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From school to work:
Tackling skills mismatch and building pathways for young people in East Anglia

Burcu Sevde Selvi and Owen Garling

Report

Authors

Burcu Sevde Selvi, Bennett School of Public Policy, University of Cambridge.

Owen Garling, Bennett School of Public Policy, University of Cambridge.

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Executive summary

Skills mismatch is a persistent challenge in the UK labour market and a growing barrier to young people's successful transition from school to work. At the same time as employers across England report high levels of skills-shortage vacancies, many young people struggle to access clear, high-quality pathways into skilled employment. These pressures are shaped by rapid technological change, uneven employer investment in training, and longstanding regional inequalities.

East Anglia reflects this national picture, but with sharper internal contrasts. Cambridge anchors a world-leading innovation economy, and Norwich hosts a globally recognised cluster in agri-food and life sciences research, yet large parts of Norfolk, Suffolk and Peterborough face weaker educational progression, lower participation in further education, and limited technical routes at Levels 3–5 (equivalent to A-level and above). Employer surveys show persistent recruitment difficulties, particularly in construction, digital, clean energy and health and care, while apprenticeship opportunities for under-19s have declined substantially. At the same time, geographical constraints, especially transport and housing, limit young people's ability to access opportunities in high-growth areas.

For many young people, these mismatches translate into under-utilisation of skills, slower early career progression and higher risks of insecure work. National evidence shows that poor initial labour-market entry can have long-lasting effects on earnings and employment, with disadvantaged groups particularly exposed. Despite strong headline employment figures in East Anglia, high NEET (Not in Education, Employment or Training) rates and qualification mismatch indicate that the region's potential workforce is not fully utilised.

National reforms such as the creation of Skills England, Local Skills Improvement Plans (LSIPs), and stronger careers guidance duties offer a more coherent framework, and regional initiatives provide a solid foundation. However, gaps remain in delivery, SME (small and medium-sized enterprise) engagement, and coordinated support for mobility and inclusion. East Anglia benefits from some proactive regional initiatives, including the Cambridgeshire and Peterborough Combined Authority's (CPCA) devolved Adult Education Budget, and sector-specific skills plans linked to major investments like Sizewell C in Suffolk. However, implementation gaps remain. SMEs are not fully engaged in training, Level 3–5 pathways remain inconsistent across districts, and mobility constraints are not systematically treated as part of skills policy.

Key findings

Several themes emerge from our research and the rich conversations of a roundtable held at the end of January 2026 involving key stakeholders from across East Anglia. These themes are explored throughout this report, but are summarised here:

- **Skills mismatch continues to constrain productivity and widen inequalities in access to good work in the UK**. Employers continue to report high levels of skills-shortage vacancies, while young people face uneven access to pathways that connect them to growth sectors. Despite a decade of reform, the apprenticeship system still struggles to provide sufficient high-quality entry points for under-19s, and employer training intensity has fallen sharply compared with previous levels.

- **East Anglia illustrates both opportunity and risk**. The region is home to globally significant assets in Cambridge, major clean-energy investments, and strong labour demand. Yet alongside these strengths, large parts of Norfolk, Suffolk and Peterborough show lower attainment, weaker participation in Further Education, and thin technical routes. The result is a dual economy with high productivity in the innovation core, but persistent barriers to progression in surrounding areas. Without targeted intervention, there is a risk that these divides will widen.

- **The policy framework is improving but remains incomplete**. National reforms - Skills England, LSIPs, careers guidance duties - create a stronger architecture than in the past, and East Anglia has governance strengths that many regions lack. But design and delivery gaps limit their impact. SMEs are not fully engaged, mobility and housing issues are not consistently treated as skills policy, and funding remains unstable. As evidence from the Organisation for Economic Co-operation and Development (OECD) (2021, 2023) shows, countries that succeed at reducing mismatch do so not only by aligning provision with demand, but also by ensuring stability, breadth of training, and strong employer investment.

Call to action

To unlock the region's economic potential and support inclusive growth, East Anglia will require sustained investment in technical education, stronger employer participation, and more coherent connections between skills, transport and housing strategies. Our research has identified a number of key themes.

- **Make retention and mobility part of the skills agenda**
  East Anglia often attracts skilled people but does not always keep them. Several participants at the roundtable described a pattern where people move on after a

few years, with feedback from young people also giving a sense that "to get out is to get on". This matters because it shapes whether employers invest in training, and whether young people see a future for themselves locally. It also suggests that skills policy needs to connect more directly to the wider conditions - such as transport, housing, and access to opportunities - that shape whether people stay in the region.

- **Plan beyond Level 3 and take a more joined up regional view**
  Roundtable participants were concerned about how current arrangements can push planning towards Levels 1–3 (up to A-level), and how difficult it is to support training at a technical/professional level above Level 3. They also noted shrinking pots for adult skills and wider training, and the limits of short-term funding cycles. A practical implication is that East Anglia needs a stronger shared approach across the region (including across LSIP footprints), so higher-level technical and professional skills do not fall through the gaps.

- **Make it easier for employers to engage and focus on future needs**
  Many businesses struggle to think clearly about their future skills needs, even when they have current recruitment problems. It was suggested that more flexible use of the Apprenticeship Levy and co-funded models — where employers and the public sector share the cost of interventions — could support businesses with this issue. This points to the value of simpler, more practical employer engagement (especially for SMEs), and clearer incentives that support progression routes rather than one-off recruitment fixes.

- **Pay more attention to 'invisible skills'**
  Employers and intermediaries present at the roundtable highlighted gaps in skills like problem-solving, communication and leadership. These are often hard to spot because they do not show up neatly in qualifications or vacancy statistics. A practical implication is that local plans should be clearer about which transferable skills matter most in key sectors, and how they are being developed and recognised.

- **Strengthen pathways and guidance, especially for 16-year-olds**
  The discussion at the roundtable echoed concerns about what happens at 16 years of age: young people's confidence in routes and progression can drop, and schools can struggle to organise meaningful work experience and employer encounters. Participants also noted that many young people do not have a trusted adult who can help them navigate choices and opportunities. This reinforces the importance

of clearer pathways (for example, working back from job families), better brokerage for placements, and stronger, trusted careers support.

- **Take a longer-term approach**
  Finally, there was a strong feeling that the system is too short-term for the scale of the challenge, with frequent reorganisation of national skills bodies and short funding cycles undermining continuity. Participants raised the idea of a 10-year skills strategy and argued for a more preventative approach, where investment in skills is also seen as reducing future costs elsewhere (including in health and welfare). They also stressed that skills should be framed not only as filling vacancies, but as supporting people to lead better and more fulfilling lives, with resilience and wider social support playing a role alongside technical skills.

Addressing these issues would help reduce skills mismatch, improve school-to-work transitions, and ensure that young people across the region can benefit from the opportunities generated by its innovation-led economy. Unless young people can access these opportunities, the region risks entrenching divides. With the right reforms, however, East Anglia could become a model for how to align growth, inclusion and opportunity in practice.

1. Introduction

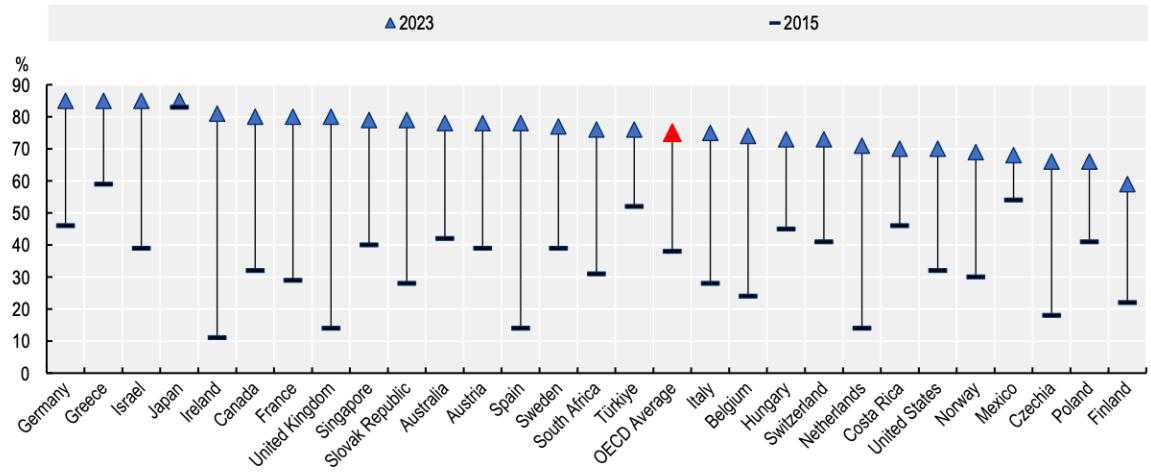
1.1 Skills mismatch

Skills mismatch is a pressing issue for labour markets and a challenge for workers, employees and the economy. In general terms, it refers to the misalignment between the skills that individuals possess and those required by their jobs. This gap can arise for a number of reasons, including workers having more skills than their role demands, or lacking key competencies, or because their training does not match their occupational field (Hogarth, 2023).

