, young workers gain essential experience when taking this route, which can be valuable for future earnings and employment prospects.

### 2.2 Evidence from the national literature

In 2011 the *Wolf Report* reviewed the existing evidence on the returns to vocational training, much of which was obtained from the experiences of young people (Wolf, 2011). One of the most critical findings consistently noted in the literature relates to the nil and often even negative earnings returns resulting from competence-based National Vocational Qualifications (NVQ) at Levels 1 and 2. In the case of certified vocational qualifications, such as City & Guild's (C&G) or Business and Technology Education Council (BTEC) qualifications, clear positive outcomes are estimated at Entry and Intermediate Levels. Finally, the returns to Apprenticeships are very positive. Even NVQs which have negative returns when taken outside employer-based Apprenticeships have positive returns in the context of an Apprenticeship programme (Wolf 2011). The Wolf (2011) report related to various studies with negative findings, which have been published over the last couple of years. The earliest study by Dearden, McGranahan and Sianesi 2004, which we summarise in Table 1, shows that – other things being equal – men achieving an NVQ Level 2 outside of employment qualification earn twelve percent below people without such qualifications. If

these qualifications are obtained in Government programmes, the effect is even more substantial.

**Table 1: Wage returns to NVQ Level 2 qualifications (proportional increase/decrease in wages for those with an NVQ level 2, compared to individuals with either no qualifications, or level 1 qualifications only.)**

	Males	Females
<b>All (average)</b>	-0.054	-0.008
<b>Qualifications obtained at college</b>	-0.116**	-0.009
<b>Qualifications obtained in employment</b>	0.018	0.017
<b>Qualifications obtained is government training scheme</b>	-0.225**	-0.166

\*\* significance at 5% level

(Source: Dearden, McGranahan and Sianesi (2004) Labour Force Survey data.)

More recent estimates depict similar findings, although the evidence base becomes more complex in recent years.

Using matched ILR-HMRC/DWP data sets, Frontier Economics and the Institute for Fiscal Studies (2012) analysed the impact of training across Further Education, Apprenticeships and Train to Gain programmes. They focused on several age groups, including young people between 20 and 24 years old, and compare successfully achievers of specific qualifications with groups, who started on education programmes at the same level, but did not achieve.

When undertaken in the age group 20-24, Apprenticeship programmes have the greatest impact on all three outcomes earnings, time in employment and time on benefit. Completing an Apprenticeship programme is associated with an average increase in earnings of 28 per cent, compared to 16 per cent resulting from Further Education programmes and 3 per cent from Train to Gain.

The number of months spent in employment increased by 19 per cent when completing an Apprenticeship, compared to 9 per cent for Further Education and 4 per cent for Train to Gain. Finally, the number of months spent on benefit tends to be more than a third lower, compared to a fourth lower in the cases of FE and Train to Gain (T2G). The finding of high earnings returns on Apprenticeships was in line with previous findings by McIntosh (2007) and London Economics (2010) (Table 2).

**Table 2: Earnings returns to Apprenticeships by level**

	McIntosh (2007) Data for 2004-05	London Economics (2010) Data for 2004-2009
<b>Level 3 Apprenticeship</b>	18%	22%
<b>Level 2 Apprenticeship</b>	16%	12%

(Source: McIntosh (2007) and London Economics (2010))

The earnings returns differ depending on the age at which the qualification is obtained. Both Level 2 and Level 3 qualifications yield higher returns when these are obtained at relatively younger ages. For instance, in the case of Level 2 training, *London Economics* (2011a)

found that City and Guild's qualifications are associated with the highest returns when obtained at ages 19 to 25 (with a wage premium of around 11.5 per cent), and the earnings returns decrease above age 25 (Table 3). NVQ qualifications at Level 2 are positive for younger people but negative for those who acquire them above age 30. At Level 3, the returns on qualifications such as C&G and BTEC hover around 14 per cent when obtained at young ages, but fall to less than 4 and 6 per cent respectively when acquired over age 30.

According to London Economics (2011a: 5), differences in the returns are resulting from the differences in skills acquisition of NVQs by young and mature learners, which result in quality differences. A possible explanation could be that young people below the age of 25 are achieving NVQs as part of their initial vocational education and training and following a significant duration of learning in colleges and in the workplace. Hence, the returns are of similar magnitude to other qualification resulting from initial vocational education and training. In contrast, mature learners are likely to acquire qualifications in the workplace benefitting from the flexible way to achieve NVQ qualifications, which allow them to take modules over time and without the high investment/learning engagement of young learners. This is a great advantage of the NVQ system, which offers greater flexibility and makes it popular for further vocational training/skills acquisition of mature learners<sup>12</sup>, but in contrast to NVQs achieved in early years can be interpreted as "filling in gaps, rather than doing a full training course, which could lead to lower economic value" (ibid: 6). An alternative explanation of lower returns may also result from the shorter period of post-achievement returns for older people, which may reduce incentives for an initial skills investment, even when formally achieving equivalent qualifications, compared to young people with far higher post-learning benefits.

**Table 3: Earnings returns to Level 2 and Level 3 qualifications by age of acquisition**

Age	Level 2			Level 3		
	C&G	BTEC	NVQ	C&G	BTEC	NVQ
15-16	3%	-12%	1%	11%	12%	1%
17-18	5%	7%	4%	11%	15%	9%
19-20	12%	2%	4%	14%	15%	11%
21-25	11%	10%	7%	14%	13%	11%
26-30	9%	17%	0%	6%	12%	6%
>30	6%	0%	-6%	4%	7%	-1%

*Blue cell denotes lack of statistical significance*  
 (Source: London Economics (2011a))

Existing research has also investigated the returns associated with higher education (academic degree and above), and whether achieving this in one's youth leads to higher or lower wage premiums. Recent research for the Department for Business, Innovation and Skills carried out by London Economics (2011b) found systematically positive results deriving from higher education, and earnings premium for individuals acquiring an undergraduate degree earlier in life is much higher than for those acquiring it at later stages.

<sup>12</sup> According to London Economics (2011a), 41% of those attaining them between 2001 and 2009 were aged 30+.

In this regard, differences by gender were also found and women have a higher return to degree levels qualifications. Considering the earnings returns to undergraduate studies, both men and women obtain an earnings premium of around 30 per cent when acquiring the degree below the age of 21 (relative to having two or more A-levels and vocational Level 3 or below), while acquisition between the ages of 21 and 25 reduces the premium by approximately 3-4 percentage points for men, but there was no significant reduction for women.

However, if the undergraduate degree is obtained between the ages of 26 and 30 the earnings premium for men falls to only 6 per cent, and the effect is not statistically significant beyond age 30. For women the earnings premium associated with achieving an undergraduate degree above age 30 is around half the premium for acquisition below age 25.

## 2.3 Activities undertaken by young people in Newham

### 2.3.1.1 Background on education and employment opportunities in Newham

Newham has one of the youngest populations in England and Wales, with almost a third of its residents under 18 (Newham's Children's Trust, 2010). The Borough also has one of the highest birth rates in the UK and is one of the most ethnically diverse.

Although unemployment levels are relatively high, (see Table 7 later), new employment opportunities have appeared recently from major projects such as the London 2012 Olympics, the Westfield Stratford City retail centre and commercial developments in banking and financial services. According to recent estimations presented in the *Newham Local Economic Assessment*, over the next 20 years Newham is expected to be one of the main centres for employment growth in London, with a potential 24,000 additional jobs in the borough by 2031<sup>13</sup>.

The *Newham Local Economic Assessment* found people who work in Newham usually earn higher wages than Newham residents, suggesting that local residents do not typically have sufficient skills to access the higher value jobs available in the borough. According to Weeden and Tindell (2012), the proportion of Newham residents working in elementary occupations (20 per cent) is twice as large as London.

Although the borough is economically and socially deprived relative to London, educational performance at all levels is improving. According to Weeden & Tindell (2012), GCSE performance reached the national average in 2011 although it remained below the London average (58 per cent versus 61 per cent achieving 6 GCSE grades A-C). The Borough also has one of the highest retention rates among 16 year olds in London, with 95 per cent of students remaining in education or training. However, A-level performance is lower than in many other London boroughs. Over the period 2004/05-2009/10, there was an increase of 36 per cent in the proportion of young Newham residents progressing to Higher Education, compared with a 32 per cent increase in progression from other deprived areas nationally. In 2010/2011, almost 2,000 young Newham residents progressed to HE (Weeden & Tindell, 2012).

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<sup>13</sup> GLA London Plan cited in *Newham Local Economic Assessment 2010-2027* (London Borough of Newham 2010)

Of the young people progressing to vocational qualifications in 2011/12, the report *Young People and Skills in Newham* found 59 per cent of Newham residents aged 16-18 studied at Level 3, 20 per cent at Level 2, 13 per cent at Level 1 and 7 per cent at Entry Level<sup>14</sup>.

Just over half of the vocational qualifications studied by Newham residents aged 16-18 are studied in Newham. Most of the remaining half studied in neighbouring boroughs. Success rates among young Newham residents are high for vocational courses and Apprenticeships, and have improved recently. Achievement on programmes taught in Newham in 2010/11 (excluding GCSE, A-levels and Apprenticeships) at entry level to level 3 was over 90 per cent. In recent years, the number of people studying Apprenticeships has increased, both in the 16-18 age group and in the 19-24 age group. The most popular Apprenticeships undertaken were business, administration and governance and adult social care/healthcare.

The Borough has a broad vocational education and training offer for 16-18 year olds at all levels (report - *Young People and Skills in Newham*). Vocational courses differ considerably in their content, and many courses are knowledge-based rather than competence-based and practical. Many competence-based vocational qualifications are offered at lower levels, while employers are seeking experienced employees, often with higher skills. However, the vocational learning offer and take-up is broadly in line with growth sectors in the economy.

### **2.3.1.2 Education activities undertaken by Young People in Newham**

According to the 15billion report for Newham, April 2012,<sup>15</sup> the cohort of resident young people in Year 12 to Year 14 was of 11,395 individuals. Among them, 561 people, or 5.2 per cent, were NEETs.

Most young people in the cohort were involved in education (85.5 per cent), and only a few were in employment and not in education (2.5 per cent). The activity of the remaining proportion was unknown. Relative to April 2011, NEETs had fallen by 1.31 percentage points.

Among those involved in learning, 36.7 per cent were in a Sixth Form College, 29.4 per cent participated in Further Education, 16.6 per cent were in School Sixth Form and 13.2 per cent participated in Higher Education. Table 4 presents information disaggregated for people in education at Year 12, 13 and 14.

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<sup>14</sup> *Young People and Skills in Newham*, November 2012. Achievement & Skills, Children & young People's Services.

<sup>15</sup> [http://www.15billion.org/content\\_files/monthly\\_reports/April\\_2012\\_onwards/NEW\\_2012-04\\_Apr\\_-\\_web.pdf](http://www.15billion.org/content_files/monthly_reports/April_2012_onwards/NEW_2012-04_Apr_-_web.pdf)



**Table 4: Post-16 destinations of Newham residents involved in Education or Training**

		Total		Year 12		Year 13		Year 14	
Education	Further Education	2,864	29.4%	875	25.3%	1,066	32.4%	923	30.8%
	Higher Education	1,281	13.2%	0	0.0%	4	0.1%	1,277	42.6%
	Other Post 16 Education	4	0.0%	3	0.1%	1	0.0%	0	0.0%
	Part Time Education	6	0.1%	0	0.0%	2	0.1%	4	0.1%
	School Sixth Form	1,613	16.6%	803	23.3%	693	21.1%	117	3.9%
	Sixth Form College	3,573	36.7%	1,676	48.5%	1,372	41.7%	525	17.5%
	<b>Subtotal</b>	<b>9,341</b>	<b>95.9%</b>	<b>3,357</b>	<b>97.2%</b>	<b>3,138</b>	<b>95.4%</b>	<b>2,846</b>	<b>94.9%</b>
Employment with Training	Employment funded through GST	176	1.8%	38	1.1%	61	1.9%	77	2.6%
	Employment WITH training to NVQ2	29	0.3%	3	0.1%	9	0.3%	17	0.6%
	<b>Subtotal</b>	<b>205</b>	<b>2.1%</b>	<b>41</b>	<b>1.2%</b>	<b>70</b>	<b>2.1%</b>	<b>94</b>	<b>3.1%</b>
Training	Foundation Learning	24	0.2%	10	0.3%	7	0.2%	7	0.2%
	Other GST (eg, LA or ESF funded provision)	128	1.3%	33	1.0%	51	1.6%	44	1.5%
	Training through Work Programme	1	0.0%	1	0.0%	0	0.0%	0	0.0%
	YPLA funded training	42	0.4%	11	0.3%	23	0.7%	8	0.3%
	<b>subtotal</b>	<b>195</b>	<b>2.0%</b>	<b>55</b>	<b>1.6%</b>	<b>81</b>	<b>2.5%</b>	<b>59</b>	<b>2.0%</b>
<b>grand total</b>		<b>9,741</b>	<b>100%</b>	<b>3,453</b>	<b>100%</b>	<b>3,289</b>	<b>100%</b>	<b>2,999</b>	<b>100%</b>

(Source: 15 billion Newham report, April 2012)

## 2.4 Labour market context: age, qualifications, and employment of the Newham workforce

Analysis of the Annual Population Survey identified basic characteristics of Newham's workforce. Table 5 presents the age distribution of the working-age population (16 years old

or above) in the UK, London and Newham. The proportion of people in the 26+ groups shows that the population of Newham is younger than for London and the UK, with 75.9 per cent of the Borough's working-age population in this age group compared to 80-81 per cent in the capital and nationwide. For those under 26, Newham has more people in the 22-25 year old group, 12.9 per cent compared to 9.8 in London and 8.5 in the UK.

**Table 5: Age distribution of the working-age population, 2012**

Age groups	UK		London		Newham	
	Total	Per cent	Total	Per cent	Total	Per cent
16-19	3,019,811	7.38	330,673	5.90	10,215	6.25
20-21	1,659,531	4.06	191,740	3.42	8,165	5.00
22-25	3,492,195	8.54	553,840	9.88	21,074	12.89
26+	32,742,331	80.03	4,529,085	80.80	123,996	75.86
<b>Total</b>	40,913,868	100.00	5,605,338	100.00	163,450	100.00
<b>Base</b>	201,963		18,747		668	

(Source: APS, July 2011-June 2012)

Table 6 shows the distribution of the working age population by level and type of qualifications. Compared to London and the UK, Newham has a larger proportion of people with no qualifications (13.3 per cent) and 'other qualifications' (15.1 per cent). Fewer people in Newham have intermediate qualifications at Level 2 and 3 relative to London and the UK, but the proportion of those with NQF Level 4 and above is larger than the UK, 39.8 per cent compared to 33.2 in the UK, although far lower than for London (46.1 per cent). In summary, levels of educational attainment are relatively more polarised in Newham than elsewhere in the UK.

**Table 6: Qualifications of the working age population, 2012**

Qualification groups (LFS systematic)	UK		London		Newham	
	Total	%	Total	%	Total	%
No qualifications	4,353,193	10.68	509,490	9.13	21,498	13.29
Other qualifications	2,681,299	6.58	483,404	8.66	24,443	15.11
Below NQF Level 2	5,026,714	12.33	492,596	8.82	12,227	7.56
NQF Level 2	6,846,066	16.80	672,055	12.04	18,819	11.63
Trade Apprenticeships	1,548,936	3.80	87,929	1.58	817	0.50
NQF Level 3	6,773,664	16.62	763,268	13.67	19,559	12.09
NQF Level 4 and above	13,528,480	33.19	2,574,032	46.11	64,454	39.83
<b>Total</b>	40,758,352	100.00	5,582,774	100.00	161,817	100.00
<b>Base</b>	201,139		18,665		662	

(Source: APS, July 2011-June 2012)

Table 7 presents the situation of young people and adults in terms of unemployment in the UK, London and Newham. Unfortunately, the sample sizes are insufficiently large enough for the youth unemployment rates to be reliable<sup>16</sup>, as the Blue shading in the table cells indicate. The data for London shows the situation in the capital in terms of youth unemployment is far worse than the UK. In the 16-19 year old group, the rate of unemployment in 2012 reached 43.1 per cent, compared to 30.3 per cent nationwide. Among 22-25 year olds, unemployment in London stood at 14.7 per cent, compared to 13.7 per cent in the UK. The data for the whole adult population shows the situation in Newham was notably worse than in London or the UK, and this is also likely to occur among young people specifically. Unemployment in Newham was 15.8 per cent in 2012, far higher than in London (9.3 per cent) or the UK (8.2 per cent).

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<sup>16</sup> As indicated in the Labour Force Survey User Guide (which is the relevant documentation for the APS as well), “estimates below 10,000 are subject to a high degree of sampling variability and should therefore be treated with caution. The 10,000 threshold equates to a sample size of about 25 and a relative standard error of about 20%”. In Table 27 unemployment rates estimated for populations of unemployed people smaller than 10,000 are therefore unreliable.

Table 7: Employment and unemployment, 2012

	UK	London	Newham
<b>Age group 16-19</b>			
<b>Total employment</b>	1,004,271	59,135	2,009
<b>Total unemployment</b>	436,331	44,857	1,284
<b>Unemployment rate as % of total labour force of age group</b>	30.29%	43.14%	38.99%
<b>Total labour force</b>	1,440,602	103,992	3,293
<b>Base</b>	6,904	402	17
<b>Age group 20-21</b>			
<b>Total employment</b>	860,745	74,395	2,668
<b>Total unemployment</b>	239,729	28,535	943
<b>Unemployment rate as % of total labour force of age group</b>	21.78%	27.72%	26.11%
<b>Total labour force</b>	1,100,474	102,930	3,611
<b>Base</b>	4,331	310	11
<b>Age group 22-25</b>			
<b>Total employment</b>	2,378,266	351,681	12,428
<b>Total unemployment</b>	379,137	60,397	2,412
<b>Unemployment rate as % of total labour force of age group</b>	13.75%	14.66%	16.25%
<b>Total labour force</b>	2,757,403	412,078	14,840
<b>Base</b>	10,257	1035	45
<b>Age group 26+</b>			
<b>Total employment</b>	24,137,124	3,305,947	76,032
<b>Total unemployment</b>	1,477,252	253,968	12,839
<b>Unemployment rate as % of total labour force of age group</b>	5.77%	7.13%	14.45%
<b>Total labour force</b>	25,614,376	3,559,915	88,871
<b>Base</b>	127,543	11749	363
<b>All of working age (16-65)</b>			
<b>Total employment</b>	28,380,406	3,791,158	93,137
<b>Total unemployment</b>	2,532,449	387,757	17,478
<b>Unemployment rate as % of total labour force of age group</b>	8.19%	9.28%	15.80%
<b>Total labour force</b>	30,912,855	4,178,915	110,615
<b>Base</b>	149,035	13,496	436

*Shaded area: Insufficient sample sizes*

(Source: APS, July 2011-June 2012)

## 2.5 Returns to vocational education for young people in the UK and London: empirical analysis

### 2.5.1 Introduction

This section presents an analysis of Annual Population Survey data of the returns to skill investments for young people aged 22 to 25 in the UK and London. Due to insufficient sample size, it was not possible to estimate the returns in Newham. Returns to skills investments in terms of earnings are expressed as percentage increases in wages associated with achieving specific vocational qualifications. Returns to skills investments in terms of employment are expressed as the increase in employment rates associated with achieving specific vocational qualifications.

The estimated impacts are obtained from econometric models in the Mincer (1974) tradition of empirical earnings functions. In economic theory, the human capital approach stresses that educational and training decisions play an important role in the determination of life time earnings and people act rationally to give up earnings today in return for higher earnings in the future when they invest in better education. This depends on how different people feel about giving up some of today's consumption in return for future rewards (Borjas, 2010) and on some assumptions about the life-time earnings premium associated with employment at a higher qualification levels.

Therefore, economic theory assumes that individual maximise life-course utility and consider the present value of lifetime earnings with the qualification they plan to acquire relative to other qualifications, for example only general schooling or further investment to vocational qualifications and beyond. Further, one would argue that people would need to know about their ability and the costs to get another qualification – both the foregone income from alternative work ("opportunity costs") and real costs for tuition fees etc. There may be some uncertainty with all of this, which requires to associate risks with all of these variables.

A rational decision under these circumstances is then to invest if the expected net present value of the gain life-time earnings with the qualification if these exceed the costs of acquiring it, hence if there is a net benefit to them in the longer term to the individual.

Using the Mincer model the variables were introduced for educational attainment not as years of education, but as a set of dummy variables to indicate the specific type of highest qualification held by individuals. This can allow estimation of different effects for different types of qualifications. The same framework is applied to estimate returns to education on employment probabilities.

All estimates for the UK average were obtained using APS data for 2011/2012, while pooled APS data was used to achieve sufficiently large sample sizes to present specific estimates for London. The analysis was restricted to returns to various types and levels of *vocational qualifications* among young people (22-25 year old) in the UK after the end of compulsory schooling, which usually coincides with taking GCSEs. By excluding people taking subsequent academic qualifications (A-levels, degree or further awards of higher education), estimates are restricted to the impact of further vocational qualifications relative to "No qualifications/no GCSEs" or GCSEs only.

These coefficients can be approximately interpreted as the effect in percentage terms<sup>17</sup> on earnings associated with having specific qualifications, relative to the earnings level of those with no qualifications.

