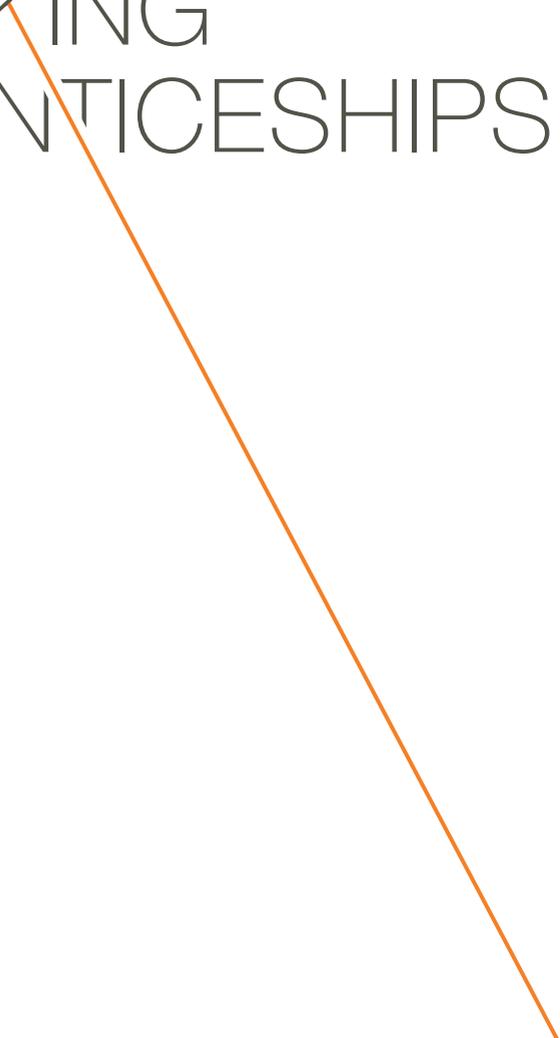




IPPR

# RETHINKING APPRENTICESHIPS



Edited by  
Tony Dolphin  
and Tess Lanning

November 2011  
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Institute for Public Policy Research

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## ABOUT THE EDITORS

**Tony Dolphin** is senior economist and associate director for economic policy at IPPR.

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## ABOUT IPPR

IPPR, the Institute for Public Policy Research, is the UK's leading progressive thinktank. We produce rigorous research and innovative policy ideas for a fair, democratic and sustainable world.

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# FOREWORD

VINCE CABLE, SECRETARY OF STATE FOR BUSINESS,  
INNOVATION AND SKILLS

Apprenticeships have been part of the fabric of our society for the past 850 years. Until the 1960s and the subsequent shrinkage of the manufacturing sector when apprenticeships declined, they were the main vehicle for vocational training. Much may have changed during this time, but the principle remains the same: people learn best by doing and do best by learning, both as part of an integrated approach to training including employers and educators.

In recent years, apprenticeships have enjoyed something of a revival. This government has made big strides in expanding this essential mode of training. During the first three-quarters of this academic year, the number of new apprenticeships has increased by more than 50 per cent against last year's total. We have answered the call from businesses to support advanced level skills by introducing the Higher Apprenticeships Fund, designed to support up to 10,000 advanced and higher level apprenticeships.

Employers across the country – large and small, from financial services, engineering and retail – demonstrate the benefits to their businesses of running apprenticeship schemes. A completed apprenticeship usually represents a rapid return on investment to the learner, the employer and the state, by helping to address the UK's skills gap. We have also seen huge demand for apprenticeship places from individuals who regard them as the launchpad for rewarding careers.

We are investing more in apprenticeships because both employers and learners recognise their value. But it is just as important to make the overall system as effective as it can be.

There are still many employers, especially small-scale, who would like to employ an apprentice, but who are put off by bureaucratic hurdles. I am committed to removing these. We also need to improve progression by apprentices towards advanced skills levels, particularly in areas like manufacturing. And we do not want the apprenticeship brand to be damaged by short courses of limited value.

Our goal is an apprenticeship programme as highly regarded for its economic and educational benefits as our university system – and held in the same esteem. I therefore welcome the input of experts with similar ambitions to the government's. Together we can secure a promising future for apprenticeships.

# ABOUT THE AUTHORS

**Tim Boswell** is a Conservative peer. He was Conservative MP for Daventry 1987–2010 and served as an education minister from 1992–1995, with particular emphasis on post-compulsory education. He has held similar and related portfolios in opposition, and has always taken an interest in the vocational side of learning and continuing professional education. He is currently working with the Association of Colleges (AoC) on higher-level apprenticeships, and has just completed chairing a national study into Adult Literacy for NIACE, the National Institute of Adult Continuing Education.

**John Bynner** is emeritus professor of social sciences in education at the London Institute of Education and until his retirement in 2003 was director of the Centre for Longitudinal Studies and the Wider Benefits of Learning Research Centre. He was founder and director of the National Research and Development Centre for Adult Literacy and Numeracy. Until April this year he also directed Longview, a thinktank promoting longitudinal research. Recent publications include co-authored books *The Benefits of Learning*, *Changing Britain*, *Changing Lives* and *Tracking Adult Literacy and Numeracy Skills*. He is executive editor of the international journal *Longitudinal and Life Course Studies*.

**Martin Doel** is chief executive of the AoC. Previously, Martin was the director of training and education for all three armed services, working in the Ministry of Defence. Prior to this he filled several operational support, personnel and training posts in the Royal Air Force, including service as the equivalent of a director of studies at the Joint Services Command and Staff College, providing post-graduate level education to officers from across the world. He has published articles on military assistance in humanitarian aid operations and strategic planning. He was appointed OBE in 1998 for his work in support of operations in the Balkans and for his contribution to Anglo-German relations. He holds a master's degree with distinction from King's College, London and a first-class honours degree in education from King Alfred's College, Winchester.

**Tony Dolphin** is IPPR's senior economist and leads its work on economic policy, which focuses on the changes that are needed to the UK's economy to ensure that growth in the future is better balanced and more sustainable and that the benefits of growth are more evenly shared. Tony is a regular commentator in the media on the economy and on economic policy and writes on a range of issues, including skills, the outlook for

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**Alison Fuller** is professor of education and work, and head of the Lifelong and Work-Related Learning Research Centre in the School of Education, University of Southampton. Her research interests include apprenticeship and vocational education, changing patterns of participation in education and training, education–work transitions, and workplace learning. She has been a member of the UKCES Expert Panel and is also co-director of the multi-disciplinary Work Futures Research Centre at the University of Southampton and a researcher in the ESRC LLAKES Research Centre. Alison was a specialist adviser to the Department of Innovation, Universities, Science and Skills select committee's scrutiny of the Apprenticeships Bill. Alison and Lorna Unwin are guest editors of a special issue of the *Journal of Vocational Education and Training* (2011, 63: 3) 'Apprenticeship as an evolving model of learning'.

**Fred Grindrod** is apprenticeships policy and campaigns officer for unionlearn. In this role he leads unionlearn's response to apprenticeship issues and manages their 'Apprenticeships are union business' project. Prior to joining the Trades Union Congress (TUC), Fred worked as a policy officer for a number of organisations including the Commission for Racial Equality, Crisis, and the Barrow Cadbury Trust. Fred started his career working for Ford Motor Company on learning and organisational development.

**John Hayes** is minister of state for further education, skills and lifelong learning in the Department for Business, Innovation and Skills and minister of state in the Department for Education with particular responsibility for apprenticeships, careers guidance and vocational education. He has been the MP for South Holland and The Deepings since 1997. While a director of an award-winning local computer company, John served on Nottinghamshire County Council from 1985 to 1999, where he was Conservative spokesman on education. John is chair of the British Caribbean Association and for many years was joint chair of the All Party Group on Disability.

**Susan James** is the assistant director of the ESRC-funded research Centre on Skills, Knowledge and Organisational Performance (SKOPE) in the Department of Education, University of Oxford. Her research interests are vocational education and training (VET) systems, apprenticeship, work-based learning, on-the-job and off-the-job training, and low-skill/low-wage work. Current research projects include understanding learning in the workplace, particularly apprenticeship, and its relationship to employer engagement, and a suite of projects on understanding and developing vocational excellence. Susan is a visiting research fellow at the University of the Witwatersrand, Johannesburg.

**Tom Karmel** took up the position of managing director at the National Centre for Vocational Education Research (NCVER) in Adelaide, Australia, in August 2002. Prior to this, he held senior appointments in the Australian federal government in the areas of education, employment, labour market research and the Bureau of Statistics. Tom's research interests have centred on the labour market and the economics of education, focussing on empirical modelling, and he has a particular interest in performance indicators, both in higher education and in vocational education and training. He has an honours degree in mathematical statistics, and a master's of economics and doctorate from the Australian National University.

**Ewart Keep** is deputy director of the ESRC-funded SKOPE centre at Cardiff University. He has been a full-time researcher on issues to do with skills for 26 years. His research interests include apprenticeship and initial training, managerial attitudes towards investment in skills, the linkages between skills and economic performance, and how governments create and operationalise policy around education and training. He is a member of the joint Scottish Funding Council/Skills Development Scotland Skills Committee. He has advised UKCES, the Scottish government, the Department for Business, Innovation and Skills, and HM Treasury.

**Brian Knight** is a principal research consultant at NCVER in Adelaide, Australia. He has extensive experience managing education projects and services requiring detailed consultation with stakeholders, advanced analysis or statistical development. Previously, he managed the data collections and analysis branch within NCVER. He has undertaken numerous projects involving reviews and evaluations, data analysis and surveys, and has consulted to overseas governments and development agencies, including AusAID. Before joining NCVER in 1995, Brian managed the research, evaluation and information systems for senior secondary assessment in South Australia, and spent two-and-a-half years with King's College, London, as statistician and data analyst for UK national curriculum assessment trials. He has a degree in economic history and mathematics and has completed postgraduate studies in applied statistics and educational measurement.

**Tess Lanning** is a research fellow at IPPR. Her research focuses on employment, poverty, skills and the labour market. Publications in this area include *In Demand? Welfare to work and the missing jobs* (2010), *Getting What We Deserve? Attitudes to Pay, Reward and Desert* (2011, co-author) and *More Than a Foot in the Door: Job sustainability and advancement in London and the UK* (2011, co-author). Forthcoming papers explore how to increase employer demand for skills and how to increase employee involvement in decision-making, with a view to achieving fairer pay structures and improved job quality.

**Iain Murray** is a senior policy officer at unionlearn, the TUC's learning and skills organisation. He previously worked as a TUC policy officer covering economic and labour market issues. Before joining the TUC he worked in the voluntary sector, as a senior researcher at the Centre for Economic and Social Inclusion, and before that as an information officer at the National Children's Bureau.

**Neil Sherlock** is the partner in charge of public and regulatory affairs at KPMG. He is chair of Working Families and vice-chair of the KPMG Foundation, and sits on the leadership board of the Refugee Council.

**Hilary Steedman** has been engaged in research on apprenticeship, vocational training and labour market transitions since the early 1980s, first at the National Institute for Economic and Social Research (NIESR) and subsequently as a senior research fellow of the Centre for Economic Performance at the London School of Economics. She has been a consultant for the European Commission, CEDEFOP and the OECD. In 2006–07 she acted as special adviser to the House of Lords Economic Affairs committee for their report *Apprenticeship: a Key Route to Skill*. She was later commissioned by the Apprenticeship Ambassadors Network to write their report *The State of Apprenticeship* in 2010.

**Oliver Tant** is UK head of audit at KPMG. He has been a partner in the firm for nearly 20 years, and was previously UK head of private equity. Oliver is a board member of the Royal Hospital for Neuro-disability and a governor of Millfield School in Somerset.

**Lorna Unwin** is professor of vocational education and deputy director of the ESRC-funded LLAKES Research Centre at the Institute of Education, University of London. She has held academic posts at the Open University and University of Sheffield. From 2003–06, she was director of the Centre for Labour Market Studies at the University of Leicester. She began her career in education teaching apprentices in colleges of further education. In 1994–95, she conducted the national evaluation of apprentices' experiences of the first year of the 'Modern Apprenticeships' scheme. She was commissioned by the National Apprenticeship Service (with Alison Fuller) to write *Creating and Managing Expansive Apprenticeships: A Guide for Employers, Training Providers and Colleges of Further Education*. This draws from their longstanding research into apprenticeship across a range of sectors in England. Lorna is editor of the *Journal of Vocational Education and Training*. In 2004, she was awarded a Fellowship of the City and Guilds of London Institute in recognition of her services to vocational education. Lorna is an international adviser to the OECD and the European Training Foundation, and is a member of the all-parliamentary Skills Commission.

# WHY RETHINK APPRENTICESHIPS?

TESS LANNING

After a steep decline in the 1970s and 80s, apprenticeships have enjoyed something of a renaissance under recent Conservative, Labour and Coalition administrations. The Coalition government has pledged funding for an extra 250,000 apprenticeships over the course of this parliament. Apprenticeships are seen as important to both economic growth and social justice. They are a tool to replenish the workforce with a generation of skilled workers. They also offer young people the chance to gain relevant occupational skills and provide a route into employment. As such, they have been a central response to the disappearing youth labour market over the past three decades.

High youth unemployment (relative to general unemployment levels) first emerged in the UK in the late 1970s, as economic and social changes made it harder to move straight from school into work. Deindustrialisation hastened the decline of traditional routes into skilled jobs for school-leavers. Margo et al (2006) found that many young people, particularly those from disadvantaged communities, are less likely to have access to the constructive activities that develop the personal and social skills increasingly needed to get on in today's world of work. Lacking the soft skills required in low-skill service sectors, poor young men in particular suffer high unemployment.

With youth unemployment currently at a record high,<sup>1</sup> the need to create routes into employment for school-leavers is ever more pressing. Quarterly figures released in August 2011 – a month that saw riots break out in cities across England – showed the biggest rise in the number of young people not in employment, education or training since records began in 2000.<sup>2</sup> Employers have become reluctant to take on school-leavers (Wolf 2011), at least partly because there is a large pool of university graduates from which to recruit. Successive governments have prioritised access to university as part of their social mobility strategies, leaving those without a degree increasingly at risk of being left behind. Apprenticeships have been the preferred tool for ensuring this does not happen.

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1 991,000, or 21.3 per cent, in the three months to August 2011 for the UK.

2 Department for Education, NEET Statistics, August 2011. <http://www.education.gov.uk/researchandstatistics/statistics/recentreleases/a00196851/dfe-neet-statistics-quarterly-brief-quarter-2-20>

Apprenticeships play a key role in supporting young people's transition into work and responsible adulthood in many northern European countries and in some other Anglo-Saxon countries, notably Australia. Rates of youth unemployment in these countries are much lower than in the UK. Replicating this success in England,<sup>3</sup> however, is not easy. Employer demand for apprentices has been persistently low and repeated attempts to revive the system have been frustrated by the weak institutional framework for apprenticeships, which is characterised by low involvement or commitment from key stakeholders. There is also evidence that the quality of apprenticeships in England varies widely across sectors, and that it is much lower in those sectors where apprenticeships are not traditional. Attempts to increase the number of employers willing to offer apprenticeships, or to improve the quality of those that are available, have generally foundered.

This volume brings together international experts, industry professionals and policymakers to set out a policy agenda for strengthening the role of apprenticeships in society and the economy, creating more and better apprenticeships and developing an institutional framework for flourishing apprenticeships.

## What is an apprenticeship?

Apprenticeships in England are paid jobs that incorporate on- and off-the-job learning and lead to a nationally recognised qualification at National Vocational Qualification (NVQ) level 2 or above.<sup>4</sup> There are almost 200 apprenticeship frameworks, which set out the statutory requirements for an apprenticeship programme in a given sector, offering over 1,200 job roles under 10 broad areas of the economy.<sup>5</sup> Each apprenticeship framework contains three elements, which are assessed separately:

- a knowledge-based element, which provides the underpinning theory for a job in a particular occupation and industry and is certified through a technical certificate
- a competence-based element, usually certified through an NVQ, which checks an apprentice's ability to carry out the functions of a particular occupation
- a general education component, which ensures sufficient levels of literacy and numeracy and may also test 'key skills' such as communication and information and communication technology (ICT) where these are relevant to the employer.

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3 Skills policy is a devolved matter. While there are similar issues across the UK, the devolved administrations' approaches, especially in Scotland, differ to varying degrees.

4 There are five NVQ levels: level 1 (basic work activities) to level 5 (senior management).

5 Agriculture, horticulture and animal care; arts, media and publishing; business, administration and law; construction, planning and the built environment; education and training; engineering and manufacturing technologies; health, public services and care; information and communication technology; leisure, travel and tourism; and retail and commercial enterprise.

The definition of what constitutes an apprenticeship, however, has been expanded over time – a process which some contributors to this volume argue has degraded their quality (see, for example, the chapters by Ewart Keep and Susan James and by Alison Fuller and Lorna Unwin). While apprenticeships in most other countries start at level 3, the Labour government expanded the range of qualifications that could be classified as apprenticeships to include level 2 qualifications, many of which include modules at level 1. This means that a wide range of courses sit under the ‘apprenticeship’ banner, offering extremely variable quality of experiences and skills.

While there are many examples of good apprenticeships in England, too often a focus on meeting employers’ immediate skills needs means that the role of vocational education is largely restricted to assessing competence in specific job roles. Several authors in this collection explore the much richer conception of apprenticeships in other European countries, where their aims go beyond a purely occupational focus. John Bynner examines the role apprenticeships play in preparing young Germans for active and responsible citizenship. Apprenticeships in continental Europe are bound up with a notion of the importance of participation in work and occupational life. A sense of craft and skill at work is not only important in traditional apprenticeship sectors, such as manufacturing, or in highly skilled occupations. The aim should be to provide people in all sectors and occupations with a vocation.

These wider aims for apprenticeships in continental Europe are reflected in much higher requirements for the general and technical or knowledge-based components. Apprentices’ personal development is supported through mandatory off-the-job learning which ensures that young people gain transferable skills that support mobility and progression in the labour market. The level of study in the general and technical education components aims to be strong enough to support entry into other sectors or higher education. In this volume, Alison Fuller and Lorna Unwin explore the UK’s ‘impoverished’ conception of skill and offer a framework for improving the content of apprenticeships, while Martin Doel examines whether further education colleges could play a similar role to their continental counterparts in providing a stronger form of off-the-job learning.

## Trends in English apprenticeships

A total of 279,700 people started apprenticeships (apprenticeship starts) in 2009/10, an increase of 17 per cent on 2008/09 and 67 per cent on 2002/03 (the earliest year for which comparable data is available). The provisional figures for 2010/11 look set to top this record in spite of a tough economic context which has seen general levels of

employer investment in training decline.<sup>6</sup> Completion rates have also improved over the last decade, reaching about 64 per cent in 2007/08 (Hogarth et al 2009).

In international terms, however, the number of apprentices in England is still relatively low. A report comparing England with eight other countries highlighted that there are just 11 apprentices for every 1,000 employees in England, compared with 39 in Australia, 40 in Germany and 43 in Switzerland. Fewer than one in 10 employers in England offer apprenticeships, compared to at least a quarter of employers in these countries. In Germany, almost all firms with over 500 employees take on apprentices, while in England under a third of very large firms do (Steedman 2010).

The reasons for relatively low employer demand for apprenticeships, which are explored by Ewart Keep and Susan James in this volume, reflect the nature of the economy and the labour market in England. England has historically imposed few, if any, requirements on employers to train. A large proportion of the economy is based on low-wage, low-skilled sectors – a condition underpinned by persistent problems of poor management skills and unambitious firms operating low-value, low-productivity business strategies (Keep and James 2010). This ‘low-skill equilibrium’ has long been a problem in England, particularly among small businesses, but was exacerbated by the decline of the traditional apprenticeship industries during the 1980s. In contrast, more regulated labour markets in many continental European countries encourage higher-quality products and services, which increases the demand for skills. As a consequence, a wide range of occupations require an apprenticeship to practise.

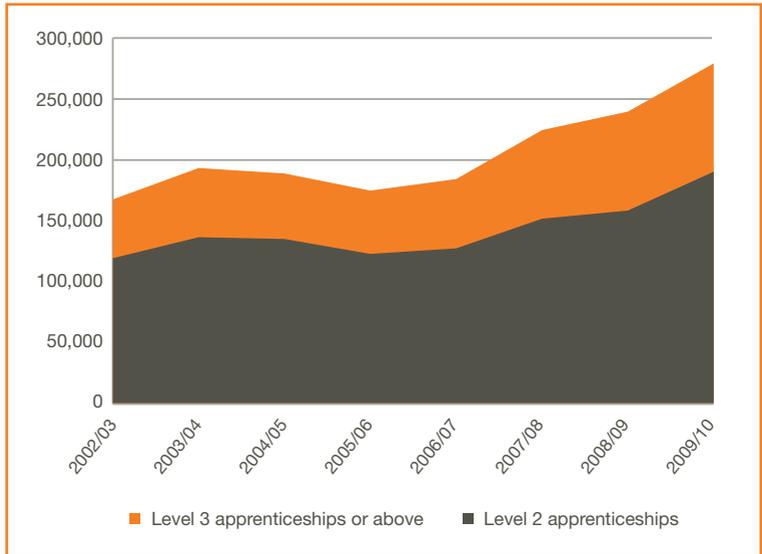
The good news that the number of apprenticeships in England has been increasing over the past decade is less positive than it first appears; it is not just demand that is a concern, but also the quality of the content. In-work training programmes that would never be classified as an apprenticeship in most other countries have been allowed, by both Labour and the Coalition, to come under this definition.

In most other countries, apprenticeships are level 3 qualifications or higher. In England, apprenticeships at level 2 far outnumber ‘advanced’ apprenticeships at level 3. Since the early 2000s, when they were first introduced, the proportion of apprenticeship starts that are at level 2 has remained fairly constant at around 70 per cent. A large majority (64 per cent) of the impressive increase in apprenticeships between 2002/03 and 2009/10 was also at level 2.

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<sup>6</sup> Unless otherwise stated, the data on apprenticeship trends is from the Department for Business, Innovation and Skills data service. [http://www.thedataservice.org.uk/statistics/statisticalfirstrelease/sfr\\_supplementary\\_tables/Apprenticeship\\_sfr\\_supplementary\\_tables/](http://www.thedataservice.org.uk/statistics/statisticalfirstrelease/sfr_supplementary_tables/Apprenticeship_sfr_supplementary_tables/) (accessed 3 October 2011).

**Figure 1**  
Apprenticeship  
starts by level  
– 2002/03 to  
2009/10



In the mid-1990s, when apprenticeships again became a focus of government support, traditional sectors such as engineering, construction and electro-technical were among the most common apprentice employers. However, a large proportion of the gain since then has been in low-skilled service sectors where level 2 qualifications are the norm and where concerns about quality have been most prominent.

The biggest increases have occurred in non-traditional apprenticeship sectors such as health and social care, business and administration, and retail. Today the service sector dominates the top 10 (out of a possible 191) sector frameworks under which the majority of apprentices sit. In 2009/10 the most common apprenticeship sector was customer service, and just 22 per cent of apprenticeships in this sector are at level 3 or above. This was followed by business administration, with less than a third at level 3 or above, and hospitality and catering, with just 13 per cent (see table 1). Lawton and Norris (2010) found that young apprentices in non-traditional sectors are lower paid than their counterparts in traditional sectors, largely reflecting different general pay levels across sectors. Their experiences of training can also be minimal and uninspiring, with many employers also ambivalent about the training.

There is a stark difference in quality between apprenticeships in traditional sectors, which are dominated by male apprentices, and those in the non-traditional service sectors, which have grown in recent years and are dominated by female apprentices. Steedman (2008) found

that apprentices in retail and customer service spent the vast majority (80 per cent) of their time working and an average of just one hour a week in off-the-job training. This compares with apprentices in traditional sectors such as engineering who spent about a third of their time working and an average of 10 hours a week in off-the-job learning. Data for 2009/10 shows that 55 and 64 per cent of apprenticeship starts in retail and customer service respectively were women, compared to just 3 per cent in engineering, where more than half of apprenticeship starts in 2009/10 were at level 3 or above (see table 1).

**Table 1**  
Top 10 sector  
framework  
codes,<sup>7</sup>  
apprenticeship  
starts, 2009/10

Sector framework code	Count	Level 3+ (%)	Female (%)
Customer service	29,410	22	64
Business administration	27,020	31	77
Hospitality and catering	21,470	13	49
Children's care learning and development	20,110	44	96
Health and social care	17,880	32	85
Retail	16,910	11	55
Hairdressing	16,240	25	91
Engineering	15,000	52	3
Construction	14,070	22	2
Active leisure and learning	11,340	22	27

In 2011, the Coalition government introduced, for the first time, a statutory minimum number of guided learning hours for apprenticeships. However, the amount specified – 280 hours a year, with a minimum of 100 hours or an average of two hours per week off-the-job – is still very low compared to many European countries, where apprentices study for at least one day a week in a vocational college, in addition to their on-the-job training. There is also no minimum duration for an apprenticeship in England, with the decision left largely to the individual employer. The average time it takes to complete an apprenticeship in England is just one year, compared to an average of three to four years in the German-speaking countries (Steedman 2008).

### Who benefits from apprenticeships?

Apprenticeships are popular because they have been shown to offer better returns when compared to other level 2 and 3 vocational qualifications. According to the government, those with a level 2 apprenticeship earn, on average, around £73,000 more over their lifetime than those with an equivalent level qualification or below. People with an advanced apprenticeship earn around £105,000 more (Hayes, quoted in BIS 2011a). Some apprenticeships in traditional sectors are

<sup>7</sup> These accounted for 68 per cent of all apprenticeship starts in 2009/10.

comparable with best practice in European countries and offer strong outcomes for apprentices.

Less well-recognised perhaps, is that some professions also offer apprenticeships as a way of attracting high achievers away from the university route. The chapter by Oliver Tant and Neil Sherlock argues that apprenticeships can be used to improve access to the professions for disadvantaged young people.

However, the benefits of apprenticeships vary enormously. An engineering apprenticeship is completely different – in terms of the pay, duration, time spent training, level of skill imparted, and the prestige and future career opportunities – from an apprenticeship in retailing. The wage premium that comes with an apprenticeship is primarily available for male apprentices. Between 1996 and 2002, female apprentices did not see any financial return on apprenticeships at all (McIntosh 2004). More recently, female apprentices have seen wage returns at both level 2 and level 3, but at much lower levels to male apprentices (McIntosh and Garrett 2009). This gender pay gap is largely (though not entirely) due to the fact that female apprentices are concentrated in the lower-paid service sectors.

Apprenticeships entrench gender occupational stereotypes. In 2009/10, 96 per cent of those who enrolled on a childcare apprenticeship were female, while 97 per cent of engineering apprentices were male. Average weekly pay for childcare apprentices is £142, compared to £189 a week for engineering apprentices (Fong and Phelps 2008).<sup>8</sup> The choices for school-leavers, as a result, are much more gendered than for those who go to university. In their chapter, Fred Grindrod and Iain Murray from unionlearn, the TUC's learning and skills organisation, examine the variable quality of apprenticeships and explore how to improve diversity and equality. In raising the relatively low status of vocational qualifications, the challenge is to ensure that a renewed recognition of craft does not only recognise men's craft, but also that of female-dominated occupations such as caring.

Many level 2 qualifications, which dominate in newer apprenticeship sectors, do not provide a platform for further study – whether an advanced or higher apprenticeship or progression to higher education or employment – as they do in some other European countries. In this collection, Tim Boswell examines what progression routes should look like for English apprentices, and how to improve the transferability of apprenticeship qualifications across sectors.

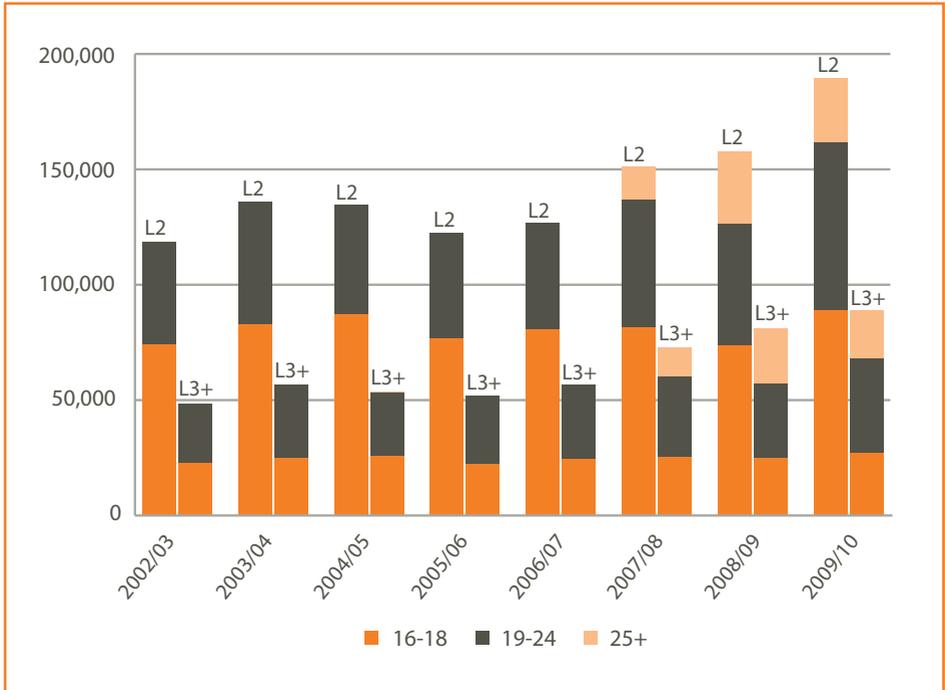
Despite the fact that a key objective of an apprenticeship system is to support young people's transitions into work, much of the recent growth in apprenticeships in England has not benefitted young people.