Skills mismatch has become a defining feature of labour markets in advanced economies, undermining firm performance and long-term growth. Across advanced economies, technology, decarbonisation and demographic change are reshaping job requirements faster than traditional education and hiring systems can adapt (OECD, 2019, 2023; ILO, 2020). Employers increasingly report difficulty filling roles because candidates lack the right capabilities. In many OECD-member countries, the share of firms struggling to hire due to a lack of available talent roughly doubled between 2015 and 2023 (OECD, 2025). This problem reduces firm-level productivity and increases job turnover, reducing the effectiveness of education and training investments. At the same time, the OECD's work on productivity shows that around a quarter of workers report a mismatch between what they can do and what their jobs require. Reducing mismatch to best-practice levels is associated with material labour-productivity gains (Adalet McGowan and Andrews, 2017).

As skill demands evolve at speed, employers are finding it increasingly difficult to match candidates to jobs (OECD, 2024). The growing mismatch has led organisations to change their recruitment strategies. Rising demand for capabilities in fields like artificial intelligence (AI), renewable energy, and sustainable practices is already straining conventional educational pathways, pushing firms toward more flexible, skills-based recruitment models (OECD, 2023; Skills England, 2024). In many countries, the share of employers reporting hiring challenges due to a lack of suitable talent has doubled over the past decade, with some countries, such as Spain, Ireland, and the United Kingdom (UK), experiencing a fourfold increase (Figure 1). Addressing these pressures requires forward-looking approaches that can close skills gaps and unlock workforce potential.

Figure 1. Share of employers having difficulties filling jobs due to lack of available talent, 2015 and 2023



Source: OECD, 2024.

In the UK, employer surveys and official statistics point to the dual challenge of persistent skills shortages in priority occupations and the under-utilisation of people's qualifications and skills. The Department for Education's (DfE) Employer Skills Survey (ESS) shows a rising share of vacancies that are hard to fill for skills reasons, particularly in technical roles where both the level and content of applicants' qualifications fall short of employer needs (Department for Education, 2025a). At the same time, official indicators highlight widespread over-qualification. Office for National Statistics (ONS) data confirm that around one-third of graduates remain in non-graduate jobs five years after leaving university (ONS, 2024e). This misalignment is compounded by limited mobility across regions and sectors. As the National Institute of Economic and Social Research (NIESR) notes, when workers cannot relocate or commute to areas where demand aligns with their skills, due to housing, transport, or geography, both firms and individuals lose out, with knock-on effects for productivity and growth (NIESR, 2023).

1.2 The geography of mismatch

The geography of mismatch also matters. Analysis of more than 53 million online job adverts for the UK shows that some local labour markets have a broad and diverse mix of skills – for example Oxford, Reading, Brighton, Cambridge and Aberdeen – while very large city-regions such as London, Manchester and Birmingham exhibit strong shortages in higher-skill services (such as finance, IT and marketing roles) alongside signs of oversupply in occupations like construction, healthcare and teaching (Nesta, 2019). These uneven patterns contribute directly to regional inequality. Where mismatch is high,

workers are more likely to be under-used or excluded from good jobs, and firms face persistent hiring problems, which slows local growth (Nesta, 2019). Recent census-based measures of 'skill and qualification suitability' reinforce this point, showing sizeable variation in both over- and under-qualification across England.

This picture is repeated in East Anglia. The region, made up of the counties of Cambridgeshire, Norfolk, Suffolk and the unitary authority of Peterborough, brings together world-class knowledge hubs in Cambridge and Norwich with coastal and rural localities that face significant challenges around connectivity, attainment and labour supply. Regional stakeholders identify skills mismatches as a central constraint, particularly in digital, agri-tech and clean energy, alongside persistent gaps in further and higher education attainment and comparatively low levels of employer training investment (Garling and Selvi, 2025).

Labour-market indicators reinforce this picture. The East of England (the statistical region including East Anglia) records one of the lowest shares of over-qualification nationally, at just 18.7 per cent (ONS, 2024a). Yet at the same time, one in ten firms across the region report at least one vacancy they are unable to fill due to missing skills, and around 40 per cent of all vacancies are formally classed as skills-shortage vacancies — those that remain open because applicants lack the required qualifications, skills or experience (Garling and Selvi, 2025). This suggests a distinctive pattern of mismatch compared with other regions and highlights the importance of examining local dynamics closely when designing skills policy.

1.3 Scope and methodology

This report examines the nature of skills mismatch and its impact on young people's school-to-work transitions, with a particular focus on East Anglia. It is based on a thorough review of the literature on skills mismatch, both internationally and nationally, and a deep dive into the particular challenges experienced by East Anglia.

A Skills Mismatch Roundtable was also held in January 2026. The roundtable brought together key stakeholders (comprising invited stakeholders including business leaders, education leaders, local government) from across East Anglia[1] to discuss the issues raised in the initial literature review from the perspective of practitioners and policymakers working on the skills agenda in East Anglia.

[1] See Appendix One for a list of the attendees

The meeting combined short presentations with structured discussion to explore shared challenges, highlight emerging good practice, and consider how clearer and more effective school-to-work transitions could be supported. Reflections from the roundtable directly informed the analysis and policy considerations in this report.

East Anglia Productivity Forum
The East Anglia Productivity Forum, established in 2021, provides a platform for coordinated, evidence-led discussion on key challenges shaping the region's productivity. It has published two Insights Papers setting out the productivity challenges for the region, each of which identified skills as a key issue for East Anglia. Under its revised format, the forum now holds three thematic half-day meetings each year, each focused on a single strategic issue affecting East Anglia's economic performance.

To explore this issue in East Anglia, this report examines the importance and consequences of skills mismatch for school-to-work transitions (Chapter 2); looks at the skills mismatch picture in the UK (Chapter 3); analyses the statistical profile of East Anglia and its labour market dynamics (Chapter 4); assesses current policies, gaps, and investment priorities, highlighting best practice lessons (Chapter 5); and concludes by highlighting key findings and setting out critical questions for policymakers, employers and educators to consider (Chapter 6).

2. Understanding skills mismatch and the school-to-work transition

2.1. What do we mean by skills mismatch?

The International Labour Organization (ILO, 2023a) defines skills mismatch as 'a discrepancy between the skills that are sought by employers and the skills that are possessed by individuals,' and emphasises that persistent misalignments depress job quality, raise turnover, and ultimately weaken competitiveness. OECD comparative studies confirm that mismatch is a structural feature of advanced economies as well as developing ones. Around a quarter of workers report being mismatched. Reducing this to best-practice levels could yield 5–10 per cent gains in labour productivity (Adalet McGowan and Andrews, 2017; OECD, 2021).

Skills mismatch is not a single, uniform problem but a set of overlapping misalignments between the supply of skills and the demands of the labour market. As the European Training Foundation (ETF) emphasises, the term is an umbrella concept that covers both vertical mismatches, where the level of education or skill is above or below what is required, and horizontal mismatches, where the field of study does not align with the occupational area of work (European Training Foundation (ETF), 2019). In practice, the term also covers skills gaps, where existing employees lack required competencies; skills shortages, where vacancies remain unfilled due to a lack of suitably skilled applicants; and skills obsolescence when technological change makes existing knowledge outdated.

Understanding these dimensions matters because they have direct consequences for the outcomes for individuals, wider economic performance, and the policy framework required to tackle skills mismatches. At the individual level, mismatches can reduce wages, job satisfaction, and progression opportunities, while increasing the risk of unemployment or inactivity. At the firm and regional level, mismatches are linked to recruitment difficulties, reduced productivity, and underutilisation of human capital. International research confirms that mismatch is a structural feature of many labour markets, reflecting technological change, demographic shifts, and regional disparities (OECD, 2024; ILO, 2023a). The ILO (2024) argues that there is no single measure of mismatch that captures its full complexity. A combination of labour force surveys, employer surveys, and self-reported measures is often needed to understand both the scale and nature of the problem (ETF, 2019).

The multidimensionality of this issue also means that policymakers need different tools to tackle each type of skills mismatch. For example, investments in vocational education may address under-skilling, while better guidance and job design are required to reduce

over-qualification and horizontal mismatch. Over-qualification may call for better job design and labour mobility; under-skilling often requires retraining; shortages point to education and training system failures; while obsolescence demands lifelong learning and reskilling strategies. The table below summarises the main types and dimensions of mismatch, measurement approaches.