### 2.5.2 Estimated earnings and employment returns for young people in the UK

Table 8 shows the results at UK level. To interpret the data, the relevant columns are those with the headings “coef” and “P>t”. The column with the coefficients indicates the size of the effect on **earnings** associated with having a specific type and level of qualification. The column containing the p-values indicates whether each estimated coefficient is statistically significant. As a general rule, coefficients with a p-value over 0.05 are not statistically significant so the actual effect is likely to be zero. If the p-value is below 0.05, the coefficient is statistically significant and the size of the effect is given by the value of the estimated coefficient. The effects of having vocational qualifications on subsequent earnings below Level 2 are not statistically significant (Table 8), and neither is work experience, probably due to the narrow age group selected in this analysis restricting the variance in years of experience in the sample. The largest impact on wages is for vocational qualifications at Level 4 and Trade Apprenticeships, which are associated with pay levels one-quarter higher than the earnings of those without formal qualifications. Smaller effects arise from having GCSEs at grades A-C only (13 per cent increase relative to the baseline category of no qualifications), Vocational NQF Level 2 (10 per cent increase) or GCSEs at grades D-G only (8 per cent increase).

The earnings effects, particularly resulting from achievement of higher GCSEs grades relative to lower GCSEs or the base category (No qualifications/no GCSEs) must be interpreted in the light of the likely differences in time young people with such qualifications have spent in the labour market. People taking further vocational qualifications are usually not working (apart from the minority of young people in Apprenticeships), so they have less work experience than those starting work directly after GCSEs.

Such differences in work experience have a greater impact on earnings when young people gain their initial labour market experience as wages are generally fairly low for people at different levels of qualifications. Even if qualified at higher levels, labour market entrants may only be able to secure employment below their actual productivity levels because young people with work experience – even with lower formal qualification achievements – may have advantage in hiring decisions by firms. Over time and with an increase in work experience, initial differences are likely to disappear as people with higher qualifications improve their employment positions more dynamically to achieve jobs corresponding to their (higher) skills levels and show the true extent of the earnings premium.

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<sup>17</sup> Strictly speaking, the coefficient indicates an additive effect on the natural logarithm of earnings which translates in a per cent increase given by the exponent of the coefficient. The coefficient, however, can be approximately read as a percentage increase itself. This is more precise the lower the value of coefficient is and a slight underestimation the higher the coefficient is.

**Table 8: Earning returns to vocational qualifications (GCSE and/or vocational qualifications\*, total dependent employment age 22-25, UK), 2012**

	Coef.	Std. Err.	t	P>t
Vocational other qualifications	0.15	0.04	4.18	0.00
Vocational below NQF Level 2	0.02	0.04	0.62	0.54
Vocational NQF Level 2	0.10	0.03	3.04	0.00
Trade Apprenticeships	0.25	0.04	6.31	0.00
Vocational NQF Level 3	0.21	0.03	7.09	0.00
Vocational NQF Level 4	0.26	0.04	6.84	0.00
GCSE A-C only (L 2)	0.13	0.03	4.01	0.00
GCSE D-G only (BL 2)	0.08	0.03	2.51	0.01
Work experience in years	0.03	0.02	1.60	0.11
Work experience 2nd order	0.00	0.00	-0.60	0.55
Intercept	1.73	0.06	30.75	0.00
Number of jobs	2787.00			
F( 10, 2776)	12.88			
Prob > F	0.00			
R-squared	0.04			
Adj R-squared	0.04			
Root MSE	<b>0.35</b>			

*OLS regression on log hourly gross wages, Base category: No qualifications*

*\* excluding group with post-GCSE academic qualifications (Higher degree, First degree/foundation degree, Other degree, HNC/HND/BTEC higher etc., Teaching qualifications, Nursing etc., A-level or equivalent, Scottish 6 year certificate/CSYS, SCE higher or equivalent, Access qualifications, AS-level or equivalent)*

(Source: APS, July 2011-June 2012)

Table 9 presents the results of the effects of various types and levels of qualifications attained on the **probability of being employed** as opposed to unemployed. The coefficients are directly interpretable as additive effects on the employment rate of the baseline category, which is a 44 per cent probability of being employed as opposed to unemployed in the case of those with no qualifications (as indicated by the intercept term). All the estimated coefficients are statistically significant. The highest impact arises from having Trade Apprenticeships, Vocational NQF Level 3 or Vocational NQF Level 4 qualifications, the three of which lead to a 26-27 point increase in the probability of being employed. Sizeable effects are also associated with having GCSEs at grades A-C (a 19 percentage point increase in the probability of being employed relative to holding no qualifications), having Vocational NQF Level 2 (15 percentage point increase) or having GCSEs at grades D-G only (14 percentage point increase).

In this model, the coefficients for the linear and quadratic terms of years of work experience are statistically significant. The linear term indicates that each additional year of work experience is associated with an increase in the probability of being employed of 8 percentage points. However, the quadratic term reflects an additional effect. The negative sign of this coefficient means the positive effect of work experience gets smaller for each additional year's work experience. This is intuitively plausible when we interpret work experience in the context of learning in the work place: In the first years of work experience, people rapidly gain further skills through practical work, which are specific to their workplace, firm or more broadly, to their career trajectory. As such post-education learning in the workplace and associated improvements in productivity decrease over time, the incremental earnings gains for every further year of work experience decrease over time when people gained the maximum work experience and the full potential.

This suggests that a human capital model need to model the impact of work experience to account for such differences in returns to work experience at different points in the life cycle. While young labour market entrants make a great leap forward every year, as the gain much needed work experience and occupational practice, the productivity impact of another year of work experience is much lower for people in their fifties and sixties. Therefore, the effect of work experience is positive, but decreases over time, which is best modelled by a curve rather than a straight line. Therefore, as is the standard in empirical earnings functions of the Mincer type, we include years of experience as a linear variable and years of experience squared. While the coefficient of the linear variable is positive, the negative coefficient of the squared experience then captures the decreasing return to every additional year of work experience over the working life.



**Table 9: Employment effect of vocational qualifications (GCSE and/or vocational qualifications\*, age group 22-25, UK), 2012**

	Coef.	Std. Err.	t	P>t
Vocational other qualifications	0.19	0.02	8.13	0.00
Vocational below NQF Level 2	0.09	0.02	3.58	0.00
Vocational NQF Level 2	0.15	0.02	7.28	0.00
Trade Apprenticeships	0.27	0.03	9.92	0.00
Vocational NQF Level 3	0.26	0.02	12.80	0.00
Vocational NQF Level 4	0.26	0.03	9.27	0.00
GCSE A-C only (L 2)	0.19	0.02	8.83	0.00
GCSE D-G only (BL 2)	0.14	0.02	6.25	0.00
Work experience in years	0.08	0.01	6.71	0.00
Work experience 2nd order	-0.01	0.00	-6.67	0.00
Intercept	0.44	0.04	11.42	0.00
Number of jobs	5264.00			
F( 10, 5253)	28.80			
Prob > F	0.00			
R-squared	0.05			
Adj R-squared	0.05			
Root MSE	0.37			

*Linear probability model with Heteroskedasticity-consistent standard errors*

*Base category: No qualifications*

*\* excluding group with post-GCSE academic qualifications (Higher degree, First degree/foundation degree, Other degree, HNC/HND/BTEC higher etc., Teaching qualifications, Nursing etc., A-level or equivalent, Scottish 6 year certificate/CSYS, SCE higher or equivalent, Access qualifications, AS-level or equivalent)*

(Source: APS, July 2011-June 2012)

### 2.5.3 Specific estimates for London

London specific analyses are presented still focusing on young people. APS was too small for one year to estimate a model so APS data from eight consecutive years (2004 to 2011) was pooled and earnings from APS adjusted into real 2011/12 values using the GDP deflator, published by HMRC. Pooled analysis is not strictly comparable to those obtained for the UK with data from 2011/12. However, yearly dummy variables are used to control for the fact that average wage returns vary over time, and this also enables comparability to some extent.

Table 10 shows the results of the model for the **earnings** returns to education in London. The largest effects on earnings are obtained by those with Level 4 qualifications, the earnings of whom are on average a third higher than those with no qualifications. This effect appears larger than for the UK. However if the wage penalty indicated by the negative coefficient of the 2011 year dummy of -0.15 is taken into account the wage premium in 2011

associated with NQF Level 4 qualifications would be only 17 per cent, closer to the 21 per cent effect for the UK in 2011/12.

A very sizeable wage premium is observed for those with GCSEs and grades A-C only, with a wage premium of 19 per cent relative to those with no qualifications. This effect is 6 points larger than the estimate for the UK, but if the 2011 penalty is considered then the effect in London is much smaller. The other qualifications at Level 2 or above are associated with wage premiums similar in size, of around 10 per cent. Quite surprisingly, the effect of completing a Trade Apprenticeship is not statistically significant even at a 10 per cent significance level, while in the UK model this qualification is associated with a very strong and significant effect.

The estimated coefficient for the linear component of work experience is significant at 5 per cent. It indicates that each additional year of work experience is associated with a 4 percentage increase in gross hourly wages. The quadratic term is significant at 10 per cent. The effects captured by the yearly dummies show the average pay level in real terms was markedly lower in any year than in 2004 (reference year), with the exception of 2009 (non-statistically significant effect), and especially lower in 2010 and 2011.

**Table 10: Earning returns to vocational qualifications (GCSE and/or vocational qualifications\*, total dependent employment age 22-25, London), 2004-2011 pooled data**

	Coef.	Std. Err.	t	P>t
Vocational other qualifications	0.06	0.04	1.53	0.13
Vocational below NQF Level 2	-0.05	0.05	-0.92	0.36
Vocational NQF Level 2	0.08	0.05	1.84	0.07
Trade Apprenticeships	0.10	0.07	1.51	0.13
Vocational NQF Level 3	0.12	0.04	2.77	0.01
Vocational NQF Level 4	0.32	0.05	6.83	0.00
GCSE A-C only (L 2)	0.19	0.05	4.08	0.00
GCSE D-G only (BL 2)	0.11	0.05	2.36	0.02
Work experience in years	0.04	0.02	2.55	0.01
Work experience 2nd order	0.00	0.00	-1.68	0.09
Year 2005	-0.04	0.04	-1.06	0.29
Year 2006	0.01	0.04	0.18	0.86
Year 2007	-0.10	0.04	-2.57	0.01
Year 2008	-0.13	0.04	-3.25	0.00
Year 2009	-0.06	0.04	-1.39	0.16
Year 2010	-0.17	0.04	-4.01	0.00
Year 2011	-0.15	0.04	-3.66	0.00
Intercept	2.01	0.06	34.16	0.00
Number of jobs =	1658.00			
F( 17, 1640) =	7.36			
Prob > F =	0.00			
R-squared =	0.07			
Adj R-squared =	0.06			
Root MSE =	0.43			

OLS regression on log hourly gross wages, Base category: No qualifications

\* excluding group with post-GCSE academic qualifications (Higher degree, First degree/foundation degree, Other degree, HNC/HND/BTEC higher etc., Teaching qualifications, Nursing etc., A-level or equivalent, Scottish 6 year certificate/CSYS, SCE higher or equivalent, Access qualifications, AS-level or equivalent)

(Source: APS, pooled data from 2004 to 2011 Jan-Dec datasets)

Using the 2004-2011 pooled samples, the effects of different types and levels of qualifications were analysed on the **probability of being employed** among young people in London. Table 11 presents the results of the linear probability model, in which the binary variable employed/unemployed was regressed on a set of dummy variables that capture

qualification attainment, years of experience in first and second order and yearly dummies. According to these estimates, vocational qualifications below NQF Level 2 and Vocational NQF Level 2 qualifications do not have statistically significant effects on the probability of being employed. Achieving GCSEs at grades D-G only (below Level 2) is not associated with higher employment chances. Having Vocational NQF 4 is associated with the highest probability of being employed, 13 percentage points higher than for those with no formal qualifications. The second largest effect is for Trade Apprenticeships, which lead to an 11 percentage point increase in the probability of being employed. These effects, while markedly lower than those estimated using UK-wide data from 2011/12, follow a similar pattern. Vocational NQF Level 3 and GCSEs at grades A-C have a similar effect, of a 7 percentage point increase in the probability of employment. Work experience is linearly associated with the probability of employment, increasing it by 6 percentage points per every additional year of work experience. The quadratic term is statistically significant but in effect is very close to zero. This suggests the flattening effect associated with diminishing marginal returns does not operate if the analysis is restricted to young people in London, rather than the UK. Finally, the yearly dummies are not statistically significant in the first years, but are statistically significant and negative since 2009, indicating a decrease in the likelihood of being employed among young people in London relative to 2004.

**Table 11: Employment effect of vocational qualifications (GCSE and/or vocational qualifications\*, age group 22-25, London), 2004-2011 pooled data**

	Coef.	Std. Err.	T	P>t
Vocational other qualifications	0.10	0.02	4.44	0.00
Vocational below NQF Level 2	-0.02	0.03	-0.56	0.58
Vocational NQF Level 2	0.04	0.03	1.48	0.14
Trade Apprenticeships	0.11	0.04	2.73	0.01
Vocational NQF Level 3	0.07	0.02	3.16	0.00
Vocational NQF Level 4	0.13	0.03	4.87	0.00
GCSE A-C only (L 2)	0.07	0.03	2.86	0.00
GCSE D-G only (BL 2)	0.00	0.03	-0.17	0.87
Work experience in years	0.06	0.01	6.11	0.00
Work experience 2nd order	0.00	0.00	-5.64	0.00
Year 2005	0.02	0.03	0.80	0.42
Year 2006	0.00	0.02	0.03	0.98
Year 2007	-0.03	0.02	-1.18	0.24
Year 2008	-0.04	0.02	-1.73	0.08
Year 2009	-0.04	0.02	-1.57	0.12
Year 2010	-0.07	0.02	-3.17	0.00
Year 2011	-0.07	0.02	-2.99	0.00
Intercept	0.69	0.03	21.31	0.00
Number of jobs	3239.00			
F( 17, 3221)	6.44			
Prob > F	0.00			
R-squared	0.03			
Adj R-squared	0.03			
Root MSE	0.34			

Linear probability model with Heteroskedasticity-consistent standard errors

Base category: No qualifications

\* excluding group with post-GCSE academic qualifications (Higher degree, First degree/foundation degree, Other degree, HNC/HND/BTEC higher etc., Teaching qualifications, Nursing etc., A-level or equivalent, Scottish 6 year certificate/CSYS, SCE higher or equivalent, Access qualifications, AS-level or equivalent)

(Source: APS, pooled data from 2004 to 2011 Jan-Dec datasets)

## Chapter 3: Post-16 choices in Newham - Main report

This chapter discusses the analysis of the survey of young people in Newham to look at the choices they made at the point where they sat GCSEs.

### 3.1 Destinations

This section looks at the destinations of, young people now aged between 22 and 25 who did not pursue A-level courses following GCSEs. The time when initial labour market or education status began is shown in Figure 1 shows the cumulated distribution of frequencies when people made their first transition:

- Of the group of people initially starting further education, 12 people (3.6 per cent) started their FE course in academic years before 2004/05, 37 people started in 2004/05 (10.3 per cent), 70 in 2005/06 (19.6 per cent), 106 in 2006/07 (29.6 per cent), 66 in 2007/08 (18.4 per cent) and 66 in academic years after 2007/08 (18.4 per cent). Transitions are associated with the beginning dates of academic years.
- The group of people who left general education and entered employment without further vocational education and training made this initial transition between August 2003 and December 2011. Compared to the transitions into education, there is less clustering around specific points in time.
- The group of Apprentices is relative small, with 22 people.

Age and gender had no significant impact on respondent's pathway decisions post-16. However, respondents from White British backgrounds were more likely than those from Indian, Pakistani, Bangladeshi or African backgrounds to enter employment post-16 (31% compared to 14%, 10%, 17% and 3% respectively).

Over half (61%) of respondents spoke a language other than English when speaking to other members of their household, the most frequently used were Bengali (22%), Gujarati (12%), and Punjabi (11%). Of the respondents who used another language at home, those who entered employment post-16 were most likely to report they did not speak English very well (6% compared with 2% of those who went to college and none who entered an Apprenticeship).

Men were more likely than women to undertake Knowledge-based qualifications (76% compared to 51%). There were no significant differences in the type of courses undertaken by ethnicity.

Whilst at college, over three-quarters (77%) of respondents only studied for one qualification, 13% studied for two qualifications, and 2% studied for three. Learners who studied at colleges in Newham were significantly more likely to only study one subject than those who studied elsewhere (80% compared to 71%).

## ‘Amy’\*

Amy studied English, Maths, Science, ICT, Geography, German, Graphic Design and Drama at GCSE. She made her subject choices due to general subject interest and wanting to keep potential future pathways open; however, some subjects were mandatory at her school. When making her decisions she received support from a Careers Adviser at her school which she found useful:

*‘She asked what interests we had and what we were thinking we would like to do in the future and advised us on what kind of subjects we might want to study.’*

Following her GCSEs Amy was not sure what she wanted to do next and was unsatisfied with her results. However, she had achieved C grades in English Literature, English Language and Drama and her mother helped her look at different courses and colleges she could go to with these qualifications. Eventually Amy decided to go to Barking College to study for an NVQ in Performing Arts as she enjoyed acting as well as the course content. However, after the first year of the 2 year course Amy chose to leave to commence an alternative course at Redbridge College in Health and Social Care:

*[the Performing Arts course] helped me to get the confidence to realise what I wanted to do and find myself a little bit more. I had more of an idea what I was good at and what I thought I would enjoy doing as a career.’*

Overall, Amy was very happy with the teaching and support available at both Barking and Redbridge colleges. However, for personal reasons she chose to leave the Health and Social Care course to enter employment.

After leaving college Amy applied for a variety of retail jobs and was employed at Woolworth’s on a temporary basis over the Christmas period as *‘it was the first one that got back to me’*. She feels she developed a range of skills in this job including customer relations and handling difficult situations. Alongside this Amy volunteered as a youth worker and as a result of this undertook Foundation and Intermediate Level certificates in Youth Work through a private training provider so she could gain knowledge of the theory of working with young people. Currently she is volunteering in a charity shop as she wants to develop more skills in retail so she can apply for jobs in this sector; however, her long term aim is to do more in the area of youth work and is exploring taking an Access course to study for an A/S or A Level in English Literature so that she can go to a bible college and train to become a Youth Pastor.

Generally Amy is happy with her career prospects at the moment as she feels she has a plan for her next steps to achieving her ambitions.

*‘I feel like I have sorted in my head what I want to do. Just part of me getting to where I want to be and I’m happy with the things I’m putting into place to be able to do those things.’*

\*Name has been changed

### 3.2 Impact of experience at school on post-16 choices

This section looks at the impact of school experience on post 16 choices. Nearly three-quarters (70%) of respondents enjoyed school ‘very much’ or found it ‘good but not great’ (Table 12). However, 71% of those entering college enjoyed school compared with 61% of those who entered employment.

Respondents from Indian, Pakistani and Bangladeshi backgrounds were significantly more likely than White British respondents to have enjoyed school very much (63%, 64%, 47% and 29% respectively).

**Table 12: How much would you say you enjoyed school in your last 2 years, that is, in Years 10 and 11?**

	Total	Went to FE College or Sixth Form College to take vocational qualification	Entered employment	Entered an Apprenticeship
<b>n =</b>	445	358	65	22
	%	%	%	%
<b>Very much</b>	44	45	43	36
<b>Good but not great</b>	26	26	18	36
<b>OK</b>	19	18	18	23
<b>Very little</b>	6	6	9	0
<b>Not at all</b>	4	3	8	5
<b>Don't know/refused</b>	1	1	3	0

(Base=445, Source: Survey of Newham residents 2013)

Over two-thirds (69%) of respondents considered themselves conscientious at school (Table 13). Those who went into Further Education were more likely to consider themselves conscientious.

Respondents from Indian, Pakistani and Bangladeshi backgrounds were significantly more likely than White British respondent to consider themselves conscientious (55%, 47%, 48% and 25% respectively).

**Table 13: How conscientious a student were you in school in terms of things like attendance, getting work done and in on time, and behaviour in school?**

	Total	Went to FE College or Sixth Form College to take vocational qualification	Entered employment	Entered an Apprenticeship
<b>n =</b>	445	358	65	22
	%	%	%	%
<b>Very conscientious</b>	38	41	32	14
<b>Quite conscientious</b>	31	30	31	59
<b>OK – average</b>	23	23	23	23
<b>Not very conscientious</b>	5	5	6	5
<b>Not at all conscientious</b>	2	1	8	0
<b>Don't know/refused</b>	*	1	0	0

(Base=445, Source: Survey of Newham residents 2013)

Further regression analysis found no significant predictive link between progressing to college to undertake vocational studies against taking on an apprenticeship when looking at:



- the extent to which the respondent enjoyed school;
- how conscientious they were at school;
- how satisfied they were over the level of control they had over education & future prospects;
- the extent to which school qualifications benefited them;
- whether they had contact with employers at school;
- whether they undertook work experience at school; and
- whether they had formal mentoring at school.

However, the extent to which respondents feel that qualifications benefited them or not does significantly predict whether respondents got a job after school as opposed to progressing to college for vocational studies.

### 3.3 Impact of attainment at GCSE on post-16 choices

Respondents who went to FE College or Sixth Form to study vocational qualifications were significantly more likely than those who entered work to have sat GCSEs (94% compared to 75%) and slightly more likely to have done so than those who entered an Apprenticeship (82%) (Table 14). Respondents from Asian backgrounds were significantly more likely to have taken GCSEs than those from White or Black backgrounds (96% compared to 83% and 90% respectively).

Respondents who sat GCSEs and who later went to FE College or Sixth Form were evenly divided between those who chose Knowledge-based vocational options and those who chose Competence-based options.