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8 Based on the latest available data in 2007.

Apprenticeships were made available to adults in 2004; since then a rising proportion of apprentices have been aged over 25. In 2002/03, 58 per cent of apprenticeships were taken up by 16- to 18-year-olds, and the rest went to 19- to 24-year-olds. Seven years later in 2009/10, just 42 per cent of apprenticeships went to under-19-year-olds, while 41 per cent went to 19- to 24-year-olds and over 17 per cent went to adults aged over 25 (see figure 2).

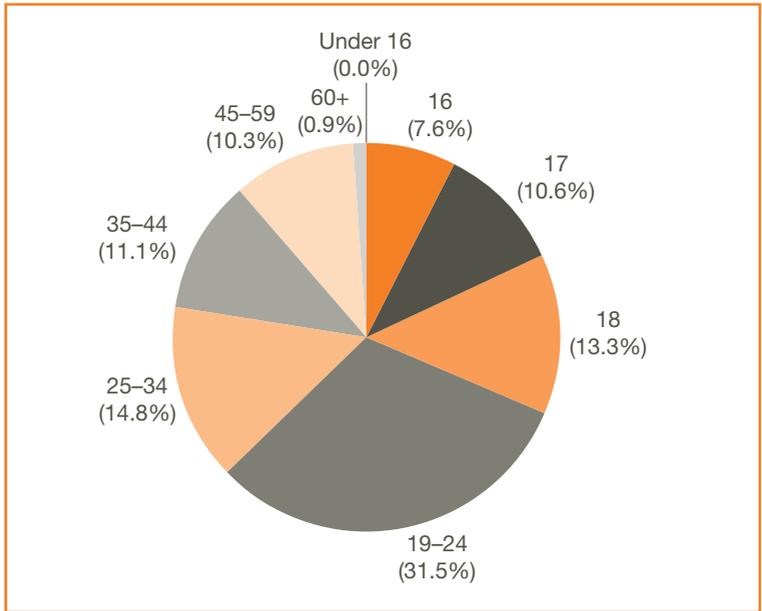
**Figure 2**  
Apprenticeship starts by age and level – 2002/03 to 2009/10



Under the Coalition this trend has become even more pronounced. Provisional figures for 2010/11 show an increase of 234 per cent compared to 2009/10 in apprenticeships for 25-year-olds, with more workers in their 30s, 40s, 50s and 60s taking up apprenticeships. This compares to a 10 per cent increase in apprenticeships for under-19-year-olds and a 21 per cent increase for 19- to 24-year-olds. Of all starts in the first quarters of 2010/11, 37 per cent were taken up by people aged 25 and over.

The Coalition government has dismissed concerns about the increase in apprenticeships for over-25-year-olds, saying that apprenticeships enable businesses 'to gain the skills they need to grow' (quoted in Vasagar and Shepherd 2011).

**Figure 3**  
Apprenticeship  
starts by age,  
Q1–Q3 2010/11



However, even if we accept an additional goal for apprenticeships – such as that of retraining adults to cope with economic change – it appears that much of this increase is accounted for by ‘buying up’ and certifying *existing* training provision for *existing* employees, including basic induction training in the low-skilled service sectors that would probably have taken place anyway. In their chapter, Ewart Keep and Susan James examine the significance of the low-value supermarket chain, Morrison’s, becoming England’s largest apprenticeship provider, and question whether these apprenticeships are a cause for celebration and whether they should be in receipt of any public funds at all. They argue, along with several other contributors (see chapters by Alison Fuller and Lorna Unwin and by Hilary Steedman) that the objective of apprenticeships to provide entry routes into employment for young unemployed people has been seriously corrupted in order to meet government targets.

### Policy context

The Coalition government has expressed a desire to see vocational education flourish, with apprenticeships ‘at the heart of the system we will build’ (BIS 2010). The government has committed to increasing apprenticeship numbers, with an increased focus on advanced apprenticeships. Its aim is to raise Britain’s national competitiveness and to drive improved social mobility for people from disadvantaged communities.

The Coalition's approach in England is broadly in line with that taken under the previous Labour government, with targets or goals for an increase in apprenticeship numbers set, and training providers charged with meeting them. The Coalition has increased the funding available by up to £250 million over this parliament, and is reducing 'red tape' to make taking on an apprentice easier for employers. In January 2011, the government also introduced the first statutory underpinning for apprenticeships in England (BIS 2011b), although the stipulations are weak compared with European standards.

As the minister of state for further education, skills and lifelong learning, John Hayes, says in his contribution to this collection, the government also hopes to raise the status and flexibility of vocational qualifications. Award ceremonies for apprentices aim to better recognise vocational skills, while colleges will now be paid 'by results' in an attempt to improve outcomes. Yet, despite obvious political will to see apprenticeships expand, many other contributors to this collection question whether the current policy approach will address the trade-off between quantity and quality that has dogged apprenticeships in the UK.

The approach is still largely led by employer demand, with no new requirements on employers to suggest that they will engage any better than they have done in the past. Hartley and Richmond (2010) argue that subsidies have failed to incentivise employer-run schemes and instead have led to an artificial creation of demand to meet the increased supply of apprentices seeking a placement. This places an unrealistic pressure on providers to generate employer demand which in turn leads to a downward pressure on quality.

If the regulatory framework is dominated by market interests in the UK, the state is far too dominant in the governance of vocational education. The design, delivery and assessment of apprenticeships are all largely determined by government-funded bodies. Key stakeholders such as employers, employees and teachers of vocational education are involved only marginally, if at all. What is needed is a system which better balances the different interests of the state, individuals and employers and so generates their collective commitment.

The final section in this collection examines institutional settings in other countries which generate much higher levels of employer demand than in the UK. Hilary Steedman examines apprenticeships in Germany, Austria and Switzerland, drawing out lessons for the UK on how a country's cost arrangements and governance – based on a 'grown-up partnership' between unions, employers and the state at both sectoral and local levels – help to raise commitment to, and so demand for, apprenticeships. Brian Knight and Tom Karmel also shed light on the reforms behind Australia's large increase in apprenticeships and lower-level traineeships over the past few decades.

## Conclusion

The reality behind the headline figures on apprenticeships raises various questions for policy. Targets and subsidies are not, and will never be, enough to increase the demand for skills that underpins employer demand for apprenticeships. Raising the status of apprenticeships (and vocational education more generally) will depend on raising their quality. Apprenticeships can, and should, be a powerful tool to address high youth unemployment and support a more dynamic economy. However, this requires an institutional framework in place to support much deeper economic and social aims than simply the ability to perform well in, what is for many apprentices, a relatively low-skilled job. The concluding chapter of this collection begins to sketch out what this framework might look like.

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# YOUTH TRANSITIONS AND APPRENTICESHIPS: A BROADER VIEW OF SKILL

JOHN BYNNER

The relationship between youth transition and skills is a complex one, full of contradictions and paradoxes that reflect the confused objectives to which both relate. This paper attempts to throw some historical light on the relationship by examining the English approach to apprenticeship, and, in the light of continental perspectives, considers what is needed for its successful development in the UK.

## Youth without jobs

In 1978 Schaffer and Hargeaves were able to write that: 'Most adolescents join the labour market at 16 years: it is the normal life experience of the adolescent.' Since then the proportion of 16-year-olds entering employment has steadily dropped from 65 per cent to 8 per cent. Meanwhile, technological transformation of industry, and the globalisation that followed, changed the nature of employment, making many past skills and training redundant. One consequence was rising unemployment among young people, especially teenagers, in which only those with qualifications such as GCSE and A-levels<sup>1</sup> were relatively protected. Problems were intensified in the old industrial heartlands, such as areas based on shipbuilding and coal mining, as businesses employing traditional production methods lost out to the far east (Ashton and Green 1996, Ashton and Bynner 2011).

The Thatcher government's policy solution to stagnating life chances was to equip young people with the new skills needed for employment through training, because a skills deficit was seen as a major cause of high youth unemployment. Although apprenticeships were already part of the transition landscape, the existing craft apprenticeships in such occupational areas as engineering were not seen as adequate for the task. They took five years or more to complete, involving (in the government's view) much 'timeserving'. Their antiquated training curriculum was seen as inappropriate to meet the needs of a modern economy. They also catered for only 120,000 young people, four-fifths of whom were male.

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<sup>1</sup> GCSEs (General Certificate of Secondary Education) exams are taken at age 14-16 in England. A levels (Advanced Level exams) are taken at age 17-18.

Initially the policy was to absorb the existing apprenticeships into the Youth Training Scheme (YTS) where all these deficiencies would be rectified. In 1986, the National Council for Vocational Qualifications was established to coordinate and rationalise all vocational certification within a single competence-based framework. The National Vocational Qualification (NVQ) would certify for employers the modern skills acquired from the training. Notably the focus was on work-related skills with little space in the curriculum for knowledge and understanding or even the 'basic skills' of literacy and numeracy. YTS would also cater for both sexes in equal degree and try to detach young women from their traditional apprenticeships in two or three service occupations such as hairdressing, compared with the 12 occupational areas to which predominantly male apprenticeships were directed.

The aim was for the whole school-leaving cohort – over 50 per cent of the total throughout the 1980s – to enter youth training. The numbers involved were much the same as those engaged in the traditional apprenticeship before YTS came along: 120,000.

The reality was rather different. There was no compulsion for school-leavers without work to enter youth training, and less than a third of school-leavers ever took it up. Traditional apprenticeships – and the vocational qualifications they could lead to<sup>2</sup> – did not give way to YTS and the NVQ; they continued to exist alongside them. By the end of the 1980s, the government had gone full circle to establish the Modern Apprenticeship, targeted, as minister at the time Gillian Shepherd said, at our 'most able young people'.

Since then, apprenticeships have gone through a number of changes (see Fuller and Unwin, this volume). Most importantly, the programme was expanded to include apprenticeships at level 2 and has since absorbed other forms of training. This has led to increases in the number of people taking up apprenticeships (apprenticeship starts) which rose from 175,000 in 2005/06 to 239,000 in 2008/09 and to 279,700 in 2009/10 (Barnes 2011). The recruitment range has been further widened with the introduction of a foundation year, pre-apprenticeship training now directed at basic skills (NVQ 1) before intermediate (NVQ 2) and advanced (NVQ 3) level apprenticeships are undertaken. There is also the possibility of further progression beyond this level to NVQ 4 (non-degree undergraduate level) and of switching to the academic track NVQ 5 (degree level).

The Coalition government aims to increase the number engaged in apprenticeship to over 350,000 a year by 2015, with a much higher proportion proceeding to and achieving NVQ level 3.

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2 BTEC, Royal Society of Arts (RSA), and City and Guilds London Institute (CGLI). For a good overview of their relationship to the NVQ, in what is now the Qualifications and Credit Framework (QCF) see [http://www.businessballs.com/nvqs\\_national\\_vocational\\_qualifications.htm](http://www.businessballs.com/nvqs_national_vocational_qualifications.htm)

## Training and employability

These targets are impressive indications of government commitment to making apprenticeships the premier transition route for school-leavers. But to put this in perspective, in Germany of the whole 800,000 leaver cohort, around 600,000 enter apprenticeship each year, from which 75 per cent can expect to gain a level 3 qualification. In England completion is closer to 50 per cent with under one third of those achieving level 3 (House of Lords Select Committee on Economic Affairs 2007).

The House of Lords Select Committee on Economic Affairs (2007) took a somewhat disenchanting view of the governance of apprenticeships in the UK, noting that:

**‘No one government agency has sole responsibility for apprenticeship. In our view frequent reorganisation and the fact that no one agency “owns” apprenticeship have been damaging for its development and held back necessary improvements.’**

The committee also noted a narrowing of the content of the vocational education and training (VET) curriculum, in particular by making the technical certificate, reflecting the knowledge component of the certification, optional on the grounds that the coverage of the NVQ was sufficient. They quote approvingly the Institute of Directors, which argued that:

**‘... [The technical certificate] really does add both to the balance and also to the apprentice’s opportunity for progression at a later date, because you are building in both the underpinning technical knowledge as well as the on-the-job competence skills. As a general theory it is good to protect that as a feature of our apprenticeship because it is very much a feature of continental apprenticeships ...’**

Perhaps most challenging of all: by targeting apprenticeships at the ‘most able’ (those capable of achieving NVQ 2) the government could have been accused of largely writing off the rest. Young people later classified as NEET (Not in Education, Training or Employment) – currently approaching 10 per cent of 16-to 18-year-olds and over 16 per cent of 16- to 24- year-olds<sup>3</sup> – and with a high probability of continuing in this status (Bynner and Parsons 2002) might appear to be missing exactly the kind of provision that would be most useful to them. It remains to be seen whether the new foundation level aimed at literacy and numeracy skills enhancement (NVQ 1) will adequately bridge the gap, not least because of the difficulty in motivating young people to do courses detached in their minds from skills more directly connected to the demands of paid work (Casey et al 2006).

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3 Department for Education NEET statistics, August 2011: <http://www.education.gov.uk/researchandstatistics/statistics/recentreleases/a00196851/dfe-neet-statistics-quarterly-brief-quarter-2-20>

## Cultural context

The story of the rise since the 1980s of youth training as the road to adult employment draws attention to some hidden truths about the English approach to youth transitions and the role training and the labour market plays in shaping them.

First, British employers have been remarkably unattracted to youth training, or the NVQ certification that comes from it, compared with the traditional way of recognising talent and achievement through general (academic) examinations (GCSE and A Levels) or previous work experience. Nor does the content of the vocational qualification impress much as contributing to productivity, leading Pearson and Marshall (1996) to conclude that:

‘... [N]o clear or strong relationship can be evidenced between qualifications and employer needs. The level of qualifications is predominantly relevant in recruitment and selection. It seems to become an issue for employers only when it interferes with utilisation and supply.’

In other words, British employers use qualifications to sift young job applicants in terms of the broad abilities associated with educational attainment as much as by their accredited vocational skills. Once in the job, the skills required will be largely, if not exclusively, taught by the employer. Thus academic qualifications, despite having no direct relevance to employment, are often prized over vocational qualifications and youth training because of the personal qualities they are perceived to signify in the individuals who possess them. It was notable that, after the recession of the early 1980s, when the local economy began to recover in towns like Swindon, the most prized candidates for the jobs becoming available were not graduates from community-based YTS but school-leavers with A levels (Banks et al 1992).

In the absence of any qualifications, individual qualities need to be demonstrated in other ways. Personal recommendations, appearance at job interview and evidence of work experience may all count for as much as, if not more than, vocational qualifications in convincing the employer of the young applicant’s suitability for the job. The only ‘pre-vocational skills’ increasingly valued are literacy and numeracy.

The idea of an extended period of vocational preparation before employment is still instinctively alien, not only for employers, but for large numbers of young people and their families. This was not helped in the early days of youth training by a training allowance approximating half the youth wage. Youth training itself was also not a particularly rewarding experience, described by many young people taking part in it as little short of ‘slave labour’ (ibid). Apprenticeships may, in principle, be much better, but in practice many appear to be a dressed-up variant of YTS (Ryan and Unwin 2001).

On the basis of most policy thinking, of which the Leitch report (2006) is perhaps the prime example, the apparent lack of a comprehensive and effective VET system should be disastrous economically. But, paradoxically, this does not seem to be the case. The 'flexibility' and 'permeability' of the British labour market, as with the American one, ensures that jobs are available when the economy is expanding. Additional training, when needed, can be accessed through local colleges offering vocational as well as academic courses, either as part of first employment or later on in an occupational career.

Such 'internal' as opposed to 'occupational' labour markets (Marsden 2007) also enable young people with few or no qualifications who do get jobs to rise through the company, unhindered by the need to be vocationally qualified. This would be inconceivable in continental countries. What is seen by young people in the UK as a good job and good pay will, therefore, often take precedence over training as the golden goal to which they aspire. Even in times of recession, when local job prospects may be reduced, young people will remain confident that what they are seeking is just round the corner and may feel that it's their fault if they don't find it. Many unregulated skilled trades and services in the UK are subject to a 'licence to practise' in Germany, which can be gained only by successfully completing an apprenticeship. Moreover, it is illegal there for an employer to offer jobs to young people in a recognised occupation, except under the terms of a training contract.

School-leavers lack work experience that can only be imparted to them at a cost to the employer, which is why ostensibly the apprenticeship with government subsidy is attractive. Structured work-based training, combined with time spent acquiring knowledge and understanding through vocational courses, combines the best of certification with work-based experience. This is where the apprenticeship pays off as a foundation stone of demonstrable employability – more important in certain respects than the occupation to which it is directed. The difficulty with it is that employers may see training a young person under the restrictions of apprenticeship as more burdensome and less productive than employing them direct. There is also the perennial fear that once the trainee has completed the training and gained the certification, another employer will 'poach' them and gain the benefit of the training investment.

## Comparative insights

YTS was inspired by German apprenticeship – the 'dual system' of employer-provided, work-based training and state-provided, vocational schooling – but only in a trimmed down anglicised version once its governance through the social partners was fully understood. The operations of German apprenticeships are driven in large part by the 1969 Vocational Training Act which specified the regulations under which training in over 1,000 occupations – now reduced to 340 – is conducted and overseen by the Federal Institute for Vocational Training

(Bundesverband der Freien Berufe ), which regulates the content and standards of the training (Steedman, this volume).

As in other European countries, the system has its origins in the medieval guilds, which established a framework to pass on craft and trade skills from one generation of workers to the next. In the process of this learning, young people also gained a range of employability attributes and how to function in the wider adult society. Respect for authority, punctuality, teamwork, and learning how to learn were all fundamental to the employer's decision as to whether the apprentice was suitable to be taken on for a given job.

Continental systems have tended to maintain these basic ideas about training, in contrast to the UK where the process has more often been defined entirely in terms of occupational skills acquisition and (originally) as an elite male route to skilled manual work, such as the building trades and engineering. In Germany, apprenticeship is much more of an assumed 'rite of passage' that all 800,000 German school-leavers are expected, and aspire, to pass through, with an occupational identity clearly in place at the end of it. The next step may then be progression to *meister* with what is seen as the privilege of being able to train others. The social partners – employers, trade unions and politicians – combine their resources to enable the transition from school student to apprentice. They are also responsible for approving the off-site VET curriculum, agreed nationally and managed by the local chambers of commerce, who also certify the skills achieved.

So what can we learn from the German system of apprenticeship that might enable our own approach to match their successes? A study carried out in the late 1980s (Bynner and Roberts 1991, Evans and Heinz 1994, Bynner 2010), comparing matched young people in two age cohorts (17–18 and 18–19) and on comparable occupational routes in Bremen and Paderborn with their counterparts in Liverpool and Swindon, revealed some surprising contradictions. Despite their difficulties in a very depressed labour market, the English young people – even in Liverpool, where the unemployment rate in 1985 at 25 per cent was 1.7 times as high as in its nearest counterpart, the declining shipbuilding town, Bremen – were consistently more confident about their prospects than the young Germans. More of them also claimed that their work-related skills (many gained from part-time work) such as working in a team, taking initiative and being given responsibility, were of value in the labour market.

In contrast, the young Germans were more engaged with their communities, expressing at all educational levels much stronger interest in politics, and more satisfaction with their lives. Full-time adult employment was seen as a long way off and uncertain. The skills required to enter employment could not be confidently claimed until a certificate had been gained to prove it.

In many respects, the German young people, under the terms of a training contract, had the identity of 'student' alongside that of trainee, whereas the English young people who had left school were more likely to see themselves as adult workers.

All transition systems share a common goal to supply the skilled workforce that employers need while equipping young people with the means to gain continuing and rewarding employment. Such progression will meet not only their occupational and financial needs – though, in the German case, through a training allowance paid by the employer rather than the minimum adult wage as in England – but will contribute to the wellbeing of the economy nationally. But here a paradox begins to emerge.

Evidence suggests that, despite the apparent superiority of the German dual system over others (for example, Blossfeld 1992, Deisinger 1997, Hamilton and Hamilton 1999) the differences in financial returns in labour markets that broadly resemble each other, are remarkably small (Brauns, Müller and Steinmann 1997). For example, in England (much the same as in France and Germany) there is a 7 per cent income gain for young men at the same educational level completing at least NVQ level 2 via apprenticeship compared with not doing one, which doubles to 14 per cent for those achieving NVQ level 3 (McIntosh 2004), although the wage return for young women is much lower (and, until recently, was zero). What determines the success of an economy is as much to do with the policy instruments and enterprise in labour markets available to capitalise on skills, whatever their source – that is, human capital is much the same however you build it.

With much the same economic benefits to be gained from one vocational preparation system as any other, what are they primarily for? This takes us to the less explicit benefits of continental VET systems – the cultural role they play in the development of other attributes of identity, besides those to do with occupation, such as community engagement and citizenship. Notably, as Hilary Steedman points out in her excellent overview (2005) of apprenticeship in six European countries, the much misunderstood German word *beruf* means more than an occupation or vocation in the narrow British sense, but a set of skills that combine together to form both an occupational and a social identity, that is, 'as an instrument for social integration'.

Hence the German vocational school component of the dual system, the *berufsschule*, ranges much more widely in its goals than simply imparting work-related skills to the young person in the occupational area for which he or she is being trained. Modern languages, even philosophy and physics, will occur in the curriculum. Even the occupational identity itself is not as clearly the focus, nor necessarily the normal outcome of training, as might be expected. In many respects, the educational component of VET is an extension of secondary schooling. Compare

this with the further education college counterpart in England, which caters for the whole post-16 population in a variety of domains and at a variety of levels, ranging from basic skills to higher education. In terms of comprehensiveness and opportunity, further education has to be seen (at least potentially) as a major strength of English VET.

Although the ostensible aim of German VET is to equip the young person with the skills needed to a practice a specific occupation, at the time of the study, only 40 per cent of young people on apprenticeships were likely to be taken on in the occupational area in which they had been trained, and only half by the employer who had trained them. What all of them had achieved through an apprenticeship was exposure to the idea of, and demands of work – better described in Amartya Sen's terms as 'capability' (freedom to achieve wellbeing) rather than 'skill' (1992). This meant that, regardless of opportunities in their chosen occupations, trainees would be seen by all German employers as fully employable. It is at this point that the more implicit goals of the system become apparent. The broader set of civic capabilities that the system imparts play an important role in establishing the identity of citizen in the German state.

In contrast, the English system sees no links between the preparation for employment and citizenship, either during the latter part of general education in schools and colleges or particularly in the workplace. This is seen as the role of the family and the community. The lack of a written constitution in Britain, and the absence of an identified role for individuals other than the status of 'subject' of the monarch, reinforces the lack of any clear goals and structures by which young people acquire citizenship. The sole purpose of vocational education during the transition from school to work is to equip the young person with the skills needed for particular jobs. Insofar as there is any broader socialisation involved, it is towards ways of working and building up (through work) the components of employability such as punctuality, deference to authority and teamwork.

The explicit and more implicit goals of the dual system are enshrined in what is described as a 'training culture'. But in the UK the term 'training' is misleading. The UK discourse around training focuses on skills in the narrow sense of employability. In Germany, training is about construction of identity in much broader terms. The federal state's responsibility for VET through the dual system, its governance by the social partners at federal and regional level and its local management by chambers of commerce ensure that the commitment to every young person's successful transition to adulthood is shared by the community as a whole.

At a time in England when the alienation of a section of young people has been violently expressed through riots directed at damaging property and pursuing consumerism through theft, it is time to rethink British attitudes to the purposes of vocational preparation. Training for employment, at

least at the initial stage, should not be divorced from the broader set of roles and responsibilities that the transition to adulthood entails. Thus, as well as occupational skills, VET should supply the socialisation process through which the core attributes of adulthood are put in place.

The other facet of VET is the 'social guarantee' that young people can expect in return for participation. The French have no doubts that *insertion* in the labour market is part of the 'social contract' between citizen and state, which the government has an obligation to honour. This reduces the risk associated with *précarité*, or propensity to disadvantage and uncertainty – a situation many young people find themselves in today. In practical terms, this means employability is guaranteed through the combination of education and work experience which constitutes VET, and a labour market able to accommodate all young people. The policy recognises *youth* as a distinct, largely preparatory phase of the life course, which again traditional British policy thinking finds difficult to take on board (Bynner 2001).

## A better skills future?

As the polarisation of young people's life chances intensifies, the challenge of social inclusion becomes ever more urgent. It would clearly be naive to think that transition systems along continental lines could be easily transported to the UK. But nor should we fail to learn from them. The need for a comprehensive youth policy that includes a universally accessible and seamless system of education and training could not be more pressing.<sup>4</sup>

A comprehensive VET system, as advocated here, places responsibility on employers and educators to deliver the components of successful transition. A system of governance is needed, not only to hold the system together, but to ensure that the interests of the key stakeholders – employers, trade unions and the community – are protected.

## Employers

A training culture is fundamentally a culture of employers because they hold the key to the work experience that is a critical part of it, and to an assured place in the labour market that follows. In VET terms, this involves acceptance of responsibility for ensuring, not only that the young person entering the labour market for the first time has access to a workplace, but that he or she is exposed to all facets of employment and capability via the training provided. The return from the employers' investment of time and effort lies in the opportunity to contribute to the pool of occupationally qualified labour, and also the benefit of taking on the young person once training is completed. The returns extend to the

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<sup>4</sup> The Working Group on 14-19 Reform (Pring et al 2004), addressing the question, 'what counts as an educated 19 year-old in this day and age?', spell out the core curriculum components as: understanding the physical, social and economic world; being practically and technically capable; being morally serious; having a sense of community and civic virtue; having a sense of fulfilment.

local community through the certification of employability, which head off the alternative drift to unemployment and social exclusion for those the educational system has failed so far.

### **Educators**

The vocational education offered in schools and further education colleges contributes to the acquisition of capability by laying the foundations for work, either directly through vocational courses leading to qualifications, or indirectly through the knowledge component of apprenticeship. But there is also a wider role for education to play. From entry to secondary school a central theme of the curriculum could be devoted to the meaning and demands of work. Such a requirement extends beyond the confines of an occupational skills set to the wider set of capabilities needed to function effectively as a family member, parent and citizen. As the young person progresses through secondary schooling, experience of work through work placements supplies access to the practical aspect of what has been taught. Rather than view part-time work done outside school hours as in conflict with curriculum aims, it should be welcomed as part of work experience and reflected upon in the educational setting through class discussion and assignments set on the lessons learnt (Mortimer, and Johnson, 1999). Such exposure to work should not be restricted to those on the vocational route; it should be part of the core curriculum for every student.

### **Governance**

The distinguishing feature of continental VET systems is governance through social partners comprising employers, trade unions and politicians. The balance between employers and trade unions is a particularly important feature which ensures the interests of local businesses (through chambers of commerce) and those of employees, including trainees, are represented. Political representatives supply the mechanism of democratic accountability to the community while enacting local policies to facilitate the work of the VET system by providing facilities and investment.

Such arrangements to supply corporate commitment to successful youth transitions have a chequered history in the UK where, in recent years, employer interests have increasingly taken precedence over all others. The 1997 Labour government replaced the locally-based employer-run Training and Enterprise Councils (TECs) with the more broadly-based Learning and Skills Councils (LSCs) but with no statutory representation of trade unions. Subsequently the localism vested in LSCs was dropped in favour of Sector Skills Councils (SSCs) of varying effectiveness: 'Only one in six SMEs [small and medium enterprises] surveyed thinks that SSCs are articulating the needs of the business community well.'<sup>5</sup>

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5 Quoted from evidence presented by the Ofsted Chief Inspector for Adult Learning to the House of Lords select committee for economic affairs, fifth report, 2007.

New models of governance have continually been tried, only to be gradually run down and abandoned while another model with a different name and some different functions arises in its place (Rose and Page 1989). Rather than attempt to improve an existing institution inherited from its predecessor to meet contemporary challenges, a new government (or new minister) with a parliamentary majority behind them, has few (if any) obstacles in the way of abolishing it. In such reconstruction by statute there is no obligation to achieve consensus in support, as would typically be the case elsewhere.

The question arises whether the UK can afford governance arrangements for VET that fail to include the collective agreements between key stakeholders at national and local level that most European countries take for granted. The SSCs, as incarnations of the more representative National Training Organisations (NTOs) and Industrial Training Boards (ITBs) that preceded them, would benefit from wider representation; usually no more than one place is available for employee representation, compared with around 15 reserved for employers on each of the 23 SSC boards. But, more importantly, to give these national successor bodies responsibility for governance misses the point. Recognition of community interest is central to capability building, which means the local council, union and employer representation that true social partnership involves is central to its success.

## Conclusion

The patchwork nature of English VET could be a strength as well as a weakness and the Coalition government's strategy paper *Skills for Sustainable Growth* is a valuable step towards a framework that offers flexibility in the pathways to adulthood, while providing opportunities to change routes as and when vocational goals firm up and the particular path taken turns out to be wrong.

The apprenticeship is a key pathway, not to the exclusion of all others, but as a structured programme of education and training towards a realisable vocational goal. In particular, it provides the means for capability building across employment and civic spheres, whatever the accomplishments, or lack of them, earlier on in the school career. The weakness will be the uncertain future of the institutions of governance set up to run it, when any change of government may mean reconstruction rather than improvement.

If we can learn anything from continental approaches to VET (of which the German dual system is the prime example) it is the community commitment, exercised through the social partners in local areas, to ensuring that all young people achieve a successful transition to a productive and fulfilling adult life. Our failure to do so will mean we fail to achieve the Leitch goal of world class skills, and more importantly, we will compromise the foundations on which a cohesive civic society depends.