Table 1. Main types and measures of skills mismatches

Type	Definition	Data sources / measurement
Overeducation	Worker has completed more years of education than the current job requires	• Labour Force Survey (LFS) • Administrative data (contracts, tax) • Worker surveys (e.g. PIAAC)
Undereducation	Worker has completed fewer years of education than the current job requires	• Labour Force Survey (LFS) • Administrative data • Worker surveys (e.g. PIAAC)
Overqualification	Worker holds a higher qualification than the current job requires	• Labour Force Survey (LFS) • Graduate transition surveys • Administrative data
Underqualification	Worker holds a lower qualification than the current job requires	• Labour Force Survey (LFS) • Administrative data
Overskilling	Worker is unable to fully use their skills and abilities in the current job	• Self-reported skill-use surveys (e.g. PIAAC) • Employer surveys • Graduate transition studies
Underskilling	Worker lacks the skills needed to perform the current job to an acceptable standard	• Employer surveys • Worker surveys (e.g. PIAAC)
Horizontal (field-of-study) mismatch	Worker's field of study does not match the occupational area of the job	• Labour Force Survey (LFS) • Administrative data • Graduate tracer studies
Skill shortage	Employer demand for a particular type of skill exceeds the supply of available workers; vacancies remain unfilled because applicants lack the required skills	• Employer Skills Survey • Online vacancy data (e.g. Lightcast) • Public Employment Service vacancy monitoring
Skill gap	Proportion of existing employees whom employers consider not fully proficient in their current roles	• Employer Skills Survey • Other employer surveys • Self-reported proficiency measures
Skill obsolescence	Skills previously used in a job become outdated, typically through technological change (economic obsolescence) or atrophy of unused skills (physical obsolescence)	• Employer surveys • Longitudinal worker surveys • Training records

Source: Adapted from Cedefop (2010) *Skill mismatch in Europe*. Briefing Note. Luxembourg: Publications Office of the European Union. Additional categories (skill shortage, skill gap) and data sources draw on McGuinness, Pouliakas and Redmond (2017) and European Training Foundation (2019).

2.2. Why do mismatch and school-to-work transition indicators matter?

Mismatch carries costs at the individual, firm, and macroeconomic levels. For individuals, it is associated with lower wages, weaker job satisfaction, and constrained progression (Cedefop, 2024). Evidence from European and wider international studies also links over-qualification to higher turnover intentions and weaker engagement (Cedefop, 2024; Liao et al., 2024; Mah et al., 2025). For firms, 'mismatch' shows up as recruitment difficulties, lower productivity, and higher churn. The Employer Skills Survey continues to report high rates of hard-to-fill vacancies, with a substantial share attributed to skill shortages, while employer investment in training has fallen markedly in real terms since 2011 (Department for Education, 2022; Department for Education and Skills England, 2025). At the macro level, skills mismatch weakens the allocation of labour and slows technology adoption and innovation diffusion, contributing to weaker productivity growth (OECD, 2023).

Mismatch is also spatially uneven. Where misalignments are persistent, productivity gaps can widen and inequalities become more entrenched, especially when limited mobility restricts both worker progression and firms' access to skills (Nesta, 2019; NIESR, 2024).

These issues connect directly to the school-to-work transition. Early career pathways and technical routes shape whether young people move into jobs that use and build their skills. Recent government data continue to show attainment and achievement gaps by deprivation in apprenticeships, alongside ongoing challenges in participation and completion for under-represented groups (Department for Education, 2024, 2025; House of Commons Library, 2024). Tracking transition outcomes therefore helps identify where mismatches emerge and which groups of young people face the greatest barriers, supporting more targeted policy design.

Skills mismatch is only one of the many indicators, alongside others such as initial wage, and the time taken to find a job, that can be used to measure school-to-work transition in the labour market. Because the focus of this report is on skills mismatch as a key issue for the East Anglian economy, it is limited to what this specific indicator says about the school-to-work transition for young people.

For young people, what happens at the first step into work still shapes outcomes years later. Recent UK administrative evidence shows that unemployment shocks in the first years after leaving education depress earnings on a lasting basis with each month of

unemployment at ages 18 to 20 years linked to roughly a 1.2 per cent permanent income loss per year (De Fraja, Lemos and Rockey, 2021).

Studies tracking the cohorts who left education during and immediately after the Covid-19 shock show clearly that entry conditions matter. Using UK Labour Force Survey data, Ray-Chaudhuri and Xu compare young people whose first steps into the labour market coincided with the pandemic to earlier cohorts, finding a sharp, if short-lived, fall in employment for the 2020 cohort and more time out of work, with young people from disadvantaged backgrounds particularly exposed to weaker early progression (Ray-Chaudhuri and Xu, 2023). Tomlinson's research on recent graduates similarly links COVID-19 disruption in hiring and work-based learning to slower and more uncertain transitions, including under-employment and delayed career progression (Tomlinson, 2023).

International syntheses using PISA–PIAAC data and the OECD Career Readiness project reach the same conclusion. Teenagers who have repeated, high-quality employer encounters, part-time work and structured career guidance are more likely to be in secure employment as adults (OECD, 2021). This makes the school-to-work transition a critical policy focus, particularly in places like Cambridge, where economic strength coexists with persistent inequality. Recent UK monitoring reinforces the point. Youth unemployment and the share of 16–24-year-olds classed as NEET have been rising again since 2021, reversing earlier progress, with close to one million young people now NEET – the highest level in more than a decade (ONS, 2026; House of Commons Library, 2025; Learning and Work Institute, 2025).

These pressures intersect with wider labour-market mismatches. Even as employers report persistent shortages in technical roles, too many young people struggle to secure a first foothold in stable employment. This underlines both the wasted potential for individuals and the missed opportunity for firms, making it clear that policy responses cannot afford to overlook school-to-work transitions.

International best practice: Dual apprenticeship systems in Germany, Austria and Switzerland
Comparative evidence shows that countries with well-developed dual apprenticeship systems, particularly Germany, Austria and Switzerland, achieve smoother school-to-work transitions and lower rates of youth unemployment than many of their peers. These models share a number of features that distinguish them from the UK system.

International best practice: Dual apprenticeship systems in Germany, Austria and Switzerland

They combine structured, paid workplace training with classroom-based instruction in vocational schools and are underpinned by strong employer participation and nationally recognised qualifications (Adalet McGowan and Andrews, 2017; McGuinness, Pouliakas and Redmond, 2017).

In Germany, around half of young people entering upper secondary education pursue an apprenticeship rather than an academic track. Apprentices typically spend part of the week with an employer and part in a vocational college, with programmes lasting between two and four years and covering more than 300 recognised occupations across sectors such as engineering, IT, retail and health (Hoeckel and Schwartz, 2010; OECD, 2023).Crucially, apprentices receive contracts and wages, and many are retained by their employer once training is completed, which reduces hiring frictions and ensures that training costs can be recouped (Hoeckel and Schwartz, 2010; OECD, 2019)

Austria operates a similar system, with roughly 40 per cent of school leavers choosing an apprenticeship. These programmes provide not only immediate access to skilled employment but also routes into further qualifications such as the 'master craftsman' certificate or higher education, ensuring permeability across vocational and academic pathways (Musset et al., 2013**;** ILO, 2020).

In Switzerland, the model is even more dominant with approximately two-thirds of young people entering vocational training after compulsory schooling, and the majority taking part in dual programmes. These offer both short- and long-term routes, that all lead to recognised credentials, and strong progression rates into higher education or advanced vocational training (OECD, 2020).

Research attributes the success of these systems to several factors: stable social partnerships between employers, unions and government; curricula that are tied to recognised occupational standards rather than narrow firm-specific needs; and training arrangements that deliver benefits to employers as well as learners, with apprentices contributing productively during their training (Hoeckel and Schwartz, 2010; OECD, 2019). The result is a vocational system that is attractive to young people, valuable to firms, and effective in limiting skills mismatch.

International best practice: Dual apprenticeship systems in Germany, Austria and Switzerland
While these models cannot be directly transplanted into the UK, they offer important lessons for regions such as East Anglia. Stronger employer engagement, the development of high-quality Level 3–5 pathways, and clearer certification of technical skills could help reduce mismatch and provide young people with more secure and recognised routes into employment.