**Table 14: Did you sit GCSE examinations?**

	Total	Went to FE College or Sixth Form College to take vocational qualification	Entered employment	Entered an Apprenticeship
<b>n =</b>	445	358	65	22
	%	%	%	%
<b>Yes</b>	91	94	75	82
<b>No</b>	9	5	23	18

(Base=445, Source: Survey of Newham residents 2013)

The *number* of GCSEs passed had no significant impact on the respondent's choice of destination post-16. Respondents who sat GCSEs passed an average of seven in all three destination groups. Respondents who went to FE College or Sixth Form to study Competence-based qualifications had an average of six GCSEs compared with seven for those who studied Knowledge-based options. Respondents who went to colleges outside

Newham had on average 7 GCSE passes,<sup>18</sup> higher than those who went to colleges in Newham, who had 6 on average.

### 'Parveen'\*

At GCSE Parveen chose to study Maths, English, Science, Religious Education, Media Studies, Urdu and ICT. When making her decision she chose subjects she thought she would get good grades in. She also received support from a careers advisor at her school to help her make decisions.

Parveen did two weeks work experience at a bank as a receptionist, a role she was interested as a possible future job.

Parveen was happy with her GCSE results as they were sufficient for her to do a BTEC in ICT at Newham College of Further Education. She did this qualification following consultation with a careers advisor who suggested it would help her gain a receptionist job.

*'They went through our qualifications and they said what our choices were and which one was the best for us. I was interested in being some sort of receptionist or something in computing so that's why they said, if I wanted to do something like that in a future job, I'd be better off going to the computer courses.'*

Parveen chose to attend Newham College instead of another college as it was near to her home and she had friends who were also attending.

Parveen successfully achieved her BTEC in ICT and believed the teaching and experience at the college to be very good; however, following her time at College she found it difficult to find a job as a receptionist. After spending 18 months looking for work she got a temporary retail job. She was then taken on full-time as a sales consultant. Parveen does not think her qualification from college benefited her in her current role as it does not seem relevant to what she is doing.

Parveen continues to look for admin or receptionist roles, she has also received support though the Government's Work Programme to identify jobs which was helpful and is currently positive opportunities will become available.

*'I might get [a receptionist job], because with the jobs now, they get a lot of jobs around now. When I was looking for them they didn't used to have many jobs, but now they've opened more stores. A lot of vacancies so, maybe, in a year or so, I might get a job. I've had some help by the work programme. They're helping me to look for a job as well.'*

\*Name has been changed

The number of GCSEs passed *at grades A-C* had no statistically significant impact on the respondent's choice of destination post-16 (Table 15). However, those who entered employment had 2 or fewer grade A-C passes than those who entered further education. Respondents passed an *average* of 5 GCSEs across all three destination groups. Respondents who studied Competence-based qualifications post-16 passed an average of 4 GCSE at grades A-C compared to learners studying Knowledge-based options who passed an average of 6 GCSEs at grades A-C. Respondents who went to colleges outside Newham had on average 6 GCSEs at grades A-C, again higher than those who went to colleges in Newham, who had 5 on average. There were no significant differences by ethnicity in the number of GCSE passes at A-C which respondents achieved.

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<sup>18</sup> GCSE pass grades include grades A\*-G

Respondents who did not pass any GCSEs were significantly more likely to subsequently undertake Level 1 qualifications than those that did not have any GCSEs (24% compared with 4%).

A fifth of respondents achieved other qualifications at school. Of this group, 22% received BTECs and 20% achieved NVQs.

**Table 15: How many GCSE passes did you get at grades A, B or C?**

	Total	Went to FE College or Sixth Form College to take vocational qualification	Entered employment	Entered an Apprenticeship
<b>n =</b>	405	358	65	22
	%	%	%	%
<b>None</b>	7	6	14	6
<b>1</b>	6	6	8	0
<b>2</b>	7	7	10	11
<b>3</b>	9	9	6	6
<b>4</b>	10	9	8	17
<b>5</b>	16	16	16	17
<b>6-7</b>	15	17	6	11
<b>8-9</b>	10	10	12	11
<b>10 or more</b>	13	12	16	11
<b>Refused/ Prefer not to say</b>	7	8	2	11

(Base=405, Source: Survey of Newham residents 2013)

Nearly three-quarters (74%) of respondents believe the qualifications they achieved at school benefited them personally or socially to some or a large extent (Table 16). Respondents who went to FE College or Sixth Form post-16 were significantly more likely to believe the qualifications achieved at school benefited them to a large extent (37% compared to 23% who entered employment and 18% who entered an Apprenticeship).

Respondents from White backgrounds were significantly less likely than those from Asian or Black backgrounds to believe the qualifications achieved at school benefited them to a large extent (16% compared to 43% and 35% respectively).

**Table 16: To what extent do you think the qualifications you achieved at school benefited you personally or socially?**

	Total	Went to FE College or Sixth Form College to take vocational qualification	Entered employment	Entered an Apprenticeship
<b>n =</b>	445	358	65	22
	%	%	%	%
<b>To a large extent</b>	34	37	23	18
<b>To some extent</b>	40	42	22	50
<b>Not at all</b>	25	20	51	32
<b>Don't know</b>	2	1	5	0

(Base=445, Source: Survey of Newham residents 2013)

### 3.4 Level of control in post-16 choices

Seventy per cent of respondents were fairly or very satisfied that they controlled their education and future prospects when they were in Years 10 and 11 (Table 17). Respondents who chose to go to FE College or Sixth Form to study vocational qualifications were significantly more likely to think this than those who entered employment (72% compared to 57%). Further, women were more likely than men to think this (74% compared to 66%) as were respondents from Asian backgrounds compared with those from White and Black backgrounds (80% compared to 54% and 68% respectively).

Respondents who were fairly or completely dissatisfied about control over their education and future prospects in Years 10 and 11 were more likely to enter employment post-16 than those who went to FE College or Sixth Form or to enter an Apprenticeship (17% compared to 10%), although this is not statistically significant. Those who were dissatisfied were also significantly more likely to be from White or Black backgrounds (in particular Caribbean backgrounds) than from Asian backgrounds (20% and 17% compared to 6% respectively). These respondents were also more likely to go on to achieve qualifications below Level 2 whilst at college (23% compared with 8%).

**Table 17: To what extent were you satisfied that you had control over your education and future prospects while you were in Years 10 and 11?**

	Total	Went to FE College or Sixth Form College to take vocational qualification	Entered employment	Entered an Apprenticeship
<b>n =</b>	445	358	65	22
	%	%	%	%
<b>Very satisfied</b>	33	34	31	9
<b>Fairly satisfied</b>	37	37	26	64
<b>Neither satisfied nor dissatisfied</b>	16	14	25	18
<b>Fairly dissatisfied</b>	9	9	11	5
<b>Completely dissatisfied</b>	3	3	6	5
<b>Don't know/refused</b>	2	3	2	0

(Base=445, Source: Survey of Newham residents 2013)

### 3.5 Impact of work experience and mentoring on post-16 choices

Less than a fifth (19%) of respondents had contact with employers other than through work experience while at school (Table 18). However, nearly four-fifths (79%) of respondents undertook work experience organised by the school. Perhaps surprisingly, respondents who entered an Apprenticeship post-16 were the least likely to have undertaken work experience (however, this is not statistically significant).

Nearly a quarter of respondents received formal mentoring at school and 14% undertook casual paid work while still at school.

White British respondents were significantly more likely than Indian, Pakistani and Bangladeshi respondents to have undertaken casual work where they got paid outside of school (24% compared with 8%, 10% and 8% respectively). There are no other significant differences in the work experience undertaken and support received by ethnicity.

**Table 18: Experiences and support at secondary school**

	Total	Went to FE College or Sixth Form College to take vocational qualification	Entered employment	Entered an Apprenticeship
<b>n =</b>	445	358	65	22
	%	%	%	%
<b>At school had contact with employers</b>	19	20	12	14
<b>Undertook work experience that was organised by the school</b>	79	80	72	68
<b>Had formal mentoring or coaching whilst you were at school</b>	23	24	18	14
<b>Did casual work, where you got paid, outside of school</b>	14	13	18	23
<b>Did voluntary work outside of school</b>	25	27	20	14
<b>None of these</b>	12	11	15	23

(Base=445, Source: Survey of Newham residents 2013)

## ‘Stephen’\*

Stephen chose to study ICT, Double Science, and Art and Design at GCSE as he was interested in the subjects and thought he may wish to continue studying Art and Design.

*‘They were just things I was interested in doing and just what I thought I would benefit from the most. I wanted to do something art related then it makes sense to get a GCSE in art.’*

He was mainly happy with the support he received from his school to make his GCSE choices as they were given a lot of information about choices and he did not feel ‘rushed’ into making decisions which he felt were very important.

Stephen also remembers being given information about possible college choices as early as Year 10. However, he thinks having more information about the possible pathways while choosing GCSE options would be helpful to ensure he was taking the right subjects.

*‘When I had to choose my GCSE subjects were, I didn’t really know much about what courses I would have at college, you know, and what I would have access to... I probably would have made some different choices, because, like, for example, Double Science or IT, I only picked because I wasn’t too sure whether I would need it or not for my courses later on. Yes. I know it would help if there was more insight.’*

Stephen generally enjoyed school during Years 10 and 11 although he found it more intensive than in previous years due to the coursework GCSEs required. During this time the school arranged for him to undertake work experience; however, he was slightly disappointed with this as he had hoped for an opportunity related to sport which he was interested in, but was given a placement in retail.

Following his GCSEs Stephen was generally happy with his results as they were sufficient to let him do what he wanted to next; however, he was slightly disappointed as he felt he could have done better. He had a firm idea of what he wanted to do post-16 as his school had encouraged them to plan this in lessons:

*‘They start asking us to make-, not to make plans, but to assess yourselves, and just ask yourselves where you would like to be in the next five years and stuff like that. Then you start planning your future, then obviously you, kind of, know what you want anyway, when you’re sixteen and you have a bit of ambition then you probably know what you would like to be doing. So by the end of that, after my GCSEs I pretty much knew what I wanted to do.’*

Stephen chose to go to Barking College to undertake a BTEC in Creative Design. He decided to do this BTEC as it would allow him to progress to a future University course in Design. Whilst considering his options Stephen considered undertaking A-Levels (which he felt would be equally challenging); however, aside from Art and Design there were no other A-Levels he wanted to take to ensure he was studying full-time and wanted to focus on something he found interesting. He chose to go to Barking College as he was aware it was a well-performing college and knew they offered the course he wanted.

*‘If I had done A’ Levels, then I’d probably have to do at least one of another subject that I didn’t want to do, but I would just have to, to make up the hours. Just to say, ‘Yes, I’m full time education.’*

Stephen enjoyed his time at College and following a subsequent gap-year progressed to University to study architecture as he had decided he would eventually like to become an architect. For personal reasons Stephen had to leave University in his first year and was subsequently unemployed for several months. Eventually he found a temporary job in retail, but has subsequently been unemployed for the last years. He is currently considering re-applying to University.

\*Name has been changed

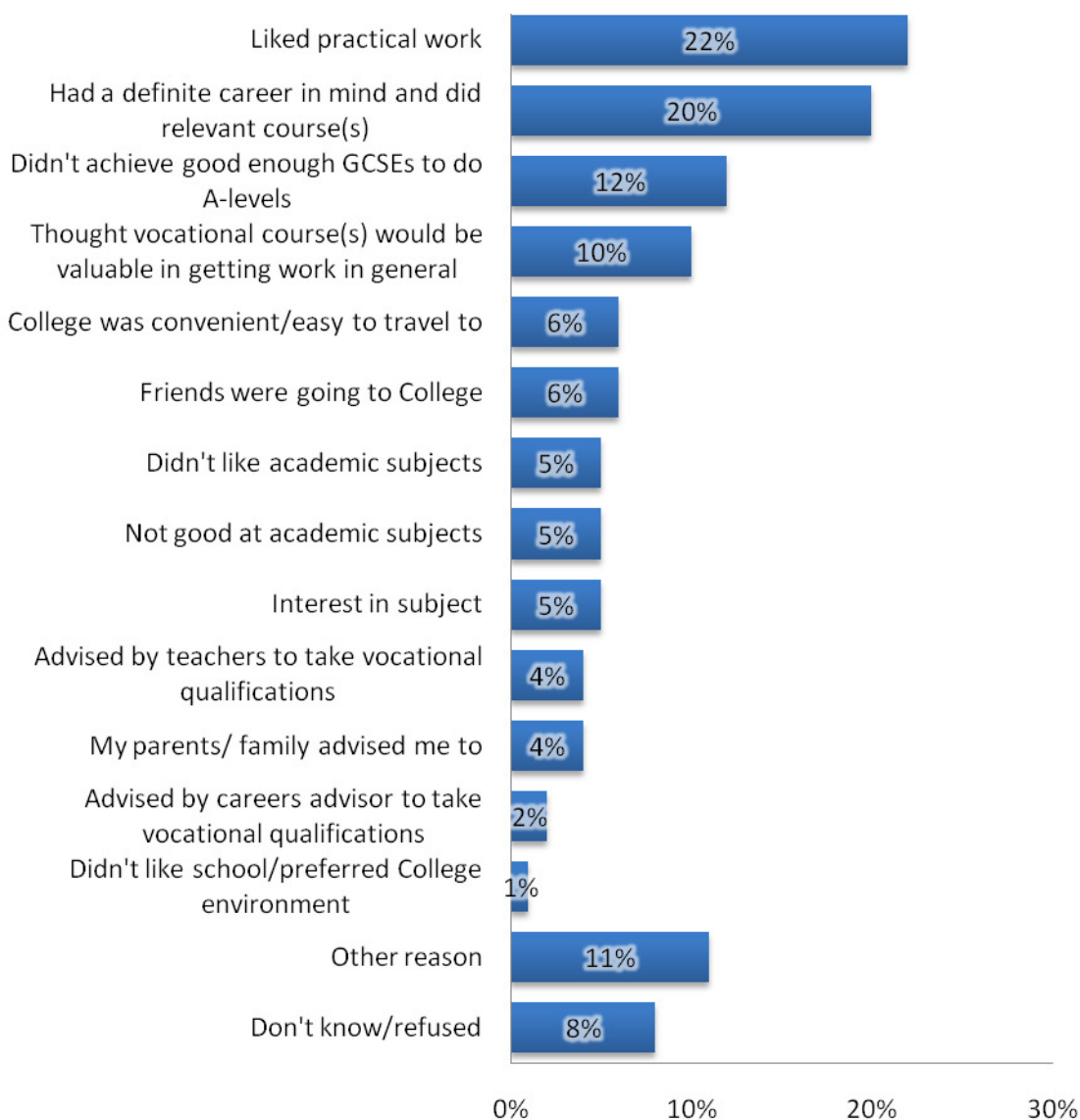
### 3.6 Reasons for choice of pathway

Respondents choose to undertake vocational qualifications post-16 for a range of reasons (Figure 1) – over a fifth liked practical work (22%) and a fifth (20%) had a definite future

career in mind and wanted to do the relevant qualifications. No significant difference in reasons for pursuing vocational qualifications was identified between respondents undertaking Knowledge-based or Competence-based qualifications.

Over one in eight choose the vocational route because they received poor GCSE results. Respondents from African backgrounds were significantly more likely to have undertaken vocational qualifications as they did not achieve good enough GCSEs to do A-levels than were Indian, Pakistani and Bangladeshi respondents (30% compared with 8%, 8% and 11% respectively).

**Figure 1: Could you say why you chose to take vocational qualifications?**



e=358, Source: Survey of Newham residents 2013

Bas



## ‘Adowa’\*

When choosing what pathway to undertake post-16, Adowa was interested in studying to achieve qualifications in Accountancy. However, as a recent immigrant to the UK with little knowledge of the job market, she took advice from family members who suggested she undertake qualifications in Health and Social Care, a sector which they believed had better opportunities for employment.

Adowa chose to go to Leyton Sixth Form College as she was told it had better outcomes in terms of academic achievement than other colleges. She successfully completed a BTEC in Health and Social Care; however, she decided she did not want to pursue a career in this area as she was still interested in pursuing accountancy. She subsequently found there were difficulties in entering the Accountancy A-Level she wanted to undertake as she had previously undertaken a vocational qualification.

*‘Although I got a merit, which was a good grade, they wouldn’t let me move on to A-levels because I did a vocational course. So I ended up doing Applied Science, which was another vocational course, in the process of that, in the second year I had a choice to choose from AS-levels. I ended up doing Accounting; that was what I’d wanted to do in the first place.’*

Following completing her A-Levels she was accepted to University to study Accountancy. Whilst at University she has tried to identify work-experience opportunities in Accountancy and office work so she can develop her employability skills but has found this difficult as *‘It’s really hard to come by and they won’t take you unless you have the experience. The thing is, I need them to take me so that I can get experience, but nobody takes you to get experience’*.

Adowa has been able to develop some office skills through undertaking volunteering work at a local church. She is also confident that she has developed wider employability skills during her time at college and University.

*‘To do presentations in front of your peers and group studies, like teamwork, and having the chance to communicate with a different set of people. We are all different and you come across so many people, and diversity, so you get to learn so many things from each other, which has been really helpful. I will be able to cope in any environment that I find myself in.’*

On completing University Adowa hopes to work in an accounting firm while she studies for further accountancy qualifications such as the ACCA.

\*Name has been changed

The main reasons given for entering employment post-16 were wanting to earn money (38%) and dislike of study (23%) (Figure 2).

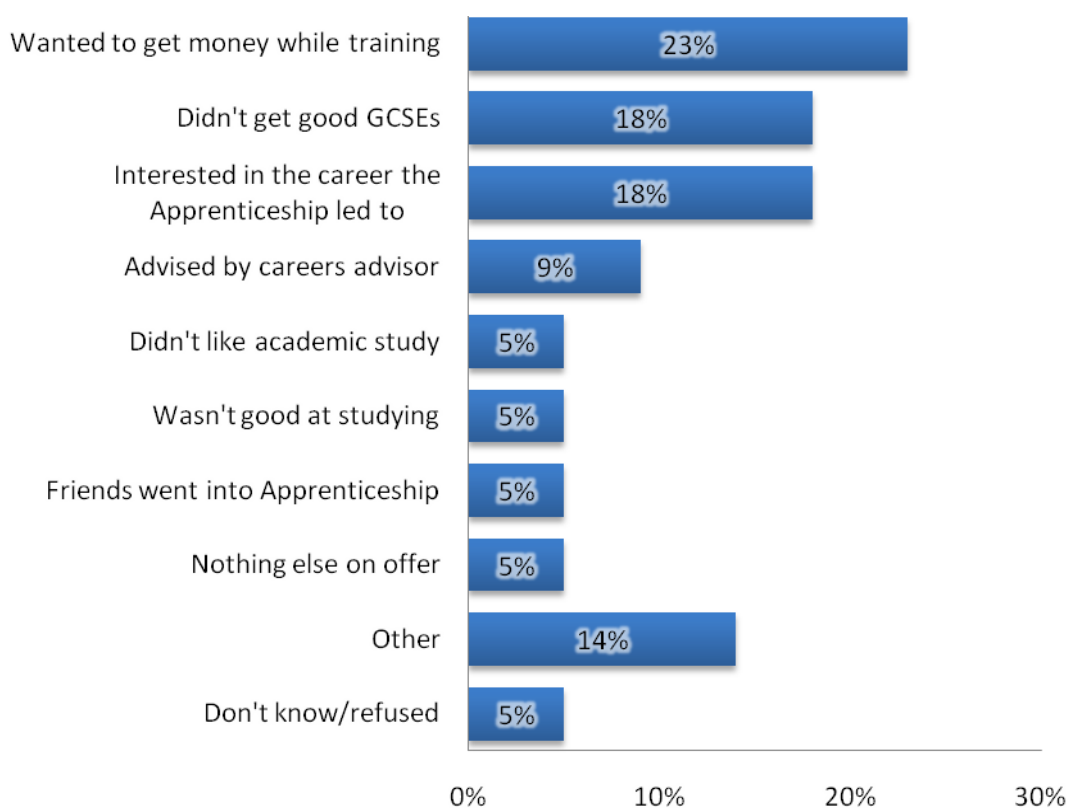
**Figure 2: Why did you decide to go to work rather than studying or training?**



Base=65, Source: Survey of Newham residents 2013

Respondents entered *Apprenticeships* post-16 for reasons including to earn money while training (23%), not getting good GCSEs (18%), and an interest in the career to which the Apprenticeship led (18%) (Figure 3).

**Figure 3: Why did you decide to take up an Apprenticeship?**



Base=22, Source: Survey of Newham residents 2013

### 3.7 Reasons for choice of college

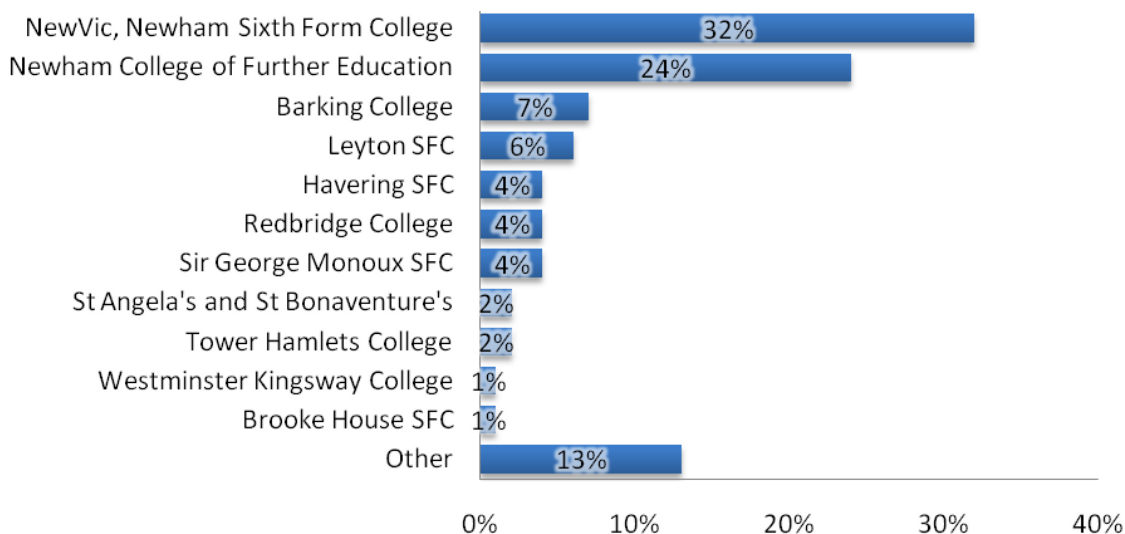
Figure 4 shows the FE Colleges and Sixth Forms where respondents' studied vocational qualifications post-16. Nearly a third (32%) studied these at NewVic (Newham Sixth Form College), and a further quarter (24%) studied at Newham College of Further Education.