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# THE CONTENT OF APPRENTICESHIPS

ALISON FULLER AND LORNA UNWIN

Apprenticeship is first and foremost, a model of learning.<sup>1</sup> It provides a supportive framework for the development of occupational expertise and the broader attributes required to work and continue learning in different occupational contexts (Fuller and Unwin 2010a). The metaphor of the apprentice journey is universally understood, making it possible to discuss the concept of apprenticeship across the world. The concept transcends occupational boundaries and hierarchies; hence artists, journalists, surgeons, chefs, and carpenters will often refer to the way they served an ‘apprenticeship’. Some would agree with Collins et al (1989: 41) that: ‘Apprenticeship is the way we learn most naturally.’

In many countries, including the UK, apprenticeships are also an instrument of state policy, forming part of national systems of education and training. They are generally seen as a programme for young people making the transition to the labour market. This takes us away from understanding apprenticeship solely as a model of learning, with relevance across occupations and age groups, to conceiving apprenticeship as a programme via which the state can achieve certain goals. Questions then arise about the content of apprenticeships.

Before such questions can be answered, however, there is a much more fundamental question to consider: what is the purpose of government-supported apprenticeship today? While the underlying features of apprenticeship as a model of learning are visible in apprenticeship programmes across countries, there are interesting differences in the content and structure of those programmes because each country has its own sense of the purpose of apprenticeships.

In this chapter, we examine how questions about the purpose and content of apprenticeships are being addressed in the UK. We argue that, despite having some world-class examples of apprenticeship practice, an impoverished concept of apprenticeship is overly dominant. As a result, we are failing too many of our young people, as well as our economy, and society as a whole. There needs to be a much greater sense of ambition in our thinking about what apprenticeship can and should be.

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## A route to adulthood and independence

Apprenticeship has long been seen as a route to becoming a responsible adult and citizen as well as for skill formation. Today's concerns about the morals and behaviour of young people, brought into sharp relief by the rioting and looting in English cities in 2011, find strong echoes in earlier centuries. Legislation (the Statute of Artificers) introduced during the reign of Elizabeth I to regulate apprenticeships underlines their importance as a means of countering the under-employment of young people and hence the dangers of idleness and vagrancy (Humphries 2003).

This extract from the indenture papers for a bookbinding apprentice in 1822 emphasises the 'moral' dimension of apprenticeship:

'... [H]is Master faithfully shall serve, his secrets keep, his lawful commands everywhere gladly do ... He shall not commit fornication nor contract Matrimony within the said term. He shall not play cards or Dive tables or any unlawful games whereby his said Master may have any loss with his own goods ... he shall not haunt taverns or playhouses, nor absent himself from his said Master's service day or night unlawfully.'<sup>2</sup>

In medieval and Tudor Britain, apprentices tended to live as part of their master's family. Snell (1996: 303) reminds us that the 'moral, social and extra-economic expectations placed on apprenticeship were once key elements of an integrated system'. The curriculum of an apprenticeship often went way beyond immediate job-specific skills to include topics such as religious doctrine, literacy, account keeping and 'housewifery' (ibid, 305). Once Britain became industrialised, the organisation of apprenticeship changed to reflect the new relationship between workers and employers.

After the Statute of Artificers was repealed in 1814, apprenticeships became the sole concern of employers. Although the emerging trade unions were to have some involvement, this largely focused on industrial relations matters such as pay and employment rights and setting the length of apprenticeships, and not on matters of training content. In response to continuing concerns about Britain's capacity to sustain a skilled workforce, the Industrial Training Act 1964 signalled a change in policy when the state decided to become more involved in the organisation and funding of vocational education and training.

The needs of employers were, however, still paramount. Successive British governments accepted that apprenticeship could take different forms in order for it to be, in the employers' eyes, 'fit for purpose'. As a consequence, there would be considerable variability in standards. Paul Ryan (2010) points out that this variability results from the lack

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2 Apprenticeship Indenture Collection, Derby Local History Library

of ‘any clear boundary between apprenticeship and regular youth employment, whether in law, industrial practice, or public training policy’. Although the Apprenticeship, Skills, Children and Learning Act 2009 put apprenticeship back on a statutory footing, it doesn’t go far enough in distinguishing the type of training and personal development expected in an apprenticeship from what a young person (or indeed adult) would do as part of a job.

There was a noble, though much-lampooned, attempt to broaden the curriculum of apprenticeship and vocational education when the 1956 white paper, *Technical Education*, stated that, ‘a place must always be found in technical studies for liberal education’, because the country could ‘not afford either to fall behind in technical accomplishments or to neglect spiritual and human values’ (Ministry of Education, 1956). All apprentices were required to spend one hour of their day-release in college on ‘General or liberal’ studies (GLS) in order to develop ‘habits of reflection, independent study and free inquiry’ (Ministry of Education 1957).<sup>3</sup> GLS was killed off in the early 1980s, replaced by ‘communication skills’, and then ‘core’ and subsequently ‘key’ skills (now termed ‘functional skills’).

For Richard Pring (1997: 32) echoing the philosophy of John Dewey, we must draw on both the liberal and the vocational if we are to nurture ‘... those qualities of mind and of feeling’ that constitute an ‘educated person capable of adapting to and helping to shape changes in the workplace as well as in life more generally’.

When unemployed young people took to the streets of London, Bristol and Liverpool in 1981, the answer for Margaret Thatcher’s government, just as for the Elizabethans of the 16th century, lay in youth training. In the 1980s, apprenticeship places were very hard to find and had been declining since the end of the 1960s. The 1983 Youth Training Scheme (YTS) marked the beginning of the period we are still in today as the state wrestles with a mighty conundrum. On the one hand, it wants to align its social, educational and economic goals and continue to support a deregulated and flexible labour market. It wants employers to take the lead in designing apprenticeships that suit their needs, in return for providing work placements. On the other hand, not enough employers see the need for substantive vocational education and training and, hence, none of the goals are adequately satisfied.

So how is the content of apprenticeships currently designed?

In England, ‘Apprenticeships’ is now a brand name for government-funded programmes covering 16- to 18-year-olds, 19- to 24-year-olds and adults over 25. Intermediate apprenticeships lead to level 2 qualifications and advanced apprenticeships lead to level 3

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<sup>3</sup> See Bailey and Unwin 2008 for an account.

qualifications. In Wales, Scotland and Northern Ireland, similar divisions exist, but different terminology is used. The UK also has a small number of higher apprenticeships (at levels 4 and 5) in fields such as engineering technology, accountancy and management.

The introduction in 2004 of funding for 'adult apprenticeships' for people aged 25 and over was to enable: (a) adults without employment to develop the skills they needed for a new career; (b) adults with skills in employment to gain qualifications; (c) members of ethnic minority groups (under-represented in apprenticeships) to become apprentices; and (d) women to re-enter the workforce after the age of 25. These older apprentices follow exactly the same programme as the 16- to 24-year-olds.

Apprenticeships are now regarded as:

- a potential platform for higher education and certainly for advanced further education
- an alternative route for young people who do not choose to remain in full-time education after 16 or do not achieve the GCSEs required to study at higher levels
- the means of attaining the skills and qualifications associated with a specific occupational role while in employment.

The demands on apprenticeship are, therefore, considerable and possibly contradictory.

Apprenticeships are still being fashioned in the image of YTS, which weakened the central pillars of apprenticeship in three ways. First under YTS, the state allowed training providers to directly employ young people, thus separating their recruitment from long-term business need. Since the 2009 Act, the National Apprenticeship Service has stressed the need for apprentices to have employed-status suggesting that this means directly employed by a 'real employer'. At the same time, however, Apprenticeship Training Agencies (ATAs) are allowed to employ apprentices and hire them out. Second, by ending the concept of time-served apprenticeships, YTS reduced the time for maturation so 'trainees' could make a much swifter journey to becoming a productive 'semi-skilled' worker. This diluted the concept of apprenticeship to mean little more than work experience rather than a holistic formation process leading to skilled employment. Third, YTS encouraged employers to become passive players, happy to allow the new army of training providers to deal with the training and assessment requirements prescribed by government.

Central to YTS was the requirement that training was competence-based. Trainees would be assessed (in the workplace) against a set of competencies contained in a new type of national vocational qualification (NVQs in England, Wales and Northern Ireland, and SVQs in Scotland). These qualifications were a significant breakthrough as

they separated the process of training (and acquisition of vocational knowledge) from the assessment of competence. This opened the market for new training providers who could service the state's needs to ensure that young people (and adults on government-funded training programmes) gained qualifications, but at a lower cost (for employers) than sending them to college. Not all YTS programmes abandoned knowledge-based qualifications, but many did, limiting youth training to the accreditation of the performance of everyday work tasks.

This competence-based legacy helps to explain why the majority of apprenticeships in England are at level 2 and can be classed as 'conversions'. Existing employees have been re-labelled as apprentices, usually as a result of a training provider persuading an employer to become involved in the state-funded scheme. Conversions are the easiest way for government to increase apprenticeship numbers (particularly for people aged 19 and over) and increase the stocks of qualifications in the workforce. Apprenticeships today are predominantly a vehicle for delivering qualifications. While acquisition of qualifications is clearly important for individuals, this should not be the sole purpose of an apprenticeship, and particularly not when the qualifications gained have such variable currency in the labour market, as highlighted in the *Wolf Report's* review of 14–19 vocational education (Wolf 2011).

As a result of the 2009 legislation, government has published the *Specification of Apprenticeship Standards in England* (SASE) outlining the minimum requirements for the content and outcomes of the 200 or so apprenticeship frameworks. All frameworks must include a competence-based and knowledge-based component with the rest of the framework consisting of 'functional skills' – mathematics, English language and information and communications technology (ICT) – 'personal learning and thinking skills', and 'employee rights and responsibilities'. Any employer can propose a new framework and, as long as it can be shown to fill a gap and is compliant with the SASE, then an issuing authority – usually a Sector Skills Council (SSC) – will approve it.

There is no requirement for the involvement of any other stakeholders with relevant expertise (such as vocational teachers, professional bodies and trade unions). While, on the surface, the content of a framework appears to go beyond the job-specific requirements, the extra components described above comprise a thin curriculum in comparison to the core of general education typically found in apprenticeships in other European countries (Green 1997, and Bynner, this volume).

Frameworks must generate at least 37 credits on the Qualification and Credit Framework (QCF) at least 10 of which must be derived from the competence-based and at least 10 from the knowledge-based elements of the apprenticeship framework. The 'functional skills' are the only other part of the framework that attracts credits (five per 'functional

skill') and these can be achieved at a lower level than the overall framework. This means that functional skills in level 2 apprenticeships will often be at level 1 (below grade C at GCSE). ICT does not have to be included in every framework if employers can make a case for it to be absent. For example, the hairdressing frameworks state that ICT is not a necessary part of the industry, and the customer service and retail frameworks state that including ICT would potentially limit the numbers of apprenticeships, as not all businesses in those sectors use ICT.

The SASE also states that frameworks must have a minimum of 280 guided learning hours (GLH) per year, equivalent to about a day a week over 36 weeks, but only 100 hours are required to be actually 'off-the-job' (that is, two hours a week). This sets England apart from leading apprenticeship countries such as Germany, Switzerland, Austria and Denmark, which specify the content of apprenticeships in some detail, including the proportions of time to be spent in structured on-the-job and off-the-job training in vocational schools (usually two days a week) and the proportions which will be devoted to general education and vocational subjects respectively (see Steedman, this volume). In addition, these countries, unlike the UK, specify the overall length of the programme (usually two to four years depending on the occupation). Any apprenticeship, regardless of the occupational sector, will last a minimum of two years.

In the case of apprentices employed by ATAs, they are hired out to local 'host' employers for a minimum of 16 hours per week (the period also required for 'full-time study' in schools and colleges). ATA apprentices will spend a further day in the ATA offices (or with an associated provider) covering the qualification requirements of their framework. Hence, for many young people, this new type of 'apprenticeship' will be a part-time experience.

Progression is also a concern. The majority of level 3 frameworks do not accrue Universities and Colleges Admissions Service (UCAS) tariff points except for those that include a level 3 BTEC diploma, which attracts similar points to two A levels (Fuller et al 2010). This undermines claims that an advanced apprenticeship can lead straightforwardly to a place in higher education. For example, the customer service framework, currently the sector with the most apprentices, has a total minimum credit value of 63, of which only 13 are attached to the knowledge-based component. To put this in perspective, the credit value associated with the level 3 BTEC diploma is 120.

The variability (some might argue flexibility) of English apprenticeship means we now have a three-tier approach:

- those apprenticeships that include full-time employment, good quality, on-the-job training and a knowledge-based qualification of sufficient rigour to provide a platform for progression to further and higher study

- apprenticeships that provide full-time employment, possibly with some off-the-job study, but with a restricted diet of largely job-specific training
- the ATA-type model, comprising part-time work and minimal training.

## A framework for strengthening the content of apprenticeship

Both the state and employers now have to raise their game. Trade unions could play a bigger role by including apprenticeships as part of their collective bargaining process and involve advisers from unionlearn, the learning and skills organisation for the Trades Union Congress.

A combination of factors has resulted in a situation where we have everything from highly innovative, world-beating apprenticeships to programmes we should be ashamed of. Apprenticeship has become all things to all people. Yet young people know when they are being short-changed. A female apprentice who was in the first cohort of the Modern Apprenticeship training between 1994 and 2005 argued strongly that the new programme must not ‘end up like YT [Youth Training]’ as ‘it’s not going to do the apprenticeships any good’ (Unwin and Wellington 2001: 60).

Through our research, we have developed the ‘expansive–restrictive continuum’ to identify the characteristics of this variability (see table 1.4.1 below). These characteristics combine the features which underpin the organisation of apprenticeship:

1. relationship of the apprenticeship to the business
2. the way an apprentice’s work and training are organised
3. pedagogical approach within the workplace and beyond
4. use of qualifications as a platform for progression.

This can be used by employers and providers to analyse the qualities of the apprenticeships they offer and to identify where their approach can be improved (Fuller and Unwin 2010b).

At the expansive end of the continuum, we find employers (of all sizes in all sectors, public and private) who create environments which make full use of their employees’ capabilities. These workplaces involve all employees in as much of the work process as possible. Employees are well-informed about the goals and values of the organisation and so tend to take pride in what is being produced and feel comfortable about sharing their expertise with colleagues and newcomers. Importantly, apprentices have a dual identity as workers and learners for the duration of their apprenticeship.

In restrictive environments, the focus is on trying to move apprentices as quickly as possible to being productive workers. Of course, all

workplaces must be productive and their primary goal is to produce goods and services. However, if the goal is to use the apprenticeship as a vehicle for quickly inducting an individual into the skills necessary to perform a job (and gain a qualification) then the job will also have been designed in a restrictive way. Apprentices lose the chance to fulfil their potential and the organisation loses the chance to make the most of their abilities.

**Table 1.2.1**  
The expansive–  
restrictive  
continuum

Expansive	Restrictive
Apprenticeship is a vehicle for aligning goals of individual development and organisational capability	Apprenticeship is used to tailor individual capability to immediate organisational need
Workplace, training provider and (where present) trade union share post-apprenticeship vision: progression for career	Post-apprenticeship vision: static for job
Apprentice has dual status as learner and employee	Status as employee dominates: status as learner restricted to minimum required to meet statutory 'apprenticeship framework'
Apprentice makes gradual transition to productive worker, gaining expertise in occupational field	Fast transition to productive worker with limited knowledge of occupational field; existing productive workers given minimal development
Apprentice treated as member of occupational and workplace community with access to community's rules, history, knowledge and expertise	Apprentice treated as extra pair of hands who only needs access to limited knowledge and skills to perform job
Apprentice participates in different communities of practice inside and outside the workplace	Participation restricted to narrowly defined job role and work station
Workplace maps everyday work tasks against qualification requirements – qualification valued as extending beyond immediate job requirements	Weak relationship between workplace tasks and qualifications – no recognition for skills and knowledge acquired beyond immediate work tasks
Qualifications develop knowledge for progression to next level and platform for further education	Qualifications accredit limited range of on-the-job competence
Apprentice has time off-the-job for study and to gain wider perspective	Off-the-job simply a minor extension of on-the-job
Apprentice's existing skills and knowledge recognised, valued and used as platform for new learning	Apprentices regarded as 'blank sheets' or 'empty vessels'
Apprentice's progress closely monitored – regular constructive feedback from range of employer and provider personnel who take a holistic approach	Apprentice's progress monitored for job performance with limited feedback – provider involvement restricted to formal assessments for qualifications

We do not condemn restrictive apprenticeships. At best, they give apprentices the opportunity to enter employment and develop the expertise their employers need, along with nationally recognised qualifications. The point is whether they are making the most of their apprentices' potential and, importantly, whether the employing organisation could use the apprenticeship to expand its own horizons.

Expansive examples can be found in all sectors – what they share is a commitment to the nurturing of expertise over time so that organisations can continue to deliver high-quality goods and services, and ensure apprentices have a platform of skills and knowledge to progress. The expansive approach also develops the attributes (including self-confidence, pride in work and interpersonal skills) needed to become a responsible citizen and employee.

## Developing expertise through work-based learning

If apprenticeships are to fulfil economic, educational, and social goals (which they should) then many more need to have the sorts of pedagogical and organisational features associated with the expansive end of our continuum. This goes beyond simply saying all apprentices should continue studying mathematics and English language.

The content of apprenticeship needs to be conceived in three dimensions:

- First, there is a set of skills and related vocational knowledge that combine in the form of vocational practice to enable the individual to perform at a specific level in the workplace and have access to skilled employment.
- Second, the individual needs to be working in an environment that provides opportunities to develop expertise through practice with others, including the development of tacit knowledge and skill.
- Third, the individual needs access to types of knowledge and expertise that will enable them to grow beyond, as well as within, their current job role and sector. An ‘expansive’ employer will treat this third dimension as an important part of their innovation strategy.<sup>4</sup>

For young people, it is the third dimension – the platform for progression – which is often missing from the British system and which is hard to get right. Without this dimension, young people’s chances of securing ‘good quality’ permanent employment at the end of the apprenticeship, with their existing employer or with another employer, are diminished. Currently, many apprenticeships at level 2 are linked solely to the accreditation of the competencies needed to perform workplace tasks in specific job roles, as well as narrowly defined functional skills. Such provision simply mirrors the limited learning requirements of low-level jobs, and leaves the government’s scheme open to the criticism that it is reproducing low-level skills as well as funding ‘deadweight’ training.

We want to throw out a challenge for a complete overhaul of the content of level 2 apprenticeships so that young people are properly supported to achieve the type of skilled employment that will benefit them and also the economy. Some advanced apprenticeships also need to be reviewed against the same criteria.

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4 See also Guile 2010

Apprenticeships have to create a work-based scaffold for career progression. General education must form part of the programme to give young people (particularly those with low educational attainment at age 16) confidence, and increase their future options. For those apprentices who achieve well, it is vital that they have access to higher-level knowledge to make the most of their potential.

We should draw on the strong tradition of innovative work-based learning in the UK to situate the general education component within the vocational contexts of apprenticeship. This is vital to ensure we do not reinforce the sense of failure some people carry from school. At the moment, however, this expertise is fragmented and only allowed to flourish for specific initiatives – for example, in the recent co-construction of foundation degrees by vocational educators and employers. A more expansive approach to vocational education would require much greater involvement of vocational teachers and workplace trainers, enabling them to demonstrate and further develop their own neglected expertise.

Implementing these ideas requires a rebalancing of responsibility and a new commitment to a shared understanding of what counts as a quality apprenticeship. At the moment, everything is driven by the state with the focus on targets and political goals. This brings with it a ‘contracting culture’ whereby too many employers, SSCs and providers simply do what they need to do to fulfil the minimum requirements of the SASE.

To overcome this, we propose the creation of ‘apprenticeship hubs’ to act as guardians of apprenticeships for specific industries, based within designated travel-to-work areas. At the heart of each hub would be a group of industry experts from local companies, Group Training Associations (GTAs) and SSCs, together with experts from further and higher education institutions and specialist private training providers. The hubs would have a public responsibility for moderating standards for apprenticeships in their area and awarding completion certificates. This would position apprenticeships as an engine for economic growth at the local level, enable the showcasing of innovative vocational pedagogy, and provide a focus for the celebration of achievements. The hubs would provide the mechanism for closer further education–higher education collaboration to develop the knowledge-based elements of advanced and higher apprenticeships so that the means for progression are firmly embedded in all programmes. Hubs would also support schools and careers advisers to ensure young people were made aware of the benefits of apprenticeships. Finally, and importantly, they would overcome the fragmentation that currently prevents the sharing and celebrating of good practice in vocational education across sectors and levels of activity.

## Conclusion

The approach to apprenticeship content proposed in this chapter provides a way of maintaining the core principles of the expansive–restrictive continuum, which we argue are important in all apprenticeships, including those for adults aged over 24. Adult training that does not meet this benchmark should not be called an apprenticeship.

Our proposals provide a structure against which every occupation and sector can be measured to see if they have the capacity to sustain apprenticeships. For the state, it provides the structure for establishing a meaningful quality threshold to ensure public money is not squandered, and enables apprenticeships to become a catalyst for economic growth, personal development, and social wellbeing.

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# RESTORING THE WORTH OF APPRENTICESHIPS

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Nowadays, there is a tendency to assume that the only prowess that matters springs from academic accomplishment. While Britain's greatness was built on technical know-how, social change has bred a disdain for physical labour. The explanations for this are both simple and complex. Simply, the tokens of success in post-war Britain were a 'white collar', an attaché case and the firm's Ford Cortina. Fed by a thirst for change, as Saturday night turned to Sunday morning, Alan Sillitoe's earthy world of toil and temptation turned to the sterility of John Betjeman's avaricious young executive. Tragically, 'making things' became unfashionable.

However, the explanation for past governments' failure to recognise the damage that was bound to result from this decline of practical endeavour, and the education system's neglect of the learning that feeds such practicality, is more complex. By its nature, vocational education is more directly linked to employer need than academic study. It is more difficult for policymakers to ensure that what is taught and tested is valued in the workplace than it is to simply churn out more graduates. When the last Labour government woke up to this problem, its flawed response was to centralise control and create countless layers of bureaucracy to manage the system.

The result has been a systematic failure to prepare Britain for the only economic profile that assures our future prosperity: that of a highly skilled, high-tech nation. Other countries have not made the same mistake of failing to recognise that investing in human capital is just as important as any other investment. Teutonic admiration for technical talent is taken as read. What is less well-known is that France has rejuvenated its apprenticeship system from a low base and overtaken Britain in terms of numbers of apprentices (Steedman 2010).

Rebalancing the UK economy to compete at the highest levels, and so ensure sustainable growth, will be dependent upon the development of a highly skilled workforce. But building a new economic model on firm foundations needs more than just a change of policy: it requires a paradigm shift in our culture – in how we see ourselves and what we value.

The benefits of such a change have the potential to reach far beyond the economy, helping to mould a more cohesive society. By recognising, developing and rewarding practical ability we can also inspire the many

young people who do not want to follow a purely academic path. By building a clear, well respected route to high-level, practical skills that matches the academic one, we will also be building a fast track to greater social mobility.

This chapter sets out how, by developing policy that resonates with the deep-rooted respect for the skills and technical knowledge that is intrinsic to our culture, we can restore the value of craft and elevate practical learning

## The value of craft

Regard for practical skills remains deeply rooted in our culture. Every autumn millions start their Saturday evening watching *Strictly Come Dancing*, a show in which celebrities learn the skill of ballroom dancing by instruction and practice. From Anton du Beke on dance to Fred Dibnah on engineering, the television schedules reflect a national cultural reverence for practical wisdom. Craftsmen like Gordon Ramsey and Heston Blumenthal are icons feted for their talents.

Our fascination with craft confirms what the great Victorians John Ruskin and William Morris knew: craft has intrinsic value; the power to transform lives. As Ruskin wrote, ‘the highest reward for a person’s toil is not what they get for it but what they become by it.’ The more pleasure we take in our work, manual or mental, the more of ourselves we invest in it, the more we get from it in return; financially perhaps but, most importantly, aesthetically. What we *do* is what we are.

It is perhaps because it is now de rigueur to dismiss Victorian values as oppressive and puritanical that the wisdom of Morris and Ruskin is seldom acknowledged. Indeed, while Morris’s status as a pivotal hero of the Labour movement was once taken for granted, it is difficult to reconcile the ideas of a man who saw all art and craft as ‘man’s expression of joy in labour’ with the values of New Labour. Too often, the last government appeared to see education solely in terms of utilitarian economic outcomes, with a limited vision of the life-enhancing difference that education and training can make.

While the liberal establishment in this country still struggles to acknowledge the wisdom of the past, this is not the case everywhere. The experiences of the American thinker, Matthew B Crawford, as recounted in his book, *Shop Class as Soulcraft: An Inquiry into the Value of Work* (2010), demonstrate the lasting value of craft. The book describes how Professor Crawford, an academic political scientist and a former executive director of a thinktank in Washington DC, discovered that his greatest satisfaction lay, not in abstract political thought, but in the practical skills needed to mend motorbikes. Professor Crawford’s insight may seem radical today, but his conclusions about the value of skilled labour would once have been commonplace.

## Five ways to elevate the practical

For practical learning no longer to be seen as the poor relation of academic study, its inherent value must be acknowledged. The sort of re-evaluation that is needed will not be easily accomplished. However, there are many things that government can do – and that present policy is designed to do – that will help build a link between our deep-seated reverence for the craftsmen who built our nation and a recognition of the skills of the new generation of craftsmen and women on whom our future depends.

The first challenge is to intensify our efforts to re-establish apprenticeships as the primary form of practical training. The present government will create more apprenticeships than modern Britain has ever seen. And this growth will not just be in the traditional craft sectors but in new areas too – in advanced engineering, information technology and the creative industries.

It is not just that apprenticeships work – though they do. And it is not just that an apprenticeship is probably the most widely-recognised ‘brand’ in the skills shop window – although it is. It is also about what apprenticeships symbolise. The passing on of skills from one generation to the next and the proof this offers that learning by doing is just as demanding and praiseworthy as learning from a book. It is this sense of apprenticeships as the embodiment of a learning continuum that should guarantee their place at the heart of any vision for skills attainment.

Second, the vocational route must be a highway, not a cul-de-sac. That is why Michael Gove, secretary of state for education, asked Professor Alison Wolf to investigate how we can ensure that vocational education provides for progression to higher learning and employment. Her insightful report (2011) concludes that, for many young people, this is far from the case. There are 350,000 students aged 16 to 19 on programmes that score well on league tables but do not result in higher education or stable paid employment. So, the current government is ensuring that qualifications that do not provide for progression no longer count towards the measurement of school performance.

The importance of progression extends beyond vocational qualifications that are taught in schools. Hilary Steedman has shown that an important reason why the French have had such success in re-invigorating their apprenticeship system is that learners know it is a route to high-level skills (2010). This is why I am working to create a much clearer route of progression in the apprenticeship system. The government has already sharpened the branding so that it is clear to learners that an apprenticeship at level 2 is an intermediate apprenticeship, so as to suggest they are a route to higher levels. Next, I want many more apprenticeships to be at higher levels, up to degree level and even above. The government has announced a higher apprenticeship fund,

worth £25m, which will support up to 10,000 more advanced and higher apprenticeships.

Creating more progression also means making the barrier between higher and further education more permeable. If learning is to be really lifelong, the road for any individual from basic skills to higher learning – not necessarily provided in higher education – must be as accessible as possible. The higher education white paper, *Students at the Heart of the System*, published in June, aims to open up the market to colleges and other providers (BIS 2011). This will make it easier for colleges to secure funding and offer courses at degree level, funded directly by the Higher Education Funding Council for England.

Third, if we are to elevate the practical, there must be much better recognition of the achievements of learners. Those who take the practical path should enjoy symbols of status as seductive as those who take the academic one. This is why the government will publish the achievements of high-level apprentices, introduce award ceremonies, and foster alumni networks. And a new scheme has been launched that will give apprentices access to the benefits of a National Union of Students (NUS) card.

For these symbols of success to be meaningful, we also need to ensure that achievement is properly recognised in the workplace. We must re-evaluate, and indeed redefine, what a sectoral approach to skills means in practice. I have always favoured a sector-based approach because it was clear, even before guilds and livery companies existed to promote trades and professions, that different sectors require specific skills, and it therefore makes sense for sectoral bodies to be closely involved in designing training and setting standards.

In some sectors, this link has been obscured; in others it remains clear. The Goldsmiths and Fishmongers livery companies are good examples of clear links, as indeed is the Royal College of Surgeons. Beyond these sectors, there is often a relationship between the quality of staff training and the quality of the service provided. Better recognition of occupational standards is key to improving the quality and status of training where it is a problem.

This is why the government supports the work of Lord Sainsbury and the Technician Council in their efforts to ensure proper recognition of the status of a technician class in those sectors where the term is used. I also want to see a much better fit between the training government supports and the standards identified by professional and occupational bodies as a requirement of membership.

There is also an opportunity for the Sector Skills Councils (SSCs) to grasp. SSCs must dare to rise to the challenge of going beyond the strictly utilitarian to become guilds for the 21st century, creating a sense

of pride in modern occupations, and giving individual workers a sense of worth and purpose in what they do.

Creating a better link between training and status in the workplace has economic as well as social benefits. It will help employers to articulate their skills needs and it will help send out clearer signals to young people about the skills they need to reach their career goals. Recognition of occupational standards may also help to inspire those young people who currently do not see the value of participating in education and training.