3. Skills mismatch in the UK

In the UK, two empirical patterns stand out within this broader picture. Around one-third of UK graduates are employed in non-graduate jobs, with the Chartered Institute of Personnel and Development (CIPD) finding that 36 per cent feel overqualified for their current roles (CIPD, 2022). The most recent OECD analysis places overqualification in England at 37 per cent of workers, the highest among the 31 economies surveyed (OECD, 2024). At the same time, employers report persistent shortages in technical and mid-skill occupations, with skills-shortage vacancies rising from 22 per cent of all hard-to-fill vacancies in 2017 to 36 per cent in 2022 (Department for Education, 2023). These are not separate "types" of mismatch so much as two coexisting examples of the broader taxonomy set out in Table 1, and they matter for young people because they converge at the point of entry to the labour market.

For school-to-work transitions specifically, two channels are particularly damaging:

- **Underutilisation of human capital:** young people who enter non-progression roles accumulate less on-the-job learning, see slower wage growth, and face higher job dissatisfaction and turnover (McGuinness, Pouliakas and Redmond, 2017).
- **Scarring and persistence:** early mismatch is associated with longer-lasting effects on pay and employment, particularly where retraining opportunities are thin and employer training investment has fallen (De Fraja, Lemos and Rockey, 2021; Learning and Work Institute, 2024).

These challenges are intensified by structural inequalities. The Department for Education (2024, 2025a) documents persistent gaps in apprenticeship achievement rates by deprivation, highlighting that disadvantaged groups remain under-represented in technical routes. House of Commons Library briefings (2024, 2025) show that youth unemployment and NEET rates have crept upwards since 2022, reinforcing the urgency of interventions.

Earlier work using International Labour Organization methods estimated that, in 2012, around 29 per cent of UK workers were either over- or under-educated for their jobs (15.0 per cent over-educated and 13.9 per cent under-educated), placing the UK towards the top of the international league table for overall mismatch (ONS, 2016; ILO, 2014).

Recent analysis by ONS, combining Census 2021 data with the Annual Population Survey, shows that these patterns still hold. In 2021, just over half of employed adults in England and Wales (52.5 per cent) held qualifications at the "typical" level for their occupation,

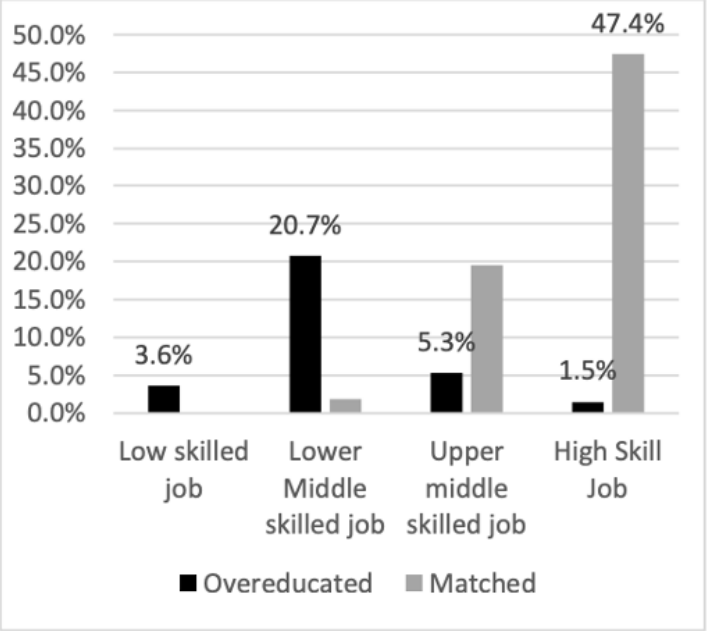
while about one in five (20.2 per cent) were more highly qualified than the average worker in their job (ONS, 2024a). International evidence from the OECD Survey of Adult Skills (PIAAC) tells a similar story. In England, around 37 per cent of workers are over-qualified and a further seven per cent under-qualified, compared with OECD averages of 23 and nine per cent respectively (OECD, 2024).

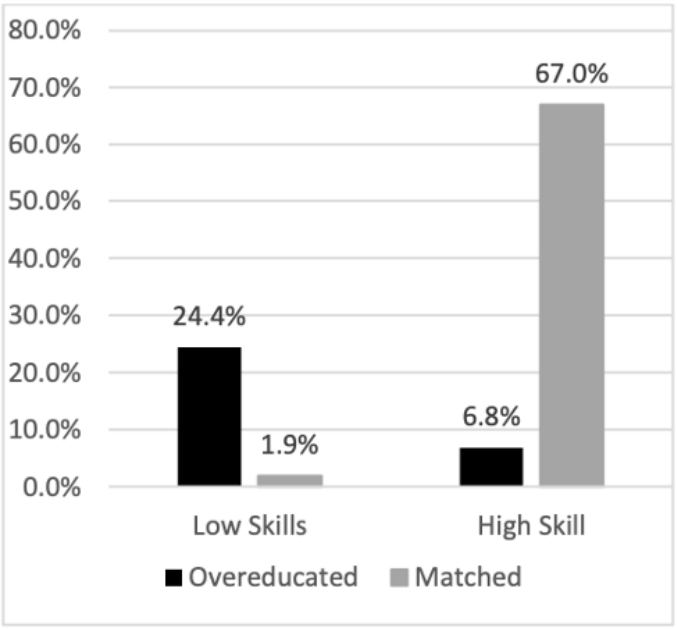
The ONS user guide to measuring 'skill and qualification suitability' also highlights an important age pattern. When workers of all ages are compared against a single benchmark, older adults appear more likely to be "under-qualified" for their occupations. However, once age-specific benchmarks are used, older workers are no more likely than younger workers to be under-qualified. Instead, younger cohorts – especially recent entrants – are more often classified as over-qualified, reflecting both slower movement into well-matched jobs and the fact that measured skill proficiency does not always keep pace with qualification levels (ONS, 2024b). This suggests that mismatch evolves over the life course with younger workers tending to be over-qualified for their initial jobs, while older workers tend to rely more on experience than on formal qualifications.

Research focussed on graduates reinforces the picture of widespread under-utilisation at the higher-qualification end of the labour market. Using the Annual Population Survey, Vecchi, Savic and Romiti (2021) classify jobs into low, lower-middle, upper-middle and high-skill categories and map where graduates are employed. Their estimates show that a sizeable minority of graduates are in low-skill work and clearly 'over-educated.' Around a quarter of graduates (approximately 24 per cent) are over-educated in low-skill jobs, while only a very small share (around two per cent) are well matched in those roles. By contrast, roughly two-thirds of graduates (about 67 per cent) are well matched in high-skill jobs and only a small fraction (around seven per cent) are over-educated within high-skill roles (McGuinness et al., 2017; Vecchi, Savic and Romiti, 2021; CIPD, 2022). This evidence suggests that although most graduates eventually move into appropriate high-skill employment, a substantial group are working in roles that make limited use of their qualifications, with knock-on effects for wages, progression and job satisfaction.

Figure 3. Mapping graduates over the skill classification

Source: Vecchi, Savic and Romiti*, 2021*.





From an employer's perspective, persistent recruitment problems point to a complementary form of mismatch. The 2024 Employer Skills Survey recorded around 250,500 skill-shortage vacancies representing just over a quarter (27 per cent) of all vacancies (Department for Education, 2025). These are posts that are hard to fill specifically because applicants lack the necessary skills, qualifications or experience. These vacancies are heavily concentrated in sectors such as construction, manufacturing, education, health and social care, and parts of the primary sector and utilities, where roughly a third or more of vacancies are skills-shortage-related. Employers report the greatest skills-related recruitment difficulties for skilled trades, caring and leisure occupations, professional roles and machine operatives, underlining that mismatch is not confined to either low- or high-skill ends of the labour market.

Over time, these pressures have been compounded by a sustained fall in investment in workforce development. Employer spending on training was estimated at around £53 billion in 2024, down from about £59 billion in 2022 (in 2024 prices) and roughly 18.5 per cent lower than in 2011. Average training spend per employee has dropped to almost 30 per cent below its 2011 level in real terms (Department for Education, 2025a). Only around three-fifths of employers reported funding or arranging any training in the previous 12 months, continuing a downward trend since the early 2010s (Department for

Education, 2025a). This weakening of adult training makes it harder for firms to respond to emerging skills needs and for workers to move into better-matched roles.

There is also a marked geographical dimension. ONS estimates based on Census 2021 show that workers in the North East are the most likely to be more qualified than the average for their occupation (22.3 per cent), whereas the East of England and the South East have the lowest shares of over-qualified workers (18.7 and 18.4 per cent respectively) (ONS, 2024a; ONS, 2024c). This indicates that apparent "graduate under-utilisation" is not evenly spread but is particularly pronounced in certain regions and local labour markets. Employer Skills Survey data tell a similar story on the demand side. Although the overall incidence of skill-shortage vacancies has eased since 2022, some regions continue to experience a high density of skills-related shortages. In 2024, the South East recorded the highest proportion of employers with at least one skill-shortage vacancy, while the South West had the highest share of vacancies that were skills-shortage-related (around 40 per cent), compared with roughly 19 per cent in the West Midlands and East of England (Department for Education, 2025).

