

01 - GENERAL POLICY CONTEXT - FRAMEWORK FOR THE KNOWLEDGE SOCIETY

At the end of June 2007, the new Labour Prime Minister, Gordon Brown announced the creation of three new government departments: The Department for Education and Skills (DfES) was split into the Department for Children, Schools and Families (DCSF) and the Department for Innovation, Universities and Skills (DIUS). The Department for Trade and Industry (DTI) was transformed into the Department for Business, Enterprise and Regulatory Reform.

DEPARTMENT FOR CHILDREN, SCHOOLS AND FAMILIES

DCSF is responsible for education, children and youth issues - everything affecting people up to the age of 19. This includes children's services, families and schools.

DEPARTMENT OF INNOVATION, UNIVERSITIES AND SKILLS

DIUS is responsible for adult learning, further and higher education, skills, science and innovation - work previously looked after by both DfES and DTI.

Following the 2007 (May) Scottish general election, the Scottish Executive is now known as the Scottish Government.

The Welsh Assembly Department for Education, Lifelong Learning and Skills (DELLS) as from 2007 is called the Department for Children, Education, Lifelong Learning and Skills (DCELLS).

In May 2007 the Assembly in Northern Ireland was restored after its suspension in 2002.

0101 - POLITICAL AND SOCIO-CULTURAL/ECONOMIC CONTEXT

The United Kingdom (UK) is a union of Great Britain (England, Scotland and Wales) and Northern Ireland. UK is both a parliamentary democracy and a constitutional monarchy. There is no single document that forms a constitution for the UK.

The UK government comprises the legislature (Parliament), the executive (the Cabinet, which consists of 20 ministers chosen by the Prime Minister) and the judiciary. UK Parliament consists of the Queen, the appointed House of Lords and the elected House of Commons. The UK Parliament makes primary legislation, although since late 90s it has devolved a range of issues and powers to the three devolved administrations (Scotland, Wales and Northern Ireland). Parliament is supreme and has authority over government and law making in the UK as a whole, in consultation with devolved administrations.

For education and training, the UK has a devolved system of governance. There are differences and similarities between the education and training systems of Scotland, Northern Ireland, Wales and England, which will be reflected in this overview. Scotland, in particular, has an education system with a long history of independence from other parts of the UK.

In contrast to Wales, Scotland and Northern Ireland, England has no separate elected national body exclusively responsible for its central administration. Instead a number of government departments look after England's day-to-day administrative affairs (e.g. the Department for Children, Schools and Families and the Department for Innovation, Universities and Skills for policy on education and training, Department for Work and Pensions (DWP) for welfare of people, training and employment programmes, etc.). The Scottish Parliament and Scottish Executive (the administrative organisation for the Scottish Parliament) have wide powers for social policies, including education and training. The Assembly for Wales and the Northern Ireland Assembly also have extensive powers for education and training.

To understand the overall framework for training in the UK, these factors should be borne in mind:

- Major decisions about workplace training and human resources development are in the hands of employers. The long tradition of 'voluntarism' still runs through many aspects of the governance of training today;

- Government has become proactive in leading vocational education and training (VET) strategy – to raise levels of qualification in the population, to increase employability, and to improve the competitiveness and productivity of the UK economy through introducing the skills agenda.

0102 - POPULATION AND DEMOGRAPHICS

The UK is approximately 242 514 km² (England 130 281, Scotland 77 925, Wales 20 732 and Northern Ireland 13 576). England has the highest population density of the Union (383 inhabitants per km²), Scotland has the lowest density (65 per km²).

The population of the UK has grown and changed significantly over the last 50 years. Mass immigration has contributed to a vast ethnic diversity across society. In 2007 the UK was home to just over 60 million people. Current projections estimate the UK population to reach 67 million by 2031.

* Pension age is currently 65 for males and 60 for females. From 6 April 2020, the State Pension age for women will be 65, the same as for men

Source: Office for National Statistics (ONS), Population Trends No. 127 (Mid- 2005)

	England	Wales	Scotland	N. Ireland	UK
Population (Thousands)	50 763	2 966	5 117	1 742	60 587
% Population Aged					
Under 5	5.8	5.4	5.2	6.4	5.8
5-15	13.2	13.5	12.8	15.4	13.3
16-44	40.4	37.5	39.5	41.3	40.2
45 to Pension age	21.9	22.9	23.3	20.6	22.0
Above Pension age up to 74	10.9	12.2	11.7	10.0	11.0
75 and over	7.7	8.5	7.5	6.3	7.7

http://www.statistics.gov.uk/downloads/theme_population/Population_trends_132.pdf

Due to increased life expectancy and lower fertility rates the UK has an ageing population. The long-term trend has been a decline in the under-16 age group and an increase in those aged 16-64 and those over 65 and over, a process that is now intensifying. In 2007, the proportion of the population over 65 (16%) exceeded the proportion who were under 16. At the same time, the proportion over 85 is rising by more than 5% a year; and almost 75% of the UK's 2020 workforce is already in work. The projection also indicates 600 000 fewer 15-24 year olds in 2020.

