

## **Meg Hillier's Parliamentary Committee – is university still worth it, or are apprentices better?**

Increased attendance at university has always been considered a positive development, reflecting greater opportunities to participate and progress in education, a major intention of the post war reforms. Though this is not to deny there are still considerable barriers. As well as heavy tuition fees, other living costs continue to push average student debt above £40 000, with many finding it increasingly difficult to secure part-time employment necessary to sustain themselves. This is the real context behind a parliamentary committee chaired by Labour MP Meg Hillier charged with examining inequities and discontent with the current student loan system.

If the Blairite governments of the early 21<sup>st</sup> century argued that the new globalised economy would create huge opportunities for highly qualified young people, the increase in highly skilled 'graduate jobs' failed to match increased HE attendance – with approaching 40% of school leavers now applying. Now, fears about the economic climate are combining with uncertainties about the implications of AI for employment and as a result, graduates are experiencing the worst labour market conditions for years. With the number of 'entry level' positions declining, starting salaries are stagnating and the 'graduate premium' (the difference between graduate and non-graduate earnings) narrowing.

Right wing commentators have long claimed there are too many young people at university – surveys of 'public opinion' have mirrored this. More recently, sections of the press and other media influencers are encouraging those heading to university to consider apprenticeships as an alternative. Arguing that 'learning a trade' is now more valuable than getting a degree and citing stories of individual youngsters who've decided against university and ending up much better financially than friends who have.

Yet apprenticeships have not provided alternative opportunities in the way intended. The current scheme was launched in 1994, as an 'alternative' to university. After a slow start, enrolments rose rapidly due to increased government funding and a revamp by David Cameron, reaching around 500,000 a year until 2017/18. But partly as a result of further changes in funding methods, starts have fallen back, now steady at around 350 000.

Changes in funding procedures are important. There is also an element of truth that schools continue to promote university as the only route to success, but a nostalgic view of apprenticeships clings on. Rather than skilled factory trades or an army of young (male) plumbers and electricians; in today's economy, well over a quarter of last year's new apprenticeships were in the business sector, with only around 1 in 9 in engineering and manufacturing and just 1 in 12 in construction.

Many of the roles that apprenticeships were linked to in the post-war years, no longer exist – or are automated and monitored by screen watching technicians. These days there are also more starts by women than men. However, the main problem is that school and college leavers make up a minority of starts, under 30%. The 75 000 starts by those under 19-year-olds in 2024/5 compares extremely unfavourably with the 330,000 university applications by sixth form leavers. Instead, employers are using apprenticeship funding to upgrade the qualification levels of their existing staff, the reason why the number of apprenticeship vacancies advertised is far less than the number of enrolments.

On a positive note, the number of higher-level enrolments (level 4/ post-A level) has increased dramatically, making up over 40% of starts for 2024/5, increasing by 15.1% to 140,730, while those

at Level 6 (degree level) grew by 20.4% to 60,350. This should indicate a willingness of employers to invest in longer term upskilling. But the number of under 19-year-olds starting at this level is below 1 in 4.

The growth of higher-level schemes has given cash strapped universities the incentive to access the apprenticeship market. As level 5 and 6 apprenticeships involve at least an element of university attendance, this translates into an additional 60,000 students, not huge but still significant. However, the government is currently trying to prevent funds being used for level 7 (broadly equivalent to a Masters), arguing apprenticeship funds should be used for younger workers.

But in the current economic climate, smaller and medium size enterprises (SMEs) making up 90% of businesses, need much greater financial support to take on young people. Even if virtually all apprentice training expenditure funded through a levy on larger firms, they still have to pay wages and many other direct costs.

Unlike other European countries, particularly Germany, there is no national plan for and no compulsion or requirement to recruit apprentices, even in the public sector. In Germany for example, as part of a 'social partnership' the state has played a major role in transitioning young people into the labour market. UK policy makers have distanced themselves from this approach, preferring a largely free market approach.

As a result, young people the UK are up against it. For those who can, going to university is still likely to lead to a higher place the labour queue. Even if they don't get the jobs they originally wanted, graduates will bump those with fewer qualifications further down. This helps to explain why, despite huge costs, there has been no real fall off in home-based under-graduate applicants.

But while 'business and management' related courses are the most popular (around 10% of all enrolments) there has not been any noticeable increase in the take up of 'hard' courses (natural sciences and maths) which are considered to have higher labour market returns at the expense of social sciences and media.

On the contrary there's now a growing array of courses covering almost every interest and whim. Though it's too early to be conclusive on this, arguably 'going to uni', despite the expense, is now becoming a new 'normal' - an integral part of many young people's lives. Even if, rather than 'going away', a third of applicants now intend to attend local institutions and live at home, many of us will want to emphasise the numerous social and personal advantages of attending university. In the meantime, with Hillier seeking comments, there are opportunities to try and widen the committee's brief about how university education should be funded and how the sector can be reformed.