Case Study One: Digital divide – mapping advanced skill mismatches

Digital skills are no longer a niche requirement but a fundamental driver of regional productivity. However, new research utilizing a novel measurement approach—combining Lightcast job advertisement data (demand) with Longitudinal Education Outcomes (LEO) records (supply)—reveals a stark geographical polarisation in the UK's digital economy.

The research identifies two distinct types of digital demand:

- **Advanced innovation skills:** These high-value skills are heavily concentrated within the Golden Triangle between London, Cambridge, and Oxford. These areas boast a "high-demand, high-supply" ecosystem, where elite digital education feeds directly into a cluster of high-tech employers.
- **"Business-as-Usual" (BAU) skills:** General digital competencies are more widespread. Outside the innovation hubs, employers—particularly in second-tier cities—rely more heavily on non-graduate hires to meet these foundational digital needs.

The study concludes that regional digital mismatches are driven by a double-edged sword of concentrated demand and uneven supply. When mapping supply against demand, the research categorises regions into four distinct profiles, highlighting where the system is failing:

1. **High-demand, high-supply (The Success Hubs):** Primarily London, the South East, and the Oxford-Cambridge Arc. These regions have the infrastructure to sustain advanced digital growth.

Case Study One: Digital divide – mapping advanced skill mismatches

2. **Skill shortage regions (The Bottlenecks):** Areas where employer demand for advanced skills is high, but local supply is low. This is notably pronounced in economically significant cities like Nottingham, where the lack of advanced digital education creates a severe growth ceiling.
3. **Underutilised talent pools:** Regions where digital supply exists but is not being met by local high-value job opportunities, leading to a brain drain toward the Golden Triangle.
4. **"Left-Behind" Regions:** Persistent across both basic and advanced skill groups, particularly in the North, North East, and parts of the South West, where both supply and demand remain below average.

For East Anglia, this research underscores the danger of the 'Cambridge effect.' While Cambridge sits at the heart of the high-supply/high-demand cluster, neighbouring areas within the same region may fall into the "Shortage" or "Left-Behind" categories. A regional strategy must therefore focus on spreading advanced digital provision beyond the Cambridge hub to ensure that the "Business-as-Usual" digital economy in broader Norfolk and Suffolk can transition into higher-value innovation.

Taken together, this evidence suggests that skills mismatch in the UK is not simply a matter of 'too many graduates' or isolated shortages in a few occupations. It reflects a combination of under-utilisation of higher qualifications, structural shortages in technical and mid-skill roles, uneven employer investment in training, age-specific dynamics in how qualifications and skills are used over the life course, and pronounced regional divides in both skills supply and demand. These UK-wide trends provide important context for understanding local patterns of mismatch in East Anglia and for designing place-sensitive school-to-work pathways and labour-market policy.

4. The skills picture in East Anglia

East Anglia is home to globally significant knowledge assets in and around Cambridge, major logistics corridors through the Suffolk and Essex ports, and nationally strategic clean-energy projects centred on Sizewell in Suffolk (Oxford Economics, 2025). Yet large parts of Norfolk, Suffolk and Peterborough are still characterised by lower educational progression, constrained employer training capacity, and weaker regional connectivity (Garling and Selvi, 2025; APPG East of England, 2022)

Local data on adult learning underline how uneven these opportunities are. Figure 3 shows that FE and skills participation have remained uneven across East Anglia between 2019–20 and 2024–25. Even in Cambridge, a city with world-class universities and one of the UK's highest-productivity local economies, participation in FE and skills provision is relatively low. In 2024–25, Cambridge recorded 2,521 participants per 100,000 people, less than half the rate in Ipswich (5,911) and well below Peterborough (5,569). While neighbouring parts of Cambridgeshire saw clearer growth over the period, Cambridge increased only modestly overall, and a number of districts in Norfolk and Suffolk were broadly flat or declined (while others increased). Taken together, the pattern implies that access to formal routes for retraining and upskilling can be relatively limited even within the wider Cambridge economy. Regionally, this sits alongside strong headline performance, yet persistent skills-mismatch signals, especially for young people in disadvantaged districts.

Figure 3. Further education and skills participation in East Anglia, per 100,000 people, 2019-20 to 2024-25

Source: Authors' elaboration on ONS (2024c) further education and skills participation data.

Case Study Two: *Included* – tackling inequality in the Greater Cambridge region

Launched in July 2025 and hosted by Cambridge City Council, *Included* is a city-wide initiative designed to address the skills challenge at a hyper-local level. While Cambridge is a global hub for innovation, the project operates on the principle that "talent is everywhere, but opportunity is not." It aims to ensure that the city's economic growth is inclusive of all residents, specifically targeting those from disadvantaged backgrounds or those at risk of falling into the NEET category.

Unlike traditional short-term interventions, *Included* adopts a 'mission-led' approach to supporting young people from birth through to 25 years of age. By mapping and coordinating opportunities across the city, the initiative will ensure that every young

Case Study Two: *Included* – tackling inequality in the Greater Cambridge region

person can access layered experiences at every developmental stage, creating a cumulative impact on their career readiness.

The initiative acts as a central nervous system for the city's social and economic assets, connecting employers from the global tech and life sciences to the public sector, education providers, and creative, sporting, and grassroots organisations.

To bridge the gap between education and the real-world economy, *Included* utilizes modern digital and creative strategies:

- **Digital Badging & Public Platforms:** These tools allow young people to track and display their skills, networks, and experiences in a format recognised by employers.
- **Youth Communications Agency:** Set for launch in 2026, this project allows young people to lead the narrative of the *Included* pathway, gaining professional experience in media and communications.
- **Trusted Networks:** Beyond technical skills, the project emphasises building confidence and connecting youth with "trusted adults" and professional networks that are often inaccessible to disadvantaged groups.

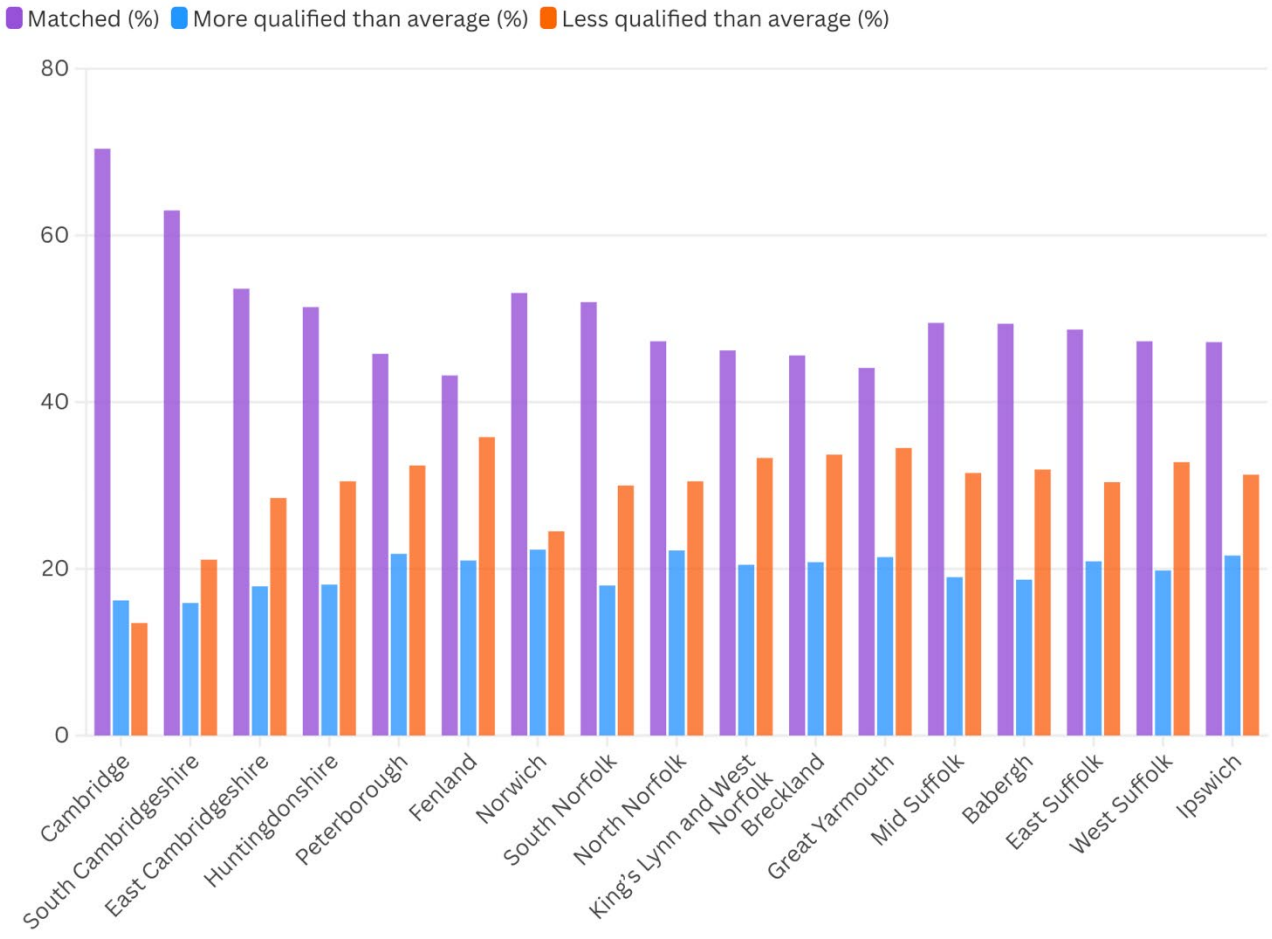
Included provides a model for intra-city rebalancing. It demonstrates that even within a high-growth "super-hub" like Cambridge, intentional, coordinated intervention is required to prevent local youth from being bypassed by the very growth surrounding them.