No significant differences by age or gender exist as to where respondents studied. However, respondents from Asian backgrounds (in particular Pakistani and Bangladeshi) were significantly more likely to attend NewVic than those from White or Black backgrounds (43% compared to 20% and 21% respectively).

Women were significantly less likely than men to attend Barking College (3% compared to 10%) or Havering SFC (2% compared to 6%). In addition, respondents from White or Black backgrounds were more likely than those from Asian backgrounds to attend Barking College (10% and 12% compared to 2% respectively).

Whether courses undertaken were Knowledge-based or Competence-based had no significant impacts on respondents' choice of college but learners who went to colleges outside of Newham were more likely to have 6 GCSEs at grades A-C than those who went to colleges in Newham (who had 5 on average).

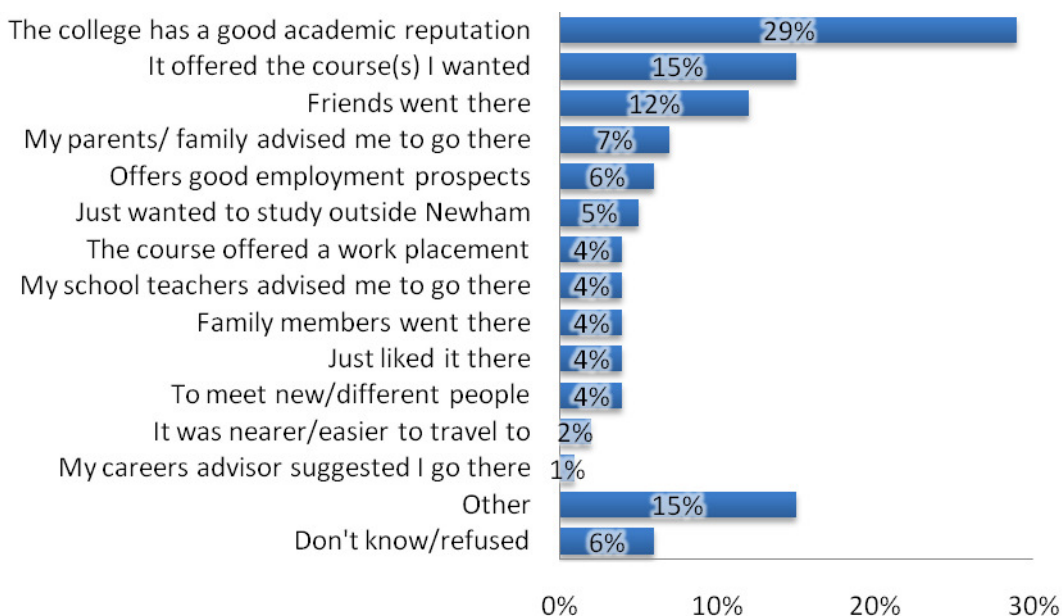
**Figure 4: You said you pursued vocational qualifications after you left school, could you say where you went to do that?**



Base=358, Source: Survey of Newham residents 2013

For the two-fifths (42%) of respondents who studied vocational qualifications outside Newham, the most frequently reported reason was the College outside Newham had a good academic reputation (29%) (Figure 5). There were no significant differences by ethnicity in reasons for studying outside of Newham.

**Figure 5: Why did you attend a College outside of Newham?**



Base=84, Source: Survey of Newham residents 2013

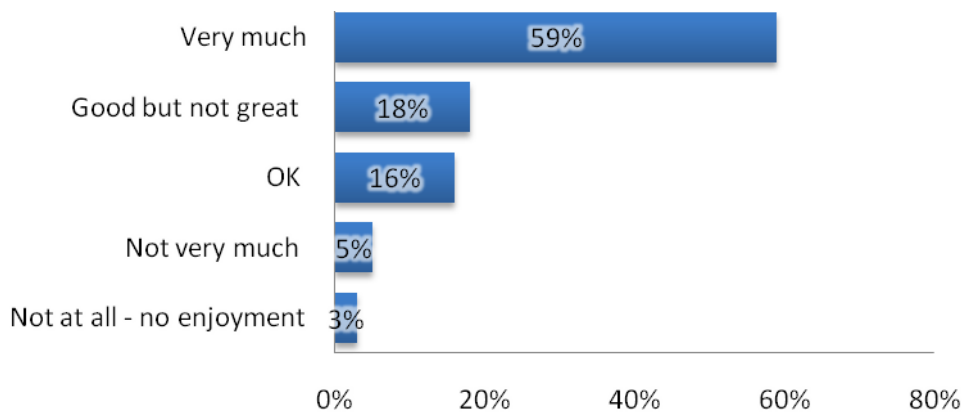
### 3.8 Experience at college

#### 3.8.1 Satisfaction with the college experience

Over three-quarters (77%) of college respondents enjoyed their time in college (Figure 6). Respondents from Asian backgrounds (in particular Indian and Pakistani) were more likely to be positive than those from White or Black backgrounds (84% compared to 67% and 68% respectively).

Respondents who achieved Level 3 qualifications at college were significantly more likely to have enjoyed their time than those who achieved lower levels (71% compared with 63%).

**Figure 6: How much did you enjoy your time at College?**

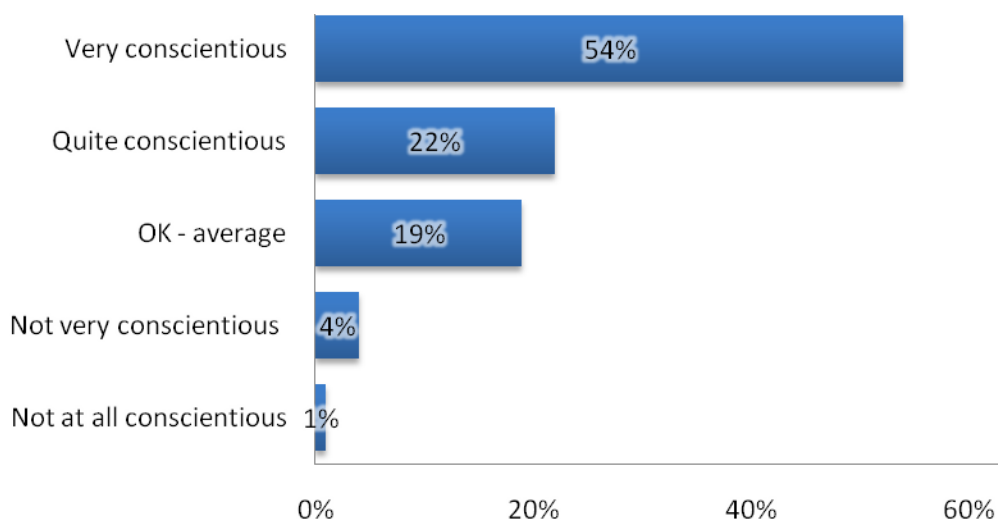


Base=358, Source: Survey of Newham residents 2013

Over three-quarters (77%) of respondents were conscientious at college (Figure 7). Respondents from Asian backgrounds (in particular Indian and Pakistani) were more likely to say they were conscientious than those from White or Black backgrounds (83% compared to 67% and 69% respectively).

Respondents who studied at level 3 and above at college were significantly more likely than those studying for qualifications lower than this to say they were very conscientious (67% compared with 56%).

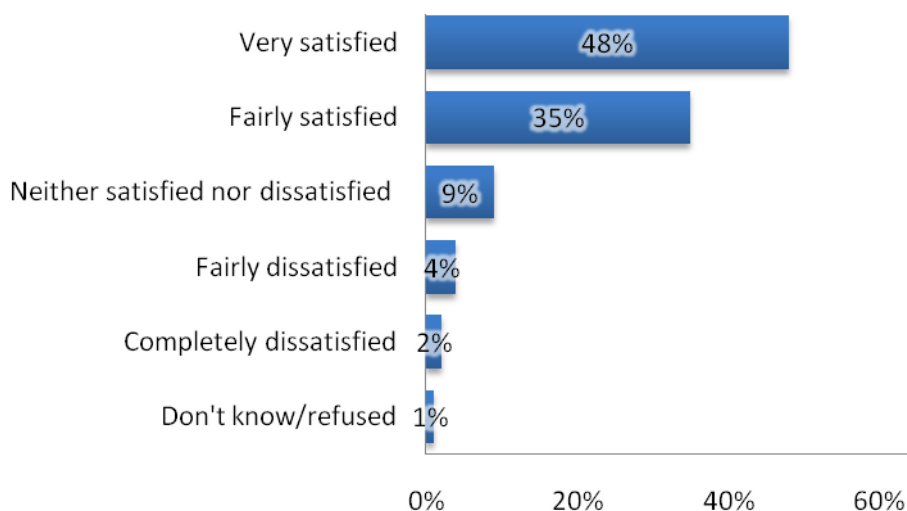
**Figure 7: How conscientious a student were you in terms of things like attendance, getting work done and in on time, and behaviour in College?**



Base=358, Source: Survey of Newham residents 2013

Over four-fifths (83%) of respondents were very or quite satisfied that they had control over their education and future prospects while at college (Figure 8). Respondents from Indian backgrounds were significantly more likely than White British, Bangladeshi and African backgrounds to be very or quite satisfied they had control (95% compared with 82%, 79% and 79% respectively).

**Figure 8: To what extent were you satisfied that you had control over your education and future prospects while you were in college?**



Base=358, Source: Survey of Newham residents 2013

### 3.8.2 Work experience at college

Over half (52%) of respondents who went to college or into Sixth Form to take a vocational course had some contact with employers during their time at college (through work experience, employer visits to the college, and/or at careers fairs). There were no significant differences in whether learners had undertaken work experience based on whether they went to college in Newham or elsewhere. However, learners who studied outside of Newham were significantly more likely to have had employers come into college to talk about the world of work (23% compared to 13%).

The most frequently reported employer contact was through spending time in a business or undertaking work experience as part of their course (Table 19). The length of time spent in business varies between less than one week and 13 weeks, however; the largest proportion (43%) of respondents spent 1-2 weeks. Respondents who undertook Competence-based qualifications were significantly more likely to have had contact with employers than those who undertook Knowledge-based subjects (61% compared to 46%).<sup>19</sup>

Respondents studying level 1 qualifications were significantly less likely than others to have undertaken a work placement as part of their course (13% compared with 29%).

**Table 19: As part of your course did you undertake any of the following?**

	Total	Undertook Knowledge-based qualifications	Undertook Competency-based qualifications
<b>n =</b>	358	228	133
	%	%	%
<b>Spend time in a business/ undertake work experience as part of your course</b>	32	23	47
<b>Have employers coming in to talk to you about the world of work</b>	17	17	18
<b>Attend a careers fair</b>	27	27	27
<b>None of these</b>	48	54	39

(Base=358, Source: Survey of Newham residents 2013)

<sup>19</sup> As noted in section 1.2, to inform analysis by the type of qualifications undertaken the vocational qualifications undertaken by respondents who entered FE College or Sixth Form immediately following their GCSEs were divided into 'Knowledge-based' qualifications (such as vocational qualifications in Law or Psychology) and 'Competence-based' qualifications (such as vocational qualifications in health and beauty or construction).

## ‘Raj’\*

Raj was initially unsure what subjects he wanted to study after he finished his GCSEs, but was keen to get an Apprenticeship to gain work experience. Unfortunately he did not find one.

*‘I applied to a few apprenticeships and I went to the aptitude scale, like the adjustment interviews and I was refused after the interview. I tried it twice and didn’t get in, so I didn’t try after that.’*

Raj eventually decided to go to college to study a BTEC in Engineering as he liked the idea of doing something practical; and thought the qualification may help him secure an Apprenticeship in the Engineering sector. While studying at college Raj felt he gained and improved a range of wider skills that would help him in the future, including general confidence, research skills, analytical skills and writing skills.

Although he continued to simultaneously look for Apprenticeships whilst at college, Raj was unable to secure one so decided to keep studying and was accepted to study electrical engineering at University. After 18 months at University Raj found studying too difficult and left to get a job or Apprenticeship.

Raj got a junior accountancy role after applying online. Over time he feels he has developed skills and experience for a more senior role. Raj is currently very happy in his job and with his current wages. However, he is keen to undertake further job-specific qualifications and qualify as an accountant, or potentially start his own business so he can progress further and potentially increase his income to £40,000 a year by the time he is 30 years old.

\*Name has been changed

One-third of respondents (32%) spent time in a business or undertaking work experience while at college. Of these, most (64%) spent between 1 and 2 weeks on placement. The length of time spent in placements varied from less than one week to more than 13 weeks. Competency-based courses were twice as likely to include work experience as Knowledge-based courses.

Most respondents were positive that their course benefited them either to a large extent (49%) or to some extent (36%). Very little difference exists between those who undertook Knowledge-based or Competency-based qualifications.

### 3.8.3 Achievement at College

Most respondents achieved the qualifications they studied for at FE College or Sixth Form (Table 20), but 9% did not achieve any qualifications at college. There was no significant difference in achievement between learners who studied at colleges in Newham and those who studied elsewhere.



**Table 20: Qualifications studied for and achieved**

	Qualifications studied for	Qualifications achieved
<b>n =</b>	358	358
	<b>%</b>	<b>%</b>
<b>BTEC</b>	50	49
<b>City and Guilds</b>	4	3
<b>RSA/ OCR</b>	1	1
<b>NVQ</b>	20	20
<b>A Level<sup>20</sup></b>	21	20
<b>A/S Level</b>	7	5
<b>GCSE</b>	3	3
<b>None</b>	8	9
<b>Don't know</b>	1	1

(Base=358, Source: Survey of Newham residents 2013)

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<sup>20</sup> A-levels, A/S-levels and GCSEs are included here as in some cases respondents were studying a combination of academic and vocational qualifications while at college.

## Chapter 4: Outcomes of choices post-16 in Newham

This Chapter considers the impact of choices at the post-GCSE stage for young people in Newham. Comparisons are made of outcomes for the three main ‘routes’, for Further Education students who studied Knowledge or Competency based subjects, and for Further Education students who achieved qualifications at different levels. The measures used to describe outcomes include occupations and sectors of, and wages in, respondents’ first job and latest jobs.

### 4.1 Impact of post-16 choices on employment outcomes

#### 4.1.1 Post-16 experience: outline

This section sets out some basic characteristics of young people’s post-16 experience in Newham. The survey collected biographical information for young people from the point they finished general education and choose whether to begin further education, work or an Apprenticeship. This information was used to estimate the employment impact of vocational education and skills on young people in Newham. The information collected included the start and end dates of the main statuses of young people from age 16 onwards. The questions covered the full period from when they initially started their route into the labour market until the most recent date (early 2013), when people were aged between 22 and 25.

Table 21, examines the total time spent by survey respondents in employment, unemployment, education, or other statuses (such as gap years or caring for children) following the end of secondary education at age 16. The table shows as expected those who went in to further education spent much more time in education than those who followed the other routes; but these respondents were a little more likely to have subsequently spent time in unemployment.

**Table 21: Time spent in activities after leaving secondary education (in years)**

Time spent in activities since leaving secondary school in %...						
Route	Education <sup>&amp;</sup>	Employment <sup>\$</sup>	Unemployment <sup>+</sup>	Other status <sup>*</sup>	Total	Base
FE	54%	31%	9%	6%	6.26	359
Work	8%	77%	7%	8%	5.82	65
Apprenticeship	9%	75%	8%	8%	5.16	22

<sup>&</sup> Initial FE and further qualifications in colleges or HE, but not apprenticeships

<sup>\$</sup> Full- and part-time employment, temporary and self-employment and apprenticeships

<sup>+</sup> Unemployed and looking for work

<sup>\*</sup> Gap, not employed/not looking for work, maternity/paternity, caring for children and adults

(Source: Impact of post-16 choices survey, Newham)

Examining the ‘further education’ group in more detail shows that on initially leaving college, a third of these respondents went to University or other higher education (31%) (Table 22). More respondents who undertook Knowledge-based qualifications at college progressed to University or other higher education than those who undertook Competency-based

qualifications (36% compared to 21%). A third (33%) of respondents went straight into work, 28% of Knowledge-based respondents compared with 34% of Competency-based respondents. Over a third (36%) went into other statuses such as gap years, unemployment or 'economic inactivity'.

Those who did not achieve qualifications at college immediately post-16 were significantly more likely to subsequently pursue other qualifications full-time in college (33% compared with 12%).

Those who achieved Level 1 qualifications or no qualifications were significantly more likely to become unemployed immediately following college (19% compared with 8%).

**Table 22: Which of the following did you do immediately after leaving college?**

	Total	Undertook Knowledge-based qualifications	Undertook Competency-based qualifications
<b>n =</b>	358	228	133
	%	%	%
<b>Gap year</b>	9	9	8
<b>Pursuing qualifications in College full time</b>	13	12	16
<b>In temporary job which was expected to come to an end</b>	2	2	2
<b>In an Apprenticeship</b>	1	1	2
<b>In full-time permanent work</b>	14	13	16
<b>In part-time work</b>	17	16	18
<b>Unemployed and looking for work</b>	10	10	11
<b>At University or in other higher education</b>	31	36	21
<b>Not employed and not looking for work</b>	1	*	1
<b>Maternity/paternity</b>	*	0	1
<b>Caring for child(ren)</b>	1	0	2
<b>Caring for adults</b>	*	0	1
<b>Something else</b>	2	1	4

(Base=358, Source: Survey of Newham residents 2013)

Since leaving college, the further education route respondents had an average of two employment or education 'episodes'. Over a third of respondents had one and 20% had more than three. More respondents who undertook Knowledge-based (36%) had just one episode compared with 29% of Competency-based respondents (Table 23), perhaps implying greater stability in, or satisfaction with, occupations based on the former type of

qualification. There were no significant differences in the number of employment or education ‘episodes’ by ethnicity.

**Table 23: Number of different employment or education episodes per respondent**

	Total	Undertook Knowledge-based qualifications	Undertook Competency-based qualifications
<b>n =</b>	358	228	133
	%	%	%
<b>1</b>	34	36	29
<b>2</b>	27	28	27
<b>3</b>	20	20	20
<b>4</b>	9	8	10
<b>5</b>	5	4	7
<b>6</b>	6	5	8

(Base=358, Source: Survey of Newham residents 2013)

## 4.2 First employment opportunity

This section considers variations in the type and quality of the first employment of people who took the three post-16 routes. An underlying issue related to first employment is the age at which it occurred. There were some ‘outlier’ values (such as one individual saying their first job, presumably part-time, was at age 11). As expected the first employment, on average, occurred later for young people who entered further education after their GCSEs – at age 19 rather than on average, at age 17 for the other two groups.

**Table 24: Age when first employment started**

	All	... of whom started employment	Mean age when starting employment	Std. Dev.	Min	Max
<b>FE</b>	359	237	19.34	1.960409	11	24
<b>Work</b>	65	65	17.03	1.911881	15	23
<b>Apprenticeship</b>	22	22	17.55	2.017242	15	21

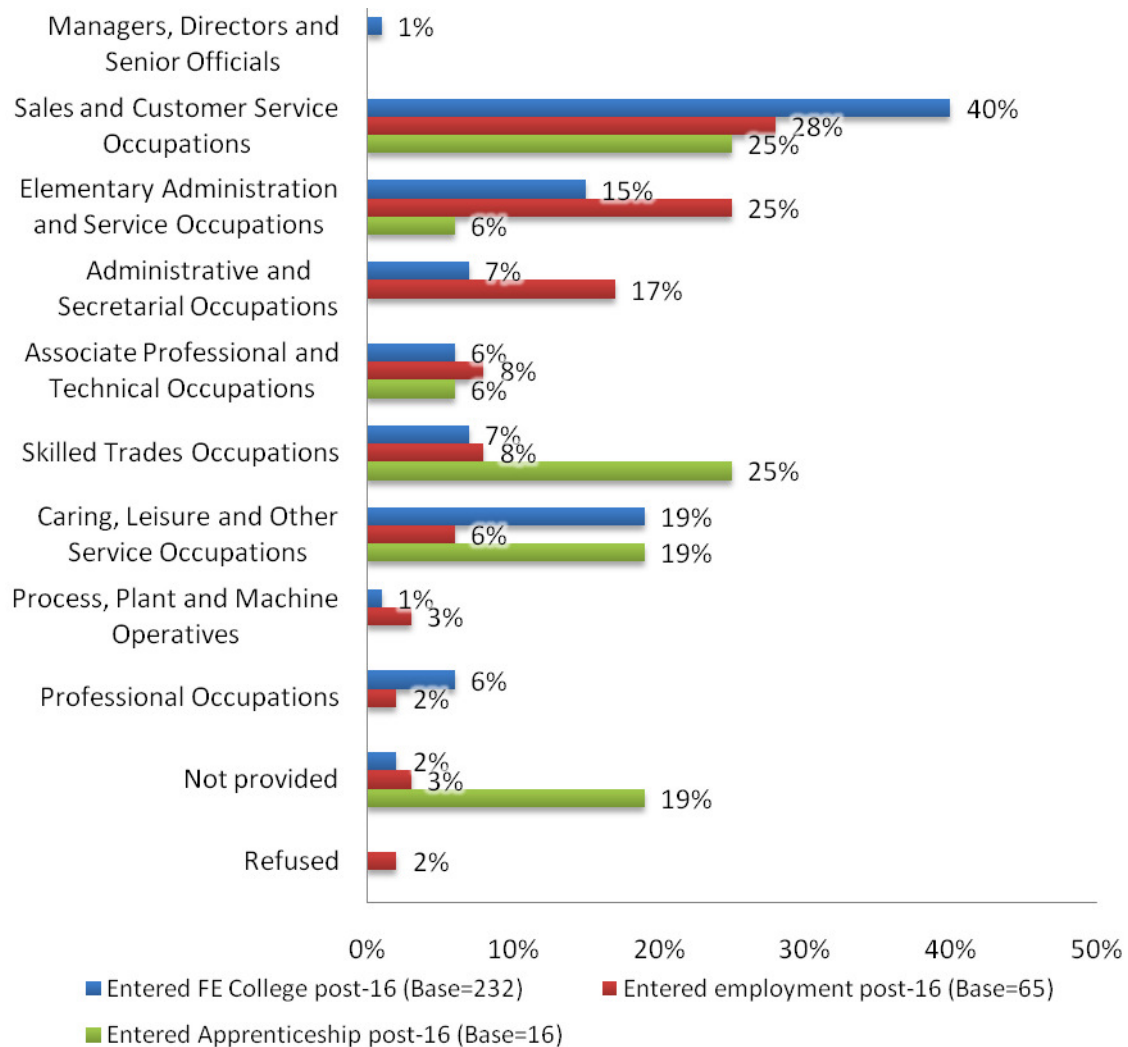
(Source: Impact of post-16 choices survey, Newham)

The occupational groups of young people’s first jobs are compared for the three main routes. The survey included only a small number of Apprentices so data for this group is not reliable statistically. However, some differences were apparent:

- Those whose first job followed further education were particularly likely to go into sales and customer service jobs or into ‘caring, leisure and other service’ occupations.
- Many of those who went straight into employment after school also went into sales and customer service jobs but they were also likely to take up administrative jobs.