Professor Ewart Keep has argued that public policy in Britain has tended to underestimate the importance of societal and economic rewards in determining the likelihood of someone participating in education and training (2009). He has categorised the incentives at work in influencing participation into two general types:

- Type 1 incentives are those generated within the education and training system itself through the act of learning. These are the incentives generated by the intrinsic rewards of learning. Examples are pedagogy and curriculum design, forms of assessment and opportunities for progression.
- Type 2 incentives are those that are generated by wider societal and economic factors, such as societal expectations and parental pressure, wage premiums and career progression related to particular qualifications, and labour market conditions where attainment of certain qualifications is a prerequisite for entering an occupation or gaining membership of a professional body.

It is a failure to address the importance of type 2 incentives, Keep concludes, that has led to an over-reliance in the UK on type 1 incentives to ‘pull’ more young people into training. In particular, there has been a focus on attempting to redesign education and training provision to make it more attractive to learners. The last 25 years have seen many attempts at qualification reform that have failed to deliver expected improvements in participation and achievement. Increasing participation will also require the value of what is taught and tested to be recognised in the workplace and more widely throughout society.

Fourth, we must not forget the role that informal learning plays in teaching skills. Acquiring skills may sometimes make our lives more prosperous, but it always makes our lives fuller. It raises self-esteem and often the esteem in which others hold us.

It has taken those who used to talk disparagingly about ‘flower-arranging’ and ‘holiday Spanish’ a surprisingly long time to realise that learning for its own sake develops the personal skills and self-esteem that can help people onto the first step on the ladder towards structured learning and sustainable employment. Learning that starts informally

often leads to other things too – new friends, new leisure interests, community action, hobbies that become successful small businesses or volunteering that turns into a job opportunity. Learning opens doors – to inner selves and the outside world.

By these means, adult and community learning brings hope to individuals and communities. As Ezra Pound wrote: ‘a man’s hope measures his civilisation’. Lifelong learning is not a luxury; it is an essential component of our education system. Unless everyone – rich or poor, young or old – is offered the chance to learn and to carry on learning throughout their lives, then these ideals, that should be part and parcel of all education, are just words.

This is why, at a time when fiscal retrenchment has been an urgent necessity, the government has protected the budget for informal learning. I have also launched a review of the way learning is provided to ensure its effectiveness and that it reaches the most marginalised members of our society.

Finally, it is time to recognise the significance of further education (FE) providers. FE colleges are the great unheralded triumph of our education system, but their capacity to innovate has been limited by the target-driven, bureaucratic, micro-management. Yet, a dynamic economy needs a dynamic skills system that is not hampered by over-complicated bureaucracy and regulation; one that can work closely with businesses to support them to grow and develop.

The government will free FE colleges to innovate and excel and has already begun rolling back the stifling blanket of red tape and regulation. We are replacing the costly regime of centralisation with genuine devolution of power within the system. The government’s primary role is to create a framework that helps individuals and their employers to get the learning they want or need. An indispensable part of achieving this goal is removing the barriers in the way of learning providers’ efforts to respond to what their customers are demanding. The often unstated product of this will be to drive up the status of FE colleges, their teachers and learners, until they are at last recognised as the jewels in learning’s crown.

## Conclusion

There is an economic imperative for change. Valuing practical skills is vital to our future because we simply cannot afford to waste the talents of so many of our people. Training improves productivity and so increases competitiveness. But advancing a sound economic case alone is not enough. The social case for skills is critical. Making society bigger, recognising the currency of craft, matters because when each feels valued, all feel valued. Spreading opportunity builds community wellbeing and nourishes shared values.

Apprenticeships, with their legitimate appeal to popular sentiment, have the potential to excite the public imagination in the way that council house sales once did. This recalibration of the FE and training system is not only one of the most radical changes in public policy that this government has embarked upon, it is a paradigm shift in the cultural assumptions about what we make and do. To fuel the national interest and feed the common good, we must elevate the practical.

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# APPRENTICESHIPS AND FURTHER EDUCATION COLLEGES: THE NEXT CHAPTER

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Further education colleges have had a crucial role to play in delivering growth in apprenticeships in the past four years and they will continue to be central to the Coalition's plans for their further expansion in the years ahead. But, as with any rapid expansion, there is a need always to think ahead to ensure quality is maintained in a sustainable way. As we near the end of the first chapter in the renaissance of apprenticeships, we should already be considering the shape and content of the next one.

## Apprenticeships: a short history

Apprenticeships have become a panacea for successive governments; as much the subject of Gordon Brown's budgets in the new Labour years as they have been in George Osborne's early Coalition budgets. But their nature has changed: there has been an element of rebranding. Level 2 apprenticeships were introduced by Labour to replace the Conservatives' Youth Training programme; many level 3 apprenticeships being developed under the Coalition are replacing Labour's Train to Gain programme.

While many politicians still see apprenticeships as being about creating skilled craftsmen – from electricians to shipbuilders – which was their dominant role as late as the 1960s, today's apprenticeships more often prepare men and women for the service and care sectors of the early 21st century.

Apprenticeships have also benefited from a political revival. There were only 53,000 apprenticeships in 1990, as young people were encouraged to stay in education, rather than learn a trade. The Youth Training Scheme (YTS) and later the Youth Training programme filled the gap, arguably with limited learning opportunities, for those who found themselves outside education or work. Today's revival started in 1993, when the Major government launched Modern Apprenticeships at level 3, with the Blair government adding level 2 apprenticeships in 2000. From 2003, there were explicit requirements that apprentices learned theory as well as practice, and a clearer framework was set in 2005. Meanwhile, no budget or skills strategy was complete without a commitment to more apprenticeships; the result has been a generally rising trajectory of starts and completions.<sup>1</sup>

<sup>1</sup> See [www.apprenticeships.org.uk/about-us/history-of-apprenticeships.aspx](http://www.apprenticeships.org.uk/about-us/history-of-apprenticeships.aspx)

There can be no doubting the Coalition government's desire to build on recent history. In the 2011 budget, the Chancellor said that, as a result of announcements made in its *Plan for Growth*, the government would deliver 250,000 more apprenticeships by 2015 than the previous Labour government.<sup>2</sup> Specific announcements made by the Coalition have included a £75 million programme of targeted support to help smaller employers access advanced level and higher apprenticeships, expected to help employers to create around 10,000 additional higher apprenticeships by 2015 (HMT and BIS 2011: 88).

The government also announced support for the development of a new degree-level apprenticeship linked to professional recognition for successful apprentices when they graduate. The government has committed to expanding higher apprenticeships across all sectors from current numbers (around 1,500 starts in 2009/10). This will include looking at proposals to support the advanced manufacturing sector. In particular, a priority is to develop a new level 5 framework, which would provide a route for apprentices to achieve professional accreditation as an engineer (ibid 88).

## What are today's apprenticeships?

Apprenticeships are now available in almost 200 job roles, with retail or healthcare trainees more common than apprentice engineers or electricians. Nearly half of today's apprentices are women. In 2009/10, there were 46,740 successful 'business, administration and law' apprentices and 32,090 'retail and commercial enterprise' apprentices compared to 26,090 engineering and manufacturing technology apprentices and 20,830 in 'construction, planning and the built environment'. Yet these figures mask some significant differences. The construction and engineering categories are still very popular routes for young people (those aged under 19) whereas older apprentices are more concentrated in the retail and business categories.<sup>3</sup> Both the traditional and newer apprenticeships have a role in making people ready for the jobs of today's economy. So do colleges: in the same year, 62,320 out of 279,680 apprenticeships were in college-led courses compared with 186,510 private sector funded and 30,840 other public sector funded courses.<sup>4</sup>

## Questions and answers

If apprenticeships are now a panacea for successive governments, there is a danger that we reach a point where we know the answer is an apprenticeship, but we do not know what the question is. The risk of this approach to policymaking is that the market will seek simply to re-configure pre-existing provision to meet the demands of apprenticeship

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2 Budget statement 2011, House of Commons, Hansard, 23 March 2011 : Column 961

3 Apprenticeship Supplementary Tables from <http://www.thedataservice.org.uk/statistics>

4 See Apprenticeship Provider Type data at <http://mireportslibrary.thedataservice.org.uk/learners> for other public funded and private sector funded apprenticeships.

targets, in the process enabling politicians to claim that targets are being met. Just as Youth Training courses were absorbed into Labour's apprenticeships, Train to Gain looks set to be absorbed into those of the Coalition. Only 59,600 of the 171,500 apprenticeship completions in 2009/10 were at level 3, the majority were at level 2.<sup>5</sup> The response to this development has been to attempt to safeguard quality by defining an increasingly rigid apprenticeship structure. This in turn makes it harder to cater for the needs of different people and different sectors.

The alternative is to return to the fundamentals of the apprenticeship model that distinguish it from other models of learning. An apprenticeship is, first and foremost, a partnership between a learner, an employer and a trainer. The learner is employed, not simply gaining a period of work experience. The employer provides work-based assessment and monitoring. The trainer fills the gaps with structured off-the-job learning, often linked to certification. The attractions of such a model are obvious: responsiveness to employer needs, the prospect of closing skills gaps, the promise of long-term increases in productivity for employers. For the learner, there is the advantage of being paid while learning, the benefit of sustainable employment with improved prospects for advancement, and a style of learning that emphasises the practical over the theoretical.

With these essentials in place – the apprentice is employed, the learning is a combination of work-based assessment and off-the job learning, all to meet employers requirements – we can begin to think anew about 'bespoke apprenticeships': Apprenticeships that recognise a degree of 'elasticity' in the brand but which conform to its essentials.

## Developing bespoke apprenticeships

There is – or at least should be – a big difference between an apprenticeship for a 17-year-old and one for a 27-year-old, even if it is at the same level. The content should reflect their life experience, and the mode of delivery should reflect their capacity for learning. A criticism of Train to Gain was that it spent too much time certificating existing skills; but an apprenticeship for a 27-year-old should logically do just that at the outset, to ensure that apprentices spend time learning new skills and gaining professional accreditation rather than covering familiar ground.

Colleges have inevitably had to chase targets as much as politicians need to be seen to be delivering on them. Targets clearly have their place as an accountability tool. But, in England, this has led to an increasingly inflexible approach. All apprenticeships are being corralled within a single framework under the *Specification of Apprenticeship Standards in England* (SASE), launched in 2011 and based on the Apprenticeship, Skills, Children and Learning Act 2009.

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<sup>5</sup> Apprenticeship Supplementary Tables from <http://www.thedataservice.org.uk/statistics>

Apprenticeships will be developed and policed by the National Apprenticeship Service aided by Sector Skills Councils and standard-setting bodies. The new framework is designed to allow apprentices to accumulate credits and combine units from different qualifications. The competence-based qualification will be the principal one – these are the skills gained through day-to-day work – but many programmes will also have a knowledge-based qualification that allows apprentices to progress easily to advanced programmes of study. Apprenticeships must specify a particular framework level, the number of credits required on the Qualifications and Credits Framework (QCF) (a minimum of 37) annual guided learning hours as well as other requirements, including functional and ‘personal learning and thinking’ skills. The specification sets out specific requirements for intermediate, advanced and higher level apprenticeships (BIS 2011).

The SASE details a range of generic skills – for example, at level 2, apprentices are expected to ‘process and evaluate information in their investigations, planning what to do and how to go about it. They take informed and well-reasoned decisions.’ They should also attain standards in team-working, self-management, creative thinking, reflective learning and effective participation. Yet the extent to which a school-leaver may need to acquire these skills, and how they do so, may differ significantly from a 27-year-old who has a degree of real work experience. If the result is to place apprenticeships into too tight a straitjacket, the result can be dissatisfied employers and frustrated apprentices. Further education should have greater freedom to tailor apprenticeships so that they can address the real needs of apprentices, not just the requirements of the programme.

So, our 17-year-old still has to learn some basic and generic skills, often including English and maths. Alison Wolf argued in her recent report that such skills are essential because young people, particularly those on level 2 courses, may not end up working in the same field as that course (Wolf 2011):

‘Young people change what they are doing frequently, and the changes are major ones. The young person who follows first a level 2 course in a vocational area, then a level 3 one, and then goes on to a long-term career in that sector is the exception not the rule. Instead, young people who take a vocational qualification in one field very often end up working in quite different ones. Moreover, the lower level the qualification, the less likely it is to be associated with employment in the sector concerned: so for example, someone with a ‘level 4’ nursing qualification is more likely to be employed in the health sector than someone with a ‘level 2’ ICT qualification is to work in computing.’

Colleges have increasingly recognised the need for stronger pastoral care, generic 'employability skills' and careers guidance for young people, as well as promoting opportunities for progression. Wolf argues that young people in England receive less training on apprenticeships than many of their European counterparts, for structural reasons:

**'But our system involves three types of institution instead of the normal two. Standard apprenticeship programmes, including those of the German-speaking countries, Denmark and France, involve *only* employers and off-the-job teaching institutions (with government and/or social partners laying down broad policy only at national level). In England, however, a network of additional specialist 'training providers' has been created; and there are often three organisations involved with a given apprenticeship. This creates a level of administrative charge on apprenticeship which other countries do not incur or find necessary.'**  
Ibid

What the SASE calls 'personal learning and thinking skills' are obviously important to young people, requiring more time to learn both in and outside the workplace. Colleges clearly have an important role in developing English and maths and these crucial life skills. In Germany's much-praised system, young people embarking on an apprenticeship in one of the 340 training occupations spend between a third and half of their time in formal education, typically at a vocational school. There, they will learn German, social studies and economics, religion and sport for four periods a week, with foreign languages taught through eight periods of vocational education, depending on the job, where theoretical content is related to the apprentice's occupation (Eurydice 2010: 38). There is a strong focus on the individual needs of the young person.

In England, Alison Wolf was pessimistic about the potential for pre-19 apprenticeships to grow from the current level of around 73,000 completions a year: 'It is extremely unlikely that, under the current model of provision, apprenticeships for 16–18 year olds will expand much, let alone meet the demand generated by the virtual disappearance of the traditional youth labour market and the raising of the compulsory participation age' (Wolf 2011).

Wolf argued that the requirement for QCF compliance reduced the value of apprenticeships to young people and made it harder for institutions, as apprentices would only be funded where they passed all components of the SASE framework. She argued that the framework was more suited to employers than colleges, as units were competence-based rather than graded. Her conclusion was that:

**'As a general model, the current content and nature of apprenticeship frameworks fails to promote progression within education for young people, and is at odds with the**

desire of ministers to encourage progress from apprenticeship into higher studies (and not merely a higher level award in the same narrow occupational field).’  
Ibid

Alison Wolf is right to argue that, particularly for young people, an apprenticeship’s value in the labour market lies as much in its teaching of general skills as its occupational training. There is a good case for a strong core offer, delivered in partnership with colleges, for young people, not just those under 19 but perhaps up to the age of 25. Those aged under 19 should certainly enjoy time off-the-job for learning equivalent to that in Germany, so they can learn not just English and maths but also the generic skills that will stand them in good stead in an economy where adaptability scores highly.

However, this is not an appropriate model for many older apprentices. Here, a very different range of skills is required, and their reasons for embarking on an apprenticeship may be very different. Apprentices aged 27 may have been working for a decade, and have gained many of the personal, learning and thinking skills that are so essential in the SASE framework. They may want, not just level 3 courses, but highly advanced level 4 and 5 apprenticeships where they either learn the skills needed to become a manager or to become what the Germans would call a *meister*, a highly skilled craftsman or woman.

Foundation degrees have helped develop technician and professional skills for many adults working in the public sector and private industry, as have higher national diplomas and higher national certificates. But, while these qualifications are often useful for progression to honours degree courses and for those seeking management promotions, there is no course available equivalent to the *meister*. This is where a more bespoke apprenticeship could play an important role.

The *meister* combines extensive knowledge of the theory of his or her profession with wide practical skills. Originally linked with craft guilds, which have been replaced by trade associations, the *meister* was two ranks above an apprentice (with the journeyman occupying the intermediate rank). In Germany, both masters and journeymen are members of the *Handwerkskammer* or Chamber of Crafts, which organises vocational education in their craft in a city or region. The model, as it works in Germany, has been criticised for promoting restrictive practices, but it has important statutory duties in the field of vocational training such as keeping the apprentice registry, holding the master craftsman examination, issuing the master craftsman diploma and registering businesses in the Register of Craftsmen.<sup>6</sup> It is something akin to the master craftsman diploma that we should seek to

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6 See, for example, the Hamburg chamber at <http://www.hwk-hamburg.de/hamburger-handwerk/hamburg-chamber-of-crafts.html>

incorporate within our apprenticeship programme, recognising it as an alternative to the management route.

In English education, the notion of an advanced skills teacher was introduced to schools in 1998 to recognise that some good teachers wished to contribute more by staying in the classroom and helping other teachers develop rather than becoming a school leader.<sup>7</sup> There is room for a similar route across many trades and professions: the hotel worker who might aspire to be the master chef or hotel manager will require a very different range of skills; as might the construction worker who could be a master builder working with composite materials, as opposed to a foreman or quality assurer. Higher-level and advanced apprenticeships, focused on these skills and moderated by effective Sector Skills Councils, could be the best route to realise this goal.

The single apprenticeship programme covers learners and sectors with different needs. The retail sector may have a greater need for intermediate skilled employees serving customers, while the engineering industry requires more highly skilled technicians. Recognising these apparently disparate needs within a single apprenticeship brand represents a significant challenge in the context of apprenticeship growth, demonstrated by recent media stories criticising the growth in supposedly low-quality short apprenticeships.<sup>8</sup> The immediate temptation may be to stipulate the minimum duration of apprenticeships at the various levels. Such a move may be more appropriate for pre-18 apprenticeships where there are wider educational aims than for older apprentices, for whom an artificial minimum could result in 'over-training' and consequently place an unnecessary burden on employers and state funding. As ever, in the English system, the answer is likely to result in 'principled pragmatism' combining the essential of an apprenticeship with a more nuanced measure of quality – a classic messy compromise. The further radical alternative would simply be to recognise that some programmes, while delivering value to employers, individuals and the state, do not fit with the apprentice brand.

## Conclusion: Colleges can help develop bespoke apprenticeships

Through all these examples, the key is apprenticeships where one size does not fit all. The danger with rigid standards or credit frameworks, as Alison Wolf recognised, is that they militate against individual needs. Young people have different requirements from those with substantial work and life experience. Not everyone wants to be a manager: many would prefer to rise to the top of their profession, craft or trade. In Germany, they may have a more rigid set of practice restrictions, but

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7 <http://www.education.gov.uk/schools/careers/traininganddevelopment/ast>

8 See for example Watkins S and Owens V (2011) 'The Great Apprentice Racket: Some Jobs Fall Short of Skills as Firms Collect Millions', *Daily Mail*, 2 October 2011.

they also ensure that young apprentices are better equipped with the generic knowledge and skills that will allow several career changes later on. At the same time, their system of craft chambers allows excellence to triumph in specific sectors to a far greater extent than in the UK.

Colleges have long argued for greater freedoms to tailor qualifications to meet the individual needs of learners and employers. Governments, for understandable reasons, have sought to define such activities through an ever more rigid qualifications framework, with funding following the qualification. This has imposed rigidities in apprenticeships as much as it did in programmes like Train to Gain. We need to go back to basics, asking not so much ‘what is an apprenticeship?’ – beyond the essential combination of work-based and structured learning and assessment – as ‘why apprenticeships?’ And if the goal is to improve the skills and productivity of the individual as well as businesses and the wider economy, then the answer must be wider opportunities to deliver bespoke apprenticeships that have very different features depending on age and sector.

Colleges and private training providers need to be freed by government and its funding agencies to develop new apprenticeships, whether for leaders or master craftsmen, young engineers or young apprentices whose lives are not yet so defined. They should be able to respond to demand, not simply add to government statistics through increasing supply.

While the restrictive Train to Gain programme may be going, it has been replaced by very clearly defined funding routes, with a very rigid set of requirements for apprenticeships. Sector Skills Councils have the chance to become the engines of this variegated route, and the guarantors of quality, as German craft chambers are, though their record has so far been patchy. Further education already has a strong track record over recent years in developing good links with employers and meeting industry specifications. Now the sector needs the freedom to turn those links into developing apprenticeships that continue to deliver the goods in a rapidly evolving economy.

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# EMPLOYER DEMAND FOR APPRENTICESHIPS

EWART KEEP AND SUSAN JAMES

A classic dictum of English skills policy has been that there are ‘no votes in training’. Action on mainstream education – schools and higher education – attracts attention, comment and approbation from the media and voters that policy on training, on the whole, does not. The sole, major exception to this rule has been apprenticeships.

Politicians of all parties, across the whole of the UK have been attracted to the apprenticeship, largely because it is the one form of vocational training visible to the electorate. Moreover, it has a familiar ring to it, and carries connotations of quality training, leading to meaningful and reasonably well-rewarded work in what were traditionally seen as the ‘skilled trades’ – engineering, carpentry, building, plumbing, and so on.

Policy has, therefore, endorsed apprenticeships and sought to expand provision, with successive governments proposing ever more ambitious targets for apprenticeship numbers. For example, the previous Labour government’s ambition, as established by the Leitch Review of Skills, was to have 130,000 apprenticeship completions in England by 2013 (up from 98,000 in 2007/08) and 500,000 apprentices in learning by 2020 in the UK (LSC 2009). The Coalition government has abolished the Leitch targets but are still keen to ‘measure’ performance (BIS 2010) and have ‘priorities’ such as ‘at least one out of every five young people to be undertaking an Apprenticeship programme by 2020’ (NAS 2011).

Unfortunately, policy in England has hit a roadblock. Ever since the Manpower Services Commission’s New Training Initiative (launched in 1981) a consistent goal of English policy has been the creation of a mass, high-quality, work-based route for vocational training that would bridge the transition from education into the world of work (see Bynner, this volume). However, the enthusiasm of politicians, parents and many young people for a high-volume, quality, work-based route for acquiring vocational skills and learning has not yet been shared by employers to anything like the required degree. The simple fact that, 30 years on, employer engagement remains a consistent ‘work in progress’ ought to alert us to the scale and potential nature of the problems.

The situation at present is that demand from potential apprentices for training significantly outstrips the supply of places made available by

employers by a wide margin. The *Wolf Report* (2011) suggested the figure was of the order of 15 applicants for each apprenticeship place, and for some high-profile apprenticeship schemes, such as BT and Rolls Royce, the number of applicants per place is much higher than this. Wolter and Ryan (2011: 522) ask a key question: ‘why would any employer provide and finance training for an asset, viz, employee skills, that it does not own and for any investment in which it cannot in competitive markets extract a return?’

Whereas, historically, an apprentice was indentured to a master for a number of years after the training was finished, resulting in a zero balance sheet – and in most cases a profitable investment – the apprentice can now leave an employer immediately after the training (and some even during). Clearly some employers are investing in apprenticeship and young people. However, exhortation through financial incentives by government has not yielded the results envisaged to meet the demand from young people to provide additional training places in sufficient number and of a consistently high quality to satisfy demand. As this chapter will suggest, the prognosis is not all that rosy.

## Gaming the targets

Under the Coalition government, targets for education and training have been reduced somewhat (Wolf 2011). However, the targets for apprenticeship are still ambitious and current policies are under stress as civil servants and government agency staff struggle to meet these targets in the face of limited employer buy-in.

In this chapter, we want to highlight two outcomes of this approach:

1. **Re-labelling:** The first is the re-labelling of almost any form of government-funded training as ‘apprenticeship’. An example has been the re-badging of existing Train to Gain activity as ‘apprenticeship’. The result is that apprenticeship starts for those aged over 25 increased by 234 per cent between the middle of 2010 and the end of the first quarter of 2011 (FE Week 2011: 1). Even the New Labour architects of Train to Gain would probably have balked at describing this training as ‘apprenticeship’ – and employers elsewhere in Europe would certainly do so.
2. **Branding:** A second outcome is branding. Much of the apprenticeship expansion has been led by private training providers who have offered employers packages of government funding, ostensibly for apprenticeships, but also for adult training and schemes to support those who are not in education, employment or training. These packages of support have been used to ‘buy up’ and brand existing company training activities (Gove 2010), with the added value coming in a modest expansion in numbers and the provision of nationally-recognised certification (almost invariably an NVQ).

Thus the efforts of one training provider (Elmfield Training) have catapulted Morrisons supermarket chain to becoming the largest ‘provider’ of ‘apprenticeships’ in the UK, with 20,380 trainees.<sup>1</sup> The bulk of Morrison trainees (around 85 per cent) are members of the existing adult workforce and aged over 25, and 99 per cent of the ‘apprenticeship’ places at Morrisons are at level 2 (FE Week 2011: 2).

The average duration of these ‘apprenticeships’ is just 28 weeks (compared to apprenticeships in Europe that last between two and four years). For adult workers, the suspicion has to be that much of the level 2 will in fact be accounted for by the assessment and accreditation of prior learning rather than any training in new skills (as was often the case with Train to Gain at level 2 – Ofsted 2008). These two forms of apprenticeship would not be recognised as constituting an apprenticeship in the sense that our European counterparts use the term. It is also unclear what level of ‘deadweight’ is involved for the taxpayer – that is, taxpayer-funded activity that would have taken place without government subsidy.

Thus, from the point of view of the government and its agencies, whatever the public rhetoric, in any trade-off between quality and quantity that takes place in a world of high-profile, high-consequence targets, quality tends to lose out as the dash to deliver the minister’s goal takes hold. The result is what the head of the National Apprenticeship Service has termed ‘low train’ and ‘hot house’ (that is, short duration) apprenticeships (FE Week 2011: 13). This depressing situation simply underlines the profound difficulties of reconciling government ambition with limited real employer commitment and enthusiasm. The problem is particularly acute given the context of a voluntaristic national training system that leaves the volume, content and level of training activity largely up to the preferences and choices of individual employers.

One of the key lessons here for the English government comes in Scotland’s approach to developing its apprenticeship route. Until 2009, the Scots reserved apprenticeships for provision at level 3, with level 2 youth training operating under the ‘Skillseeker’ label. This allowed them to build up the prestige and status of apprenticeship provision and to help associate it with high-quality, intermediate level training.

## Problems with employer demand

Why does the English government (and its agencies) feel the need to resort to approaches that seek to make up numbers, particularly given earlier criticism by ministers of such practices?<sup>2</sup> The answer is that nowhere near enough employers have yet proved willing, of their own accord, to be involved in apprenticeship provision. The reliance on

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<sup>1</sup> See James (2010) for an earlier, similar example of McDonald’s approach to apprenticeship.

<sup>2</sup> For example, see Gove 2010

re-labelling to meet targets seems to have led employers to develop a learned reliance on government subsidy to pay for training (Keep 2009).

Often an apprenticeship, and more specifically the vocational qualification attached to it, is assessed as rates of return (expressed in terms of higher wages) to holding specific qualifications, and many assessments show negligible returns to acquiring some vocational qualifications. Where rates of return are applied to apprenticeship, it is often in terms of human capital and employer training costs – that is, the cost to the employer to train and the return on that investment. As a consequence, in the last two decades, the various governments have tempted employers to take on apprentices with a variety of training subsidies.

An example of one of the latest of these was the Apprentice Grant for Employers (AGE) programme, which ran from December 2009 with a cut-off date of 31 March 2010. The programme offered small-to-medium-sized employers £2,500 (£1,500 on the apprentice's start date and £1,000 12 weeks later) to employ an apprentice for the first time or an additional apprentice over and above the normal intake for the business. The target was 5,000 apprentice places and was a one-off opportunity. The evaluation reported that training providers found it easier to recruit employers onto this programme than the standard apprenticeship due to the funding incentive (Wiseman et al 2011). When results like these are reported, it seems that the government has also developed a 'learned reliance' on developing and adopting such approaches.

Reports on the proportion of employers actively involved in the apprenticeship system vary, but the best estimates lie between 4 per cent (Shury et al 2010) and 13 per cent (Steedman 2010). Outside of a few sectors, such as engineering, construction, hospitality and hairdressing – the traditional heartlands of apprenticeship – employer commitment is patchy and limited. The reasons are complex, various and, unfortunately, often deeply embedded in the structure of our economy and labour market, and also within the pattern of past choices about the development of education and training policy. Here we address some of these reasons.

### **1. The importance of skills to employers**

The UK government has consistently tended to over-estimate the importance attached to skills issues by employers. It projects onto employers its own beliefs that the skills of the bulk of the workforce are key to economic performance at the level of the national economy, sector, firm and individual (see Keep, Mayhew and Payne 2006). For many organisations, skills may be a third or fourth order issue (Keep and Mayhew 1996) and there are a range of alternative routes to competitive advantage that rely on different approaches to simply upskilling the

mass of the workforce. Examples would include offshoring, outsourcing, and competition founded on a 'value proposition' that revolves around consistent delivery of relatively low-specification goods or services at a low price.

It is also the case that our demand for craft, intermediate and technician level skills (that is, skills at qualification level 3, and between levels 3 and 4) is relatively limited (see Dickerson and Vignoles 2007) not least relative to that found in other countries where the apprenticeship route flourishes. Predominantly this lack of demand is the corollary of a perceived surge in the supply of graduates – who end up filling technician level jobs – and an unflinching belief in the imminent arrival of a knowledge-driven economy (Brown et al 2011). However, a silver lining may be that, in the coming years, the need to replace an aging craft workforce will boost the numbers needing training in these fields. The other related issue is where such a supply of skills can be sourced. The answer is not necessarily via a company-based training route within England (see below).

## **2. No industrial policy**

The UK's inability (and/or disinclination) to design and maintain a national industrial policy, coupled with an unbalanced economy, has led to a decline in many of the heartlands of apprenticeship, not least in manufacturing. In other developed countries, advanced manufacturing, and the supply chains it requires, help to drive apprenticeship provision and quality. Unlike European nations that have strong links between employers, unions and the government, the UK operates within a deregulated labour market and voluntarist training system that does little to foster employer engagement with training (Payne and Keep 2011). The lack of a national industrial policy, combined with the government's strong belief in the free market as its own solution to skills development, means employers are left to their own devices in terms of training for the skills they believe they need.