Employer surveys echo these concerns. The Association for Project Management (APM) surveyed more than 500 project professionals working in UK SMEs. Among respondents based in the East of England, 93 per cent said their employer needed to improve project skills across the workforce, raising concerns about the region's capacity to deliver future projects (East Anglia in Business, 2024). The most commonly suggested responses were recruiting from a wider range of professional backgrounds (47 per cent), investing in training and upskilling current staff (44 per cent) and expanding the use of apprenticeships (41 per cent). Respondents also pointed to wider barriers to project growth, including economic and political uncertainty (36 per cent), underinvestment in training and professional development (34 per cent) and limited employer understanding of future skills needs (31 per cent). Although 94 per cent felt their organisation had enough time and resources for training, only 62 per cent believed their SME genuinely valued developing or upskilling project professionals. Soft skills such as adaptability and flexibility, planning (each selected by 20 per cent of respondents) and team management

(17 per cent) were seen as especially important for successful project delivery (Association for Project Management, 2024).

A closer look at the qualification mismatch estimates shows that East Anglia is far from homogenous. Figure 4 shows that qualification mismatch varies sharply across East Anglia, underlining that the regional labour market is far from uniform. Across local authorities, only around half of workers are in occupations where their qualifications match the typical level for the job, while mismatch is common in both directions: roughly 20per cent are more qualified than average and around 30per cent are less qualified (Figure 4).

Figure 4. Qualification mismatch in East Anglia by district, grouped by county; sorted by 'matched within county'



Source: Authors' elaboration on ONS (2024d) qualification mismatch data.

Cambridge stands out for the closest alignment between jobs and qualifications. It has the highest share of workers whose qualifications match their occupation (around 70 per cent) and the lowest share who are under-qualified (around 14 per cent), with a relatively

modest share over-qualified (around 16 per cent). South Cambridgeshire also shows a comparatively strong match (around 63 per cent) and lower rates of mismatch than most places in the region.

By contrast, mismatch is more pronounced in parts of Norfolk, Suffolk and the Fens. Fenland and Great Yarmouth record the lowest match rates (around 43–44 per cent) and the highest under-qualification (around 35–36 per cent), while several other districts—including Breckland, King's Lynn and West Norfolk, West Suffolk and Peterborough—also have around a third of workers who are less qualified than the norm for their occupation. Norwich shows a slightly different pattern, combining a relatively high matched share (just over 50per cent) with the highest over-qualification in the figure (around 22 per cent), suggesting that a sizeable group of workers are not fully using their qualifications in their current roles.

This data highlights the need for a place-sensitive skills policy. In and around Cambridge, the priority is likely to be improving progression and ensuring that jobs make better use of existing skills. In parts of Norfolk, Suffolk, Fenland and Peterborough, the stronger emphasis is on raising qualification levels and supporting progression into better-matched work, issues that matter for both inclusion and productivity, especially given wider concerns that skills constraints could limit future growth (Cambridgeshire and Peterborough Independent Economic Review (CPIER), 2018).

Case Study Three: **Powering the future – how mega-projects can tackle the skills mismatch**
Sizewell C is a cornerstone of East Anglia's "High-Growth" economy. As a massive infrastructure project on the Suffolk coast, it represents a unique opportunity to bridge the regional skills gap by aligning large-scale industrial demand with localized educational investment. According to analysis by Oxford Economics, the construction phase of Sizewell C is projected to be a major boost for the regional and national economies. (2025) By 2050, the project is expected to enable a 22 per cent expansion in Suffolk's Gross Value Added (GVA) relative to baseline forecasts. It is also estimated to generate £26 billion in GVA for the UK with an annual average of £1.57 billon and 70 per cent of the construction value will be awarded to UK businesses with £4.4 billion already committed specifically to the East of England. The project will also act as a massive engine for job creation, both directly and through its wider supply chain. Sustaining an average of 8,800 jobs annually across the UK. In Suffolk, peak construction is expected to reduce local unemployment by up to 2,200

Case Study Three: **Powering the future – how mega-projects can tackle the skills mismatch**

people, potentially cutting the county's jobless rate from 2.7 per cent to as low as 1.7 per cent.

To ensure the local workforce can meet the technical demands of the project, Sizewell C has committed to significant structural investments in the local, regional and national skills system, including:

- A £39.5 million investment in a new permanent post-16 college in Leiston, featuring a Training Centre of Excellence and an Apprenticeship Support Hub.
- A £12.8 million Skills Investment Fund dedicated to upgrading facilities and developing curriculum in local colleges across the East of England.
- A commitment to train 1,500 apprentices, with at least 540 recruited directly from Suffolk.
- An Employment Outreach Fund designed to work with community groups to provide pathways for "hard-to-reach" groups who might otherwise be left behind by the region's growth.
- The creation of the Sizewell C Jobs Service as a central hub to provide job matching and career advice to local residents.

Sizewell C demonstrates how a mega-project can serve as a catalyst for regional rebalancing. By tying industrial construction to long-term educational infrastructure and outreach funds, it provides a blueprint for turning a potential skills mismatch into a sustainable pipeline of local talent.

This picture is examined in more detail below by looking at different indicators, such as headline indicators of attainment, labour-market outcomes, and mismatch. GCSE results show that around two-thirds of pupils in England achieve grade 4 or above in both English and maths (65.4 per cent nationally in 2022-23). In East Anglia, outcomes are uneven across upper-tier local authority areas: Cambridgeshire is above the national benchmark (68.8 per cent), while Suffolk is below it (62.2 per cent). Similar disparities persist into post-16 education. Overall, 57.6 per cent of young people in England achieved a Level 3 qualification by age 19 in 2023, rates vary substantially across districts such as Cambridge, Fenland and coastal Suffolk (DfE Level 2 and 3 attainment by young people aged 19: local authority district data).

NEET data suggest broadly positive engagement overall. In 2022-23, around 3.1 per cent of 16–17-year-olds in the East of England and 2.8per cent in England as a whole were not in education, employment or training (Department for Education, 2023). However, county-level figures show sharper local risks: Cambridgeshire recorded about 2.7per cent of 16–17-year-olds as NEET, compared with 5.1per cent in Suffolk and 4.9per cent in

Peterborough (Department for Education, 2023; Office for Health Improvement and Disparities, 2024; Cambridgeshire County Council, n.d.). Within these areas, local analysis identifies Fenland and several coastal Suffolk districts among the higher-risk localities for school-age NEETs. Taken together, these pockets highlight how uneven school-to-work support remains across the region, with implications for later labour-market transitions. More recent evidence from Cambridgeshire and Peterborough points in the same direction, with the 16–17 NEET rate rising to 3.9per cent in 2025; within this, Peterborough reached 5.4 per cent, compared with 3.4per cent in Cambridgeshire (Cambridgeshire and Peterborough Combined Authority, 2025).

Mobility also shapes whether young people can reach training in the first place. In Cambridgeshire and Peterborough, only 33 per cent of young people in South Cambridgeshire and 34 per cent in East Cambridgeshire live within 30 minutes of an FE provider by public transport or walking, underlining why transport should be treated as part of skills policy rather than as a separate issue (Cambridgeshire and Peterborough Combined Authority, 2025).