- In a quarter of cases, Apprentices also took up sales and customer service occupations but a relatively high proportion entered skilled trade occupations.

**Figure 9: What were you employed as in your first job?**



Base=variable, Source: Survey of Newham residents 2013

First-job occupational outcomes for those who took the further education route were further examined by the Competence and Knowledge groupings of qualifications studied in FE. After college, those who studied Knowledge-based qualifications were more likely than those who studied Competence-based qualifications to enter sales and related occupations. In respect of the ‘caring’ group of occupations, the reverse was true:

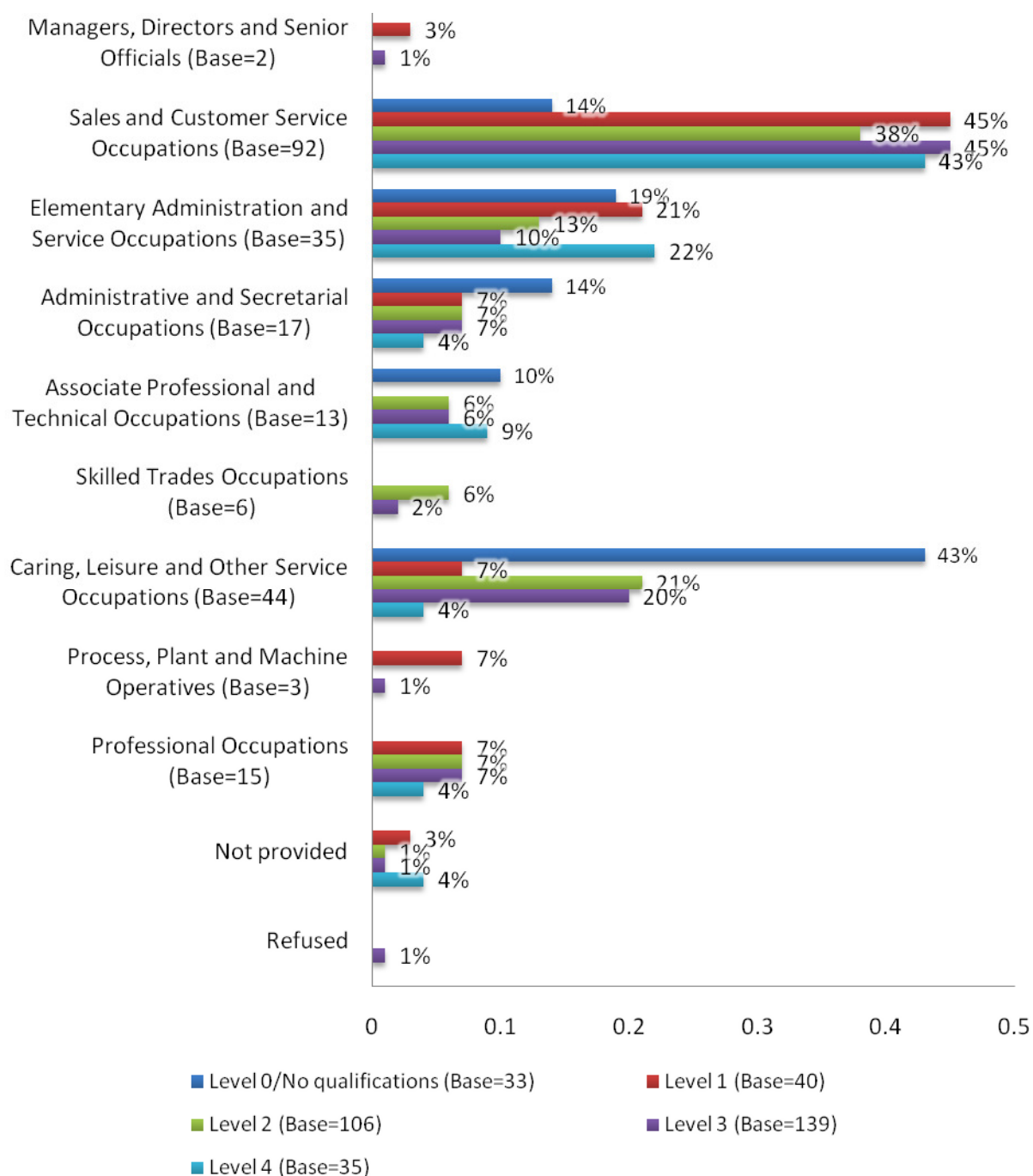
**Table 25: Could you tell me about the first job you had? What were you employed as?**

	Total	Undertook Knowledge-based qualifications	Undertook Competency-based qualifications
<b>n =</b>	232	139	93
	%	%	%
<b>Managers, Directors and Senior Officials</b>	1	1	1
<b>Professional Occupations</b>	6	7	5
<b>Associate Professional and Technical Occupations</b>	6	7	3
<b>Administrative and Secretarial Occupations</b>	7	8	6
<b>Skilled Trades Occupations</b>	3	3	2
<b>Caring, Leisure and Other Service Occupations</b>	19	8	35
<b>Sales and Customer Service Occupations</b>	40	47	28
<b>Process, Plant and Machine Operatives</b>	1	1	1
<b>Elementary Administration and Service Occupations</b>	15	15	15

(Base=232, Source: Survey of Newham residents 2013)

For post-FE young people, their first occupations were also examined according to the level of qualification they had pursued in college. There is little consistent or easy-to-interpret variation in the resulting averages, but those pursuing the lowest level of qualifications appear more likely to have found employment in 'caring, leisure and other service' occupations and in clerical occupations:

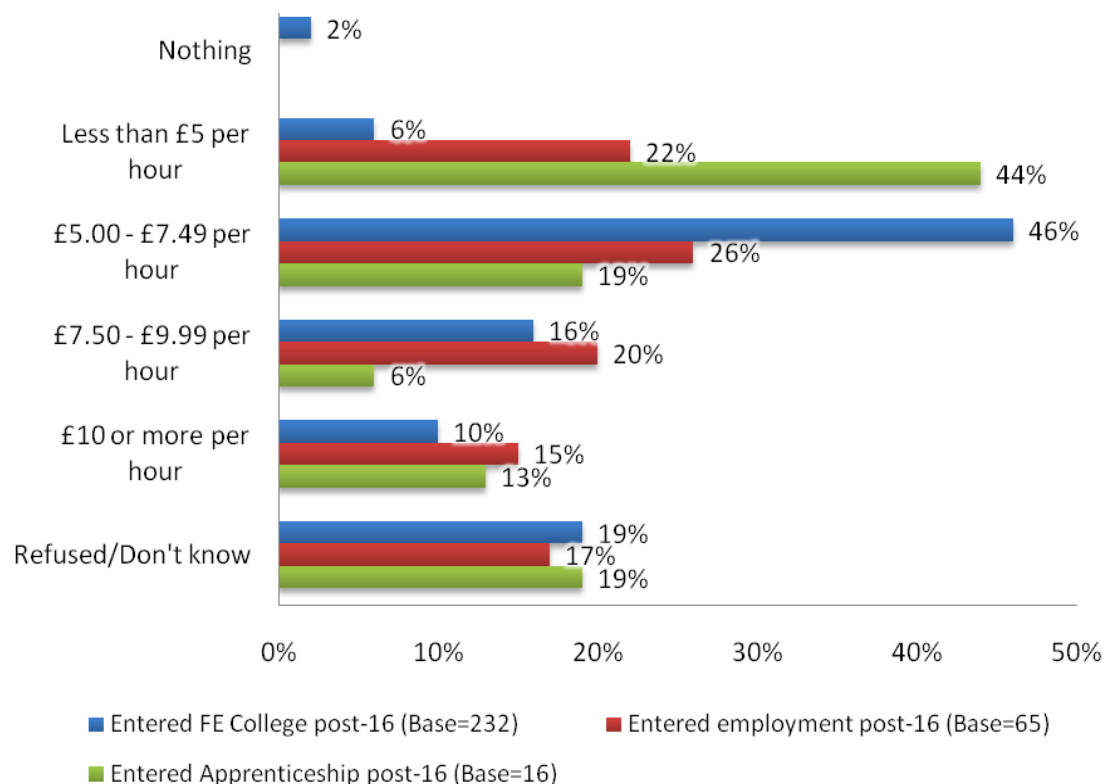
**Figure 10: What were you employed as in your first job?**



Base=variable, Source: Survey of Newham residents 2013

Figure 11 shows the level of first-job wages. It shows that for post-FE young people, wages were most frequently in the £5.00-£7.49 per hour range. For the other two groups, 'direct-into-employment' and 'Apprenticeships' more young people were paid below £5 per hour in their first job (in the Apprenticeship case, this perhaps reflecting their Apprenticeship wage) but these groups also tended to be represented more frequently in the higher paid groups.

**Figure 11: How much were you typically paid in your first job? (by route taken post-16)**



Base=variable, Source: Survey of Newham residents 2013

Those who pursued Knowledge-based qualifications may have been paid, on average, more than those who studied for Competency-based qualifications but this conclusion is weakened by the higher proportion of the latter group of respondents who preferred not to divulge their first-job wages (Table 26).



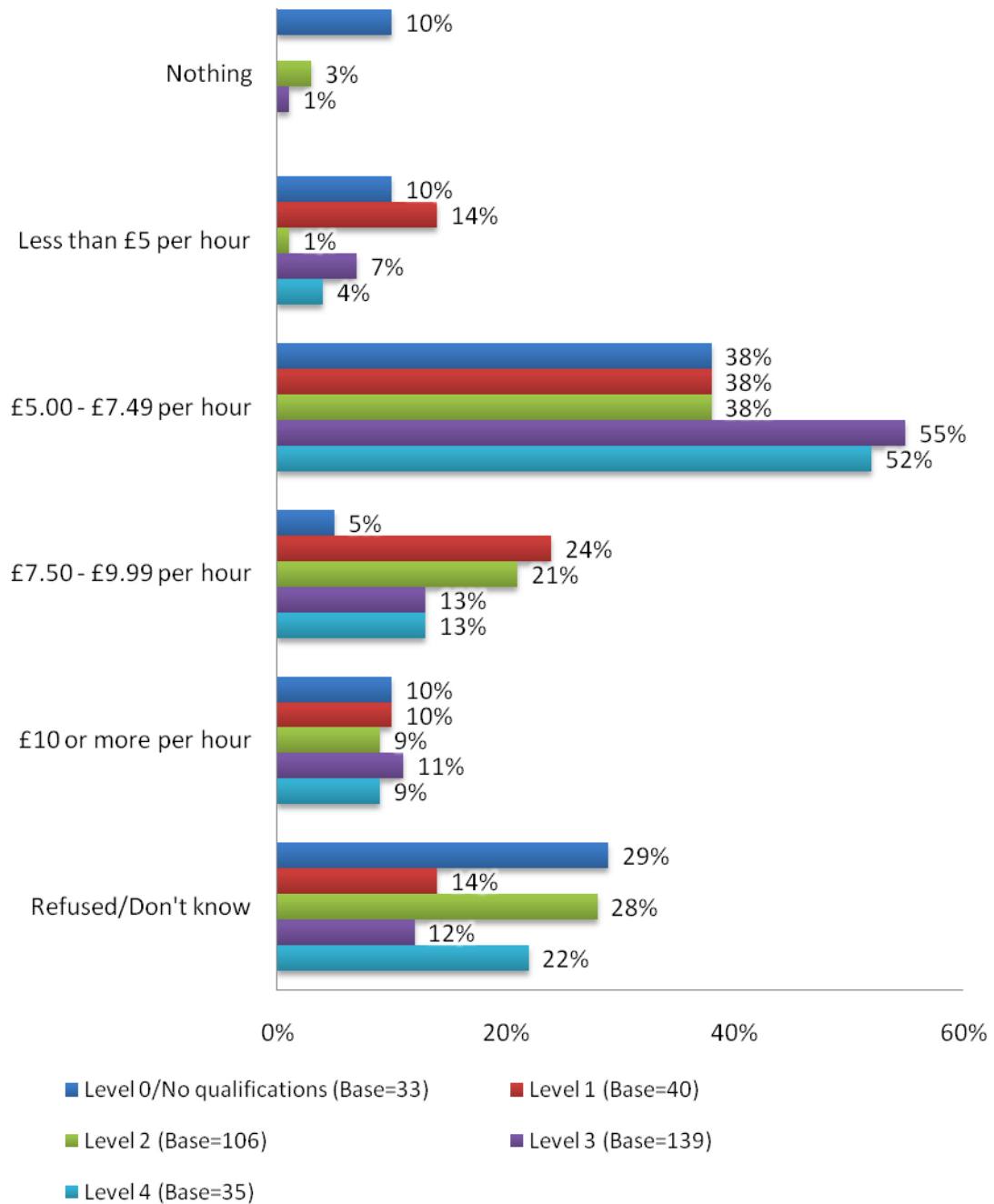
**Table 26: Initial wages of respondents who entered employment following college**

	Total	Undertook Knowledge-based qualifications	Undertook Competency-based qualifications
<b>n =</b>	232	139	93
	%	%	%
<b>Nothing</b>	2	3	1
<b>Less than £5 per hour</b>	6	5	8
<b>£5-£7.49 per hour</b>	46	48	43
<b>£7.50 - £9.99 per hour</b>	16	17	15
<b>£10 or more per hour</b>	10	12	8
<b>Refused/ prefer not to say</b>	19	16	25

(Base=232, Source: Survey of Newham residents 2013)

Data suggests, counter-intuitively that higher levels of qualification are associated with a higher frequency of being paid £5.00-£7.49 per hour and lower frequency of being paid £7.50-£9.99 per hour in a first job. This result may be because many higher-level students have, in recession, been forced to accept 'non-career jobs'. However, the data is limited by the relatively small number of cases in each qualification level group and by the substantial and varying proportions of unknown cases.

**Figure 12: How much were you typically paid in your first job? (by level of qualification undertaken at FE college immediately post-16)**



Base=variable, Source: Survey of Newham residents 2013

## ‘Tom’\*

Tom did not enjoy school and was not very interested in the subjects available; as a result he feels *‘I was a little bit lazy in those days.’* Coming from a very *‘family business orientated’* background he wanted to work for his family’s business after completing school, therefore he chose not to sit any GCSEs.

Following school Tom worked in a warehouse and as a market trader for his family’s business. He had done this previously helping out at weekends while he was at school. To help him adjust to working life and develop new skills he did a range of activities when he started full-time *‘I started off doing a bit of deliveries and stuff, like, taking in deliveries, then basically slowly, slowly, gradually, I started to do sales and stuff like that’.* Tom also developed his computer skills by learning how to buy and sell merchandise online.

After four years working for the family business Tom wanted to be more independent and progress his skills further. He gained an Assistant Manager’s role at Argos but was made redundant and returned to work part-time for his family’s business while continuing to apply for other roles and undertake temporary work.

\*Name has been changed

Table 27 shows the sector where the FE respondents were first employed by subject. Due to very small sample sizes absolute numbers are used. Sectors in which relatively sizeable groups of young people from the Further Education route start their initial employment (blue shades) show a relatively high share of people having qualified via specific FE programmes:

- Of 98 people starting in retail, about a quarter completed a programme in business administration.
- More than two-thirds of people starting employment in education completed programmes in either childcare or social care/health.
- 16 of the 28 people starting initial employment in health and social care have an education background in childcare or health.



Other	23		3	14		3			1		1	2	3	3					53
Performing Arts/Dance/Music	1		1	1		1					1				2				7
Science/Applied Science	4			4		1		1			1								11
Sports Studies/Sports Science	5		1	6							1				1		1		15
Travel & Tourism	4			3													1		8
Total	126	2	8	98	2	16	4	6	6	4	7	3	29	28	6	6	6	1	358

(Source: Newham Survey, Q14ARC\* for vocational subjects (first if multiple) and SIC sector of initial employment (based on Q30RC))

### 4.3 Employment sustainability and quality

The labour market experiences of young people aged 22 to 25 comprise more than their first experiences of employment. Following the end of secondary education quite complex sets of individual circumstances follow. A key question concerns the extent to which employment, once gained by young people, is sustained.

The average duration of the initial spell in FE for people starting this route at age 16 is 632 days. This compares to the initial spell for people starting work which was about two and a half years (885 days). Apprentices spent on average about one and a half years in this initial status.

Depending on the age when an initial transition was made and the time between the initial transition and early 2013 up to six major episodes of specific economic statuses for survey participants are observed (Table 28). 158 people who initially started FE subsequently started another episode of education either in an FE College or in higher education. About a third (120 individuals) of the 358 who initially started FE subsequently went into employment, but 10 per cent (35) experienced unemployment.

Over half (55 per cent) of those started work were also employed for their second status while 10 people, or 15 per cent became unemployed and 9 people, 14 per cent started a period of further or higher education.

Young people in their second spell spend longer periods in this status than in the initial one, between 1.6 years (579 days) in the case of people initially starting Apprenticeships and 2.5 years in the case of those coming from the FE route.

The number of people with more than four statuses is relatively small. About 40 per cent of the interviewees who initially started in FE had four main economic statuses (140 out of 358), compared to 29 per cent (19 individuals out of 65) among those who started work after school and to 27 per cent of those first going into Apprenticeships (6 out of 22).

Overall, people starting an Apprenticeship are more similar to those starting work without further education than to people initially going to FE Colleges as there is less mobility from their initial status into further or higher education. Following their initial employment or apprenticeship episode, those in the labour force also experience relatively less often unemployment than the group of people initially participating in FE.

**Table 28: Duration of initial and subsequent socio-economic status by initial route**

		FE		Work		Apprenticeship	
		Average duration (days)	n	Average duration (days)	n	Average duration (days)	N
<b>Status 1</b>	Education <sup>&amp;</sup>	632	358		0		0
	Employment <sup>§</sup>		0	885	65	567	22
	Unemployment <sup>+</sup>		0		0		0
	Other <sup>*</sup>		0		0		0
<b>Status 2</b>	Education	913	158	809	9	579	4
	Employment	1,017	120	628	36	949	13
	Unemployment	789	35	581	10	594	2
	Other	651	45	623	10	1,188	2
<b>Status 3</b>	Education	727	73	1,130	3	699	2
	Employment	741	104	650	24	1,164	4
	Unemployment	553	39	258	2	1,231	1
	Other	427	22	617	5	426	2
<b>Status 4</b>	Education	589	26	624	1		0
	Employment	546	65	748	11	337	5
	Unemployment	554	33	402	7	989	1
	Other	307	16		0		0
<b>Status 5</b>	Education	550	12		0	76	1
	Employment	414	34	358	8	228	1
	Unemployment	221	19	138	2		0
	Other	813	5		0		0
<b>Status 6</b>	Education	203	5		0		0
	Employment	323	22	228	5	290	1
	Unemployment	418	8	105	2		0
	Other	524	4	1,749	1	227	1
<b>Status 7</b>	Education	643	3		0		0
	Employment	344	12	370	3		0
	Unemployment	320	3	107	1	105	1
	Other	335	4		0		0

<sup>&</sup>Initial FE and further qualifications in colleges or HE, but not apprenticeships

<sup>§</sup>Full- and part-time employment, temporary and self-employment and apprenticeships

<sup>+</sup>Unemployed and looking for work

<sup>\*</sup>Gap, not employed/not looking for work, maternity/paternity, caring for children and adults

(Source: Impact of post-16 choices survey, Newham)

More people initially starting FE (32 per cent) experienced at least one episode of unemployment compared with Apprentices and people initially working (both 23 per cent) (Table 29).