Moreover, in the last quarter of a century the ownership of our economy has been transformed, with a huge rise in the number of foreign-owned firms and, at the same time, a decline in the overall importance of the UK economy to those British-owned firms that still exist (the bulk of their workforce, turnover and growth prospects are often outside the UK). This raises major problems for the construction of any national project around skills.<sup>3</sup>

## **3. Why train when education will do it for you?**

A third key problem, touched on above, is the existence of many alternative routes leading to the initial education and training or the upskilling of the workforce. Many of these are provided free of charge to employers and without requiring any direct input or effort by firms.

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<sup>3</sup> See Keep 2011 for further discussion of this issue

The government and/or the student foots the bill. This situation reflects a deep-seated and persistent ambivalence in education and training policy. On the one hand, successive governments have talked up the need for a substantial, high-quality apprenticeship route, while on the other, creating alternative forms of provision that deliver the skills needed for technician and associate professional jobs via further and higher education (Soskice 1993; Keep and Mayhew 2004). Foundation degrees were specifically designed to address technician-level skills via higher education, and the current over-supply of graduates means that level 3 jobs can often be filled by those holding level 4 qualifications. In other countries (such as Germany, Austria, Switzerland), technician skills are largely delivered through apprenticeships. As a consequence, their higher education systems cover a significantly smaller proportion of the relevant age cohort than England's current 45 per cent figure.

Moreover, the mass expansion of further and higher education in the UK over the last 30 years, much of it driven by demands from employer bodies such as the CBI,<sup>4</sup> has greatly weakened the need for companies to organise themselves to deliver apprenticeships (Keep and Mayhew 2004). The exception has been in those sectors such as engineering, where many of the skills needed by employers can only be acquired in the workplace settings in which they will be deployed. In other words, where skill acquisition and usage are tightly linked and are specific to particular workplace contexts which cannot easily be replicated inside education (Evans et al 2006).

#### **4. A single EU labour market and migrant labour**

Another disincentive to employers to address their skill needs through high-quality apprenticeship schemes is the reality of a single, European-wide labour market. With this has come the realisation that, at least in some occupations and sectors, well-trained, well-educated workers from the accession states are readily available and keen to work in the UK. Their training comes free of cost to UK employers.

#### **5. Lack of licence to practise**

In many of the countries where apprenticeships form a more substantial route for the provision of initial vocational education and training (VET) such as Australia, Canada, New Zealand, and large swathes of northern Europe, apprenticeship systems exist, in part, because of occupational regulation that demands vocational certification. The occupational regulation covers a broad package of skills and learning in order for the individual to have a 'licence to practise' in a given occupation.

The prevalence of such regulation, outside of the professions and a few specific occupations (for example, heavy goods vehicle drivers, 'door wardens', bus and coach drivers, gas fitters and airline pilots) is much more limited here. Our official commitment to a highly flexible labour

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4 Confederation of British Industry

market remains unwavering, but at present the government is also talking about seeking to encourage the adoption of a licence to practise, on a voluntary basis, in industries where employers can agree on such a move.

## **6. Lack of collective employer organisation**

In most countries where apprenticeship flourishes, there are forms of collective organisation for employers that help support a pooling of expertise and effort around training. Until now, such an infrastructure has been largely absent in the UK (though there are exceptions).<sup>5</sup> Through its Growth and Innovation Fund, the government is finally trying to support bids from employers to develop their collective capacity to train.

## **7. Conceptions of skill – the missing middle**

Overseas models of apprenticeship as the means of delivering craft and intermediate level training often appears of limited relevance in England, given our somewhat different conceptions of occupation, initial VET and the breadth and depth of skills needed to do many jobs. In many other European countries, rather than simply equipping people to undertake a specific entry-level job, the expectation is that apprenticeship training should be at level 3, encompass a broad foundation of vocational skills and a substantial element of general education, and enable people to enter and progress within a broadly defined occupation. Such notions are largely absent in England.<sup>6</sup>

This is a key reason why we find it so hard to learn from overseas apprenticeship systems: they are built upon conceptions of skill and occupational identity, and forms of work organisation and job design that are more or less wholly absent here. This is particularly so in areas of employment outside the traditional skilled trade and handicraft areas. It also means that British employers often struggle to see the relevance of high-quality apprenticeships to meet their skill needs and also often resist wider forms of learning within an apprenticeship by demanding the 'flexibility' to pare training down to a package that simply meets their existing needs. As a result, many of our 'apprenticeships' have hitherto contained no substantive off-the-job learning, no technical certificate and no wider general education or learning above and beyond some very low-level literacy, numeracy and information and communications technology.

## **Employer-led or government scheme**

Many of these problems are deep-seated and structurally embedded in our economy, labour market and policy-making processes. Policymakers have tended to be in denial of this situation for at least the last quarter of a century. As Fuller and Unwin have argued (2003a and in this volume) many of these tensions and problems have been magnified

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5 See Gospel and Foreman 2006

6 See Green 1998, Brockmann, Clarke and Winch 2011 for a much fuller exploration of this point

by the persistent failure to clarify what the respective rights, roles and responsibilities are for apprenticeships, and indeed for the overall supply of skills, between the state, individuals and employers.

Despite a policy rhetoric that has revolved around employer leadership, the reality is that the funding of provision, who decides what is and what is not an apprenticeship, and the setting of targets and goals for the apprenticeship system, all reside with government rather than employers (or even with any meaningful partnership between government and employers). The result is that, in marked contrast to countries such as Germany, apprenticeship as a 'system' is owned by government, albeit a system within which some (though by no means all) employers may own their in-house training provision.

The Coalition government's targets for apprenticeship numbers are simply the latest in a long line of 'aspirations' or 'ambitions' that have been hatched by politicians for apprenticeship without adequate (or in some sectors any) consultation with employers about what they want and, more importantly, what they are willing to commit to provide. Many employers may very well not share those ambitions, and firms do not see themselves as there to invest in training simply in order to meet government targets.<sup>7</sup> Until government can bring itself to construct a more mature and realistic relationship with employers, the danger is that ministers project ambitions onto employers that the majority of firms actually have little real interest in trying to deliver. For example, in 2010 only 'some 130,000 firms out of a total of more than a million' offered an apprenticeship (Steedman 2010). The lack of employer engagement has been a recipe for endless disappointment over the past quarter of a century or more, and yet signs of policymakers learning this lesson are hard to find (Keep 2011).

### Lessons to learn: the case of UK Skills

Given the structural nature of many of the problems outlined above, it is apparent that progress will be difficult and may occur at a slower pace than some might like. However, it is surely better to make real progress at a measured pace than to opt for a hollow illusion of progress simply because it can be delivered swiftly. In line with this thinking, the other way to look at Steedman's (2010) estimates is that there is up to 13 per cent of employers who *are* engaging in apprenticeship and evidence from UK Skills shows there is much vocational excellence occurring in the UK (James 2011).

UK Skills is a not-for-profit organisation, housed within the National Apprenticeship Service (at the time of writing) that champions skills and learning for work through competition and awards. As part of its role it identifies, trains, and supports the UK's team in international skills competitions. Many of the young people participating in skills

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<sup>7</sup> See Institute of Directors/CFE 2011 for a useful discussion of this point

competitions are undertaking apprenticeships in their respective places of employment as well as receiving additional training outside of the workplace. Not only do those employers engage in, and have contributing costs for, their apprentice's training to international WorldSkills competition standards. They also agree to allow the apprentice to have extra time away from the workplace for training.

Although the apprentice is receiving extra training, the immediate benefit of this training is not always evident and many times there can be a direct cost to the employer in terms of replacement staff as the subsidy provided does not always cover these costs. UK Skills, in their *Review of the Team UK Training and Support Programme* (2009: 30) readily admit trepidation with regard to employer commitment:

'There had been a strong fear that in most cases, and especially among small firms, squad members' employers would refuse to release them for such an intensive programme. This fear turned out to be ill-founded. Virtually every employer supported and facilitated the training with immense goodwill and at times extreme forbearance ... It would be quite wrong, though, to suggest that squad members' employers were content provided they minimised their business losses. The employers released their employees because they were investing in a unique training opportunity that would aid both their employee and their business. This was a hugely enlightened view which may explain why their employees had got into the squad.'

Clearly these employers are not permitting their apprentices to compete and be away from the workplace for the government funding incentives alone. For these firms, not only is the reproduction of vocational knowledge a key business need translated into business strategy but there is also an altruistic dimension, as noted by one of the apprentices:

'There is a dedication to training apprentices and taking them on to qualifying and working full-time. There is a history and passion for the craft (stonemasonry) and a dedication to a high standard of work in this company.'

James 2011

A key finding from the research conducted into the workplace learning environments of the Team UK World Skills competitors (Mayhew et al 2009) was that the more 'expansive' the workplace (Fuller and Unwin 2003b and this volume) with recognition of the apprentice as a learner as well as a worker, the more likely the apprentice was going to have the necessary and sufficient skill base to be able to meet the World Skills international standards in that skill. Moreover, one of the key points highlighted by UK Skills (2009) for the success of the training received by Team UK competitors is quality to ensure the apprentice can meet the international standards in his or her skill.

## Conclusion

That is not to say that the model of UK Skills is a one-fit solution. Nor are we arguing for a system modelled from examples on the continent. However, the key concepts and findings from the case study research presented above – for example: quality over quantity; acknowledgement of learner status as well as worker status; level 3 qualifications as a benchmark – offer a starting point for the government and employers to think about developing expansive work environments for apprentice skill development, particularly in light of the fact that these strategies do not require financial incentives and do not need to be based around a business financial sheet.

Also, it needs to be borne in mind that Coalition policies around the expansion of the apprenticeship route are taking place against a complex backdrop. On the one hand, the new fees regime for higher education is liable to drive more young people to want to find ways to combine learning with earning (in other words, increase demand for apprenticeship places) whereas economic uncertainties and ongoing closure and redundancy programmes (not least in manufacturing and areas such as retailing) are liable to dampen the willingness of employers to take on new trainees. On the other hand, a new funding regime for post-19 apprenticeships is looming, and as it incorporates a significant reduction in funding levels per apprentice by government and the expectation of greater individual and/or employer contributions, its impact on demand from both parties is also liable to be significant.

In terms of the immediate future, the government is left facing a fairly stark choice. It can either reduce or abandon its targets and concentrate on building up the quality of provision, as in the UK Skills case, and moving more apprenticeships from level 2 to level 3 (the level that would count as apprenticeship in most of the rest of Europe) or it can concentrate on meeting the targets. If the latter is the choice, expect to see yet more public money wasted on re-labelling of government-funded training (at all levels and of all types) as ‘apprenticeships’, and more ‘buying up’ (via government subsidy) of existing company initial and adult training provision and its branding as ‘apprenticeships’. But if the former is the choice, then there is a fertile ground of vocational excellence to be explored in the UK.

Quality and content do not need to be traded for quantity but a creative imagining of level 2 and 3 qualifications and apprenticeship is necessary. As noted above, the Scots have pioneered such an approach and this is an instance of when it might be a good policy decision to be a follower rather than an inventor, or worse – a re-inventor.

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## REINVENTING THE APPRENTICESHIP: AN EMPLOYER'S PERSPECTIVE

OLIVER TANT AND NEIL SHERLOCK

The great explorer, Christopher Columbus, said: 'You can never cross the ocean unless you have the courage to lose sight of the shore.' Faced with the challenge of building a growing business in a world of fierce competition, KPMG has taken this maxim to heart. In doing so, it believes it has reinvented an idea which is well-trying and tested but seemingly forgotten by the professions in Britain: the apprenticeship.

In recent times, the publicity and news stories surrounding young people have been dire: riots and looting in some of our major cities, higher unemployment, reduced opportunities, hundreds chasing every job, public sector cuts, and rising university tuition fees. In May, the Guardian reported that the unemployment rate has doubled from 10 per cent to 20 per cent for graduates in the last three years (Shepherd 2011). An estimated 55 per cent of this year's graduates will fail to land a job that requires a degree, becoming either under-employed or unemployed (CEBR 2011). In short, gloom, gloom, and more gloom.

Meanwhile, following the global financial crisis, economists have argued that the UK needs to rebalance its economy away from banking and financial services and in favour of other sectors. This was a big theme at the last general election and subsequently the Business Secretary and the Chancellor have set out a growth strategy (HM Treasury and BIS 2010) based on sectors that have not always had the highest priority from governments in the past.<sup>1</sup>

Priorities are now changing. In the future, Britain will need a stronger creative sector, more green industries, vibrant high-end manufacturing and global professions, if the economy is going to be competitive internationally and provide enhanced life chances for more of our people.

### Economic priority and social imperative

This economic priority is matched by a very strong social imperative: to improve social mobility so as to broaden chances and choices. People with talent must be able to flourish in Britain. KPMG has always put a strong premium on the communities in which it works, recognising its

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1 A senior government official once told a colleague that, if a major bank came in for a conversation, the response always was 'How can I help?' but companies from any other sector were met with scepticism at best.

wider obligations to those who, through accidents of birth, have fewer opportunities and therefore need to see a vibrant business sector that helps them. The KPMG Foundation helps the most disadvantaged people read and count; the firm organises volunteering programmes into primary schools and sponsorship from KPMG and the City of London helped to establish the City Academy in Hackney.

Alan Milburn, a former Labour cabinet minister and now adviser to the Coalition government, chaired a panel that examined access to the professions and produced some ground-breaking work that is informing the thinking of the current government on social mobility. His central insight is that rapid growth in professional jobs creates the conditions for an increase in social mobility.

Just as the growth in professional employment that took place after 1945 helped to make Britain more socially mobile, so future trends in the labour market – particularly an increase in the proportion of skilled jobs in the professions – represent a real chance for another wave of change. Those born in the 1950s and 1960s were beneficiaries of the expansion of learning opportunities and the growth in services and the ‘professionalisation’ of jobs. But more recently, the professions have tapped into too limited a pool of talent. If Britain is to fully realise the possibilities of the future, it needs to do more to find talent from a wider variety of sources.

## The business case for reinventing apprenticeships

This is the business case for reinventing apprenticeships for the professions, a case which has never been stronger and can be summarised in seven points.

1. The projected growth in employment in service industries in the UK will require a significant increase in able staff recruited and retained within the sector. This increased demand will not be supplied by increasing graduate numbers alone. Changes in the education sector mean that the supply of graduates is uncertain in the near future and there are benefits to be gained for business from a potential shift away from the view that university, followed by a training place, is the only route into the professions.
2. In the past, professional services firms have not struggled to fill their training places and there has been little imperative to move away from traditional recruitment sources.
3. The drive in the last 30 years towards graduate entry levels for all major professions, including accountancy, has led to a point where, for the largest firms, graduate entry is the norm.
4. Adopting a variety of apprenticeship models enables firms to ‘home grow’ talent and provides an immediate return on investment as trainees learn by doing and apply classroom teaching daily in the workplace.

5. Professional services, including accountancy, have developed a staffing model in which, at the end of three years of training for a post-graduate professional qualification, there is a high likelihood of changing firm. In KPMG's School Leavers' Programme, apprenticeship trainees study towards a degree and professional qualifications over a six-year period – providing value to the business in the form of periods of client work throughout this time. Newly qualified accountants from the programme will have academic and professional qualifications and six years of on-the-job experience.
6. Increasing the variety of routes into the professions lowers a key barrier to entry and ensures increased diversity of recruits.
7. There has long been a concern, only anecdotally recorded perhaps, that professional services firms do not mirror the diversity profile of their clients, or at least mirror the aspirations clients have for their own diversity profile.

## The KPMG programme for school-leavers

There is potentially an enormous reward for firms that develop the right apprenticeship scheme to encourage a wider variety of young people into the professions, including accountancy.

KPMG have built such a programme, strongly rooted in what young people said they wanted. Over 200 young people – the majority from schools in disadvantaged areas – helped us to think differently about our future and their future. These young students inspired us – together with the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants of Scotland, Durham University, the University of Exeter, and the University of Birmingham – to be bold and to embrace radical change.

So what is the KPMG School Leavers' Programme and why are we so excited about it? The programme is a real alternative to entering accountancy through the traditional university route. It comprises:

- a six-year apprenticeship programme that offers the chance to obtain a university degree
- a professional accounting qualification
- real work experience.

Those in the programme are paid a salary and both tuition and professional fees are covered by KPMG. There is support to help the transition from school to the new world of work, financial support for costs such as commuting, and also real professional and pastoral mentoring from the firm and the university.

The first three years are a mix of work and studying at university; the fourth year is full-time study at Durham University<sup>2</sup> to get a

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2 In the programme at the University of Exeter, studying is more evenly spread.

BSc in accounting; and the final two years are a mix of working and professional accountancy training, building towards a professional qualification. All of these were elements that developed from focus groups held with students and people from the universities and other institutes involved.

When the concept was launched in 2010, its success was overwhelming. As well as support from Alan Milburn and David Willetts, Minister of State for Universities and Science, there was much interest from other businesses, over 5,000 interested parties registered on the scheme's website and over 250 schools that were targeted in the most disadvantaged parts of London, Manchester and Birmingham responded with enthusiasm.

The early signs are encouraging. The programme has attracted over 1,000 applications for nearly 100 places – with two-thirds of those coming from the state sector, compared to around half of entrants through the traditional graduate route. This suggests the programme will help widen access to the accountancy profession and underpin KPMG's desire to go further and faster.

### Corporate investment in education in the future

It could be a real watershed moment – with a direct corporate investment in the education of young people and helping to meet the costs of higher education, something which the firm (and other employers) has merely been a beneficiary of in the past. As the secretary of state for business, innovation and skills Vince Cable put it, 'It is a great example of industry investing in the talents of bright young Britons' (KPMG 2011).

Investment in apprenticeships by UK companies has been relatively low in recent years, primarily because of the fear that apprentices will leave and the investment will go to waste. However, KPMG is confident the attrition rate on its programme will be low because of:

- the strength of its commitment with its partners to make sure that students stay the course
- the incentive of the opportunities for trainees within KPMG once they have completed the programme.

Hopefully, this is the start of a big change for employers in the professional services. In five years, KPMG wants to see more recruits and even greater diversity to build a stronger business, ready for the global challenges it faces. In that time, KPMG may see 30 to 40 per cent of its recruitment coming from the apprenticeship programme, to the great benefit not only of its business, but also its clients.

KPMG is also looking at the possibility of developing a school-leaver, non-degree apprenticeship programme. Linked to the government's growth agenda, we will be leading an initiative across the accountancy

profession, looking at how higher-level apprenticeships and additional degree-level programmes, can play an even greater part in expanding routes into the profession. This will challenge other firms to respond with their own apprenticeship schemes and programmes, not just in the professions but beyond.

We hope that this will contribute to an exciting new phase in higher education: a new chapter that will help to re-invent the old idea of an apprenticeship in a way that nurtures the generation of young people who are Britain's future.

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# MAKING QUALITY COUNT: THE UNION VIEW

FRED GRINDROD AND IAIN MURRAY

Trade unions have a long tradition of supporting learning and skills at work. One of the key debates at the Trades Union Congress (TUC) founding meeting almost 150 years ago was the need to improve the technical skills of workers. Union support for high-quality apprenticeships has been a constant ever since. This chapter focuses on the TUC's current strategy to drive forward this agenda on two fronts:

- helping unions to build on their acknowledged strengths in supporting and protecting apprentices at work and in negotiating a greater take-up of trainees among a wider pool of employers
- pressing government to introduce measures to tackle some key policy challenges, in particular, to improve quality of training, equality of access and employer demand.

We believe we can learn much from European neighbours with the most successful apprenticeship systems, where judicious regulation and social partnership arrangements combine to make high-quality apprenticeships much more widely available, especially to young people (Steedman, this volume).

Emulating this model would be difficult in the UK. It would require a 'leap of faith' by policymakers, involving a direct challenge to entrenched opposition among some employers to more regulated training. It would also require employers and unions to commit to high-level partnerships governing apprenticeship provision. Unless these two central issues are tackled, it is difficult to see how more and higher-quality apprenticeships can be guaranteed for a much greater number of individuals and especially so for the growing ranks of the young unemployed.

## Quality – the policy context

While supporting the rapid expansion of apprenticeships since the late 1990s, the TUC has pressed governments to ensure that all apprenticeships are of a high standard and that pressure to achieve numerical targets does not lead to lower standards of quality. Apprenticeships must be high-quality, holistic career development opportunities and should not be viewed simply as a means of subsidising employers to deliver occupation-specific training, although that form of training is one element of the apprenticeship

framework. Equality and diversity issues have also continued to plague apprenticeships and unions have consistently pressed government and employers to make equality of access to high-quality provision the number one priority.

There continues to be a tension between the aim of recent governments to expand the number of apprenticeship opportunities and evidence showing that expansion in some areas of the economy is being accompanied by practices that undermine quality and equality. Restricting expansion is not an option; demand among young people (and adult employees) for apprenticeship places is outstripping supply (Steedman 2010) and employer engagement in the UK lags behind the rest of Europe. For example, only 30 per cent of companies with more than 500 staff have apprenticeship schemes, compared to virtually all companies of that size in Germany (ibid).

The policy challenge is to sustain plans for expansion while also driving up quality and improving access routes. This is a point well made by Professor Alison Wolf (2011) in her recent report for the government on pre-19 vocational education. While strongly supporting the centrality of the apprenticeship route, Professor Wolf calls into question the quality of the programmes offered by some employers, arguing that it is 'difficult to see why some employees should have their company-specific training paid for [by government], simply because they are designated as apprentices.' She highlights that we have much to learn from the experience of high-quality apprenticeships in other European countries.

Many of the recommendations in the *Wolf Report* pertaining to quality and equality may also resonate for older apprentices and reforms flowing from her recommendations are also likely to have significant implications for changes to working practices relating to apprentices aged 19 and over. Recent criticism by employers<sup>1</sup> of minimum standards relating to time off for training in the existing apprenticeship specification standard suggests the government will have to take a very robust approach if it is going to require all employers with young apprentices to adopt the approach recommended by Professor Wolf.

## A greater role for regulation?

The challenge facing policymakers is that it is difficult to impose an apprenticeship quality standard across all sectors due to the wholly voluntaristic nature of the UK skills system and the absence of a social partnership approach. There has been some progress in standardisation with regard to qualifications, skills and time off for training as a result of the introduction of the *Specification of Apprenticeship Standards for England* (SASE) in early 2011. However, many employers and training providers have complained about the so-called inflexibilities of this

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1 For, example Murray J (2011) <http://www.guardian.co.uk/education/2011/mar/29/investment-apprenticeships-employers-concerns>

approach, especially on the grounds that it is not appropriate for some of the private services sectors. There is also little evidence that the SASE has the teeth to deal with some major quality issues, such as employers continuing to be subsidised for delivering apprenticeships lasting a matter of months rather than years.

An effective, if flawed, argument used by some employer bodies over the years against regulation of apprenticeships, is that this will dissuade employers from participating in the programme and thereby exacerbate weaknesses in supply. However, this argument is wearing thin as international comparisons show that other countries support higher-quality and greater volume within an apprenticeship framework, underpinned by statutory regulations, including those specifying a minimum duration. The UK also has limited regulatory levers that can positively influence employer demand compared to other countries and there are a number of options for policy reform in this area (TUC 2011).

First, the government should investigate further the potential of public procurement to drive up the number, and quality, of apprenticeships. The Coalition government supports this in principle, saying that it will 'work with public sector bodies to encourage and support them to use public procurement as a lever to raise employers' engagement with Apprenticeships' (BIS 2010: 20). The previous government had begun to do this by requiring employers winning major government construction projects to recruit a certain number of apprentices.

Even during a time of government spending cuts, the public sector spends a colossal amount of money procuring goods and services.<sup>2</sup> The government should establish 'a task force, comprising of Ministers and Officials from the Department for Business, Innovation and Skills, the Department for Work and Pensions, the Department of Energy and Climate Change, the Cabinet Office and the Treasury, to consider a procurement policy that increases the UK's levels of skills, sustainability and employability', including specific requirements on apprenticeship recruitment (TUC 2011). For example, in parts of the construction sector where procurement is being used in this way, there is a rule of thumb that one apprentice should be employed for every £1 million of contract value. This approach should be embedded and extended to other sectors.

There is also a need for new regulatory measures at the sector level. The government needs to build on its welcome announcement to promote a social partnership approach through the combined actions of the UK Commission for Employment and Skills (UKCES) and the Sector Skills Councils (SSCs). In order to give this traction, employers and union representatives on SSCs could be required, as a condition

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2 According to the Financial Times, the annual procurement budget is £191 billion: <http://www.ft.com/cms/s/0/aef14e20-3552-11e0-aa6c-00144feabdc0.html>

of UKCES licensing, to draw up a clear picture of their joint ambition on apprenticeships in particular sub-sectors over a specific time period. These ‘apprenticeship agreements’ should be governed by a regulatory ‘carrot and stick’ framework, developed by UKCES in partnership with employers and unions at national level and drawing on best practice from Europe.

Other incentives could also be considered to encourage employers to invest more – more intelligently and more fairly – in apprenticeships and other training. For example, employers could be required to include a short summary of their training provision in annual reports to better inform customers, employees and shareholders. The government could also review the current arrangements for tax relief for work-related training. A recent policy paper by unionlearn (2011a) estimates that the total cost of this relief to the Exchequer is in the region of £5 billion per annum, with little available data on how it is being used by those employers that qualify for it. This relief could be much more effectively targeted, for example, to give much greater priority to accredited training such as apprenticeships.

### What do unions add?

While it is difficult to detail every aspect of a high-quality apprenticeship, the ‘expansive—restrictive apprenticeship’ model developed by Fuller and Unwin (see their chapter in this volume) is helpful in this respect. The authors have previously highlighted the central role for social partnership in this model, saying that ‘the State has a duty to involve the social partners in a genuine alliance to produce a statement of purpose, as exists in some other countries, for apprenticeships [which]... would provide the statutory underpinning needed to formalise apprenticeships in the education and training system’ (Fuller and Unwin 2008). The Organisation for Economic Co-operation and Development (OECD) has also highlighted the need for unions in the UK to operate in a way that replicates the role played by their counterparts in countries where a social partnership involving high-level agreements between employers and unions underpins the way that apprenticeships are administered. For example, the 2008 *Jobs for Youth* study noted that:

‘In countries with a long tradition of apprenticeship training, unions are a key player alongside employers and the institutional actors. In Germany, unions have been instrumental in securing action from employers when apprenticeship places have proved to be insufficient to meet demand. In England, unions should be involved in the design of apprenticeships and other work-based learning initiatives alongside Sector Skills Councils.’

Union involvement in apprenticeships at the institutional level in the UK is largely restricted to the ‘union voice’ on SSCs. While this is important, it is a far cry from the social partnership arrangements and binding sectoral/sub-sectoral collective agreements in other countries.

Nevertheless, governments, past and present, have acknowledged the important role that trade unions can play at the workplace level in promoting take-up, quality and equality through the activities of union representatives. However, less heed has been paid to the influential impact of enterprise-based collective agreements between employers and unions in some sectors, such as in parts of manufacturing, and the degree to which such agreements continue to play a crucial role in maintaining quality apprenticeship provision.

Building the capacity of union representatives is a central feature of a joint project between unionlearn – the TUC's learning and skills organisation – and the National Apprenticeship Service (NAS). The project aims to equip representatives with the necessary skills to encourage employers to offer more apprenticeship opportunities, to enable all participants to enjoy a high-quality apprenticeship, and to help unions to negotiate collective agreements where possible.<sup>3</sup>

The Coalition government has also recognised the new dimension to union engagement on apprenticeships resulting from the pioneering role of union learning representatives (ULRs). With the support of the government's Union Learning Fund and unionlearn, over 28,000 ULRs have been trained since 1999. The government's skills strategy relies on unionlearn to help 'enable trade unions and Union Learning Representatives to work more effectively with employers to increase the number of high quality Apprenticeship places available; in particular by promoting the benefits of Apprenticeships to disadvantaged groups in the workforce and to employers who have not previously trained apprentices' (BIS 2010: 20). Every year unionlearn helps unions to encourage employers to deliver several thousand more, and better quality, apprenticeships.

### **Case Study – South Tyneside Homes**

South Tyneside Homes (STH) is the arms-length management organisation set up by South Tyneside Council to manage, maintain and improve its stock of over 18,000 council homes. STH currently has 24 apprentices across all construction trades including: joiners, electricians, plumbers, plasterers, painter and decorators and gas fitters. All apprentices are given three- or four-year contracts (depending on the discipline) and are paid in line with union negotiated terms and conditions, which rise incrementally as their apprenticeship progresses. Retention after they have qualified is taken on a case-by-case basis, and is primarily dictated by company workload and economic

<sup>3</sup> For more details about the Apprenticeships are Union Business project, go to: <http://www.unionlearn.org.uk/apprenticeships>

factors. High-quality training is paramount at STH and all new apprentices are given a full year's programme of work, as well as a comprehensive induction.

Due to the increasing popularity of apprenticeships, STH received over 600 applications for only eight positions in their last intake. Although competition is fierce, accessibility and getting the right person for the job is still a key priority for STH, so as well as literacy and numeracy, the organisation has recently introduced spatial awareness testing during the recruitment process to allow people to demonstrate different skills. Anyone needing help with skills for life or other issues is supported, usually through the union-led learning project and union learning representatives.