Population:¹ by sex and age

United Kingdom		Thousands							
	Under 16	16–24	25–34	35–44	45–54	55–64	65–74	75 and over	All ages
Males									
1971	7,318	3,730	3,530	3,271	3,354	3,123	1,999	842	27,167
1981	6,439	4,114	4,036	3,409	3,121	2,967	2,264	1,063	27,412
1991	5,976	3,800	4,432	3,950	3,287	2,835	2,272	1,358	27,909
2001	6,077	3,284	4,215	4,382	3,856	3,090	2,308	1,621	28,832
2006	5,912	3,696	3,940	4,587	3,876	3,512	2,379	1,792	29,694
2011	5,961	3,846	4,235	4,314	4,292	3,592	2,636	2,018	30,893
2016	6,187	3,647	4,707	4,043	4,487	3,642	3,052	2,324	32,088
2021	6,485	3,490	4,784	4,318	4,217	4,045	3,153	2,761	33,253
2026	6,557	3,670	4,553	4,787	3,957	4,238	3,230	3,322	34,313
Females									
1971	6,938	3,626	3,441	3,241	3,482	3,465	2,765	1,802	28,761
1981	6,104	3,966	3,975	3,365	3,148	3,240	2,931	2,218	28,946
1991	5,709	3,691	4,466	3,968	3,296	2,971	2,795	2,634	29,530
2001	5,786	3,220	4,260	4,465	3,920	3,186	2,640	2,805	30,281
2006	5,625	3,525	3,956	4,675	3,958	3,638	2,650	2,867	30,893
2011	5,682	3,613	4,200	4,375	4,413	3,744	2,883	2,958	31,868
2016	5,909	3,420	4,572	4,092	4,620	3,796	3,323	3,156	32,887
2021	6,202	3,272	4,591	4,321	4,323	4,242	3,438	3,549	33,938
2026	6,271	3,453	4,368	4,691	4,048	4,448	3,512	4,155	34,946

¹ Mid-year estimates for 1971 to 2006; 2006-based projections for 2011 to 2026. See Appendix, Part 1: Population estimates and projections.

Source: Office for National Statistics; Government Actuary's Department; General Register Office for Scotland; Northern Ireland Statistics and Research Agency

http://www.statistics.gov.uk/downloads/theme_social/Social_Trends38/Social_Trends_38.pdf

Since the late 90s, although there has still been natural increase, net international migration into the UK from abroad has been an increasingly important factor in population change. Net immigration is now the main factor in the UK population growth, an important part being the number of citizens coming from the new EU Member States.

These demographic, economic and social trends have direct implications for VET in terms of employees' flexibility, occupational pathways, recognition of qualifications and up-skilling amongst others.

[1] Details are available at: <http://www.statistics.gov.uk/cci/nugget.asp?ID=949>

0103 - ECONOMY AND LABOUR MARKET INDICATORS

Growth in the UK economy has been fairly steady for over a decade, although there were some early signs of economic downturn in late 2007. According to the OECD, although annual average growth has lagged behind the US and considerably behind emerging economies of India and China, it has remained above the EU and G7 average in 2006¹.

On EU definition, about 22 per cent of the UK workforce is in low paid jobs (compared to 12 per cent in France, or 8.5 per cent in Denmark). 31.3 per cent of the UK's female labour force is low paid. Moreover, according to the OECD data, incidence of low pay and gender wage gap has increased in the last decade².