The employment outcomes may be lower for people who initially started FE because a large percentage of this group began a subsequent spell of further or higher education. However, labour market outcomes are also more affected by the recession for this group than for those starting work and apprenticeships, whose labour market entry predated the economic downturn.

**Table 29: Number of employment and unemployment episodes**

	FE %	Work %	Apprenticeship %	Total %
<b>At least one unemployment episode</b>	32	23	23	30
<b>At least one employment episode</b>	66	100	100	73
<b>Base (n)</b>	358	65	22	445

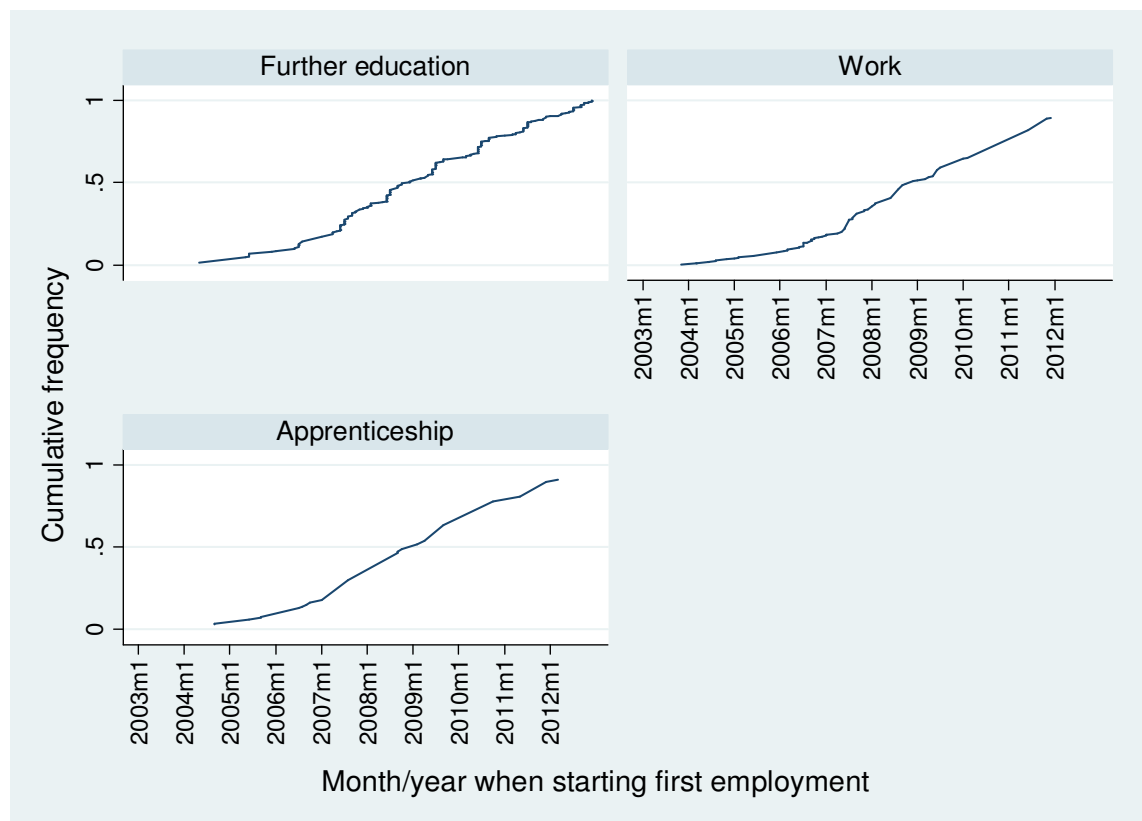
(Source: Impact of post-16 choices survey, Newham)

Figure 13 shows the cumulative frequency from the start of the first employment by the route initially taken. Of the 358 people on the FE route, 236 started employment following their initial FE episode and 41 per cent of them began employment by end of 2008. The corresponding share is 82 per cent for the group of people who started work initially and 68 per cent for the Apprenticeship route.

An important consequence of the different starting points of employment for people in the three groups is the impact of the recession on the group initially participating in FE. As they enter the labour market later the impact of the recession is greater.



**Figure 13: Beginning of first employment (post-FE or initial employment for other routes) by route**



So

Source: Impact of post-16 choices survey, Newham

### ‘Joseph’\*

Joseph chose not to undertake further academic qualifications following his GCSEs as *‘studying was never my strong point’* and tried without success to secure an Apprenticeship. Joseph felt he did not get any information, advice or guidance before or following his GCSEs; however, he believes it would have been useful for him to have had information about career pathways or lessons on employability skills to help him prepare for the outside world.

Initially on leaving school Joseph was unable to find employment and undertook numerous job placements recommended by friends and Jobcentre Plus over a 4 year period (including experiences in retail and warehousing). These opportunities varied in the level of satisfaction they provided him and he found it difficult to access opportunities for skill development or to undertake qualifications through these placements which he believes would have been beneficial. Following one of these placements he was employed by a recycling agency which provided him with steady work for 6 months.

When the contract ended Joseph undertook a working-holiday abroad and decided he wanted to gain qualifications in a specific trade so he could emigrate to Australia. On returning to the UK he enrolled on a Level 1 Diploma in plastering at Barking College and following this he hopes to progress to a Level 2 qualification and undertake work in this area so he has the appropriate qualifications and financial ability to emigrate by the time he is 30. Now he is on this path Joseph is confident he will achieve his aims as long as he is able to raise the required finance.

*‘I wish I had the option of going into a trade a lot earlier. My situation could have been a lot further on right now.’*

\*Name has been changed

The proportion of people in employment for at least six months in their second spell recorded (i.e. after the end of the initial spell) is much higher for people who had initially started FE (89 per cent) or Apprenticeships (92 per cent) compared to people who initially started work and subsequently changed jobs (58 per cent). In subsequent spells, the share of sustainable employment among people initially on the FE or work routes becomes more similar (Table 30).

**Table 30: Sustainability of employment (at least 6 months)**

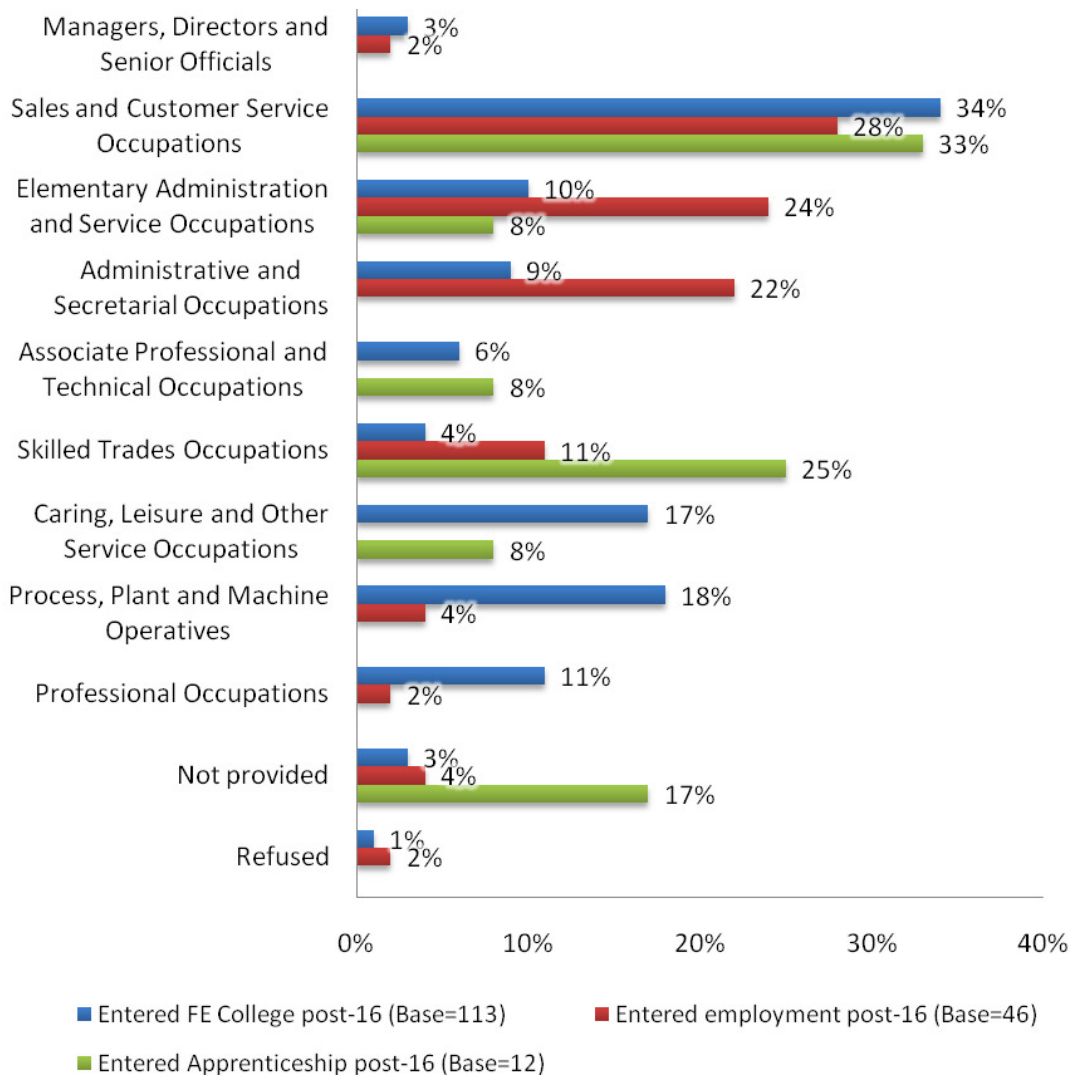
	FE		Work		Apprenticeship	
	Sustainable employment %	Total employment n	Sustainable employment %	Total employment N	Sustainable employment %	Total employment n
<b>Initial spell</b>	0	0	85	65	91	22
<b>Spell 2</b>	89	120	58	36	92	13
<b>Spell 3</b>	86	104	83	24	100	4
<b>Spell 4</b>	75	65	82	11	60	5
<b>Spell 5</b>	76	34	75	8	100	1
<b>Spell 6</b>	68	22	40	5	100	1
<b>Spell 7</b>	58	12	100	3		0
<b>Sample size</b>		358		65		22

(Source: Impact of post-16 choices survey, Newham)

#### 4.4 Latest employment

Employment is weighted to jobs in sales and customer services and in administrative and secretarial occupations. More respondents from the FE route are in sales and customer service occupations, while the ‘employment’ respondents are in administrative and secretarial occupations, and ‘Apprentice’ respondents dominate skilled trade occupations. Over time the proportions of FE respondents in both operative and professional occupations have risen.

**Figure 14: What were/are you employed last employed as? (including current occupation)**



Base=variable, Source: Survey of Newham residents 2013

For young people who undertook the FE route post-16, the pattern of employment according to whether Knowledge or Competency-based qualifications were studied shows similar characteristics as their 'first job' stage jobs. Thus Competency-based qualifications more frequently led to latest occupations in caring while Knowledge-based qualifications more frequently led to latest occupations both in sales and customer services and in elementary administrative and service occupations.

Sarah was unsure what she wanted to do as a future job or career and work experience undertaken in retail whilst at school did not particularly help her identify anything further. She cannot remember having any careers or decision-making lessons in PSHE at school and decided she wanted to undertake an Apprenticeship post-16 as she had seen an advert for these on television and wanted to ensure she was being paid whilst studying.

Sarah initially undertook an Apprenticeship in Business Administration, she was very successful in this and after she achieved her qualification she was offered permanent role in the business. However, she did not feel this was the right sector for her to work in as *'It just wasn't for me. I'm more of a practical person. I need something where I'm on my feet. I can't sit at my computer all day, so I don't think I'd be able to do it.'*

Following this Sarah received advice from her mother regarding what to do next and decided to go to college to undertake an NVQ level 2 in Childcare. Sarah much preferred this course and enjoyed working with children so on completing this she found work in a private nursery where she was also able to have study leave to complete an NVQ Level 3 in Childcare. She has since left the nursery and is now working with an agency to work with children with special needs. This progression has meant she has increased her wages from £6.10 an hour to £6.50 an hour.

Sarah believes her experiences in work and at college have helped her to become more confident in herself and socialise more, which has benefited her professionally.

*'My self-esteem rose up. I was quite quiet when I was in school, and being with the children, and, you know, having that power, that they listen to you; that helped me a lot. So, obviously, now, I'm using that.'*

Sarah thinks it would be valuable if students were able to do more than one work placement to give them experience of a range of sectors. She believes if she had the opportunity to do this it may have prevented her from making what she perceives to be the wrong decision of undertaking an Apprenticeship in Business Administration following school and got her on her preferred pathway sooner.

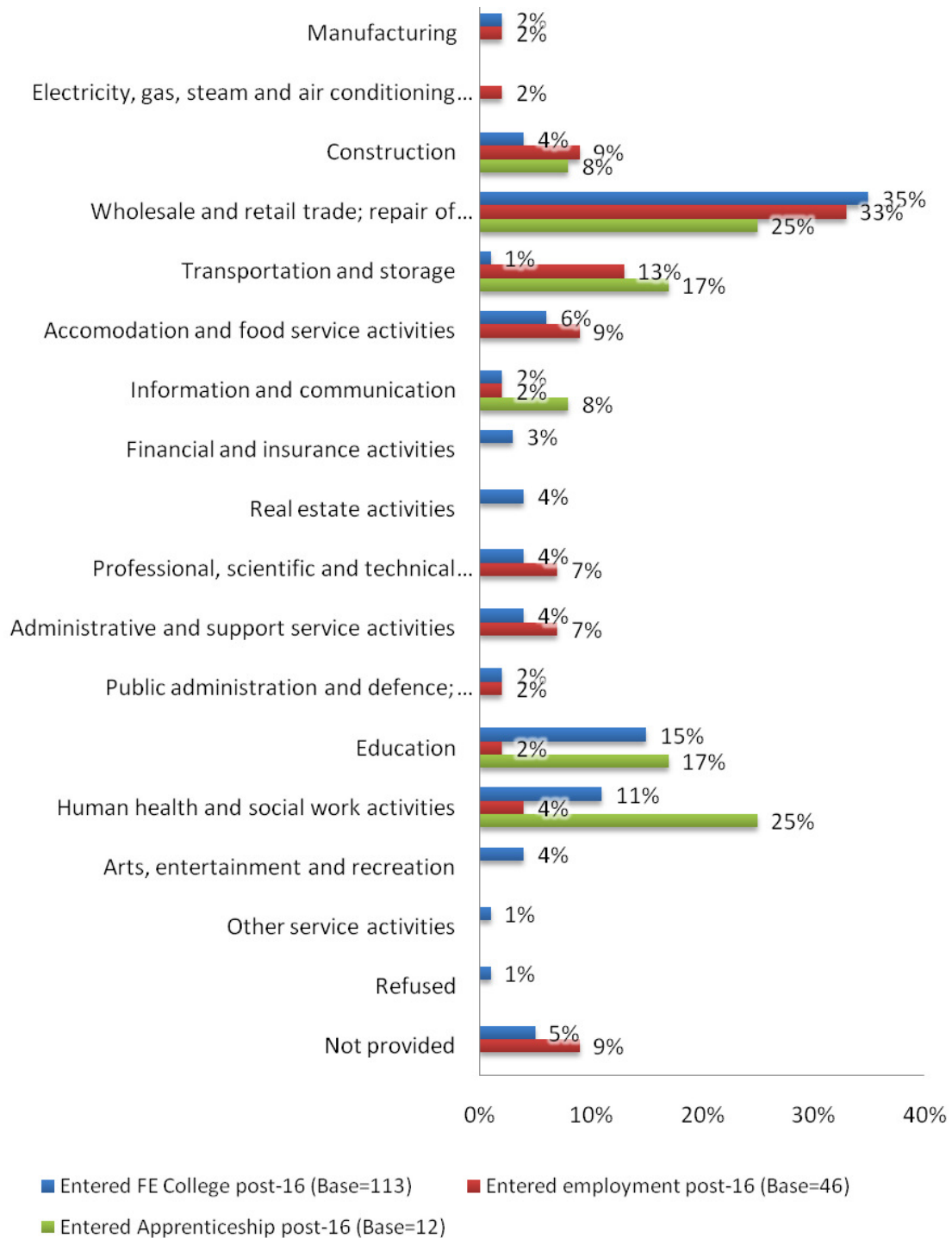
*'If I had known, then I wouldn't have made the mistake of doing the apprenticeship first, because I wasted one whole year.'*

Retrospectively Sarah also believes she would have benefited if she had gone to University as she feels higher qualifications would mean she could get a more senior job with better wages.

\*Name has been changed

The basic pattern of current/most recent employment across different sectors remains consistent with 'first jobs'. Thus many young people continue to be employed in wholesale and retail (particularly if they followed the further education route) with the rest distributed across a variety of service sectors.

**Figure 15: What sector were most recently employed in/are you currently employed in?**



Base=variable, Source: Survey of Newham residents 2013

## 4.5 Earnings analysis

This section presents an analysis of first and latest job earnings. The average earnings in the first job were highest among those who went straight to work after general education, with a mean pay per hour of £9.90. Average pay per hour in the first job of those on the FE route was £7.50, and £7.00 in the case of those on the Apprenticeship route. A greater dispersion in earnings for the work route shows that those in the bottom percentile earn just £2.30 per hour, compared to £3.30 per hour for those in the lower percentile who went through FE (Table 31).

**Table 31: Earnings in first job (£/h) by route**

	FE	Work	Apprenticeship*
<b>1%</b>	£3.33	£2.33	£2.46
<b>25%</b>	£6.08	£6.00	£4.08
<b>50%</b>	£6.86	£7.29	£6.37
<b>75%</b>	£8.00	£9.96	£7.00
<b>99%</b>	£18.87	£53.21	£20.74
<b>Mean</b>	£7.52	£9.99	£7.05
<b>Std. Dev.</b>	2.70	9.54	4.58
<b>Base</b>	182	54	13

\*First employment following the end of Apprenticeship

(Source: Impact of post-16 choices survey, Newham. Earnings deflated (2011/12 prices))

Table 32 looks at the distribution of earnings in the *most recent job* held by the survey respondents. Average earnings per hour for those who took the straight-to-work route are again highest, at £8.61: lower than the average pay reported by this group for their first jobs. This difference may reflect high ‘outlier’ wages reported in the ‘first job’ stage. Average pay levels in the FE and Apprenticeship groups increased, reducing the distance in pay per hour from £2-3 to less than £1 per hour. The average pay for those on the FE route was £8.00, and £7.90 for those on the Apprenticeship route. The pay dispersion is still highest in the work-first route.

**Table 32: Earnings in most recent job (£/h) by route**

	FE	Work	Apprenticeship
1%	£4.81	£3.43	£3.75
25%	£6.25	£6.00	£5.99
50%	£7.00	£7.41	£6.68
75%	£8.71	£9.62	£8.65
99%	£18.00	£34.67	£19.78
<b>Mean</b>	£7.97	£8.61	£7.86
<b>Std. Dev.</b>	2.79	5.57	4.30
<b>Base</b>	164	42	11

(Source: Impact of post-16 choices survey, Newham. Earnings deflated (2011/12 prices))

The dispersion in earning (Table 32) is partly related to the sector of activity, as shown in Table 33. The differences in average pay levels do not follow a pattern across sectors for the three groups. Among those who took the FE route, the highest pay was in the health and social care sector. In all cases, the wholesale and retail trade sector is associated with lower pay. It should be noted however that the very low numbers of respondents included in this table make it impossible to draw firm conclusions from this data.

**Table 33: Hourly earnings in most recent employment by major sectors**

		Wholesale and retail trade	Education	Health and social care	Other
<b>FE</b>	Mean wage	£6.91	£7.53	£9.23	£8.78
	n	65	18	14	55
<b>Work</b>	Mean wage	£7.05	£24.56	£7.74	£9.04
	n	11	1	1	20
<b>Apprenticeship</b>	Mean wage	£4.84	£8.65	£8.58	£11.31
	n	3	1	2	3

(Source: Impact of post-16 choices survey, Newham)

## 4.6 Career trajectories

This section presents respondents' career biographies. Earlier, the sequence of statuses reported by individuals was briefly examined but did not account for the length of episodes. To consider the timing of events, instead of sequences, Table 34 summarises reported statuses across the three routes by year.

Focusing on those in the *Further Education* route, the proportion of people who subsequently move to employment increases progressively, although a large proportion continues in full-time education several years after leaving school. Twelve months after leaving school, 84 per cent of this group remain in full-time education, reducing to 59 per cent after two years, 35 per cent after five years and 23 per cent after six years. In parallel, a steady increase in the proportion of people in employment is observed, from 9 per cent of those in the FE route 12 months after finishing formal education to 26 per cent two years after, 37 per cent after four years, and 48 per cent after six years. As more people in this group become active in the labour market, the proportion of unemployed people among them also goes up progressively, from 8 per cent two years after starting the FE route to 18 per cent six years later.

Of the group going straight into work directly from general education twelve months later, 91 per cent continued in employment, 5 per cent were in education, and 5 per cent were inactive. After two years and up to six years from the initial point, the proportion of those at work fluctuates between 65 per cent and 79 per cent with no clear pattern. The share of those who are unemployed hovers around 5-13 per cent, and those inactive represent 8-13 per cent. Between 7-11 per cent are back in education at some point after two years and up to six years later.

The Apprenticeship route presents some particularities in comparison with the other two possible routes. In the first two years after leaving general education, a notable drop in the proportion of those in employment is recorded, from 100 per cent at the beginning to 63 per cent two years later. In parallel, the proportion of those in full-time education goes from 0 to 16 per cent. The percentage of those in employment increases to 83 per cent after three years but after six years, this proportion goes down again. However, these abrupt changes are probably due to the small sample size of this group.