The unions at South Tyneside Homes – GMB, Unite, UCATT and Unison – are supportive of the scheme, as highlighted in the following joint statement:

**'The vast number of Apprentice success stories demonstrate that the ultimate goal of apprenticeships should never be seen as cheap labour for organisations, but rather as being integral to their long-term business plans; providing a dedicated and skilled workforce for the future. We feel that in South Tyneside Homes, the continued strong industrial relations between the unions and employer on the apprenticeship framework - and beyond - has been crucial to its continued success and should be seen as a fantastic model for other employers to adapt in their organisations.'**

In addition to the direct support of union representatives, apprentices in workplaces such as South Tyneside Homes benefit from the wider advantages associated with a unionised workforce (see above). Research by the TUC (2009) shows that, on average, union members receive better pay and conditions and, tellingly, substantially more training, than non-members and there is little doubt that the 'union advantage' translates into a 'quality boost' for apprentices in such workplaces. According to research by IPPR, many apprentices choose to leave due to the poor quality of training provision and a lack of employer investment in the apprenticeship programme (Lawton and Norris 2010).

### **Decent pay and conditions**

In the history of the union movement's support for apprenticeships, a founding principle has been that an apprentice should be paid a wage for doing a job, albeit one involving extensive periods of education and training. Due to significant campaigning and lobbying by trade unions

and others, in October 2010 the Low Pay Commission recommended a new national minimum wage rate for apprentices. Establishing a national minimum wage rate was also welcomed by employer bodies, such as the Federation of Small Businesses, which has since called for the rate to be increased significantly (FSB 2011).<sup>4</sup>

Tracking trends in apprenticeship pay is difficult because of limited availability of data. The last detailed government survey, undertaken in 2007, recorded that 12 per cent of apprentices reported not being paid at all, with this being particularly prevalent in retail, health and social care, and customer services. The same survey showed that an additional 5 per cent of apprentices were receiving below the then-minimum rate of £80 per week.

Recent research published by unionlearn (2011b) has tried to fill the void on pay data. This revealed that the average salary for apprentices is now over £12,000 a year with private sector employers paying, on average, 17 per cent more than public sector employers. According to the survey, those apprenticeship frameworks which attracted the highest pay also had the highest rates of retention and were more likely to be longer and at a higher level. However, the pay-off for employers from apprenticeships that last longer and tend to cost more is still relatively quick. For example, Hasluck et al (2008) found that, even in the case of relatively expensive engineering apprenticeships, 'the employer's investment was, on average, paid back in less than three years'.

Unions also negotiate with employers on a day-to-day basis to ensure that apprentices are covered by all the terms and conditions applicable to the rest of the workforce. As employees, apprentices are entitled to join a trade union, and to benefit from the impact of the union in safeguarding their terms and conditions on both an individual and collective basis. Finally, a major challenge facing many apprentices is whether they will be kept on in a permanent job when they complete their training. While some employers do guarantee a job in such circumstances, for many this is not the case. Many unions prioritise negotiating on this point by ensuring that internal recruitment schemes provide apprentices with additional support in applying for jobs, guaranteeing interviews, helping place apprentices in sister organisations and so forth.

### **High-quality training**

All too often, apprenticeship completion rates are used as a proxy for quality. While completion is an important indicator, this overlooks other crucial aspects of the training experience, including: the duration of the apprenticeship; the amount of time spent training; and the opportunity to progress to further training or employment. Apprenticeship

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<sup>4</sup> 82 per cent of FSB members say that they are in favour of an increase in the minimum wage for apprentices from £95 to £123 for a 35-hour week.

programmes should always identify a clear programme of training with sufficient time off-the-job to attend college or workplace training centres and to engage in private study.

The introduction of the SASE is a welcome development, given that there was previously no national minimum standard for apprenticeship frameworks. However, the standards set by the SASE for minimum Qualification and Credit Framework credits and the minimum time to be spent 'off work station' are very low. The minimum requirement is 30 per cent of 280 guided learning hours per year, which equates to less than two hours per week. There is also currently no minimum duration.

According to Steedman's (2010) international comparison of apprenticeships, time off for training in England is at the bottom end of the scale. She notes that, while most countries require off-the-job training of at least one day per week, 'in Australia and England the minimum is rather less'. In her inquiry, Professor Alison Wolf (2011) highlights similar concerns about young (16–18) apprentices. While acknowledging the benefits of the work-base learning route, she recommends that these young people 'should, nonetheless, be primarily engaged in learning – including, primarily, generalisable and transferable skills [which] is standard practice in other countries with large apprenticeship programmes'.

Steedman's analysis (2010) finds that 'in all apprenticeship countries except Australia and England most apprenticeship programmes take three years to complete or, in the case of Ireland, four years. In Australia, "traditional apprenticeships" last for three years with traineeships lasting on average for one year. In England the average for all apprenticeships is between one and two years.' Even more worrying, a significant number of apprenticeship programmes lasting less than a year in duration continue to receive government subsidy. It is hard to justify any framework of less than at least one year, or in many sectors, two years.

Another major difference between apprenticeships in England and other countries, highlighted by Steedman, is that we have a large proportion of individuals engaged in level 2 training (roughly around two-thirds) and it appears that a large proportion of them (around two-thirds) do not progress to a level 3 apprenticeship. It is, therefore, of little surprise that Wolf (2011) noted in her review that 'the young person who follows first a level 2 course in a vocational area, then a level 3 one, and then goes on to a long-term career in that sector is the exception not the rule.'

Progression goes to the heart of the union view on learning at work and the need for individuals to have the opportunity to continue to develop their skills, knowledge and understanding to support career progression and improve their quality of life. The Coalition government has made a welcome commitment to tackling barriers to progression and to increase opportunities for people to achieve a level 3 apprenticeship and

to progress to higher education. However, the question remains as to what degree this policy objective can be achieved through exhortation and funding incentives, or whether some form of regulation needs to be invoked to empower apprentices to have some form of 'right to progress'. The TUC believes that all apprentices who have the aptitude and desire to progress should be given opportunities to do so.

One problem is that many small and medium-enterprises (SMEs) feel they lack the capacity to take on apprentices. Collaboration is the answer to this and there are two distinct models for supporting the SME sector to employ apprentices:

- Apprenticeship Training Agencies (ATAs) – employ the apprentice and hire them out to member companies
- Group Training Agencies (GTAs) – involve direct employment of the apprentice by the SME but within a 'pooled training' resource.

The TUC has frequently raised concerns about ATAs, particularly those agencies that run low-paid, poor-quality schemes with little progression or career development. Additional concerns about ATAs include limitations on collective bargaining, union organising and recruitment, and the employment status of apprentices who are often employed as agency workers. The GTA model offers a much better vehicle for supporting groups of employers to come together, often with union support, to develop high-quality apprenticeships.

### **Equality and diversity**

Quality and equality are two aspects of the apprenticeship experience that go hand-in-hand and should be given the highest priority. The Coalition government has stressed that it aims to 'make Apprenticeships the primary means for people to gain skills in the workplace' (Hayes 2010). It is imperative that there is an equivalent emphasis on equality and diversity within apprenticeships as for all other major educational and vocational pathways, such as schools, colleges and universities.

The focus on widening access to apprenticeships in the skills strategy is a welcome development and unionlearn is working with a number of the 'diversity pilots' set up to tackle this issue. Unionlearn is also working closely with the union movement to ensure that the widely acknowledged role of ULRs in supporting disadvantaged groups to access training at work is equally applicable to apprenticeship provision. However, the latest picture – especially relating to gender, ethnicity and disability – shows that there is still a mountain to climb.

Gender segregation remains a huge problem with only 3 per cent of engineering apprentices accounted for by female participants compared to 92 per cent of hairdressing apprentices. This is one of the reasons for an overall gender pay gap of 21 per cent, but even within the same sector women are being paid less: for example 61 per cent of

apprentices in the retail sector are female but they are paid 16 per cent less than male retail apprentices (TUC 2008). Recent research by unionlearn (2011) reinforces these earlier findings, showing that occupations with the highest-paid apprenticeships tend to have a much lower ratio of female apprentices.

Black and minority ethnic (BME) communities also face huge barriers. For example, while 18- to 24-year-olds from BME communities account for 14 per cent of this age group in the overall population, they account for less than 8 per cent of apprenticeship places.<sup>5</sup> Although different levels of awareness of the apprenticeship programme may play a part in this, the race discrimination affecting black workers more generally in the labour market is also likely to be a key factor.

Disabled people face similar barriers, with trends suggesting a worsening of the situation. Access to apprenticeships for people declaring a learning difficulty and/or disability has fallen from 11.5 per cent in 2005/06 to 8.2 per cent in 2010/11.<sup>6</sup> A number of organisations have challenged the collection of data on disability and apprenticeships, suggesting that a significant proportion of declarations are people with basic skills needs that would not normally be classified as having a learning difficulty or disability.<sup>7</sup> As a result, it is very difficult to establish where barriers exist to the progression and retention of apprentices with disabilities and more effective data should be collected on this issue.

While the new diversity pilots are welcome, there is a pressing need for a wider policy approach to tackle equality of access at the general level but also with respect to gender segregation within apprenticeships. There are similar issues for BME and disabled participants, in particular their under-representation in apprenticeships that attract the highest number of applications. The TUC and unionlearn have recommended a number of specific actions to help tackle the challenge of widening access to apprenticeships, including: improving careers advice, promoting best practice in recruitment procedures, publicising positive images of women/BME/disabled apprentices in industry, and improving equality and diversity training in all sectors. There are other targeted policy levers available to government, including the use of procurement policy to require suppliers to recruit a balanced intake of apprentices as a contractual requirement. Publicising apprentice pay rates and prioritising collection of data are also important strategies alongside strengthening monitoring systems to enable NAS and the government to assess how their strategy on increasing diversity in apprenticeships is working.

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5 FOI request from TUC to DWP, March 2011

6 The Data Service (2011) Apprenticeship Programme Starts Breakdown by Equality and Diversity (2005/06 to 2010/11 – in-year estimates)

7 See for example, Skill's response to the consultation on the SASE, May 2009, <http://www.skill.org.uk/uploads/Skill%20response%20to%20SASE%2029.05.09.doc>

Unions also play a crucial role in supporting diversity through their negotiations with employers on the recruitment and career progression of apprentices, including the promotion of flexible working and training. The mentoring and support that union representatives provide to individual apprentices in the workplace can also ensure that apprentices facing particular barriers complete their training and, wherever possible, find a permanent post with the employer in question.

Some disabled apprentices will require reasonable adjustments which both employers and education providers have a duty to provide under the Equality Act 2010. Examples of adjustments might be: information available in alternative formats, physical alterations to premises, more time to complete certain tasks or flexible hours in order to make travel arrangements or attend appointments.

### **Mentoring**

The role that mentoring plays in supporting apprentices successfully to complete their training, and to progress further, has been a crucial aspect of a quality apprenticeship experience for centuries. The Institute for Employment Studies (Marangozov et al 2009) found 'persuasive evidence to show that mentoring increases participation and success rates of diverse apprentices ... Mentoring is one factor found, in some cases anecdotally, to improve retention among apprentices, including those from groups not traditionally employed in the sector.'

In addition to providing wise counsel on the problems encountered in everyday working life, mentoring should support a framework of one-to-one advice relating to training and career progression. The independence of the mentor from the apprentice's line manager is fundamental. A common mistake by employers is to combine these roles, thereby creating a conflict of interest and undermining the mentor-apprentice relationship.

Union engagement in apprenticeships at the workplace level has usually involved some form of mentoring of apprentices by union representatives, albeit without it being referred to as such in the past. However, unionlearn is currently engaged in a programme of work to help unions build the mentoring role of union representatives by enabling them to build their skills set in this area. Our experience is that ULRs make excellent mentors and many of them see it as a natural extension of their role.

### **Health and safety**

Safeguarding employees from physical or mental harm is a major priority for unions and the Health and Safety Executive has stated that 'there is strong evidence that unionised workplaces and those with health and safety representatives are safer and healthier as a result' (Health and Safety Executive 2009). Research has shown that apprentices have a significantly greater probability of having an accident at work compared

to the sector average (Miller et al 2005), with youth and inexperience a major factor. Strict adherence to health and safety regulations and close collaboration between learning reps and health and safety reps means that a unionised environment lends itself to protecting apprentices from hazards at work. But there is a wider need for government to ensure that apprentices in non-unionised workplaces are covered by the full force of the law when it comes to health and safety. Where unions are not present there is less opportunity to check that such apprentices are being properly protected and looked after, particularly when the employer is remote, as in the ATA model.

### **A bar on job substitution**

The introduction of apprentices to supposedly displace existing employees is a common concern of the workforce, especially in the current economic climate when redundancy programmes and apprenticeship recruitment can be occurring simultaneously. The TUC and all its affiliated unions are opposed to any circumstances involving apprentices being recruited as a cover for job substitution. Unions have sought to mitigate this threat by developing apprenticeship agreements with employers which prohibit this practice.<sup>8</sup>

## **Conclusion**

Making quality count is not simply a slogan when it comes to apprenticeships. This ambition should be at the heart of what government, employers, unions and other stakeholders aspire to for *all* apprentices, regardless of their individual circumstances or their place of work. There continues to be a wide consensus that revitalising apprenticeships is the ‘right thing to do’ if society is to develop suitable vocational pathways that best meet the needs of individuals and employers alike, especially in the current context of rapidly increasing youth unemployment. But to achieve this, we need to learn from those European countries (and our own domestic sectors) where the apprenticeship brand is synonymous with quality, otherwise we risk going down the road of discredited and poor-quality youth training schemes from previous decades. Strengthening the regulation of apprenticeships and adopting the European social partnership model are two challenges that need to be tackled in order to achieve a universal quality mark for apprenticeships.

The UKCES is committed to social partnership. Sector bodies such as SSCs, which are licensed by the UKCES, provide an appropriate vehicle to build a new social partnership approach with the aim of boosting the number of high-quality apprenticeships and guaranteeing equality of access. Drawing on best practice from other European countries, the

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<sup>8</sup> For example, in 2010 the Council of Civil Service Unions negotiated a framework agreement with civil service employers regulating the recruitment of apprentices. In addition to agreeing pay and conditions, it also provided safeguards against apprentices being recruited to posts where there were surplus staff within reasonable travelling distance.

government would need to give these partnerships real teeth in order to ensure that they could genuinely impact on the volume and quality of apprenticeship opportunities offered by employers. However, there would also be a challenge for trade unions to respond in kind and work together with employers, especially at the sector level, to make a reality of these new arrangements.

Regulating the training market is something all governments have shied away from in recent decades, but this is a necessary step if employers and unions are to be given greater ownership of, and responsibility for, the apprenticeship agenda as in most other European countries. Regulation needs to play a role in building a quality apprenticeship brand by setting some minimum national standards that would apply to all provision, including:

- a minimum duration
- a right for participants to progress to a full level 3 apprenticeship if they wish
- greater enforcement of equality of access.

Compared to most other European countries, employer involvement in apprenticeships in the UK remains poor and it is increasingly evident that encouragement and exhortation are not enough to persuade more employers to get engaged in this form of training.

A range of measures needs to be adopted to achieve a breakthrough on this front, including:

- binding sectoral and sub-sectoral agreements by social partners
- more extensive use of procurement
- more effective use of tax relief on training
- human capital reporting requirements in annual reports.

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# ADVANCED APPRENTICESHIPS: PROGRESSION ROUTES IN VOCATIONAL EDUCATION

TIM BOSWELL

British educational debate is often characterised by false polarisation. There may be some real differences of philosophy and interest but these cultural wars resemble the Western Front: unprincipled hostilities with little regard paid to the human cost to individuals or, indirectly, to national competitiveness. We may all find some reassurance in the familiar battle lines: vocational against academic; workplace or sixth form against college; the Russell Group against Million Plus; and, always, ‘commercially valuable’ against ‘of intrinsic worth’ – a distinction relished by generations of academic snobs beginning with the ancient Greeks. It is almost as though we cannot bring ourselves to think of an individual being able to engage in aspects of both academic and vocational traditions and to plot a forward path through a varied landscape of evolving possibilities.

For all its familiarity, this British debate masks underlying attitudes and unacknowledged social developments. We may settle for ‘master and man’, ‘us and them’ and ‘my profession and your craft skills’ as an alternative to balanced, if agonising, reappraisal. We may also miss the turning of the social tide. I detect – currently on the political wind rather than in demonstrable evidence – a welcome change of emphasis. Over the last two decades, we have begun to realise the limitations of the peculiar kind of elitism that awards all the prizes to a narrow range of academic disciplines, which translate into careers in financial services and the learned professions, while discounting manufacturing and conventional, well-delivered services, from transport to laundry.<sup>1</sup>

For much of the 20th century, attainment of craft skills could bring its own material and social benefits. I remember with some awe from my youth the reputation of Coventry’s tool rooms where time-served apprentices moved up the ladder of esteem and remuneration to become significant powers in the land, not just in their workplace but in the wider community. This route to empowerment and its lesser variant the lower road to intergenerational employment security have been threatened by massive industrial changes, particularly the shrinkage of manufacturing jobs. It is clear that, if ever we are to rebuild a ladder to advancement other than the escape hatch of conventional higher

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<sup>1</sup> Even this debate is itself wearily familiar, as the same point was made in a famous Royal Society of Arts lecture of 1884 which worried about our declining competitiveness against Germany.

education, we will need a vocational approach that extends across sectors and interests, and both includes and challenges its participants.

The prime motivation for change must be the desire to create a more dynamic society. I do not define this crudely in terms of maintaining and enhancing national competitiveness. Of course skills – including those involved in manufacturing – are essential for national economic progress, and the UK Commission for Employment and Skills and others have often drawn attention to serious weaknesses in our level of qualifications compared with other advanced nations. But we must also instil in all our citizens, not just young people, the self-belief and readiness needed to seize opportunities and enjoy them as the platform for still greater opportunity. This is already the implicit calculus of middle-class aspiration, but it is a different story for those who feel trapped on benefits or with low skills in a world of rising demand for higher skills. We in Britain carry a long tail of silent and resented underachievement, together with regional economic failure, often marked by its low salience as a political issue. It has sometimes been easier to write off the least skilled as functionally unemployable and to seize on imported skills to plug any gaps.

### The importance of vocational training

What then should a modern vocationally-based route look like if it is to establish a credible alternative path to opportunity? It certainly requires a coherent educational component. In the context of Professor Alison Wolf's recent report, I am pleased that Michael Gove, the Secretary of State for Education, has spoken of English and maths as essential vocational skills (Gove 2011). Without reigniting the argument about whether these skills should be obtained in the classroom or the workplace, they are clearly necessary.

I chair a separate inquiry for the National Institute of Adult Continuing Education into why still over 5 million adults are seriously lacking in adult literacy, so I know there is a huge amount to do by way of remediation, both in school and, if necessary, later on. As a small-business employer, I can also directly attest to the practical problems that are often traceable to weakness in basic skills. However, the educational issues run much wider than those simply of basic competence.

'Skills' should encompass more than simply the ability at any one time to perform a narrow technical task to an acceptable standard. In a mediaeval craft or guild system that might have been acceptable, but today's labour market and society demand an ability to adapt to technical and social change and a degree of confidence to shape or influence the process oneself.

As workplaces become smaller and more diversified, there is a reduced need or opportunity for command and control and a greater premium for those who can assess the work context, reflect on their performance,

and generally think for themselves. These are higher-order skills that are not dissimilar to those allegedly achieved through higher education. I have, in particular, been impressed by Team UK WorldSkills competitors I have met. Clearly, they are spectacularly good at their jobs, but the confidence they have attained reflects well on the quality of their education, and their implied ability to be good at any job, just as in a rather unconsidered way we might have this expectation of a good 2:1 graduate from a Russell Group university.

## Modern apprenticeships

A successful apprenticeship system, at all levels, will have a number of attributes. First, buy-in from apprentices (and often their parents) to a real opportunity for skills acquisition, employment and eventual promotion with continuing professional development. This cannot be a mechanistic or purely industrially-related process but will include an important element of mentoring and wider development opportunities.

I have been impressed by the work done by Centrica and others to take on offenders, train, mentor and eventually employ them. The same 'pull-through' from employment and the possibility of further educational and professional advance can apply at all starting levels. It will require either direct vocational reference (employability) or skills that are relatively easily transferable. It is noteworthy that apprentices in health and beauty, a less traditional area than, say, engineering, can command good job prospects in or out of their training because of the transferability of their skills, such as customer care.

Equally, employers offering apprenticeships must feel able to buy in to the system, in the sense that it meets their requirements, both in conventional skills terms, and in creating an educated and flexible workforce. It is, of course, good if labour unions – often neglected by governments of all colours – also feel comfortable with, and are committed to, the process.

It follows that these should be 'real' job-based apprenticeships. While those taken largely through the 'programme' route, without direct employment involvement, may have some value in orientation and educational recovery, particularly in a recession, they can be only preparatory to the employment experience itself. One, often neglected, aspect of the vocational route is that while the nation, parents and taxpayers struggle to finance higher education participation at some 40 per cent of the cohort of young people, apprenticeships offer an important injection of employers' financing, with money actually going to the trainee's pocket as wages, rather than running up student debt.

There is growing evidence, too, that employers are prepared to finance this because the returns to their business from apprenticeship programmes are significant. So the traditional charges of market failure

(employee indifference to participation, lack of business involvement in programmes, lack of fitness for purpose, plus the difficulties of capturing benefit if employees move on) may be dissipating.

It is certainly the case that the government is putting renewed emphasis on the apprenticeship system. There is broadly a cross-party consensus in this area. Modern apprenticeships began under the Conservative government of the 1990s; Train to Gain was the Labour government's flagship policy and they also introduced ambitious extended apprenticeship targets; while the new Coalition government's initiative, led by John Hayes MP, Minister of State for Further Education, Skills and Lifelong Learning, now envisages up to 500,000 people on apprenticeships, with additional funding of £180 million in the 2011 budget.<sup>2</sup> This includes resources for the creation of 10,000 higher-level apprenticeships, which break new ground, but are consistent with Hayes's emphasis on the need to develop clearer progression routes. I might add that this is not entirely a new idea as, in my time as an education minister nearly two decades ago, I was firmly committed to employability, flexibility and progression. As ever, the debate resurfaces in different contexts.

## Advanced apprenticeships

Given that we are only now reaching a critical mass of numbers of apprentices of any kind, it is worthwhile rehearsing what will be the function of these higher apprenticeships, other than merely creating qualifications matching across to levels 4 to 7 of the academic route. Have not employers, Sector Skills Councils and others got their work cut out to create apprenticeship frameworks up to level 3? What is the case for creating and financing a new suite of attainments? Certainly, even for those interested in progression and personal development, there are remarkable cultural barriers in the current system. While admission to a prestigious engineering apprenticeship may be more selective than Oxbridge in terms of applications turned down, it is equally striking that the number of advanced apprentices progressing to higher education is only some 4 per cent. This either implies, implausibly, that the apprenticeship system optimises its coverage, or, realistically, that the necessary flexibility and progression are lacking.

In reviewing the policy framework, we need to ask bluntly: what is the appetite for activities leading to an advanced apprenticeship? The honest answer is that there is comparatively little pressure for their introduction. Any enthusiasm is concentrated in certain sectors (such as engineering) and among larger employers. There is no sign of significant demand among small and medium-sized firms, or in major sectors like construction or retailing. One aspect of this may be that, at whatever its level, the concept of apprenticeship implies work still in progress rather

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2 See [http://cdn.hm-treasury.gov.uk/2011budget\\_complete.pdf](http://cdn.hm-treasury.gov.uk/2011budget_complete.pdf)

than the mature attainment of a given required level of competence. The demand for this would perhaps be recognised by the title 'master craftsman' (compare the German *meister*), and the mix of attributes leading to such status would vary with the industrial and commercial needs of the sector involved.

It may well be that the pursuit of advanced apprenticeships as a universal pattern is misaligned with requirements of firms and that, here again, we are suffering from the pursuit of 'parity of esteem' to be delivered through equivalence of qualifications. The history of vocational skills is characterised by abortive, serial initiatives designed to engineer employer demand by decree, rather than objective need.

As the level of apprenticeships increases, so it becomes more difficult to align the framework, both with business requirements, and the aspirations of the learners themselves. In fact, the shakiness of parity of esteem between general education and vocational subjects can be intensified by parity issues within the vocational sector, where not everyone needs the same content. Just as for doctors, for example, some will need development in their speciality, and others may need more general skills like statistical knowledge, and these may be delivered in a variety of shapes and sizes as required.

Therefore, while advanced apprenticeships may be appropriate in some contexts, we may need a much more flexible overall approach. The vision of a dynamic society offering better social mobility through personal development in the workplace is not so much about a rigid apprenticeship label, but rather about a coherent programme of continuing professional development that offers learners and their employers' flexibility without incoherence. This requires full recognition of learning and transparency (and transferability) of attainment. Whether or not formally expressed as professional competence or status or as a licence to practise, the lead in specifying requirements in each sector should be taken by relevant professional or expert bodies.

While it is essential that professions take an unfettered lead in their own development, government can offer support and the buy-in of the wider community, including, for example, parents, educationalists and both employers and labour unions. The government could, for example, usefully open a public dialogue between various professional bodies and interested parties to develop a better understanding of what it is to develop a whole workforce. They can affirm the qualifications framework and offer an element of public funding, possibly on a partnership or challenge basis for innovative developments. Most of all, ministers could express their determination not to run a system which others properly should, any more than they would risk doing with autonomous universities. Instead they should harness expertise and

learner enthusiasm to meet both the national need for improvement in competitiveness and individuals' aspirations.

Higher apprenticeship frameworks and progression routes are still innovatory. At the time of writing, there are only five higher apprenticeship frameworks in place. Yet it is possible to identify some themes for potential development. First, provision must meet the aspirations of the individual learner and must certainly not be seen to shackle opportunity. This may imply level 4 apprenticeship qualifications or transfer to higher education or blended programmes or subsequent continuing professional development (CPD) opportunities, with even some 'bite-sized chunks' to establish a portfolio. Second, and certainly while they are part funding apprenticeships and probably also increasingly higher education, employers will need to specify appropriate activities – ideally as part of a sector wide programme or framework. Government can assist in either route by providing some funding and in formalising a qualification framework or occupational conditions.

This leads to further consideration of licences to practise. While I am an advocate for these, the concept requires careful exploration. The first question is motivation. It would be easy to create an exclusive guild system as a restraint on trade, on mediaeval lines. Significantly, the areas where we feel most comfortable with licence to practise are those where safety is concerned: like doctors at the professional level and gas-fitters in the trades. This can be extended because of rising consumer expectations, so that, for example, the television engineer has a minimum level of competence, although the case for mandating this is lower. It can also spill across into a firm's commercial need for market segmentation or improved internal quality standards. The issue also arises as to where the emphasis of advanced study should lie. Is it to learn generic skills at a higher level or to specialise in some areas (as a doctor would be obliged to) or is it to include additional types of skills (such as managerial skills to supplement manual and technical ability)? It also implies, as for lawyers, permanent commitment to regular updating, with a minimum number of annual hours attained online.

The answer may well lie in experimentation with different approaches before firm conclusions are reached and will probably entail a range of options depending on the community and sectoral need, flexing full-scale level participation, whether in advanced apprenticeships or higher education qualifications, with a modular CPD based approach. This could embody parts of both traditions and could lead to professional accreditation and a form of licence to practise. We need to get away from concepts of full-scale qualifications intended to demonstrate one-shot sufficiency or competence whether in higher education or specifically vocational routes. Instead we should move towards a new philosophy where individuals regularly update their skills with whatever

course is appropriate and meets both employer needs and personal aspirations, with the appropriate validation and recording of attainment as and when it happens.

There are a number of prerequisites for this. First, employers need to become active in the design of apprenticeship progression and CPD frameworks, and, if possible, ensure that standards align with those required to demonstrate fitness to practise, moderated by the level of attainment or specific subject expertise appropriate for the specific employment involved. This should achieve the essential prerequisite of any apprenticeship system – that those who largely finance it should be seen to obtain benefits from it. The issue of poaching trained staff still has to be faced, but in general I suspect that it has been overstated as good employers reap benefits from staff stability – including the more general reputational issues which resonate with labour unions and the general public as much as formal licences may do.

Second, the apprentice–employee has a central part to play. At the outset, there is a need for careful choices, well-guided by an independent careers service. Progressively, as he or she becomes familiar with workplace socialisation, the trainee will need to take control of the learning process, exploring and pursuing a range of suitable options and, if possible, avoiding doors which later slam shut in his or her face. This may result in development in that employment (or with a new employer) a move into self-employment, or even a mix. And of course, it may include continuing education previously deemed inappropriate or out of reach. But the emphasis should be firmly on the worth and status of the individual who has reached apprenticeship, particularly at a higher level.

The viewpoint from public policy will be a little less directed than we have recently been led to expect. The state will still be a major provider of resources for vocational skills, particularly to level 3 and, for young people, with employers co-funding apprenticeships as required. It is also responsible for the National Apprenticeship Service and ultimately for the qualification framework and for any declared equivalence with higher education.

Further education colleges will remain an essential part of the training and apprenticeship mix, particularly for small and medium enterprises and specialist applications. They may be working sometimes in conjunction or in competition with private training providers and with employers to fulfil apprenticeship frameworks. For authenticity these need to remain firmly within the responsibilities of industry bodies and employers. Apprenticeships need to carry credibility in employment and the skills they inculcate need to be demonstrably useful to business and ultimately to customers. In doing so, they fulfil a public interest and may properly attract some public funding.

## Concluding thoughts

Over two generations, Britain has built a society with an unhealthy single focus on progression from compulsory education through the higher education route. The invaluable role of further education in diversifying this by infilling skills for eventual graduates, or by offering skills to others not intending to go to university, including apprentices, has been widely overlooked. The apprenticeship route itself has been misperceived as second best.

