

Apprenticeships and Skills

The St Martin's Group
Quarterly Insights Briefing



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From Appetite To Opportunity: What Employers Need to Recruit More Young People

Close to one million young people are not in education, employment or training. This month, SMG, in partnership with the Learning and Work Institute, [published the findings](#) of its survey of more than 1,000 UK businesses, the first in a series of reports, assessing employer views on skills and employment.

These results, and our wider business engagement, tell us that despite the scale of the challenge, **employers across the country have a strong appetite to play their part in tackling the crisis** and supporting more young people into meaningful work. Turning this appetite into jobs will require a long-term approach to skills policy, stronger and more accessible financial incentives, and a renewed focus on working with employers to improve their capacity and capability to recruit, retain and equip young people, including through pre-employability support and workplace exposure, with the skills and confidence needed to succeed.

Appetite

- Nearly one quarter (24%) of employers expect to recruit **more young people over the next 12 months** compared to the previous year – with larger (30%) and newer (43%) businesses – those less than five years old – showing the strongest appetite;
- Just under half of employers expected to **recruit the same number** of young people;
- Apprenticeships were identified as the **third most-favoured route of entry for young people** (36% of businesses polled), behind direct recruitment (40%) and internships, work placements or work experience (39%).

Challenges

- 33% of employers said **a lack of skills, qualifications or experience was a barrier to employment** for 16-24 year olds;
- 24% of respondents identified the need for **more support for young people to adjust to workplace expectations** as a barrier – particularly for large and medium-sized employers;
- 27% of large employers said **AI and technology are reducing the number of roles** available for young people;
- Lack of staff time to support / supervise young recruits (20%), training costs (19%) and wider financial pressures (19%) were also common barriers identified in the survey.

Solutions

- Close to one-third of employers (31%) said **better pre-employment preparation for young people** would make a significant difference to their ability or willingness to recruit young people;
- A third also said that **financial incentives** – such as the apprenticeship jobs grant, salary offset or tax relief – would help;
- Almost a fifth (17%) said **greater certainty about policy and funding** would increase their willingness to recruit 16-24-year-olds.

Our Recommendations

Ahead of the Autumn Budget on 28 October, The St Martin's Group made a series of recommendations to government about how to best design a skills system that works effectively for employers, learners and providers. These are:

- **Keep employers at the centre of skills investment.** Devolution and local flexibility are welcome, but employers need to remain central to skills discussions at national, local and sector-specific level, including bringing large and small employers together.
- **Support skills across the whole workforce.** Protect progression and upskilling pathways and assess the impact before restricting higher-level apprenticeships or reducing support for learners aged 25 and over.
- **Strengthen incentives to hire young people.** Introduce stronger, simpler employer incentives that recognise the costs of mentoring and supervision, improve awareness among SMEs, and help build workplace readiness.
- **Clarify the Growth and Skills Levy.** Publish a detailed implementation roadmap and a framework for its operation, funding and governance. Set out employers' future role, give advance notice of funding changes, and ensure funding decisions reflect demand.

What Effective Practice Looks Like: Supporting Young People Into Skilled Careers

Over the summer, SMG co-ordinated a series of MP visits to member sites to showcase their work supporting young people into meaningful employment through apprenticeships.

Inspiro Learning. In early August, Olivia Bailey MP and Sally Jameson MP [visited](#) two of Inspiro's automotive apprenticeship centres: the BMW Group Academy at Wokefield Park and the Inspiro Learning Centre in Doncaster. They saw how employer-led, national training programmes, delivered locally in specialist hubs, are building young people's skills, confidence and experience for future automotive careers.

Royal Mail. Later in August, Stuart Andrew MP visited Royal Mail's Midlands Super Hub in Daventry. Royal Mail explained how it is widening access to apprenticeships through advertising roles on social media, notably TikTok, to reach young people – including several of the apprentices present – who would not otherwise have considered the company or the trade.

Looking Ahead

October brings with it two major interventions that will shape the future direction of the skills landscape, particularly for young people: the publication of the Milburn Review and the Autumn Budget. As policies are digested and developed, The St Martin's Group's Employer Insights Panel will provide rapid, real-time feedback from employers on their impacts. Regular findings will be shared through future quarterly briefings, helping stakeholders access timely employer evidence as policy develops.





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