**Table 34: Situation relative to the end of leaving secondary education**

		Further education %	Initially working %	Apprenticeship %
<b>Initial situation</b>	Full-time education	100	0	0
	Employment	0	100	100
	Unemployment	0	0	0
	Inactivity	0	0	0
	Base (n)	358	65	22
<b>After 12 months</b>	Full-time education	84	5	9
	Employment	9	91	77
	Unemployment	4	0	5
	Inactivity	3	5	9
	Base (n)	357	65	22
<b>After 2 years</b>	Full-time education	59	8	16
	Employment	26	79	63
	Unemployment	8	5	5
	Inactivity	8	8	16
	Base (n)	356	62	19
<b>After 3 years</b>	Full-time education	43	7	6
	Employment	39	68	83
	Unemployment	10	12	6
	Inactivity	8	13	6
	Base (n)	346	60	18
<b>After 4 years</b>	Full-time education	42	9	6
	Employment	37	71	82
	Unemployment	12	7	6
	Inactivity	8	13	6
	Base (n)	323	56	17
<b>After 5 years</b>	Full-time education	35	11	9
	Employment	45	65	73
	Unemployment	12	13	9
	Inactivity	8	11	9
	Base (n)	286	46	11
<b>After six years</b>	Full-time education	23	9	10
	Employment	48	78	50
	Unemployment	18	9	20
	Inactivity	11	3	20
	Base (n)	218	32	10

(Source: Impact of post-16 choices survey, Newham)

This section so far allows understanding of the trajectories of survey respondents over the years. However, understanding how the initial route choice influences future progression and employment opportunities is difficult. The next section examines the current statuses of individuals over time relative to their initial status (Table 35). The first row in this table looks at the status of individuals in the first month after ending the first work or education episode.

Among those who took the FE route, 45 per cent went into another episode of education. This was only the case for 14 per cent of those who went straight into regular work and 19 per cent of those who went into apprenticeships after general education. Among those in the FE route, only a third got jobs from the initial FE education, compared to 54 per cent of those in the working route and 62 per cent of those in the Apprenticeship route. Only 10 per cent of those in the FE route were unemployed after their first FE spell, compared to 15 per cent of those in the working route after their first job ended.

Among those in the FE route, the proportion of those in employment increases progressively over time to 55 per cent six years later. The proportion of unemployed individuals stays low in the beginning, but rises after a few years, in parallel with the decrease in the proportion of those continuing in further education. Looking at those who went straight to work after ending general education, the proportion of those in employment is at any point higher than among those in the FE route.

Finally, looking at those in the Apprenticeship route, the proportion of those in employment increases in the first two years, from 62 per cent after the Apprenticeship ends to 72 per cent two years later, but then goes down to 50 per cent. The share of those who are unemployed goes up four years after ending the Apprenticeship, while the proportion of those in full-time education increases.

**Table 35: Individual status relative to the end of initial status**

		Further education	Initially working	Apprenticeship
<b>First month after leaving the initial status</b>	Full-time education	45	14	19
	Employment	33	54	62
	Unemployment	10	15	10
	Inactivity	12	17	10
	Base (n)	358	65	21
<b>After 12 months</b>	Full-time education	42	16	16
	Employment	39	57	63
	Unemployment	9	8	5
	Inactivity	10	20	16
	Base (n)	353	51	19
<b>After 2 years</b>	Full-time education	44	15	6
	Employment	41	61	76
	Unemployment	8	11	6
	Inactivity	7	13	12
	Base (n)	332	46	17
<b>After 3 years</b>	Full-time education	41	11	8
	Employment	39	57	69
	Unemployment	13	20	8
	Inactivity	7	11	15
	Base (n)	287	35	13
<b>After 4 years</b>	Full-time education	33	15	13
	Employment	45	56	50
	Unemployment	15	19	25
	Inactivity	8	11	13
	Base (n)	213	27	8
<b>After 5 years</b>	Full-time education	23	18	17
	Employment	52	65	50
	Unemployment	18	6	33
	Inactivity	7	12	0
	Base (n)	137	17	6
<b>After six years</b>	Full-time education	15	9	25
	Employment	55	73	50
	Unemployment	22	9	25
	Inactivity	8	9	0
	Base (n)	65	11	4

(Source: Impact of post-16 choices survey, Newham)

## 4.7 The impact of Further Education on employment

The final section of this Chapter considers the impact of Further Education on employment.

Employment rates for young people leaving FE are lower in the months after this initial status ended. Since a substantial number of people on the FE route continue in FE or HE learning, such differences in employment levels immediately after the end of the initial episode of FE participation is not surprising.

Table 36 shows employment as a percentage of the total number of people observed in episodes after the end of the initial status is initially lower at 33 per cent compared to 56 per cent of the group initially working or working as an Apprentice. However, the employment rate of people initially in FE improves by 22 percentage points to 55 per cent six years after the end of the initial episode, while the employment rates of people initially in Apprenticeships or work increase from 56 per cent to 67 per cent.

**Table 36: Employment rates after the end of initial episode**

Months after end of initial status	Initially FE			Initially work/apprenticeship		
	Mean	N	Std. Dev	Mean	N	Std. Dev
1	33%	358	0.47	56%	86	0.50
12	39%	353	0.49	59%	70	0.50
24	41%	332	0.49	65%	63	0.48
36	39%	287	0.49	60%	48	0.49
48	45%	213	0.50	54%	35	0.51
60	52%	137	0.50	61%	23	0.50
72	55%	65	0.50	67%	15	0.49

(Source: Impact of post-16 choices survey, Newham)

Based on the table, one could draw the simple conclusion that FE results in consistently lower employment rates. However, we believe that such a comparison of employment rates does not account sufficiently for the many differences described before, in particular that FE participants continue learning and further delay their labour market entry. Due to the time it takes to participate in FE and subsequent further learning, this group also started their first employment in much more difficult circumstances and sustained economic weakness compared to those starting employment and apprenticeships before the recession. They also have substantially less work experience than people, who have been employed continuously for a long time before making a transition from their initial work or FE episode.

A comparison of the development of employment rates for both groups, ie employment at later points in time relative to the situation after the initial episode ended, can control for such heterogeneity. This is implemented using a difference-in-differences estimator (DiD).

The people initially participating in FE rather than an Apprenticeship or work transition into the labour market later. When comparing the employment rates following the end of the initial status as shown in Table 36, employment rates are much higher for people with initial work experience rather than initial education. This reflects the relevance of work experience,

in particular for young people, to start or restart employment. The impact of work experience at a young age may outweigh the gain in skills at least until people find their occupational place and work at adequate skills levels.

FE learning results in more learning after the initial episode, with more people obtaining qualifications at higher levels, particularly at degree level. Such further learning results in much later transitions into the labour market and at higher skills levels, but also in less work experience. For an analysis of the impacts of FE learning at the beginning of the employment biography, the far greater work experience of people without further qualifications would very likely result in much better employment (or earnings) observed at young age, which are however not showing the full impact of qualifications over the life cycle.

This difference-in-differences (DiD) estimator takes subtracts the employment rates observed when people leave their initial episode of vocational education or apprenticeships/work from employment rates observed five years on and then compares this difference between both groups. This approach removes initial level differences and shows the impact of learning on the development of the employment rate rather than unconditional levels. Technically, we estimate this based on linear regression models for the different time points following the end of the initial status.

Table 37 shows the employment effect of vocational qualifications obtained in FE are not significant for the first five years after their achievement but in year six, the employment effect becomes significant at the 10 per cent level. While this is a relatively weak statistical significance, it shows the impact of FE and skills investment materialise later in the lifecycle rather than in the years initially following vocational education and training.

**Table 37: Difference-in-differences analysis of FE impact on employment**

Years after end of initial status	Difference-in-differences in employment rates				Model summary		
	Percentage point difference	Standard error	t	P>t	N	F (1,N-2)	Prob. > F
1	-0.03	0.04	-0.71	0.477	423	0.51	0.4774
2	-0.04	0.06	-0.77	0.445	395	0.59	0.4446
3	-0.02	0.07	-0.29	0.772	335	0.08	0.7716
4	0.14	0.09	1.48	0.14	248	2.19	0.1402
5	0.19	0.13	1.45	0.149	160	2.1	0.149
6	0.31	0.17	1.8	0.076	80	3.23	0.0761

(Source: Impact of post-16 choices survey, Newham)

## Chapter 5: Young people's current circumstances and qualifications

This chapter briefly considers a number of aspects concerning respondents' current circumstances and the effects of earlier choices on those circumstances.

### 5.1 Current employment

A first point concerns the impact of school experiences, as described in Chapter 3, on young people's current circumstances. Although respondent's levels of satisfaction and their levels of conscientiousness were associated with their choices of post-16 routes, they do not continue to have an observable significant relationship with aspects of respondents' current circumstances such as their current wage levels.

Moving on to consider current employment, a fifth of respondents currently work in Sales and Customer service occupations and a further 21% work in Caring, Leisure, and Other Service occupations (Table 38). In terms of sector, over a quarter (26%) of these jobs are in the wholesale and retail trade/repair of motor vehicles sector, and 18% are in human health and social work activities.

There are no significant differences between the sector profiles of current employment of respondents who studied Knowledge-based or Competency-based subjects in post-16 further education.

**Table 38: Could you tell me about your current job? What were you employed as?**

	Total	Undertook Knowledge-based qualifications	Undertook Competency-based qualifications
<b>n =</b>	78	45	33
	%	%	%
<b>Managers, Directors and Senior Officials</b>	4	7	0
<b>Professional Occupations</b>	6	4	9
<b>Associate Professional and Technical Occupations</b>	10	9	12
<b>Administrative and Secretarial Occupations</b>	10	9	12
<b>Skilled Trades Occupations</b>	5	4	6
<b>Caring, Leisure and Other Service Occupations</b>	21	16	27
<b>Sales and Customer Service Occupations</b>	22	22	21
<b>Process, Plant and Machine Operatives</b>	3	4	0
<b>Elementary Administration and Service Occupations</b>	6	9	3

(Base=78, Source: Survey of Newham residents 2013)

In terms of current earnings, over a quarter (28%) of respondents are currently paid between £5.00 and £7.49 an hour, 19% between £7.50 and £9.99 per hour, and 19% more than £10 an hour. With age and experience, the proportion working at the lower wage band has reduced whilst the proportion working at the higher wage bands increased. There were no significant differences in the current wages of respondents who undertook Knowledge-based or Competency-based qualifications at college immediately post-16.

Nearly three-quarters of respondents are fairly or very satisfied with their current job (71%). Those who undertook Competency-based qualifications were half as likely as those who undertook Knowledge-based qualifications to be very satisfied with their current job (21% compared with 42%). However, due to low bases this is not a statistically significant finding.

Level of qualification achieved in college post-16 does not have a significant impact on current job type, sector of employment, or wages.

**Table 39: How satisfactory is your current job?**

	Total	Undertook Knowledge-based qualifications	Undertook Competency-based qualifications
<b>n =</b>	78	45	33
	%	%	%
<b>Very satisfied</b>	33	42	21
<b>Fairly satisfied</b>	37	29	48
<b>Neither satisfied nor dissatisfied</b>	8	7	9
<b>Fairly dissatisfied</b>	10	11	9
<b>Completely dissatisfied</b>	5	2	9
<b>Don't know/refused</b>	6	9	3

(Base=78, Source: Survey of Newham residents 2013)

## 5.2 Current Qualifications

Table 40 shows as expected further education and Apprenticeship routes deliver qualifications, mainly at levels 2 and 3 in each case. None of the young people who went straight into employment gained a qualification from their first employment episode.

**Table 40: Highest level of qualification achieved in initial spell after end of secondary education**

	FE (%)	Work (%)	Apprenticeship (%)	Total (%)
<b>Below level 2</b>	5	0	5	4
<b>Level 2</b>	25	0	23	21
<b>Level 3</b>	41	0	41	35
<b>Level 4</b>	3	0	0	2
<b>Level 5</b>	7	0	0	5
<b>Level unknown</b>	9	0	0	7
<b>None of these</b>	10	100	32	24
<b>Total</b>	100	100	100	100
<b>Base</b>	358	65	22	445

(Source: Impact of post-16 choices survey, Newham)

Following the initial episode in FE, work or Apprenticeships, a substantial number of people achieved further qualifications in subsequent episodes, often participating in FE courses or studying at HE level. Further qualifications achieved range from basic skills certification to masters degrees. By the time of the survey, 18 per cent of the people whose first episode after general education was FE achieved at least a first university degree, compared to 9 per cent of the people who started work as their first status after leaving general education. The majority (71%) of people who achieved an additional qualification believe it benefited them to a large extent and a further 22% believe it benefited them to some extent.

While the group initially starting FE shows the greatest share of people achieving university qualifications, relatively fewer people achieve higher vocational qualifications at Levels 4 and 5 (13 per cent, out of 358 people) compared to people who initially started an Apprenticeship (5 per cent, out of 22 people). Only 13 per cent of the people initially working achieved any further vocational qualifications at Levels 2-5, while for more than half of this group, GCSEs graded either A-C or D-G were the highest level of educational achievement at the time of the survey. The group initially starting work also has the highest percentage of people with low GCSE grades today. Over a quarter of the working group have no qualifications (28%).



**Table 41: Highest levels of qualification achieved to date**

	FE (%)	Work (%)	Apprenticeship (%)	Total (%)
<b>Below level 2</b>	4	0	5	4
<b>Level 2</b>	22	5	23	19
<b>Level 3</b>	30	3	41	26
<b>Level 4</b>	4	0	0	4
<b>Level 5</b>	9	5	5	9
<b>Degree or above</b>	18	9	0	16
<b>Level unknown</b>	3	0	0	2
<b>None of these</b>	2	28	14	6
<b>GCSE D-G only</b>	0	5	0	1
<b>GCSE A-C only</b>	8	46	14	14
<b>Total</b>	100	100	100	100
<b>Base</b>	<b>358</b>	<b>65</b>	<b>22</b>	<b>445</b>

(Source: Impact of post-16 choices survey, Newham)

### ‘Amer’\*

Despite achieving C grades in his GCSEs Amer found it quite difficult to get on some of the courses he was interested in studying at college such as Business and Programming courses. Eventually he was accepted onto a vocational course for Business and IT Practitioners at City and Islington College. He feels he could have improved his GCSE scores but did not work hard enough.

*‘I think I could have done a lot more. Just general studies, really. I think I could have just, like, prepared myself, and worked a bit harder.’*

Amer was initially very focussed on his studying at college; however, he felt his motivation waned as he progressed through the course. He felt the quality of the course could be improved with more support available for students.

*‘I think that it could be improved a lot, in terms of, the tutors could have been more involved and could help more. Being more focused on, like, students’ work, and how to help them. Maybe dedicate more time to coursework.’*

Amer was generally happy with his results from college and feels he developed good team working skills through communicating and working with others in his class. Following his course he progressed to University to study IT; however, chose to leave after his first year as he struggled with revision and exams despite being very good at the coursework elements *‘I decided that it wasn’t really for me’*.

On leaving University following some research into his options, Amer decided to look for Apprenticeship opportunities. Eventually found an Apprenticeship with a recruitment company which included an NVQ Level 3 in Business Administration but did not particularly enjoy this as he felt recruitment was too much like ‘cold-calling’. He left the Apprenticeship to find opportunities in IT which continued to be his desired career. He is currently looking for Apprenticeship opportunities as he feels he would benefit from job experience it would provide while achieving further qualifications. He is currently using national websites and newspapers to identify opportunities.

*‘I think with the apprenticeship you get training. Whatever industry you get into. So you get the qualification, you get the training and you get the experience as well. If I do well, I guess I’ll get further training and can progress more.’*

\*Name has been changed

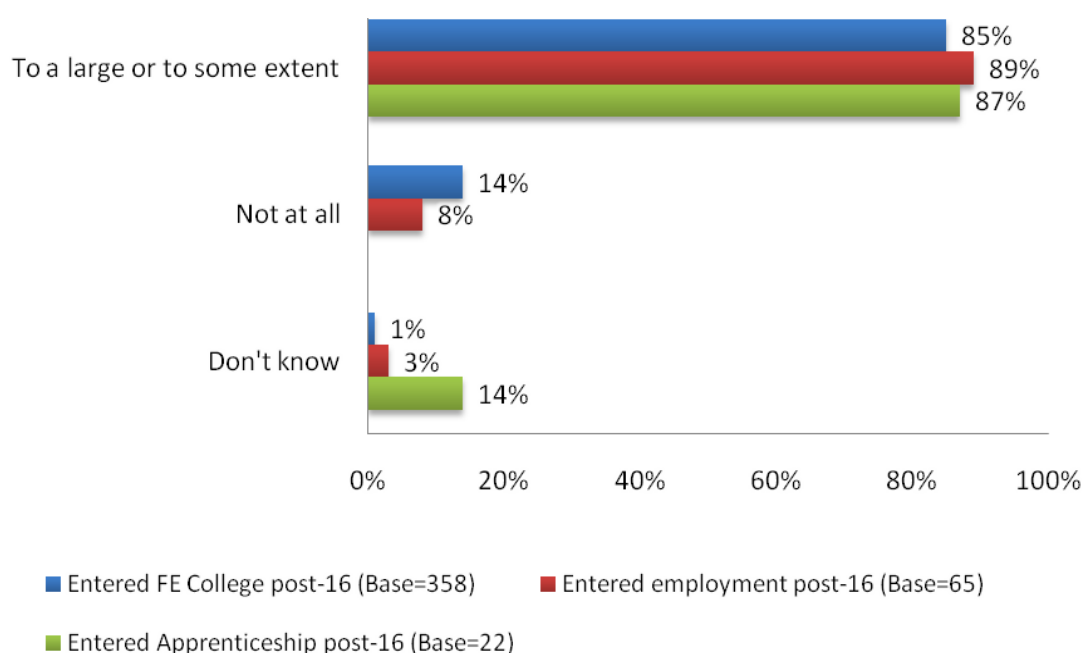
## Chapter 6: Satisfaction with choices of route and future ambitions

This chapter reviews survey respondents' retrospective views of the choices they made at age 16 and reports their aspirations for the future.

### 6.1 Satisfaction with choices

Respondents were asked in respect of their first post-16 activity, to assess the extent to which they feel the activity – a course, a job, or an Apprenticeship benefited them in personal or social terms (Figure 16). Overall, the majority of respondents felt their chosen first post-16 activity had benefited them either to some or to a large extent; however, those who entered employment immediately post-16 were most likely to think this had benefited them (89% compared with 85% of those who had entered FE and 87% who had entered an Apprenticeship).

**Figure 16: Extent to which first activity post-16 impacted upon respondents personally or socially**



Base=variable, Source: Survey of Newham residents 2013

Additionally, respondents were asked directly about their satisfaction with the decision they took on leaving school at age 16. Positively, over four-fifths (83%) of respondents were very or quite satisfied with the decisions they made on leaving school, (Table 42). Respondents who entered Apprenticeships were the least likely to be very satisfied with their choice (however, this is not a statistically significant finding). Further, there are no statistically significant differences in respondents' satisfaction according to their current earnings.

**Table 42: How satisfied are you that the decision you took after leaving school was a good one?**

	Total	Went to FE College or Sixth Form College to take vocational qualification	Entered employment	Entered an Apprenticeship
<b>n =</b>	445	358	65	22
	%	%	%	%
<b>Very satisfied</b>	51	54	48	27
<b>Fairly satisfied</b>	32	30	31	59
<b>Neither satisfied nor dissatisfied</b>	8	9	8	0
<b>Fairly dissatisfied</b>	5	4	9	14
<b>Completely dissatisfied</b>	3	3	3	0
<b>Don't know/refused</b>	*	0	2	0

(Base=445, Source: Survey of Newham residents 2013)

Nearly one-half (45%) of respondents who said anything other than they were 'Very satisfied' with their decision post-16 said, in spite of their less than total satisfaction with their choice, there was still no other option which they should have pursued instead. Others reported a range of other pathways they should have taken (Table 43). There are no significant differences in these by any of the main sub-groups of survey respondents. However, those who took the employment route post-16 were significantly more likely to say they should have pursued A-levels or undertaken an Apprenticeship (18% compared with 6%).

**Table 43: Is there any other option/pathway you feel you should have undertaken post-16?**

	Total	Went to FE College or Sixth Form College to take vocational qualification	Entered employment	Entered an Apprenticeship
<b>n =</b>	445	358	65	22
	%	%	%	%
<b>No - nothing else</b>	45	46	39	44
<b>Stayed on at school/Sixth Form College and got A Levels</b>	8	6	18	6
<b>Gone to College and got vocational qualifications or different vocational qualifications</b>	9	7	9	25
<b>Got a job or a different job</b>	10	10	6	19
<b>Done an Apprenticeship or a different Apprenticeship</b>	13	14	15	6
<b>Aimed for University</b>	7	7	9	6
<b>Other</b>	6	6	3	13
<b>Don't know what else</b>	7	10	0	0

(Base=445, Source: Survey of Newham residents 2013. Highlighted cells show where respondents have said they would do the same as they did previously)

Most respondents are positive about their employability skills, with over three-quarters responding they are quite or very good at a range of activities (Table 44). In particular, respondents felt they are quite or very good at: *'Relating well with other people in the way that an employer would expect if you were dealing with customers'* (89%); *'Making sure you are present and punctual in the way that employers expect'* (88%); and *'Working effectively with other people in work situations to get a job done'* (88%).

Respondents who went into FE or Sixth Form post-16 were significantly more likely to rate their more technical employability skills [such as *'Using computers for producing documents or letters'* (86% compared with 75% of those that went in employment); *'Using computers for numerical tasks and data processing'* (79% compared with 57% of those that went in

employment), 'Writing documents in good English with good spelling and punctuation' (85% compared with 71% of those that went in employment), and 'Doing numerical things which depend on good basic arithmetic' (77% compared with 63% of those that went in employment) as quite or very good than those who entered employment post-16.