Now, as a result of one of those virtually unspoken informal British collective decisions, we have decided to rectify this. For economic competitiveness, we need to express skills at the highest levels, and we need to assure customers at home and abroad that this is the expectation. For personal development, we need to offer a genuinely alternative route, not in some vain pursuit of parity of esteem, but earned and demonstrated on its own merits. This needs to cover not just the initial apprenticeship experience but progression and personal development of all kinds, offering the status that it used to, or as a foreign educational qualification often does. Government needs to support this process, as it intends to, but not supplant as its driver the central and ultimately healthy relationship between employer and apprentice or developing employee. We need to work not just literally with market demand or the urgent need for national competitiveness but to align them with the world of aspiration and personal development.

It is worth pausing to consider whether a system under explicit employer leadership would necessarily act in the wider national interest. There have certainly been problems in the past in getting employers to define what they actually want from apprenticeships, or more widely, training as a whole. This might reflect poor business planning, or a cynical attempt to limit the process in order to turn out future staff with just enough skills to fulfil the employer's immediate requirements, or simply a lack of imagination in defining the dynamic blend of skills required to operate in and develop personally through a constructive business environment.

This issue is not unlike the common argument on the danger of poaching trained staff. No doubt some employers function at this level, but the evidence from the poaching argument is that it is not conclusive, certainly at the level of major undertakings. Perhaps we should recognise that employer leadership is a necessary, but not sufficient, condition for a successful framework, and that it needs bolstering with adequate approval mechanisms and peer pressure from leading employers and unions to secure the national and the apprentice's best interests.

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# CHALLENGES AND CHANGE: APPRENTICESHIPS IN GERMAN- SPEAKING EUROPE

HILARY STEEDMAN

Difficult labour markets in European countries are a challenge for young people seeking employment. However, apprenticeships continue to facilitate the transition from school to work and to lead to higher employment probabilities than equivalent full-time schooling (OECD 2010a). In the dual-system German-speaking countries – Austria, Germany and Switzerland – at least 40 per cent of school-leavers are taken on by employers in three-year apprenticeship leading to a recognised qualification. In England, only 6 per cent of 16- to 18-year-olds were in apprenticeships in 2010 and apprenticeships last on average just over one year (SFR 15 2011). The dual-system countries show corresponding benefits for youth unemployment which stands at only half the level of the 19 per cent reported for the UK in 2010 (OECD 2011).

In German-speaking European countries, fast-changing labour markets have led to reform and change of the regulation of apprenticeships, which aims to increase the incentive to employers to provide apprenticeship places. The role of government in the three-way partnership on which dual-system apprenticeships are based is crucial to the continuing resilience of the dual-system model in these countries. This chapter explores this role and draws lessons for changes needed for the governance of apprenticeships in England.

This chapter examines:

- the respective responsibilities of federal government and employers in the dual-system, as exemplified by Germany
- a summary of cost-sharing in the dual-system, exemplified by Germany
- the main policy responses to challenges facing the dual-system in Austria, Germany and Switzerland
- the role of the state in recent developments in England
- conclusions and proposals for the sustainable future growth of apprenticeships in England.

## The governance of dual-system apprenticeships – the example of Germany

The current renewed enthusiasm and support for apprenticeships in Europe and beyond follows a period of divergence in European government skills policies for young people. In the second half of

the 20th century only Denmark and the German-speaking countries maintained apprenticeships as the principal entry route to work and skills acquisition. Others, for example France and Sweden, provided a full-time, school-based vocational route which marginalised apprenticeship provision and have only recently renewed their support for apprenticeships (Steedman 2010).

Germany avoided the discontinuity in apprenticeship provision experienced in England and elsewhere. From the end of the 19th century onwards, the public authorities progressively intervened in the employer-apprentice agreement through insistence on the provision of general education and occupation-related knowledge in apprentice programmes (Deissinger 1996).

This general education component of apprenticeship programmes was institutionalised in the post-war period as a day (or more) a week spent in a publicly-provided school or college. Apprentices follow a programme of learning established after consultation with employer representatives but designed to transmit general transferable knowledge. Costs of providing this off-the-job education are met out of public funds and the apprentice has the dual status of student (in school) and contracted trainee (in the workplace).

The familiar 'dual-system' label used to describe apprenticeships in Germany and in Austria, Denmark and Switzerland reflects the two distinct learning locations – the school (general education and occupational knowledge) and the workplace (occupational skills and personal development). A 1969 Act of the German Parliament – Vocational Training Act (VTA) – recognises this duality. In this Act, the federal government defines the parameters within which firms and chambers of commerce may legitimately operate apprenticeship contracts.

The VTA specifies the length of apprentice training and the examinations to be carried out by chambers of commerce to test workplace learning, and obliges employers to release apprentices to undergo these tests. It requires employer and sector representatives to draw up a specification of workplace learning for every recognised apprentice occupation, with the proviso that the framework promotes transferable skills and knowledge within an occupational context.

'... the Act places vocational training in the hands of firms and chambers and thus emphasises the principle of self-government while at the same time defining the framework where it has to take place.'

ibid

The federal authorities are not, therefore, absent from the institutional architecture of apprenticeships in Germany. Laws approved by

parliament determine the length and conditions of the apprenticeship contract and set out the objective of apprenticeship training in both arenas of the dual system. In partnership with employer and employee organisations, the federal government, represented in the Federal Institute for Vocational Training, oversees and co-approves apprenticeship frameworks.

It is at this point, however – after establishing in law the basic parameters and standards of apprenticeship training – that the federal government steps out of the picture and employers' responsibilities for apprenticeships begin. The decision to recruit apprentices rests with the individual firm; the firm recruits apprentices from individual applications submitted by young people.

## Managing the costs of dual-system apprenticeship

In Germany, the vocational school excepted, the cost of providing dual-system apprenticeships falls on employers. All employers, whether apprentice employers or not, contribute to the cost of local chambers of commerce through a compulsory levy. They also benefit from a host of other business services provided by chambers in addition to the management of apprenticeship. Apprentice employers pay a trainee wage and meet the costs of workplace training. At the end of apprenticeships, chambers of commerce meet the cost of assessment of apprentices.

Apprenticeship direct costs to German firms consist of:

- apprentice allowance and social insurance contributions
- apprentice mentor (employee with recognised trainer qualification)
- releasing the apprentice for attendance at vocational college and for examinations.

The net cost of apprenticeships to the firm and ultimately the viability of apprenticeships are determined by factors external and internal to the apprentice firm.

Statutory requirements are, principally:

- length of the apprenticeships
- apprentice allowance
- outline framework of apprentice occupation.

The German firm relies on the trade association for its sector and ultimately on the German equivalent of the Confederation of British Industry to negotiate fixed external conditions (including the level of the apprentice allowance) which make it worthwhile to undertake apprenticeship training (see box 1).

### **Box 1: The apprentice allowance**

German apprentices are not employees but have a special trainee status defined by the VTA 1969. The subsequent 2005 VTA specifies that the employer must pay an apprentice allowance which increases in each year of training. The level of apprentice allowances is negotiated by employer and employee representatives and varies both by sector and region. Beicht (2011) notes that the level of apprentice allowance rises when the supply of apprentices is low and vice versa. German trade unions' willingness to accept apprentice allowances at, on average, one-third of skilled employee wages in the relevant occupation is conditional more or less explicitly on employers keeping numbers of apprenticeships in line with demand from young people, on recognised differentials for skilled employees with completed apprenticeships and on the quality of in-firm training.

German apprenticeship occupations, as outlined in the agreed frameworks, cover a substantial range of skills and competences to be acquired in the workplace and demonstrated at the end of the apprenticeships in practical, written and oral examinations. The final qualification confers skilled status in a recognised occupation (*Beruf*) (see box 2).

### **Box 2: The significance of occupation in Germany**

'The German labour market is structured around occupations ... they are central categories for the recruitment of skilled workers and ... the collective bargaining structure. The *Berufsabschluss*, the certificate of the dual system comes with the entitlement to a particular [skilled] wage if employed according to the qualification.'

Hanf 2011

The training framework needs to be flexible enough for the firm to progressively integrate the apprentice into their work processes over the three-year apprenticeship. As a result, the costs of training are, to a greater or lesser extent, off-set by the apprentices practising the skills that they are learning and thereby contributing to the firm's output.

The progressive integration of apprentice training into work processes within the firm is facilitated by the use of the *Beruf* as an organising principle of production or business.

The skills and competences acquired by apprentices are those already in use in the firm by employees who have been trained in the same occupation. The close match between the firm's activities and the skills specified in the occupational framework helps to reduce the cost of training to the firm while still delivering a set of highly transferable skills.

Young people apply directly to a firm that offers an apprenticeship in their chosen occupation. Apprentice places are offered in occupations that the firm has identified as required for future operations and growth. As a result, apprentice training ensures a good match with future skills needs. The firm itself will try to select applicants whose school results and personal qualities suggest their ability to cope with the demands of the training programme. Apprentices who struggle to acquire the required skills and competences will be costly for the firm.

The level of the apprentice allowance, the learning capacity of the apprentice, the duration of the apprenticeship period and the management of training costs by the firm determine whether the costs incurred at the beginning of the apprenticeship period, when the candidate is inexperienced, can be offset by their productive contribution later in the apprenticeship.

The key features of the German dual-system outlined above are also found in the two other German-speaking dual system countries – Austria and Switzerland. However, the extent to which the three countries currently succeed in satisfying the demand for apprenticeships and maintain the cost-benefit equilibrium of apprenticeship financing is different in each. The following section outlines the current challenges facing the dual-system countries and the measures taken to return to a functioning equilibrium.

## Dual-system apprenticeships – challenges and adaptation

### Austria

In Austria, apprenticeships remain confined to artisan trades and lower level business activities, while preparation for technician and associate professional occupations takes place in upper secondary technical schools which confer a dual qualification – entrance to tertiary study and a recognised occupational qualification. These schools, which enrol a quarter of the age group, attract well-qualified students. Apprenticeships, with 40 per cent of school-leavers, take on (almost exclusively) the less-qualified who have left at the end of compulsory schooling.

As demand for skills increases, taking on more of the less-qualified as apprentices is one element which, together with more competitive markets, has increased employers' costs and resulted in a shortage of apprentice places. Since 1996, with the exception of 2000 and 2001,

numbers seeking apprenticeships have outstripped places offered (Dornmayr and Wieser 2010). However, Austria has never experienced the long queues of young people seeking apprenticeships, as experienced in Germany (see below).

The Austrian government has used public funds to pay subsidies directly to employers who offer additional apprentice places, with the result that, apart from 2009 (when the economic crisis caused large numbers of firm closures), the gap between supply and demand has been closing.

Improved quality of apprenticeship training has also been supported by government funding. This takes the form of a payment of premiums for firms where all apprentices are partially or wholly successful in a practical skills test taken half-way through the apprenticeship.

Rauner (2008) is, however, critical of the Austrian government's attempts to redress the apprenticeship supply—demand balance, claiming that fundamental problems of governance have not been addressed. Apprenticeship administration is divided among too many bodies, government departments and local authorities, and is subject to too many jurisdictions. As a consequence, tradition rather than innovation determines provision.

This is reflected in the range and scope of apprenticeship occupations which are overwhelmingly found in the craft and artisan sectors of the economy rather than in the growing high technology service sector areas. The status of traditional work-based apprenticeships has been eroded by the growth of upper secondary technical schools which attract the brighter students and prepare for higher technical and commercial employment.

Lack of leadership and strategic vision at government level mean there has been no significant innovation in apprenticeships. Little attempt has been made to expand apprenticeships in new strategic sectors of the economy and to provide bridges from apprenticeships to further study and thus attract brighter students.

### **Germany**

In Germany, during the prosperous 1980s, apprenticeship places regularly exceeded the number of candidates (Wagner 1998). Since the reunification of Germany in 1990 and the accompanying structural and cyclical economic difficulties, it has proved more problematic to maintain sufficient demand from industry and business. German firms proved increasingly reluctant to provide apprenticeships for less-qualified candidates and a substantial backlog or queue of young people built up waiting for an apprenticeship place.

The German government has engaged employers in a succession of high-profile Pacts for Apprenticeship Training. In these Pacts, employers commit to increasing the number of apprentice places offered while

government undertakes to lighten the cost burden on employers. The unspoken threat of a training levy is the sanction available to the government in the event of a failure by employers to increase the number of places.

To redress the cost-benefit balance of apprenticeships in favour of employers, the German government has:

- introduced more flexibility into the training regulations to reduce the costs to firms of in-firm training
- coordinated initiatives in the regions to improve apprentices' education standards by improving schools
- subsidised apprentice places for disabled or difficult-to-place young people
- funded group training facilities for small firms.

Agreements between employer and employee organisations have kept apprentice allowances more or less flat in real terms since 2000 (Beicht 2011). These measures helped to keep the number of apprenticeship places offered each year fairly constant at around 600,000. However, this was still not sufficient to prevent a long queue of unsuccessful applicants building up. Only in 2007, as the German economy started to grow more strongly, did the number of places start to increase.

By 2010, helped by strong economic growth and falling cohort size, only 12,000 out of a total of 580,000 apprenticeship applicants were without a place, the lowest figure of unsuccessful applicants since 1992. In former West Germany, demand from employers exceeded supply in 2010 for the fourth year in a row; in the former East a sharp fall in numbers of young people has brought supply and demand into balance.

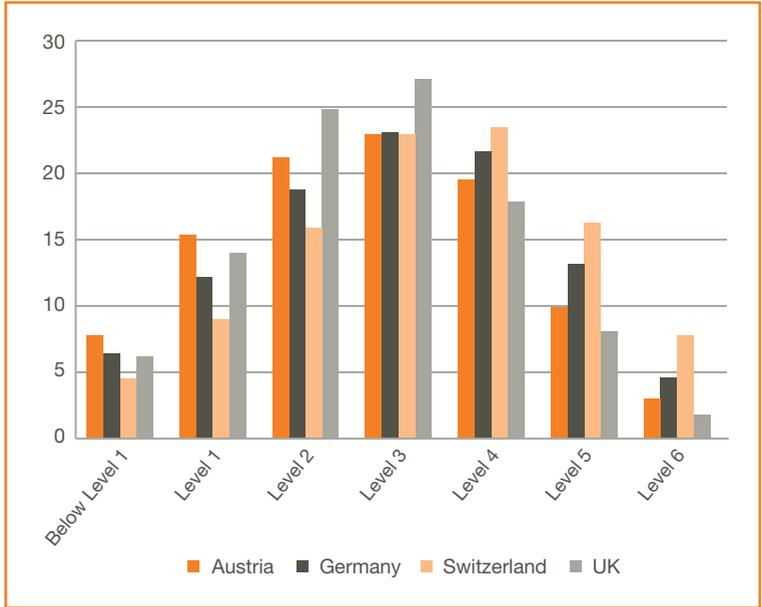
In 2011, the federal and regional governments' priorities are concentrated on measures to assist school-leavers with low school attainments to prepare for apprenticeships and to continue to offer additional finance to employers and others who provide apprenticeship and other work-based learning places (Bundesministerium für Bildung und Forschung 2011).

## **Switzerland**

While apprenticeships in Switzerland are based on the dual-system, there are important differences from Germany and Austria which make the Swiss model arguably more successful.

Swiss school-leavers seeking apprenticeships have, on average, significantly higher school attainments than those in Austria or Germany (OECD 2010b). Good prior school attainments in key subjects help to keep apprenticeship costs down. Figure 3.1.1 shows that Switzerland has far fewer school-leavers with poor school outcomes in mathematics (below Level 3) than Germany and Austria, and that Austria scores particularly badly in this respect.

**Figure 3.1.1**  
 Percentage of students at each proficiency level on the mathematics scale



Source: OECD, PISA 2009, vol 1, annex B1, table I.3.1

Swiss apprenticeships recruit from a broad ability range. Well-qualified school-leavers have been encouraged to enter apprenticeships by the prospect of subsequently gaining the Professional Baccalaureate (*Berufsmaturität*). This qualification is open only to those following the apprenticeship route and requires additional study and a written examination. The additional study can be undertaken either concurrently or subsequent to apprenticeship.

In 2010 just under two-thirds of an age cohort (59,389) gained a Federal Apprenticeship Certificate – 33,202 men and 26,187 women. In the same year, 12,249 former apprentices were awarded a Professional Baccalaureate in one of six specialist areas. A pass confers the right to study for a related degree at a technical university.

As in Austria and Germany, Swiss employers directly recruit and train apprentices. Apprentices attend vocational schools financed by public funds. More recently, some employers have started to provide additional off-the-job, knowledge-intensive, technical or commercial training. In comparison with other dual-system countries (and also with England), apprentice allowances in Switzerland are low relative to skilled worker wages (Ryan et al 2010).

Switzerland is the only European apprenticeship country where there is reliable evidence showing that most firms incur no net costs as a result of taking on apprentices. In these firms, the cost of apprentice training

is recouped from the productive work during the apprenticeship period (Wolter et al 2006).

The leading players in the Swiss dual system – federal government together with the cantons, employer and employee representatives have shown themselves to be aware of the need to modernise apprenticeships in response to new sectors of economic activity, the demands of the knowledge economy and school-leavers' aspirations.

With the 2004 Apprenticeship Act and after extensive consultation, the Swiss government responded to these challenges by setting a new direction and new strategic objectives for apprenticeship provision. The aims are:

- transparency and flexibility of apprenticeship programmes
- apprenticeships better differentiated to meet the diverse needs of school-leavers
- unified system of apprenticeships and other vocational preparation with progression to tertiary level.

To achieve these aims, the Act proposes increased financial support for apprenticeships in the form of:

- increased government funding for off-the-job apprentice learning (vocational schools)
- each sector to organise a firm levy to reduce 'free riding' and support apprenticeship
- increased public funding for research and innovation.

Rauner (2008) argues that the 2004 Act provides a legal framework for apprenticeships that is superior to Germany. He emphasises that the Act brings all forms of initial, further and higher vocational education and training under one jurisdiction. Under the Act central government is responsible for strategic decisions on direction and purpose while, in a spirit of subsidiarity, the design and management of apprenticeships are delegated to the partners at local level.

## The role of the state in the recent development of apprenticeships in England

Until the middle of the last century, apprenticeships in England remained a partnership between employer and apprentice, governed (if at all) by custom and practice and mostly informal agreements between employers and trade unions. Major state intervention first arrived in the form of the Industrial Training Act of 1964 which established Industrial Training Boards with powers to levy employers and determine apprenticeship content.

By the late 1980s, however, apprenticeships were offered only by a limited number of manufacturing companies and apprentices in the UK had reached a low of only 58,000 (Antal 1990). The abolition of the Industrial Training Boards and the introduction of the Youth

Training Scheme (YTS) had replaced employer/employee governance of apprenticeships with short government-run, subsidised training programmes of variable quality. However, YTS provided apprenticeship with 'life-support'. For the first time, as part of the YTS programme, employers received public funding to support the training element of apprenticeships. Private training providers stepped up to administer YTS on behalf of the Manpower Services Commission.

When the Conservative government moved to reinvent apprenticeships as Modern Apprenticeships in the early 1990s, the model used to develop YTS in the early 1980s was reinstated. To achieve rapid growth targets, training providers acted as brokers – pulling in employers – and as trainers, paid from public funds. Growth in apprentice numbers and revised training content was driven by government initiatives and funding. Apart from some very large firms, many of them long-time apprentice trainers, the employer role in apprenticeships was (and still is) confined to employing and paying the apprentice. The drive for apprentice numbers has resulted in apprentice places going to employees already in employment. At least half of all English apprentices are already employed, so that the employment benefits usually associated with apprenticeship are lost. Young people seeking entry to the labour market – the very constituency that apprenticeships are designed to serve – are losing out as more and more older employees are recruited on to apprenticeship programmes.

Fuller and Unwin (2003) maintain that apprenticeships in the UK today are still heavily scarred by the legacy of YTS – too many short low-quality training programmes with little employer input: 'In most sectors, the initial catalyst for apprenticeship recruitment will come from training providers who serve the LSCs [Learning and Skills Councils] by persuading employers to take on apprentices in much the same way as they did for YTS and YT [Youth Training]' (Fuller and Unwin 2003).

This model marginalised the employer contribution to apprenticeships and stripped employers of their traditional role as transmitter of skills and knowledge. The funding model incentivised providers and employers to minimise the apprenticeship duration – in 2006 for apprentices at all levels the average stay was just over one year. Costs to employers of taking on young (16–18) inexperienced apprentices were correspondingly high since the first year of an apprenticeship is inevitably a time of low productivity and high training costs. The average wage paid to apprentices was among the highest in Europe.

## Conclusions

In England, lack of employer and trade union commitment led to the government becoming the dominant partner in the funding, management and promotion of apprenticeships. In the dual system countries – Austria, Germany and Switzerland – the federal

government stands aside from the administration and management of apprenticeships. Employer and trade union organisations largely determine the content of apprenticeship certificates. Occupational skills are acquired on employers' premises in the workplace. The federal government determines the strategic direction and objectives of apprenticeships and legislates to provide a framework which sets out and safeguards the rights of apprentices and employers.

The dual system in its purest form shares the costs of apprenticeship training between government (which funds general education) apprentices (who accept reduced earnings) and employers (who bear the costs of occupational training). Currently, Switzerland appears to be the only dual system in which costs are shared in such a way that most firms train apprentices at no net cost.

Recent developments in the three dual-system countries clearly show that the internal economics of the dual system are easily disrupted by cyclical and structural change in the economy and by changes in the aspirations of school-leavers. Knowledge-intensive economic growth means low-qualified school-leavers are more costly to train than in the past and in all three dual-system countries special measures – such as pre-apprenticeship courses and financial support – have been introduced to help offset these costs. Failure to innovate by promoting apprenticeships in newly-developing economic sectors (green energy, media) or by bridging apprenticeships and tertiary education makes apprenticeships less worthwhile for government, firms and employees and inhibits their growth – as in Austria.

In a fast-changing economic environment, dual-system apprenticeships need frequent adjustment to function well and ensure a skilled workforce for the future. Government's role is to monitor and listen to employers, trade unions, young people and their parents and promote the necessary adjustments in legislation and regulation.

Both German and Swiss governments have recently acted to redress imbalances between the different partners in apprenticeships. Employer organisations in Germany have entered into direct agreements with the government to raise demand for apprentices. At the same time, employer proposals for reducing the costs of apprenticeship to employers by increasing flexibility have been accepted.

Employers in the dual system countries are directly involved in training apprentices in their own workplaces. They experience first-hand the results of policy decisions on apprenticeships. They understand why it is important to commit time and energy to making an impact on apprenticeship policy. As providers they have a strong interest in ensuring that:

- training requirements for an occupation are relevant
- training can be delivered in the workplace in a cost-effective manner
- apprenticeship is promoted positively to young people of all abilities.

England does not yet have a grown-up partnership between government, employers, trade unions and apprentices. The split in responsibility for apprenticeship between two ministries – the Department for Education and the Department for Business, Innovation and Skills – makes change more difficult to achieve. In the dual-system countries, the government defines apprentice and employer rights and responsibilities and regulates these by statute. The resulting regime is designed to ensure high-quality training with a strong transferable element and to protect both apprentice and employer from excessive cost.

Successive British governments, by contrast, have left issues of standards and length of apprenticeships in the hands of employers while insisting on employed status for apprentices. Much anecdotal evidence suggests that this distribution of responsibility has led to high costs and poor returns for apprentices, in particular in the newer service sector apprentice programmes. Employers appear to be unwilling to pay apprentices, who, after all, have full employee status, a wage which allows the employer to recoup the production lost when apprentices are training. As a result, far too many employers are unwilling to allow apprentices time for off-the-job training, which compromises training quality.

The quantity and quality of apprenticeships in England can only be improved if government establishes a framework of apprentice/employer rights and responsibilities which ensures high-quality training for apprentices and manageable costs for employers. Government can then leave management of apprenticeships to employer organisations and on-the-job training to employers – preferably with strong support and input from trade unions.

The dual system demonstrates that high-quality, cost-effective training can be provided by employers in the workplace. Providing training gives employers a direct stake in decisions about training content and increases incentives to become directly involved in decision-making. England is still a long way from having the highly-evolved set of incentives and institutions that are needed to make dual system apprenticeships work. However, the current organising regime for British apprenticeships marginalises employers and prevents the growth of a genuine workplace training culture.

A progressive transfer of training and assessment responsibilities and accompanying funding to employers is necessary to realise the real potential of apprenticeships. More employers directly funding and taking responsibility for providing apprentice training on their own premises could be an important first step towards a more mature partnership with government. Government should set out a statutory framework of apprentice/employer rights and responsibilities that:

- recognises the unique status of the apprentice as learner and secures the right to high-quality training with strong transferable elements

- sets out the right of apprentices to a training allowance commensurate with their productive contribution net of training costs
- sets a minimum duration for the apprenticeship and secures provision for career progression.

All dual-system governments provide public funds to support apprenticeship training. Funding is provided directly to employers who employ apprentices suffering from physical disability or social exclusion or who train over and above their own skill needs. Public funds also cover the cost of off-the-job training that provides general education and underpinning knowledge together with the cost of assessment. Currently, in Britain, many apprenticeship programmes blend these elements together in a single training framework. Employers who progressively take responsibility for developing and assessing apprentices in elements of the training framework should, as the *Wolf Report* recommends, receive payment for the educative function performed (Wolf 2011).

School- and college-leavers in Britain desperately need the skills and smooth transition to working life that apprenticeships provide. The economy desperately needs a more highly-skilled workforce. More apprenticeships providing skills comparable to those in competitor countries can help achieve this.

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## APPRENTICESHIPS AND TRAINEESHIPS IN AUSTRALIA

BRIAN KNIGHT AND TOM KARMEL

Apprenticeships in Australia began with British settlement, when they were concentrated in the trades and restricted to teenage boys. By the 21st century the model has been broadened to cover a wide range of occupations, industries, employment arrangements, person characteristics, and durations of training. The nomenclature has also been widened to become apprenticeships and traineeships, with 'apprenticeship' being used for trade and 'traineeship' for non-trade occupations, even though both use the same training model.

Apprenticeships are three or four years in duration and at certificate III or IV level in the Australian Qualifications Framework (AQF). Traineeships are usually in non-trade occupations, at AQF certificate II or III level, and usually one or two years in duration. More recently, traineeships have been made available in technician and para-professional occupations, at AQF diploma and advanced diploma level, but the take-up has been relatively limited (5.1 per cent of commencements in 2010, in contrast to 64.9 per cent for AQF certificate III; NCVET 2011a).

All apprenticeships and traineeships are defined by a regulated, employment-based training arrangement, governed by a registered legal agreement ('contract of training') which specifies the rights and responsibilities of the major parties. The employer employs the apprentice or trainee, at the prescribed training wage, and provides on-the-job training in a specified occupation. A registered training organisation provides concurrent formal training – usually off-the-job – that leads to a recognised qualification related to the occupation. Both the apprentice or trainee and the employer are subject to the provisions of the relevant industrial award or agreement, and to employment-related laws and regulations.

Although the apprenticeship or traineeship is constructed through a legal contract, there are no penalties if the employer or apprentice/trainee breaks the contract – unlike the mediaeval indentures that were their forerunner. This is no trivial difference, with contract completion rates around 45 per cent for trade and 52 per cent for non-trade occupations (NCVER 2011b, 2011c).

Characteristic	Apprenticeships	Traineeships
Year introduced in Australia	1788	1985
Occupations covered	Trades and crafts	Non-trade occupations
Most common occupational areas, in descending order <sup>a</sup>	Construction trades, automotive and engineering trades, food trades, electro-technology and telecommunications trades	Clerical and administrative workers, sales workers, community and personal service workers, labourers, machinery operators and drivers
Most common AQF levels	Certificate III or IV, mostly III	Certificate II or III, mostly III
Other AQF levels	None	Certificate I and IV, diploma
School-based contract of training	Yes, from 1996	Yes, from 1996
Other part-time contract of training	Yes, from 1998	Yes, from 1998
Existing workers	Yes, from 1998	Yes, from 1998
Age range	Mid-teens upwards, no upper limit	Mid-teens upwards, no upper limit
Average age at commencement	Mean 23 years, median 19 years	Mean 28 years, median 23 years
Standard Australian Government incentives payable to employers <sup>b*</sup>	Yes, AUS\$1,500 on commencement, AUS\$2,500 on successful completion, and extra payments for occupations on the National Skills Needs List	As for apprenticeships if certificate III upwards; if certificate II and in a nominated equity group, AUS\$1,250 on commencement
Government personal benefits and support payable to employees <sup>b</sup>	Yes, restricted to occupations on the National Skills Needs List	Usually not, unless disadvantaged (Indigenous, have a disability etc)

\* AUS\$1 = £0.65

Sources: <sup>a</sup> NCVET 2011a, tables 4 and 5; <sup>b</sup> Australian Government 2011 and NCVET 2010a

Occupational licensing plays only an incidental role in the apprenticeship model. Among the traditional trades, occupations that require a formally recognised qualification and a licence to practise include: electricians, plumbers, builders, pressure-vessel welders and specialist trades in the aviation industry. Among non-trade occupations, childcare and aged care increasingly require a formal qualification. This leaves many of the occupations that are covered by an apprenticeship or traineeship able to be practised without a formal qualification. Examples in the trades are chefs and motor mechanics, while virtually all non-trade occupations fall into this category.