Labour-market statistics confirm that demand is strong but mismatched. Between February and April 2025, the East of England reported an employment rate of 78.7 per cent and unemployment of 4.5per cent (ONS, 2025), both stronger than the UK average. The Employer Skills Survey 2022 found that 36 per cent of vacancies nationally were skills-shortage vacancies (SSVs), up from 22 per cent in 2017, with the East of England among the hardest-hit regions with around four in ten vacancies being SSVs (Department for Education, 2022). Employers also reported that 5.7 per cent of the workforce had internal skills gaps, up from 4.4 per cent in 2017, signalling that upskilling is lagging job content change.

For young people, these frictions have direct consequences. Entry-level technical routes into growth occupations have declined in availability. Nationally, apprenticeship starts for under-19s fell by around 40 per cent between 2015 and 2023, and regional reviews show East Anglia follows the same pattern (Cambridgeshire and Peterborough Combined Authority, 2022; Fabian Society, 2025). SMEs, historically the main providers of youth apprenticeships, have reduced their involvement since the Apprenticeship Levy was introduced. This leaves fewer structured ‘bridges’ into technical jobs at precisely the moment when employers report the greatest shortages in engineering, construction, care, logistics and digital. Regional partners in Cambridgeshire and Peterborough emphasise that employer willingness to offer apprenticeships and to engage with schools, particularly among SMEs, is now the binding constraint, reinforced by a common

assumption that school leavers will lack the technical skills and qualifications employers require, which in turn discourages direct recruitment from school.

The productivity landscape highlights the challenges. In Cambridge, productivity (GVA per hour) is estimated at more than 150 per cent of the UK average, reflecting the concentration of research and development (R&D), life sciences and advanced manufacturing. In contrast, Norfolk and Suffolk operate below 90 per cent of the UK average GVA per hour, reflecting both industrial structure and skill utilisation (Garling and Selvi, 2025). The Learning and Work Institute (2024a) warns that by 2035 Norfolk's degree-level attainment could be more than 25 percentage points below the national average, entrenching low-productivity equilibria (Learning and Work Institute, 2024a). Without targeted intervention, these divides will harden.

A clearer picture of East Anglia's distinctive mismatch emerges when these indicators are considered together. The region is home to some of the strongest knowledge-intensive clusters in the UK, particularly around Cambridge and Norwich, and overall employment levels are high. Yet this sits alongside substantial variation in skills, attainment and opportunity across relatively short distances. Several dimensions of mismatch are especially pronounced. Progression from GCSE to Level 3 remains uneven, with much lower attainment in Fenland, coastal Suffolk and parts of Norfolk compared with Cambridge. Employers across the region report high levels of skills-shortage vacancies and internal skills gaps, and qualification mismatch is widespread in many rural and coastal labour markets, where both over-qualification and under-qualification coexist. In contrast, areas such as Greater Cambridge show a different challenge: high concentrations of advanced skills that are not fully absorbed by local labour demand outside the core innovation ecosystem. Compared with other English regions, East Anglia's mix of globally competitive high-skill clusters positioned next to areas with weaker attainment, limited transport connectivity and thinner training provision creates a sharper spatial divide. This is the region's distinctive pattern of mismatch: strong headline performance overall, but deep within-region differences in progression, utilisation and access to skills. Recognising this is essential for setting out the right policy mix for the region, since the needs of high-productivity hubs differ markedly from those of the rural, coastal and post-industrial areas that make up much of East Anglia.

4. Current policy landscape

Efforts to reduce skills mismatch and strengthen school-to-work transitions in the UK have accelerated in recent years, but the results remain mixed. On paper, England has developed a comprehensive set of instruments with the newly formed Skills England at the centre, Local Skills Improvement Plans (LSIPs) at a regional level, stronger statutory duties on schools to promote technical and vocational options, and a series of reforms to apprenticeships, T Levels and higher technical qualifications. Yet for young people in East Anglia, the evidence suggests that these policies have not fully translated into smoother progression. Too many still leave school without a clear route into skilled work, while employers continue to report persistent shortages in technician, digital, and care occupations. The policy framework is therefore necessary, but not yet sufficient.

Nationally, the reform landscape around post-16 skills and employment is complex and still evolving. The Skills for Jobs White Paper (Department for Education, 2021) introduced Local Skills Improvement Plans (LSIPs) as the main mechanism for aligning post-16 provision with employer demand. Following the 2024 general election and change of government, Skills England has been established as an executive agency of the Department for Education to bring together evidence on labour-market needs and advise on skills priorities across sectors and places (Department for Education, 2024; Skills England, 2025). Statutory guidance on provider access published in 2025 has strengthened schools' duties to offer multiple encounters with technical education and apprenticeship providers for pupils in Years 8–13, reflecting evidence that sustained careers programmes can help reduce the risk of young people becoming NEET (DfE, 2025a). In parallel, the Get Britain Working White Paper sets out a wider package of reforms to address economic inactivity, including a youth guarantee aimed at ensuring that 18–21-year-olds are either learning or earning, with closer links between employment support, health services and skills provision (Department for Work and Pensions, 2025). Most recently, the Post-16 Education and Skills White Paper has outlined a longer-term strategy for England's skills system and higher education, including reforms to student finance, the introduction of new V Level vocational qualifications that will replace most existing Level 3 vocational qualifications and sit alongside A Levels and T Levels, and a stronger advisory role for Skills England in assessing priority skills and shaping funding decisions (DfE, DWP and DSIT, 2025). Taken together, these developments could provide a more coherent national framework, but there remains uncertainty about how far they will be sustained and how consistently they will translate into stable, long-term support for local partners in regions such as East Anglia.

The Productivity Institute (2021) (2021) notes that England's skills policy has long suffered from instability with frequent white papers, legislative churn and ministerial turnover undermining continuity. They also warn that an 'employer-led' model can only succeed if small and medium-sized enterprises (SMEs) are genuinely engaged and if training builds broad, transferable skills rather than narrow preparation for immediate vacancies. Structural barriers, including reduced labour mobility after Brexit, also mean that expanding provision alone may not secure uptake among either workers or firms.

The Apprenticeship Levy (2017) is a good example of how design choices shape outcomes. Intended to encourage firms to invest more in training, it has coincided with a sharp decline in apprenticeship starts, particularly among young people and SMEs. Between 2015 and 2023, overall starts fell by nearly one-third, while those at small firm-level halved (Fabian Society, 2025). This has been especially damaging given that SMEs have historically provided many of the entry-level places for school leavers. Training expenditure more generally remains low compared with historic levels, weakening the ability to address mismatch precisely at the point where young people enter the workforce. To counter this, the Fabian Society has proposed a 'Growth & Skills Levy' with higher revenues, stronger focus on under-25s and SMEs, and greater local flexibility in how funds are spent.

Other research highlights how the spatial structure of labour-market demand contributes to skills mismatches and what this means for policy. Grimshaw, O'Mahony and Westwood (2023) use regional job-advert data to show that vacancies requiring high-tech graduate skills are heavily concentrated in a small set of city-regions in the so-called 'golden triangle' of London, the Cambridge/East Anglia area and Oxford (extending towards Bristol), while high-tech non-graduate roles are much more widely spread, with strong demand in regions such as the West Midlands and the North West. This spatial pattern raises two possible risks. First, if high-tech firms in these city-regions recruit mainly graduates from outside the region, they may reduce opportunities for locally trained non-graduates. Second, firms in other regions may specialise in activities that rely on technical but not advanced qualifications, limiting the diffusion of more graduate-intensive innovation. Grimshaw, O'Mahony and Westwood (2023) link these risks to long-standing under-investment and fragmented governance in post-16 education in England, and argue for more integrated FE, HE and work-based learning, more stable multi-year funding and clearer connections between skills policy, industrial strategy, and place-based innovation agendas.

The region is covered by two LSIPs, one in the east of the region covering Norfolk and Suffolk and the other in the west covering Cambridgeshire and Peterborough. Both LSIPs highlight skills shortages and recruitment difficulties in sectors such as construction, clean energy, health and social care, logistics and digital roles (Cambridgeshire and Peterborough LSIP, 2024; Norfolk and Suffolk LSIP, 2024). In the west of the region, the CPCA also has devolved control of the Adult Education Budget and is piloting a Youth Guarantee to support 16–24-year-olds at risk of inactivity. Norfolk and Suffolk are part of the government's devolution priority programme, and as such will see the devolution of skills and employment support on the establishment of the Mayoral Combined Authority (Ministry of Housing, Communities and Local Government, 2025).

Case Study Four: **ARU Peterborough – creating higher education provision in a cold spot**

Peterborough has long been among the largest English cities without a university: only 32 per cent of working-age residents hold a Level 4+ qualification against a national average of 43 per cent, the city ranks 313 out of 331 local authorities on the ONS composite education score, and sits in the bottom quarter of the Social Mobility Index.