**Table 44: Could you also say how good you feel you are at a number of things which help people in many work situations?**

	Very poor	Poor	OK/ average	Quite good	Very good	Don't know
<b>Using computers for producing documents or letters</b>	1	2	12	28	56	*
<b>Using computers for numerical tasks and data processing</b>	1	6	16	31	45	1
<b>Writing documents in good English with good spelling and punctuation</b>	1	2	14	32	51	0
<b>Doing numerical things which depend on good basic arithmetic</b>	2	4	19	32	43	*
<b>Speaking good grammatical English to the level which many employers want</b>	1	2	12	29	55	*
<b>Solving organisational problems of the kind that arise in many work situations</b>	1	3	11	33	50	1
<b>Working effectively with other people in work situations to get a job done</b>	1	1	9	31	57	*
<b>Relating well with other people in the way that an employer would expect if you were dealing with customers</b>	1	1	9	31	58	*
<b>Making sure that you are present and punctual in the way that employers expect</b>	1	1	9	29	59	*

(Base=445, Source: Survey of Newham residents 2013)

## 6.2 Future ambitions

In terms of future ambitions, two-thirds (65%) of respondents want to have full-time employment by the time they are thirty, 15% want to be self-employed, and 16% of respondents were currently not sure what they want to do when they are thirty. Of those who

want to be in full-time employment, 40% want to be in their current job, 29% want to work for the same company but with a promotion. A fifth (21%) of those who want to be in full-time employment when they are thirty want to be in a different job.

Those who want to be in full-time employment at the age of thirty identify a range of occupational levels which they would like to achieve. Respondents who went to a FE College or Sixth Form post-16 were significantly more likely to want to enter professional occupations than those who entered employment (29% compared to 15%). Conversely, those who entered employment post-16 were significantly more likely to want to be in Skilled Trade Occupations (15% compared to 5%).

Female respondents were more likely than males want to be in Professional Occupations (34% compared to 21%) although males were just as likely to enter FE colleges post-16.

**Table 45: What job do you hope to be in when you are around 30?**

	Total	Went to FE College or Sixth Form College to take vocational qualification	Entered employment	Entered an Apprenticeship
<b>n =</b>	445	358	65	22
	%	%	%	%
<b>Managers, Directors and Senior Officials</b>	14	14	20	8
<b>Professional Occupations</b>	27	29	15	17
<b>Associate Professional and Technical Occupations</b>	21	21	15	42
<b>Administrative and Secretarial Occupations</b>	10	10	10	8
<b>Skilled Trade Occupations</b>	7	5	15	17
<b>Caring, Leisure and Other Service Occupations</b>	10	10	12	17
<b>Sales and Customer Service Occupations</b>	6	5	10	0
<b>Process, Plant and Machine Operatives</b>	1	1	2	0
<b>Elementary Administration and Service Occupations</b>	3	2	5	0

(Base=311, Source: Survey of Newham residents 2013)

Over two-thirds (68%) of those who wanted full-time employment at the age of thirty hoped to be paid £10 or more per hour at this point. However, 29% did not know what they hoped they would be paid or preferred not to say.

To achieve their 'at the age of thirty' aspiration, over half (58%) of respondents identified a need to undertake further training or study particularly towards first or higher degrees, NVQs at Level 3 or higher, and specific professional qualifications.

### 'Shabnam'\*

Shabnam enjoys working with children. Before she chose her options for GCSEs she decided she eventually wanted a career in childcare. Following discussions with staff at a school options evening she was told she choose GCSEs in Maths and English to undertake the NVQ Level 2 in Childcare which would enable her to work in the sector. Shabnam also chose to undertake GCSEs in Geography and Religious Education as she felt the information she would learn from these subjects would benefit her career.

Following her GCSEs Shabnam went to Newham College of Further Education to undertake an NVQ Level 2 in Childcare; however, due to personal reasons she left the course after three months.

After a short gap, Shabnam commenced work as a midday supervisor at a local school where she was employed for 2 years. She initially applied for this job as she still wanted to work in childcare and felt this would give her practical experience. Shabnam was very satisfied with her job and was given the opportunity to develop new skills working with students with physical and learning disabilities.

Shabnam left this employment to get further qualifications in childcare to help her progress her career. She subsequently re-sat her GCSEs at a local education provider as well as basic skills qualifications on the advice of an Entry to Employment adviser. She now hopes to get accepted onto another Childcare course in the future so she can be in full-time employment in the sector by the time she is 30.

\*Name has been changed

## Chapter 7: Conclusions

### **The impact of achieving vocational qualifications on employment and wages**

The study notes national published evidence of wage returns of varying scale to most qualifications other than those below Level 2. Further analysis undertaken for this study, at national and London-wide levels, of earnings and employment rates from achievement of vocational qualifications also revealed that returns to vocational qualifications for young people aged 22 to 25 were broadly positive but were most clearly positive from qualifications at Level 3 and above and for trade apprenticeships.

However, the Newham context is not a precise microcosm of London or the UK. It has a higher proportion of young people in the 22 to 25 year old range and has an unemployment rate almost twice the average for London. While the recession, and its aftermath of low economic growth, may generally, in many areas of the UK, inhibit the returns to qualifications, the specific condition of Newham's labour market suggests employment returns may be relatively hard to accrue and earning returns may be depressed by high local competition for jobs. Available data does not allow an econometric analysis of earnings returns to vocational qualifications specifically in Newham. However, the evaluation's survey of young adults reveals that a high proportion of respondents' first and current employment was and is in lower occupational groups and in sectors, such as wholesale, retail, and motor vehicle repair, which are not, on the whole, high-wage industries.

In employment terms, going into a job post-16 leads over a six year period to a higher likelihood of being employed at the end of the period compared to going into FE post-16. In the first month after leaving the respondent's initial status post-16 status, 54 per cent of those who initially went to work were in employment compared to 33 per cent of those who were previously in FE. After 6 years, these proportions had advanced to 73 per cent and 55 per cent respectively. This might suggest that FE is less effective in getting people into work than is entering work immediately at the end of compulsory education; however, when explored further the overall proportion of time that respondents to the Newham survey had spent in unemployment since leaving secondary school was generally similar although those that had entered further education were a little more likely to have subsequently spent time in unemployment (9% of their time since leaving secondary school compared with 7% of the time for those who had entered work and 8% for those who had entered an Apprenticeship).

Several factors may influence this. First, many more of those who took the FE route subsequently undertook further courses in FE or higher education. Secondly, more of those who took the FE route were in higher level occupations than was the case for those who took the employment route. Twenty per cent of those who took the FE route and were employed at the time of the survey were in managerial, professional or technical occupations compared with only four per cent of those who went directly into a job after leaving school at age 16. Thirdly, the aspirations of those who took the FE route were notably higher than of those who took the employment route. It is possible when the economy strengthens, and with the foundation of additional education beyond the initial FE experience, that the employment outcomes of the FE group will accelerate beyond those of the employment group.



A similar perspective may apply in respect of earnings returns. Average earnings in respondents' first jobs were £2.47 per hour higher for those who took the employment route than for those who took the FE route. However, though still higher in current jobs, the differential had reduced to £0.64. The wage advantage which 'employed route' individuals derive from having more post-16 work experience may erode over time.

It can also be noted that most respondents – around 80 per cent or above – from all three groups (entered FE, employment, or Apprenticeship) were broadly satisfied with their post-16 choice. However, those who took the employment and Apprenticeship routes were a little more dissatisfied with their post-16 choice than those who took the FE route. When respondents were asked what other option they should have taken, rather fewer of those who went into employment said 'no other option' with substantial minorities, 18 per cent and 15 per cent respectively, saying they should have gone into FE or done an Apprenticeship instead.

**Thus, the study does not identify that employment or earnings advantages accrue to those who pursue vocational qualifications in FE in the immediate years following study. Recent economic conditions have, perhaps, not allowed inherent advantages of learning to emerge readily or quickly. There are, however, pointers, even in current conditions, that individuals who pursued vocational qualifications will see advantages from their study in future years and that they are already somewhat more likely to be happy with their career path than are those who went directly into work from school.**

#### **The impact of young people's school experiences on post-16 outcomes**

Most people's views of their school experiences were positive. Only 10 per cent said they did not enjoy school in Years 10 and 11, only 7 per cent said they were not conscientious in their approach to their schooling, and only 12 per cent said that they felt dissatisfied with their degree of control over their education and future prospects. Those who subsequently followed the employment route were a little less positive on each of these factors (which may have disposed some to take this route rather than studying further). However, given that most young people were happy with their school experience, this factor has little scope to strongly predict post-school outcomes and no significant associations were found between experience and conscientiousness at school and future wage levels.

#### **The impact of young people's attitudes to study on post-16 outcomes**

While school experience was not a strong predictor of outcomes, when those who went on to study vocational qualifications in FE and those who went into employment were asked the reasons for their choice of route, there were clear differences. Those who went into FE to study for vocational qualifications were most likely to say that they liked practical work or had a career goal or thought the qualification would help them find work in general. Those who chose the employment route said they wanted to earn money or disliked or weren't good at studying.

#### **The impact of young people's GCSE attainment on post-16 outcomes**

In respect of academic abilities in particular, the research observed that routes chosen post-16 correlated in various ways with the pattern of prior qualifications achieved by young people. As would be anticipated, the study shows that a higher level of attainment at GCSE predicted a higher likelihood of staying in education at an FE institution and, further, of pursuing Knowledge-based courses. Thus, those who went into employment were less likely

to have sat for GCSEs (75% did so) than those who went into FE (94%) and if they did sit them, tended to get fewer passes at grades A-C. Amongst those who went into FE, passing higher numbers of GCSEs at grades A-C was associated with study in FE of Knowledge-based, rather than Competence-based subjects. Asian students, in line with other indicators, were significantly more likely to have sat GCSEs than young people from White or Black backgrounds.

### **The FE route: impact of institution, work experience, and course type**

Generally, few significant differences were seen in the relationships, in each case, between (1) the institutions attended, (2) work experience content of courses, (3) types of courses studied and the respondent's long-term employment and wage outcomes.

Around a quarter of survey respondents who went into FE went to colleges outside Newham. The most frequent reason for this was the academic reputation of the non-Newham institution – this finding is consistent with the finding that those leaving the Borough to study had, on average, slightly more GCSE passes at grades A-C. However, choosing to go to college inside or outside Newham did not have a significant long-term impact on survey respondents' employment and wage outcomes.

College experiences were often not accompanied by work experience or contact with employers of any kind – nearly half (48%) of respondents who went into FE reported this. As would be expected, respondents who undertook Competency-based qualifications were significantly more likely to have had contact with employers than those who undertook Knowledge-based subjects. However, whether or not students undertook work experience whilst studying in FE also had no subsequent impact on employment or wages.

In some contrast, the nature of the course undertaken did have a small impact, such that those who studied Knowledge-based courses subsequently earned slightly more than those who studied Competency-based courses. This may be due to the higher market value of the former courses, the higher likelihood of progression to higher qualifications amongst those who studied Knowledge-based courses (36% compared to 21% of those that studied Competency-based courses), the stronger GCSE profile of those who entered Knowledge-based courses in FE (see below), and/or other differences in the personal characteristics of the two groups which the research did not identify.

Overall, as noted previously, recent economic conditions have, perhaps, not allowed inherent advantages of different types of learning experience to be revealed as might be the case in stronger economic and labour market conditions. In essence, as with graduates, when the supply of higher level jobs is constrained, many young adults are obliged to take jobs at a lower level and/or in sectors other than those for which their qualifications nominally equip them. It may only be in significantly better economic conditions that this compression of opportunity relaxes and allows greater differentiation in terms of labour market achievement according to achievement in FE of different types. Assuming economic growth in East London, future longer term tracking might well reveal more clearly the types of FE participation and study which deliver the greater benefits.

### **The impact of FE students' experiences in FE on post-FE outcomes**

Further, the survey examined respondents' perspectives on their FE experience. These were generally positive with only minorities, each of 8 per cent or below, saying that they did not enjoy their experience, that they were not conscientious while at college, or that they were

dissatisfied with their level of control over their education and future prospects. Consequently, as with school experiences, there is little scope for this factor to predict post-experience differences in outcomes.

### **The impact of post-16 routes on employability skills**

In respect of some employability skills – use of computers and literacy and numeracy – those who went into employment were less confident of their ability than those who went into FE. If this lack of confidence has a basis in actual lower ability, then those who went directly into employment may face long-term limits on their career progression and earning power.

In addition, differences were noted between the employability skills developed by learners who attended college in Newham compared with those who attended college outside of Newham, with the latter group being more confident overall that they have the skills needed for employment.

## Appendix A: Methodology

### Survey methodology

#### Sampling

The target sample for this survey of 500 interviews was agreed with Newham Council. Respondents all needed to meet the following criteria:

- Respondent was aged between 22 and 25 years old at the time of interview.
- Respondent was living in Newham when aged 16 years old.
- In the year following their finishing secondary education, respondent mainly did one of the following:
  - went to FE College or Sixth Form to study vocational qualifications;
  - entered employment; or
  - entered an Apprenticeship.

Based on the assumption approximately 10,181 contacts would be provided by Newham Council quotas were established based upon the pathway respondents had undertaken post-16, these are shown in Table 46. However, due to a combination of factors less interviews were achieved than hoped, and actual quota numbers are also show in Table 46.

Within the target of 500 respondents, the aim was to speak to 400 interviewees who had taken a vocational route at 16 and 100 who had gone into employment. The final sample sizes achieved were slightly below these targets Sampling initially specified a target of 100 interviews with individuals who studied level 1, 2 and 3 qualifications immediately following their GCSEs; however, due to difficulties achieving the overall number of interviews whilst meeting these targets it was agreed the research and analysis would move to focus on the nature of the qualifications studied and whether they were competency and knowledge based routes.

**Table 46: Target and actual sample quotas**

Respondent's main activity in the year following finishing secondary education	Target	Actual
<b>Went to FE College or Sixth Form to study vocational qualifications or entered an Apprenticeship</b>	400	380
<b>Entered employment</b>	100	65
<b>Total</b>	<b>500</b>	<b>445</b>

The three age groups, defined as 22, 23 and 24/25 years old, are almost identical in size, with about a third of the sample each. The end of compulsory schooling for the participants

in the survey is likely to range from 2004 for the group of people aged 25 in 2013 and 2007 for the youngest group of survey participants.<sup>21</sup>

### **Survey process**

A total of 6,778 addresses were provided to BMG by Newham Council. The contacts contained the address of individuals believed to have lived in Newham when aged 16 years old who were currently aged between 22 and 25. The contacts received were not named and there was no indication of what pathway they had undertaken post-16.

An opt-out letter was subsequently sent to all the contacts encouraging them to contact BMG to let us know if they did not wish to be contacted as part of this research or if they believed they were not in the target group. A total of 808 opt-outs were subsequently received for the following reasons:

- 410 – refused
- 118 – did not enter employment or undertake vocational qualifications post-16
- 262 – no one in house was the appropriate age
- 18 – ‘other’ e.g. young person has disability and does not want to take part

BMG interviewers were sent to undertake household-based interviews at non-opted out addresses with eligible individuals. Screening questions were used to establish eligibility, at this point a further 3,023 contacts were deemed ineligible for the following reasons.

- 547 – refused
- 543 – did not enter employment or undertake vocational qualifications post-16
- 1,862 – no one in house was the appropriate age
- 71 – individuals did not live in Newham in the year following their GCSEs

A total of 455 surveys were completed by Computer Assisted Personal Interviewing using a survey scripted designed by BMG and IES and agreed with Newham Council. Interviews were conducted between the 12<sup>th</sup> January and 10<sup>th</sup> March 2013.

### **Qualitative research sample and methodology**

Qualitative interviews were recruited with survey respondents who were identified through the inclusion of a ‘recall’ question in the survey asking if they would be willing to take part in a further in-depth consultation. All respondents had all indicated they would be willing to take part in further research.

Qualitative interviewees were selected to take part in this stage of the research based on the type of activity they had undertaken immediately following completing secondary school. Due to low incidence it was not possible to have many interviews with those that had undertaken Level 1 vocational qualifications post-16.

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<sup>21</sup> Since no exact birthdates are available, the end of compulsory schooling could not be derived with certainty. However, the exact dates of school leaving are of less relevance for the analysis presented as we focus on the outcomes of specific initial transitions into employment or Further Education, which are clearly identified based on biographical data.

Table 47 below provides an overview of the respondents that took part based on our selection criteria.

**Table 47: Qualitative research respondents based on selection criteria**

Respondent type	Level of qualification studied	Number of interviews completed
<b>Entered employment post-16</b>		9
<b>Studied vocational qualifications</b>	Level 1	6
	Level 2	12
	Level 3	13
<b>Total</b>		<b>40</b>

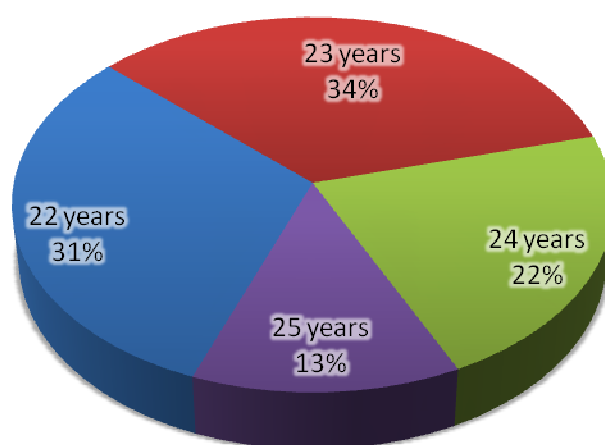
Interviews were conducted by qualitative researchers at BMG by telephone and lasted approximately 20-40 minutes depending on respondent’s experiences. Interviewers used a topic guide which was used flexibly to ensure the main issues were discussed, whilst allowing interviewers to follow up any additional points as required.

## Appendix B: Respondent profile

### Respondent age

The survey achieved adequate representation of each of the single-year age groups within the 22 to 25 year old population in Newham which was the subject of the research. However, there was some minor under-representation of 25 year olds compared with the number which Newham's census data for 2011<sup>22</sup> would have predicted.

**Figure 17: Respondent age**



Base=445, Source: Survey of Newham residents 2013

**Table 48: Respondent age by the activity undertaken immediately post-16**

Respondent age	Activity immediately post-16		
	Went to FE College or Sixth Form College to take vocational qualification	Entered work	Entered an Apprenticeship
22	30%	32%	32%
23	35%	25%	41%
24	23%	22%	14%
25	11%	22%	14%

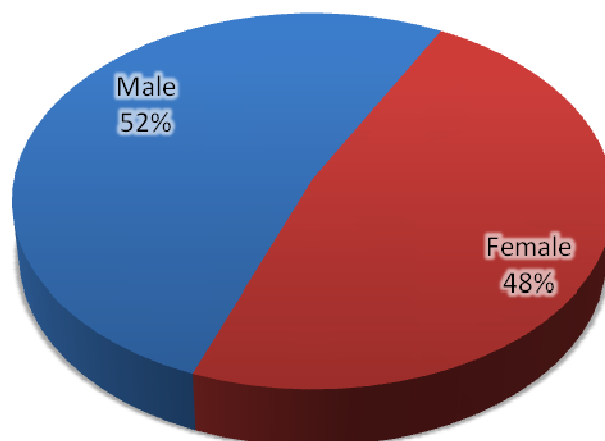
<sup>22</sup> ONS, 2011

### Respondent gender

A broadly even distribution of interviews was achieved by gender (Figure 18). Only a slightly higher proportion of interviews were undertaken with men than women.

**Figure 18: Respondent gender**

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Base=445, Source: Survey of Newham residents 2013

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### Respondent ethnicity

Respondents were from a diverse range of ethnicities which broadly reflect those given for Newham in the 2011 census (Table 49).



**Table 49: Respondent ethnicity**

Ethnicity	n	% in survey	% in 2011 census
<b>White</b>			
British	80	18	17
Polish	2	*	-
Lithuanian	2	*	-
Romanian	1	*	-
Other Eastern European	3	1	-
Any other White background	5	1	-
<b>Mixed</b>			
White and Black Caribbean	5	1	1
White and Black African	10	2	1
White and Asian	2	*	1
Any other Mixed background	4	1	1
<b>Asian</b>			
British	17	4	-
Indian	51	11	14
Pakistani	58	13	10
Bangladeshi	66	15	12
Sri Lankan Tamil	5	1	-
Any other Asian background	3	1	7
<b>Black</b>			
British	25	6	-
African	37	8	12
Caribbean	22	5	5
Nigerian	4	1	-
Somali	16	4	-
Ghanaian	8	2	-
Any other Black background	5	1	2
<b>Chinese</b>			
British	2	*	-
Chinese	2	*	1
Filipino	4	1	-
<b>Other ethnic groups</b>	5	1	4
<b>Prefer not to say</b>	1	*	-

(Base=445, Source: Survey of Newham residents 2013; numbers and percentages)

**Table 50: What language(s) other than English do you use at home?**

Language	n	%
Albanian	3	1
Arabic	12	4
Bengali	60	22
Chinese	4	1
French	10	4
German	4	1
Gujarati	32	12
Hindi	11	4
Krio	3	1
Kurdish	1	*
Lingala	4	1
Malayalam	5	2
Pashto	3	1
Polish	1	*
Portuguese	6	2
Punjabi	29	11
Romanian	1	*
Somali	14	5
Spanish	8	3
Swahili	3	1
Tamil	6	2
Turkish	3	1
Twi	10	4
Urdu	53	19
Yoruba	8	3
Other	18	7
Refused	9	3

(Base=273, Source: Survey of Newham residents 2013; numbers and percentages)

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