¹ OECD, OECD in Figures: statistics on the member countries. Paris: OECD, 2001-2004 (annual publication) and OECD in Figures 2007, Paris, 2007

² OECD Employment Outlook 2007, OECD, Paris, 2007, available at <http://www.oecd.org/dataoecd/15/25/39041278.xls>

Table 1: GDP per capita at current market prices, using current PPPs (in USD / EUR) – evolution from 2000-2007 in various Member states (thousands)

	2000	2003	2007
UK	23.9/17.9	29.0/21.8	34.4/39.2
EURO AREA	23.6/17.7	26.1/19.6	31.3/33.5

NB: Rate of exchange USD 1 = EUR 0.75131 (16.3.2005) for 2000/2003. GDP: Gross domestic product. PPP = Purchasing power parity

Figures for Euro Area 2007 exclude Slovenia

Collated from Sources: OECD. OECD in figures: statistics on the member countries. Paris: OECD, 2001-2004 [yearly publication] and OECD: OECD in figures, 2007

	Total			Per capita			Purchasing power parities
	at current market prices			at current market prices			
	Using current PPPs		Using current exchange rates, billion USD	Using current PPPs		Using current exchange rates, USD	
	Billion USD	% of OECD total		USD	OECD = 100		
United Kingdom	2086.6	5.7	2373.5	34400	112	39200	0.618
G7	26887.8	74.0	28188.4	37100	120	38900	..
Euro area	9873.2	27.2	10574.0	31300	101	33500	0.854
OECD total	36316.6	100.0	36790.5	30900	100	31300	..

[StatLink: http://dx.doi.org/10.1787/OIF2007en4](http://dx.doi.org/10.1787/OIF2007en4)

In autumn 2007, 29.36 million were economically active in the UK. At the same period, the ILO unemployment rate was 5.2%, which is lower than many other EU member states.

The Labour Force Survey (LFS) ([1]) shows that the employment rate among people of working age was 71.5% in 2007 (Eurostat, May 2007), slightly dropping to 74.9% in December 2007. The UK's levels of employment are higher than in most EU Member States. However, unemployment rate amongst 15-24 year olds has risen sharply to 13.9% in 2006 (OECD Employment Outlook, 2007). Overall within the labour force, the increase in employment levels since the early 90s has been steeper than the decrease in unemployment levels over the same period.

DATA IS EXPRESSED IN RELATION TO EU-27 = 100. THUS, THEY ARE NOT COMPARABLE WITH PREVIOUS RELEASES BASED ON EU-25 =	UNITED KINGDOM			EU 27		
	2000	2004	2007	2000	2004	2007

100						
GDP PER CAPITA IN PPS	119.4	123.8	117.5	100.0	100.0	100.0
LABOUR PRODUCTIVITY PER PERSON EMPLOYED	110.9	113.8	110.3	100.0	100.0	100.0

[Eurostat - GDP per capita in PPS](#)

[Eurostat - Labour productivity](#)

EMPLOYMENT RATE BY GENDER						
	2000	2004	2007	2000	2004	2007
TOTAL	71.2	71.7	71.5	62.2	62.9	65.4
MEN	77.8	77.9	77.5	70.8	70.4	72.5
WOMEN	64.7	65.6	65.5	53.7	55.5	58.3

[Eurostat - Employment rates by Gender](#)

EMPLOYMENT RATE OF OLDER WORKERS						
	2000	2004	2007	2000	2004	2007
TOTAL	50.7	56.2	57.4	36.9	40.7	44.7
MEN	60.1	65.7	66.3	47.1	50.4	53.9
WOMEN	41.7	47.0	48.9	27.4	31.6	36.0

[Employment rate of older workers by gender](#)

Youth education attainment level by gender						
Percentage of the population aged 20 to 24 having completed at least upper secondary education						
	2000	2004	2007	2000	2004	2007
TOTAL	76.6	77.0	78.1	76.6	77.2	78.1
MEN	77.3	78.0	79.0	79.3	79.9	80.8
WOMEN	75.9	76.0	77.2	73.8	74.4	75.4

[Youth education attainment level by gender](#)

Long-term unemployment rate by gender						
Long-term unemployed (12 months and more) as a percentage of the total active population						
	2000	2004	2007	2000	2004	2007
TOTAL	1.4	1.0	1.3	4.0	4.2	3.1
MEN	1.9	1.2	1.6	3.5	3.8	2.8
WOMEN	0.9	0.6	0.9	4.6	4.6	3.3

[Long-term unemployment rate by gender](#)

In order to equip the UK to meet the challenges of the global economy and to secure a well-educated, highly skilled workforce in a knowledge-driven economy, in 2007 the government set public spending plans for the following three years, committing greater investment in learning and skills. Public expenditure on all levels of education in the UK represents 5.6 per cent of GDP in 2007-08 and reached around EUR 105 billion ([3]).

[1] See: <http://www.statistics.gov.uk/STATBASE/Source.asp?vlnk=358>

[2] Source: OECD in Figures, OECD Observer 2007, Supplement 1, page 35

[3] Throughout the text, the exchange rate used is as of May 2007: GBP 1 = EUR 1.2.