ARU Peterborough, which opened in September 2022, is a direct response to this cold-spot condition - a tri-partite partnership between Anglia Ruskin University, Peterborough City Council and the Cambridgeshire & Peterborough Combined Authority, funded through a mix of the Local Growth Fund, Levelling Up Fund, CPCA capital and ARU investment totalling around £80 million across its first three phases.

Over 170 regional employers including representatives from the CBI (Confederation of British Industry), the Chamber of Commerce, and the Federation of Small Businesses - co-created a portfolio of 27 courses spanning degree apprenticeships, Higher Technical Qualifications and undergraduate provision in fields such as data analytics, manufacturing engineering and supply-chain management. Crucially, employability is embedded in the curriculum rather than delivered as an opt-in extra, ensuring all students gain direct employer exposure regardless of background. Around 47per cent of the initial intake came from local 'PE' postcodes, and in 2023 the university was named University of the Year at the UK Social Mobility Awards.

ARU Peterborough demonstrates that targeted place-based investment can close the qualification gap and correct mismatch at source, by raising local higher-skills supply to meet local labour-market demand and anchoring graduates in the region where employers need them.

Alongside the LSIPs, the Cambridgeshire and Peterborough Careers Hub and organisations such as Form the Future broker links between employers and schools, helping schools to deliver careers education that includes encounters with local employers (Cambridgeshire and Peterborough Careers Hub, 2025). The Combined Authority's Skills Team is actively supporting schools to offset the high annual turnover of Careers Leaders, which runs at around 20 per cent a year, by funding Careers Leader training for 16 new posts. Funding for centrally driven careers initiatives across the CPCA area nonetheless remains modest at around £50,000 a year, of which roughly 70per cent is allocated to work experience, with no dedicated per-school careers funding.

Case Study Five: **Form the Future – bridging the gap between education and industry**

Founded in 2015, Form the Future is a social enterprise based in Cambridge that serves as a vital bridge between schools and the regional labour market. Operating across Cambridgeshire and the wider East Anglia region, it works to ensure that young people regardless of background, can access the high-growth opportunities on their doorstep.

The organisation's mission is to help young people find their route through education into employment while providing employers with access to future talent. It operates as a hub for Education and Employer Engagement, filling the gap created by under-resourced careers education in schools.

Amongst its key strategic workstreams are:

- **Cambridge LaunchPad**: A flagship STEM outreach programme managed by Form the Future. In partnership with over 26 industry leaders (such as Morgan Sindall Construction), it runs hands-on project days for students from Year 4 through to Year 12. These events break down stereotypes – particularly in construction and technology – and showcase the variety of technical roles available in the region.

- **Greater Cambridge Apprenticeship Service**: Working with the Greater Cambridge Partnership (GCP) and Cambridge Regional College (CRC), this service acts as a matchmaker. It has a goal of generating 420 new apprenticeships by providing impartial advice to students and navigating the complexities of the apprenticeship levy for SMEs.

Since 2015, Form the Future has connected over 88,000 students to career possibilities, delivered over 850 events across the region - from careers fairs to mock interviews, and mobilised a vast network of business volunteers and mentors who provide real-world insights and build the social capital of disadvantaged students.

Case Study Five: **Form the Future – bridging the gap between education and industry**
Form the Future looks to solve the asymmetry of information that can drive skills mismatch by: • Providing impartial Careers Education, Information, Advice and Guidance (CEIAG). • Creating career insight videos featuring local professionals to broaden young people's horizons. • Organising large-scale apprenticeship and careers fairs (attracting over 1,200 students per event) where students meet employers face-to-face. Form the Future demonstrates that successful regional development requires a dedicated intermediary to facilitate the connection between the classroom and the workplace. Their model shows that by engaging young people as early as primary school, the region can build a resilient, local talent pipeline for its most critical sectors.

5. Areas for improvement

The challenge for both the UK and East Anglia is not the absence of policy but the depth and effectiveness of its implementation. The record of the past three decades shows how frequent reforms and short-termism undermine progress. Regional partners also make a pragmatic point about where regional action can realistically land. Structural national issues — the shape of the national curriculum, school funding, and the concentration of vocational provision in further-education colleges — lie outside what a regional skills strategy can directly reshape. The practical starting point is therefore employer-led: more apprenticeships offered at scale, more school leavers recruited with clear progression routes, and stronger SME engagement with schools and colleges. Funding levers to underwrite this shift already exist in the form of Apprenticeship Grants for 16–18-year-olds, Higher Technical Qualification grants, and the Apprenticeship Levy and Levy Transfer mechanism; their effect on mismatch, however, is limited until employer demand for young entrants itself strengthens. Research from The Productivity Institute underlines that policy stability, better coordination across higher education, further education and work-based learning, and sustained investment are prerequisites for success (Grimshaw, O'Mahony, and Westwood, 2023). International evidence confirms these lessons. Adalet McGowan and Andrews (2017) show that economies with strong 'framework policies' - continuous learning systems, active labour-market measures, and support for mobility - experience lower mismatch and stronger productivity growth.

The following table summarises the policy problem in relation to skills mismatch in the UK, and more specifically in East Anglia, and highlights the national and regional policy levers, as well as suggesting policy gaps and possible next steps to be considered.

Table 3. Policy–problem matrix: UK and East Anglia

Policy problem	**National levers** (UK)	**Regional levers** (East Anglia)	**What is in place**	**What is missing/next step**
Shortages in technician & mid-skill roles	National skills priorities; apprenticeship funding rules; careers guidance duties	LSIPs (Norfolk & Suffolk; Cambridgeshire & Peterborough); provider-employer partnerships	Priority-setting and coordination mechanisms	SME-friendly apprenticeships; stronger Level 3–5 pathways
Weak school-to-work bridges in rural/coastal districts	Provider access requirements; Careers Hubs	LSIP brokerage; local Careers Hub activity	Duties and delivery structures	More consistent encounters; better placement brokerage; targeted travel support
Low employer training intensity	Apprenticeship levy reforms; planned Growth and Skills Levy (from April 2026); employer training incentives	LSIP employer forums; local training partnerships	Issue recognised; coordination forums exist but regional evidence shows continued weakness	Match-funded training (e.g., 19–24); clearer incentives; procurement and social-value levers
Mobility constraints (transport & housing)	16–19 Bursary Fund; Residential Support Scheme; White Paper commitments; national employability and careers service frameworks	Combined Authority and Local Authority transport strategies	Mobility barriers recognised but access remains highly uneven	Travel-cost support for learners; housing/accommodation pilots for apprentices
Weak accountability for youth outcomes	Destinations Data (DfE); Longitudinal Education Outcomes (LEO); national NEET statistics; Ofsted destination outcomes framework	LSIP reporting cycles	Some reporting frameworks	District-level dashboards linking participation, attainment and destinations

For East Anglia, the evidence in this report points to a need for sustained access to Level 3–5 routes, better-aligned incentives for employer training, and practical mobility supports for disadvantaged communities. Recent careers legislation and national guidance are intended to increase employer encounters in schools and colleges, but available monitoring suggests that the quality and reach of these encounters still vary substantially between institutions, leaving some young people with more limited progression opportunities. LSIPs, the Careers Hub and local initiatives provide a foundation for more joined-up work on skills, but at present skills, transport and inclusion are still often treated as separate agendas rather than as a single strategy for mobility and opportunity. Without addressing these coordination gaps, skills mismatch is likely to continue constraining both employer recruitment and young people's choices, and the region may struggle to realise its ambitions around more inclusive innovation.

Appendix One – Roundtable Attendees

Amy Barr, Skills Lead, Sizewell C

Claire Barker, Senior Policy Manager, Skills & Industry, Association of Colleges

Connor Butler, Engagement Manager, Cambridgeshire and Peterborough Chamber of Commerce

Gwendolyn Casazza, Strategic Adviser, Cambridge City Council

Larissa Marioni, Research Associate, National Institute of Economic and Social Research (NIESR)

Emma Pritchard, Policy Officer, Cambridge Ahead

Ross Renton, Principal, Anglia Ruskin University Peterborough

Mark Robertson, Principal and Chief Executive, Cambridge Regional College

Vivian Smith, Skills Development Lead, Cambridgeshire and Peterborough Combined Authority

Steve Thompson, Chief Operating Officer, Form the Future

Amanda Winnick, Director of East, Association of Colleges

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Bennett School for Public Policy

Alison Richard Building
7 West Road, Cambridge CB3 9DT

Email: enquiries@bennettschool.cam.ac.uk
bennettschool.cam.ac.uk