Educational attainment has risen significantly over recent years at all levels of the education system. The proportion of 16-18 year olds in education and training was 77.3 per cent at end 2006, an increase from 76.8 per cent at end 2005 but a decrease from 77.9 per cent at end 1994. The total number of 16-18 year olds in education and training increased by 15,500 to 1.55 million at end 2006, the highest number ever³.

UK compares favourably in terms of percentages participating in and graduating from higher education (see Figure below). Although among 25-64 year olds the UK scores highly at tertiary education (ISCED levels 5-6) – 30.7%⁴ in 2006 compared to the EU-25 average of 22.9%, at lower levels of attainment, the UK does less well in attaining ISCED levels 0-2, which stands at 26% against EU-25 average 30% (2005). The government has introduced some initiatives to narrow the gap in education achievement between children from low income and disadvantaged background and their peers. As to ISCED levels 3-4, the UK scores also lower (40%) than the EU average at 46% (Eurostat, EU LFS, online database, 2006)[1].

Compared to other industrialised countries, attainment by the age of 16 is good, but staying-on rates after the age of 16-17 (level 2 qualifications) is poor. Consequently, the proportion of the population having skills particularly at level 3 is lower than in other industrialised countries. 13% of 18-24 with at most lower secondary education and not in further education and training in 2006 is lower than the EU-25 average (15.3%)⁵.

For the UK as a whole, the major concern is that circa 9.4% (2007⁶) of leavers at 16 (down from 10.4% in 2006), do not enter employment, further education or training (NEETs); without further intervention they are at risk (for the qualification levels, see the figures that follow). For a 16-18 year old NEET group, the proportion decreased from 10.9 per cent at end 2005 to 10.3 per cent at end 2006. The total number of 16-18 year old NEETs was estimated at 206,000 at end 2006.

The highest qualification held by people of working age in the United Kingdom in 2007

Population of working age¹: by highest qualification², second quarter 2007³ (adapted)

Ref: Table 4.10

	Percentages					
	Degree or equivalent	Higher education qualifications ⁴	GCE A level or equivalent ⁵	GCSE grades A*-C or equivalent	Other Qualifications	No qualifications
United Kingdom	19,6	8,6	23,0	22,6	12,7	13,5
England	19,9	8,2	22,4	23,0	13,3	13,2
Wales	17,2	7,7	24,0	23,8	11,5	15,8
Scotland	18,5	13,4	27,7	18,1	9,3	12,9
Northern Ireland	17,5	7,3	24,0	22,4	7,1	21,7

1 Males aged 16 to 64 and females aged 16 to 59.

2 For information on equivalent level qualifications see Notes and Definitions.

3 See Labour Market section of Notes and Definitions.

4 Below degree level.

³ <http://www.dfes.gov.uk/rsgateway/DB/SFR/>

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⁵ Draft 2008 Joint Progress Report of the Council and the Commission on the implementation of the Education and Training 2010 Work Programme "Delivering Lifelong learning for knowledge, creativity and innovation", 31 January 2008

⁶ [www.dcfs.gov.uk/14-](http://www.dcfs.gov.uk/14-19/index.cmf?go=site.non&sid=42&pid=343&type=None&ptype=Contents-28k)

[19/index.cmf?go=site.non&sid=42&pid=343&type=None&ptype=Contents-28k](http://www.dcfs.gov.uk/14-19/index.cmf?go=site.non&sid=42&pid=343&type=None&ptype=Contents-28k)

5 Includes recognised trade apprenticeship.

Source: Labour Force Survey, Office for National Statistics

Released on Regional Snapshot 09 May 2008

Available at
www.statistics.gov.uk/downloads/theme_compendia/regional_snapshot_2007/Population_working_age_by_highest_qualifications.xls

In 2005, the percentage of the working population (25-64 years of age) that had attained at least upper secondary education was 67 per cent in the UK compared with OECD average of 68 per cent. The upper secondary graduation rate in the UK is 86%, compared with an OECD average of 82%. Looking at different age groups within this total reveals that the improvement was at the slower rate relative to OECD average [2].

[1] Eurostat, EU Labour Force Survey, online database, 2006, Population aged 25-64, by highest level of education attainment 2005.

[2] OECD Education at a Glance 2007, OECD indicators, Paris, 2007, Table A1.2a., p. 37, *ibid*, Briefing note for the UK, www.oecd.org/edu/eag2007