Over time there have been major structural changes in Australia's economy resulting in the growth of the services sector, the relative decline of manufacturing, the boom in extractive industries (mining, natural gas), expansion of the health and personal care sectors, and the

**Table 3.2.1**  
Major options and characteristics of apprenticeships and traineeships, 2010

1 Australia is fortunate in having detailed and accurate statistics on its apprenticeship and traineeship system and on provision in the public vocational education and training system, particularly for the last two decades (Cully and Knight 2007).

use of more productive technologies in practically all economic sectors. Many apprenticeship occupations have become almost redundant as a result of technological change or no longer exist in Australia (for example, printing compositors and trades specific to heavy shipbuilding and repair) while others have declined because the products they are associated with have declined in importance.

Even so, apprenticeship occupations have a clear identity and status which is not shared by traineeship occupations. Apprenticeships have more recognition and status because of the occupations they lead to, with trade occupations enjoying higher status than many of the occupations covered by traineeships. A major theme throughout the history of apprenticeships in Australia is that the community, employers, employees, and their representatives have been reluctant to change their structure (Knight 2011, forthcoming). Apprenticeships have been defended as *the* model of occupational training for the trades.

Notwithstanding their popularity with the industrial partners, apprenticeships and traineeships are not the dominant mode of vocational education and training (VET) in Australia: they constitute about 20 per cent of the students in the public VET system (NCVER 2010b, 2010d).

Acquiring skills in a work context, supplemented by formal learning represents a joint investment by the employer and employee, and in Australia, a substantial investment by government. The return on this investment is realised through skills acquisition leading to higher wages. However, the arrangement may not be optimal. The apprentice or trainee is not bound to the employer as was once the case and, therefore, employers may not get a return on their investment. Institutional arrangements such as industrial awards may set wages too high for an individual's productivity, in which case employers will be unwilling to take on an apprentice or trainee. Finally, government incentive payments may promote wage subsidisation rather than skills acquisition in some situations (Cully 2008, NCVER 2010d). The original Australian conception of a traineeship emphasised the transition to employment of disadvantaged youth rather than skills acquisition (Committee of Inquiry into Labour Market Programs 1985).

### Development of apprenticeships and traineeships

In the first half of the 20th century a strong and enduring tradition of government regulation and protection of all aspects of trades' employment and training was established. This was reinforced by provisions incorporated into industrial awards and strongly supported by organised labour. As a result, government regulation of the apprenticeship system in Australia has increased, the content and standards for the formal part of the training program has become

prescribed, and delivery has been institutionalised in the hands of government institutes of technical and further education (TAFE).

Change also occurred as a result of economic developments, technological change and shifts in labour force requirements. In some occupations where entry had originally been through apprenticeships, the levels of knowledge and skill required steadily increased and training moved to the higher education sector. Nursing is the major, recent example (Committee of Inquiry into Nurse Education and Training 1978), and until the 1950s, apprenticeships in surveying and pharmacy existed in Australia.

In other occupations, the standard duration for most apprenticeships was reduced from seven years to three or four years. At the same time, schooling became compulsory until the age of 15 or 16 years (NOOSR 2000). More recently, most Australian states have introduced an 'earning or learning' requirement until the age of 17 years, and an apprenticeship or traineeship is one of the allowable options.

The 1950s and 1960s were a period of growth and prosperity for Australia's economy, and it generated a need for increasing numbers of tradespeople. This need was met by training apprentices, supplemented by immigration of skilled workers from abroad, whose qualifications and skills were formally assessed. Throughout this period, the apprenticeship system remained under the control of the state governments and the list of licensed trades, including those where an apprenticeship was an entry requirement, could vary by state, along with the content and standards for each training programme. In the last decade this has become a considerable source of frustration for employers that operate in more than one state and the Council of Australian Governments has moved to eliminate unnecessary differences (COAG 2008).

The period from 1945 until the introduction of the National Apprenticeship Assistance Scheme in 1973 was also characterised by much questioning of the efficacy of Australia's apprenticeship system but relatively minor changes. Numerous official inquiries confirmed the benefits of apprenticeships but criticised their inflexibility and capacity to meet changing labour market needs; new approaches were suggested, yet few reforms resulted (Ray 2001). This demonstrates how fundamental changes in apprenticeships in Australia are difficult to achieve because of strong support for the status quo among employers, unions, governments, and the community.

Some of the changes that did occur in this period followed broader social trends and brought apprenticeships within the ambit of anti-discrimination and equal-opportunity legislation. Preferment on the grounds of sex was abolished. Minimum and maximum ages were increased and a maximum age was eventually abolished, making it easier to complete year 11 or even year 12 schooling before starting an

apprenticeship. The time-based approach to apprenticeships continued, despite the move toward competence-based training and assessment in the whole vocational education and training system (Harris et al 1995, Guthrie 2009), although over the last 10 years or so, early completion has become more prevalent.

The period from 1973 onward saw some of the most significant changes in Australia's apprenticeship system. In 1985, as a result of the Committee of Inquiry into Labour Market Programmes (1985), the apprenticeship model was extended to shorter traineeships, essentially as a labour market programme aimed at disadvantaged early school-leavers. However, the take-up of traineeships was slow until government incentive payments to employers were introduced in the mid-1990s. Competence-based training was formally adopted in the late 1980s and later incorporated into the qualification and unit-of-competency standards specified in national training packages. Apprenticeship options for older workers, part-time workers, existing workers, and school-based apprenticeships and traineeships were introduced as part of the New Apprenticeship arrangements in 1998 (later called Australian Apprenticeships) and numbers have grown.

**Table 3.2.2**  
Apprenticeship  
and traineeship  
statistics,  
selected years  
1963–2009

Category (annual commencements)	1963	1978	1988	1998	2009
Apprentices	22,600	45,300	55,000	45,000	73,100
Trainees	–	–	9,200	81,200	198,100
<b>Total</b>	<b>22,600</b>	<b>45,300</b>	<b>*64,200</b>	<b>126,100</b>	<b>271,200</b>

Source: NCVET 2010, tables 1, 4 and 5. Note breaks in series in 1971, 1975, 1987 and 1994.

\* Estimated figure, derived on the assumption that all in-training in non-trade occupations at 30 June 1988 commenced in the previous 12 months. Apprenticeships equate to trade and traineeships to non-trade occupations.

Government incentives have no doubt played an important role, particularly in the growth in traineeships. Ostensibly, the name change in 1998 eliminated the distinction between apprenticeships and traineeships by placing them under a single banner. In reality, the community, most employers, and the state governments continue to distinguish between apprenticeships in the trades and shorter traineeships in non-trade occupations.

The 1990s are often viewed as an era of training reform. This period includes the establishment of the Australian National Training Authority (ANTA, abolished in 2005), the Mayer review proposals for key competencies (1992), the Australian Quality Training Framework (AQTF), and increasing numbers of non-government registered training organisations, which now number over 5,000. The varied responses to skills formation and high levels of unemployment, and the associated government funding, helped establish traineeships as an alternative,

though lower-status, pathway to traditional apprenticeships and employment in the trades.

Beginning in the 1980s, governments also allowed group training organisations to be the primary employer of apprentices and trainees. Under this arrangement, apprentices and trainees can be placed with one or more employers to undertake their on-the-job training. This is designed to assist with the management of the risks associated with recruiting and employing apprentices and trainees, and to facilitate small-business involvement. Government funding was also provided to group training organisations but has since been reduced or withdrawn, and their operations are now largely funded from fees paid by the employers.

The developments since the 2008 global financial crisis, which had much less impact on Australia than other developed countries, have been prompted by concerns that the growth of mining will be constrained by the responsiveness of the trade training system.<sup>2</sup> The Council of Australian Governments has taken action to eliminate state variation in licensing, and in interstate recognition of trade qualifications in the same occupation (COAG 2008). In 2009 the Australian Apprentices Taskforce was established and in 2010 undertook a detailed review of apprenticeships and traineeships (Australian Government 2011a and 2011b). The government response comprises funding for support programmes to improve apprenticeship completion rates, and a National Trade Cadetship to facilitate transition from secondary school to a post-school trade apprenticeship (from 2012).

Employers and their representatives have generally supported the changes in the apprenticeship system that began in 1973. They have embraced competence-based training and have input significantly into the development of national training packages, which are the responsibility of national industry skills councils and include the formal qualifications completed by apprentices and trainees. They have mostly supported uniform licensing arrangements, a single national quality framework (the AQTF), and a national VET regulator. In keeping with the pluralism which underpins much policy development in Australia, the governance arrangements for the apprenticeship and traineeship system include extensive employer representation at both national and state levels (Knight and Mlotkowski 2009, Cully et al 2009, Ryan 2011).

## Government funding

Australia is the only country to pay incentives on a large scale to employers of apprentices and trainees. The economic rationale for the incentives is that they will offset wages and other costs and encourage employers to make more training places available. They are also structured to encourage successful completion of apprenticeships and traineeships at certificate III level and above. Nechvoglod et al (2009)

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<sup>2</sup> Although, for an alternative perspective see Richardson 2007 on skills shortages.

showed that the incentives offset only a very small proportion of the cost of an apprenticeship in a trade and therefore it is only in low-wage traineeships that the incentives are likely to have any impact. It is significant that traineeships were slow to take off until the injection of significant government incentive payments to employers in the mid-1990s, particularly in the retailing and service sectors.

Australia's governments also pay a range of incentives to those employers who provide an apprenticeship or traineeship to a person who has a disability, is an indigenous Australian, or is disadvantaged in some other way. Apprentices and trainees on very low wages may also be eligible for supplementary income support (NCVER 2010a).

Other government financing or concessions are provided. Australia's state governments cover practically all the cost of the formal, off-the-job training delivered to apprentices and trainees, even when this training is delivered by a non-TAFE training provider (including enterprises which have registered as training providers). Many employers are eligible for payroll tax exemptions. Some incentives, such as those paid to employers for training women in traditional trades, had limited success and have been discontinued. Personal benefit support is also provided to help offset the effects of low wages during training, including public transport and car registration concessions, the Living Away from Home Allowance, the Tools for Your Trade Allowance, travel and accommodation allowances when the training provider is located some distance from home, and capping of apprentice/trainee student tuition fees.

The government contribution to Australia's apprenticeship and traineeship system is substantial: the total in 2008/09, taking account of all expenditures, is estimated at AUS\$28,324 for a four-year apprenticeship in a trade and AUS\$7,081 for a typical one-year traineeship (NCVER 2010a). On occasions the incentive payments to employers have been restructured, and the amounts paid are not indexed for inflation, but these factors reduce the total cost to government only at the margins. Recent suggestions by the Australian Apprentices Taskforce (Australian Government 2011a) that employers should meet more of these costs or contribute via a levy have been resisted strongly by employer representatives, and the government has accepted this view (Evans 2011).

Does Australia get good value for money from large-scale public funding of its apprenticeship and traineeship system? The statistics are certainly impressive, approaching 300,000 commencements a year in a workforce of about 12 million, a training commencement rate of around 2.5 per cent; in many occupations the training rates are even higher (NCVER 2011a). The major component of the government spending is off-the-job training, which is made available for practically all apprenticeships and traineeships with little regard to the likely returns.

While apprenticeships in electro-technology offer handsome returns on completion, others such as traineeships in retail sales and the fast-food industry do not (Karmel and Mlotkowski 2010, 2011).

## Completion rates

Low completion rates reduce the value that Australia gets from its expenditures on apprenticeships and traineeships, and the return on the investment that employers make. There is also a view that it reduces skills formation in key occupations, sufficient to prompt the government in 2011 to announce funding for support programmes to raise completion rates. From the employer's perspective, less than 50 per cent of trade and a little over 50 per cent of non-trade apprentices and trainees successfully complete. Most attrition occurs in the early stages of the apprenticeship or traineeship programme, and is caused by personal factors or a breakdown in the relationship between the apprentice/trainee and the employer. In non-trade occupations there is generally much less variation by occupation than in the trades, except for food preparation assistants, where only about a third of trainees complete.

In the trades there is considerable variation in the completion rate by occupation, employer size and employer type (NCVER 2010b, 2011a). The rate is lowest for food trades workers (about 28 per cent) and hairdressers (about 37 per cent), and highest for engineering, ICT and science technicians (about 60 per cent) and electro-technology and telecommunications trades workers (about 55 per cent). Contract completion rates also vary by the number of apprentices the employer has: 45 per cent for those with 1–10 apprentices, and 55–58 per cent for those with more than 10, though experience varies by industry. For example, completion rates among electro-technology apprentices are 20 percentage points higher for employers with 100 or more apprentices compared with those who have one. On the other hand, employer size has little effect on completion rates for apprentices in the construction trades. A third factor in completion rates in the trades is employer type: 49 per cent for the private sector, 52 per cent for group training organisations, and 80 per cent for government employers.

For individuals, the overall completion rates are around 25 per cent higher for trade apprentices because some non-completers with one employer are able to continue with another. This 'employer churn' is of little consequence for trainees but may affect employers' willingness to participate (Karmel 2011a). One issue that has been raised is the importance of wages to the low completion rates of trainees. In the trades it is the earnings premium associated with becoming a tradesperson that matters rather than the training wage. For males in non-trade occupations both the earnings premium associated with completion and the training wage matter, whereas, for females in non-trade occupations, the training wage does have some impact on completion rates (NCVER 2010b; Karmel and Mlotkowski 2010, 2011).

## Apprentice and trainee learning programmes

Where an apprentice or trainee is a young person undertaking entry-level training, there are important connections with their general education and major implications for meeting the goals of schooling. Although the proportion has fallen, it is still the case that a majority of the commencements in trade occupations (62 per cent in 2009) are young people aged 19 years or under (NCVER 2010: p.17). About 35 per cent of young apprentices now complete 12 years of schooling before commencement, and around 50 per cent of trainees. Also, the levels of underpinning knowledge that are needed for apprentices and higher-level trainees in many occupations have been rising in curriculum areas such as numeracy, scientific and technical knowledge, information technology, communication skills, and literacy.

As the apprenticeship and traineeship system has evolved over the long term the underpinning philosophy and rationale have shifted in significant ways. Apprentice and trainee training have been separated from the general education and personal development of the individual, which are seen as responsibilities of the school system and of parents. There has been a shift from a system that was almost exclusively about providing entry-level training and employment to young males in the trades to one that provides both entry-level and continuing training, and paid employment, to people of all ages and both sexes (NCVER 2011a). Half a century ago practically all commencing apprentices were age 19 years or less and all but a few were male. By contrast, in 2009, 38 per cent of the commencements in trade occupations, and 72 per cent in non-trade occupations, were adults aged 20 years or older, and females comprised 17 per cent of the commencements in trade occupations, and 53 per cent in non-trade occupations.

It has been argued that the current system does not adequately address the general education needs of young people if they leave school early to start an apprenticeship or traineeship (Sweet 2009). This occurs because the national training packages that now specify the standards and outcomes required for the formal component of the training programme include very little general education content, and providers are not usually funded to provide general education if it is not part of the qualification. Sweet (2010) concluded that unlike many other OECD countries, 'broad general education requirements are almost entirely absent from post-compulsory vocational education programmes [in Australia]'. Countries such as Germany, Singapore, China and many others design their entry-level apprenticeship programmes to ensure that general education continues. The extent to which this difference matters is not clear from the evidence currently available.

Pre-apprenticeship programmes have become a feature of the Australian system, with the primary motivation being better matching

of potential apprentices so that trainees have a clearer idea of what the apprenticeship or traineeship involves. A secondary motivation is perhaps to fill gaps in language and literacy. While such programmes have been popular with policymakers, the evidence that they have improved completion rates in general is scant (Karmel and Oliver 2011).

School-based apprenticeships and traineeships were introduced in 1996 and were part of the 1998 package of reforms. This allowed a young person to start a part-time apprenticeship or traineeship while still attending secondary school. After a slow start numbers increased, from 6,100 in 2002 to 20,900 in 2008, but declined to 16,700 in 2009. For mainstream schools the logistics of school-based apprenticeships and traineeships are difficult, and the phasing-out of Australian Technical Colleges may have contributed to the decline in commencements in 2009. Most take-up is at AQF certificate II level and by students in Year 11 (Knight 2008).

Australia's vocational education and training (VET) system has adopted competence-based training and assessment. In the early stages, the introduction of the competency approach was by no means smooth, even though employers and unions were generally supportive. Educationists were often critical because, it was argued, the importance of generic skills, underpinning knowledge, and time-on-task was being downplayed. Some also argue that competence-based training can promote the vocationalisation of learning at the expense of general education (see for example, Meyer 2009, on Switzerland). In Australia, some states were reluctant to implement competence-based training in their public systems without first developing a supporting curriculum. Widespread criticism of the quality of delivery and learning outcomes with the 'pure' competence-based model also emerged as a major issue. The *Report of the High Level Review of Training Packages* (Schofield and McDonald 2004) addressed these concerns, and those that have been developed since have been more readily accepted.

From 1999 onwards, national training packages progressively replaced the course and module curricula developed by the states as the specifications for the content and outcomes needed for recognised VET programmes, including apprenticeships and traineeships. The changes since Schofield and McDonald's 2004 review have increased the role of industry skills councils and employers in the development process while ensuring that the views of training providers are taken into account. More recently, a tendency towards excessive proliferation of units of competency and qualifications has been controlled, and the underpinning knowledge and generic skills that are needed have been embedded more fully in unit-of-competency standards.

## Concluding comments

In the 223 years of European settlement of Australia there has been a slow evolution from the apprenticeship system originally imported from

Britain. The period of greatest change has been the last 25 years, with the expansion of the model to school students (MCEETYA 2001, 2003), part-time workers, existing workers and older workers, and to non-trade occupations at low and middle skill levels. Some of the changes have followed more general shifts in the labour market and society, but many have been driven by government policies and funding. As a result, Australia's apprenticeship and traineeship system has a number of distinctive features not found in other countries.

The attraction of the apprenticeship model is understandable. The linking together of formal training with employment is an appealing package: for the apprentices and trainees there is an immediate income – unlike the standard institutional training model – and they get the benefit of practising their training on the job. For the employer, there is the prospect of moulding the individual to the requirements of the firm, as well as immediate access to labour at lower starting wages. For governments, there is the opportunity to subsidise particular groups of workers who need assistance in gaining a foothold in the labour market.

It is not surprising that Australia's apprenticeship and traineeship system is highly regarded in many quarters (for example, Hoeckel et al 2008), not least because of the unusually high training rates that it entails, particularly among 15-to-24-year-old technicians and trades workers (Knight 2011, forthcoming). Training rates increased over the first decade of the 21st century, especially in the trades (from 9.5 per cent to 12.1 per cent) and among 15-to-19-year-olds (from 13.4 per cent to 16.6 per cent; NCVET 2011a Table 10). These figures are undoubtedly impressive, but, for a variety of reasons, it can be argued that the system is at a crossroads and important issues need to be addressed.

The first issue is the long-term trend to higher level qualifications (Karmel 2011b). Australia's state governments believe that the number of people undertaking training programmes – particularly apprenticeships in traditional trades and courses at higher AQF levels – needs to increase to meet future skills needs and to raise productivity. However, the most recent figures suggest that growth in commencements in the trades is running out of steam, and the uptake at diploma and advanced diploma levels has been relatively limited (5.1 per cent of commencements in 2010, in contrast to 64.9 per cent for AQF certificate III; NCVET 2011a).

The economics of the system that has evolved is another issue. By any standards it is costly for government (AUS\$2.9 billion in 2008–09; NCVET 2010a) and perhaps this expenditure could be targeted more effectively or used in better ways. Completion rates are generally quite poor, particularly from an employer's perspective. In some occupations the premium from completion is non-existent, suggesting that skills acquisition in these is very limited (NCVET 2010e, 2011b). The fine balance between the investment of individuals through low training

wages and the desire to be paid a 'living wage' could be hard to maintain, particularly as fewer apprentices and trainees live in the parental home. Yet higher wage rates would undoubtedly make the model less attractive to employers.

Structural change is a major feature of modern advanced economies and the apprenticeship model might not be sufficiently flexible to meet the challenges this creates. Its success is also contingent on employers offering jobs for apprenticeships or traineeships, which might not happen in a severe economic downturn (Karmel and Misko 2009). Similarly, in boom times employers may not offer sufficient new apprenticeships and traineeships and an institutionally-based model could be easier to ramp up quickly. The more recent developments in the Australian system have confounded skills acquisition with labour market equity subsidies.

Education is at least as important as training because of the fundamental role of generic skills. Australia's current apprenticeship and traineeship system may not embody sufficient general education, including basic language, literacy and numeracy skills, given that the one thing that is certain in Australia and other advanced economies is that tomorrow's labour market will differ from today's.

While the long-standing resistance to promoting alternative training models within the trades persists in Australia, there is a long-term trend toward institutionally-based training. It is not so long ago that nurses were trained within hospitals in a type of apprenticeship and lawyers as legal clerks within law firms. We suggest that, in the longer term, the role of apprenticeships and traineeships in skills acquisition is likely to diminish, despite their outward appeal and strong support. In the meantime, the challenge is for governments to get the best return from their investment, making sure that they purchase real skills on one the hand and meet equity objectives on the other.

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## THE WAY FORWARD

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Over the last few decades, the nature of apprenticeships in England has changed considerably. No longer are they principally a route into skilled work for young men; instead they have become something that is offered to young women in low-paid service work. In part, this shift is the result of changes to the structure of the economy. But it is also the unintended consequence of arbitrary government targets to increase the number of apprenticeships in England, a move which has eroded their quality. With the Coalition government following in its predecessor's footsteps by pledging to support even more apprenticeships, now is the right time to reassess the role of apprenticeships in the modern-day economy and society.

When compiling this collection of essays, we asked our contributors to address a number of issues. What are apprenticeships for? Is it possible to increase demand for apprenticeships among employers, while ensuring the quality needed to offer a platform for mobility and progression in the labour market? What sort of institutional framework is required to create a collective commitment to skills and apprenticeships? And what can we learn from other countries? In this chapter, we attempt to answer these questions by drawing on the ideas of our contributors and so to set out a policy agenda for a radical rethink of apprenticeships in England.

### What are apprenticeships for?

The questionable quality of many apprenticeships in England – and of vocational education more generally – is rooted in a limited conception of what they are for. An apprenticeship should be about more than basic competency in a specific job. While it is important that employers' immediate skills needs are met, this should be only one aim of the apprenticeship system. As Alison Fuller and Lorna Unwin argue, apprenticeships should be designed to meet wider social, economic and personal development aims.

### Supporting the socialisation of young people

Youth transitions from school into work have become longer and riskier, as many school-leavers are faced with entry level jobs that are often

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1 The authors wish to thank IPPR colleagues Kayte Lawton, Jonathan Clifton, Rick Muir, Clare McNeil and Nick Pearce for their contributions and comments on earlier drafts.

insecure and offer few opportunities for progression (Keep 2011). At their best, apprenticeships can support young people into work and responsible citizenship at a time when the labour market is more complex and difficult to navigate and provide a basis for future study or progression within the wider labour market. At present, however, the narrow focus on certifying competency in a particular job means many apprenticeships are not playing this role.

Increasing the number of apprenticeships that are offered to people aged 25 and over has diluted the important role that they should play in socialising young people and preparing them for the world of work. Adult apprenticeships cannot exist by definition and the government should limit them to young people. Apprenticeships should not be just another form of on-the-job training; they should be something special, easing the transition of young people into work through a mix of on-the-job specific training and more general off-the-job learning.<sup>2</sup> People who have already been in the labour market for a number of years require other types of training. There is a case for the government to create a stronger adult skills system that supports people to cope with economic change, but apprenticeships are not the appropriate vehicle.

More intensive state intervention is required to ensure apprenticeship qualifications are transferable and to support wider mobility and progression in the labour market. In European models, which serve as the inspiration for several of our authors, a much deeper concept of the social and economic goals for apprenticeships leads to a greater depth of content in the general and technical components. This is regardless of whether or not these skills will be used in the particular job the apprentice is training for. John Bynner notes that this wider curriculum allows many young German apprentices, upon completion, to be taken on by employers in a different field if no job materialises at the training company.

The introduction by the Labour government of general and knowledge components alongside a competency-based assessment was a first step towards promoting the broader aims of apprenticeships in England. But the content needs to be further strengthened to ensure young people have broad skills that are valued in the labour market and not simply what the employing company requires. The general component should at the very least include the basic requirements of most jobs: literacy, numeracy, technological skills and general work skills, and they could also include a broader general education, including academic subjects. Higher minimum standards might apply in some sectors, subject to stakeholder agreement. This should be underpinned by a requirement that all apprentices, irrespective of sector, spend more time learning off-the-job. Only employers who are currently using the

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2 'Off-the job learning' is taken to encompass both training provided outside the workplace, for example in an FE college, and at the workplace but by external providers.

apprenticeship brand to fund less-comprehensive training for their employees are likely to object. To ensure students who have not responded well to a classroom environment excel, teachers should explore different teaching methods, so that students are encouraged to reflect on how learning is relevant to the world of work.

### **Helping to tackle youth unemployment**

If designed properly, apprenticeships could have an important role to play in helping to tackle youth unemployment. The latest figures show that almost 1 million people aged 16 to 24 are currently unemployed in the UK and that over 250,000 have been unemployed for more than one year.<sup>3</sup> People who spend long periods of time out of work when they are young – or who flit between numerous short-lived jobs – suffer permanent ‘scarring’ as a result. Throughout their lives they achieve less success in the labour market than their contemporaries.

Many of these young people find themselves trapped in a ‘catch-22’. They cannot find a job because they lack the skills employers are demanding, but without a job, they cannot develop the skills they need to get on in the labour market. Apprenticeships can help young people break out of this trap by offering additional general education, the chance to learn the ‘soft skills’ that employers often demand, and some specific job-related training. They also represent the chance to earn some money and to develop self-esteem.

Unfortunately, many of these young people are out of work because they lack even the most basic skills required by employers. Employers have become increasingly reluctant to hire school-leavers and the government may be underestimating the effort involved, particularly for small businesses, in setting up the workplace support required to socialise young people into the world of work. Employers require more support to set up apprenticeship programmes, particularly when they are hiring apprentices for the first time. Channelling more apprenticeship funding directly to employers rather than through training providers could help address this problem.

To support disadvantaged groups the government should consider funding more pre-apprenticeship training to help young people reach the level needed for entry into an apprenticeship programme. Research suggests that 97 per cent of employers think pre-apprenticeship training will help young people get onto apprenticeships (Working Links 2011: 22). This would have to be funded by government and would be provided mainly in further education colleges. It could form part of a programme to ensure that all unqualified 16-to-19-year-olds are brought up to a level compatible with entry onto an apprenticeship in areas such as numeracy and literacy, whether or not they choose to go down this

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<sup>3</sup> In the three months ending August 2011, youth unemployment in the UK was 991,000 and there were 227,000 people aged 18 to 24 who had been unemployed for more than 12 months.

route. Given the low quality of much of this training in the past, care would be needed in the design of such preparatory training. This should ensure that apprenticeships are not used to address failures in the school system, such as low levels of literacy and numeracy, which in the longer term must be addressed through educational reforms.

This should be financed by limiting apprenticeships to young people aged under 25. In aggregate, this might mean fewer apprenticeships in the short-term, but the government should move away from a simple ‘more is better’ approach to one that concentrates resources where they can achieve the best results. This is not to deny that older workers would benefit from additional training or that in some cases this should continue to be subsidised, particularly where it is at level 3. But the apprenticeship ‘brand’ should be reserved for young people developing the skills they need to flourish in the labour market. We are sceptical about the quality of some apprenticeships offered to older workers and believe they offer a poor return to the government, compared to helping young people prepare for an apprenticeship.

### **Promoting a better-skilled economy**

The weak demand for and low quality of many apprenticeships in England is linked to deep structural problems in the economy. Low employer demand for skills is a longstanding problem that results in many workers feeling their talents are not being fully utilised by their employers and that there is a lack of opportunities for continuing development in work. Thus, while we agree with John Hayes and Tim Boswell that apprenticeships in a post-industrial economy should be a route into a wide range of sectors and occupations, the kind of work they lead to matters too.

Apprenticeships should be at the heart of efforts to build an economy that offers all young citizens the chance to participate in occupational life – what has been called a ‘vocational economy’. There is no reason why apprenticeships cannot provide an alternative route to university education into high-skilled ‘knowledge’ sectors – as advocated by Oliver Tant and Neil Sherlock in this volume. This would mean increased numbers of apprenticeships at level 4, which would be appropriate given the global pressures forcing the UK and other advanced economies to increase the overall level of skills in their labour forces.

The main aim of apprenticeships will remain the promotion of a sense of expertise across all sectors and occupations, not merely within a professional, technological or scientific elite. However, we are wary of nostalgic pleas for apprenticeships to be about raising the status of ‘craft’, a term that is too often equated with practical trades carried out mostly by men. It is a small step from this position to the argument that the so-called ‘soft skills’ required in private service sectors are

associated with natural feminine attributes and so do not require vocational knowledge or further development (Fuller and Unwin 2011).

As Ewart Keep and Susan James argue, a significant factor in the UK's 'low skill equilibrium' has been unwillingness on the part of government to intervene in the labour market and the economy, including on how employers train their staff. A return to an active industrial policy that supports skill-intensive industries, innovation and the introduction of new technologies would raise the demand for skills. However, to ensure all workers participate in growth requires a vision of progress based not on a 'high-skilled' but a 'well-skilled' society (Vandenbroucke 2011), where people's talents are used and developed across all occupations, sectors and regions.

At the moment, increasing the number of apprenticeships is simply a knee-jerk response to increased youth unemployment. While they do have a role to play in helping young people to compete in the labour market, they should also be central to meeting new demand for skilled workers and part of a broader strategy to improve the standard of products and services in the domestic economy, where the majority of jobs are located. The government needs to develop a modern industrial strategy to promote strong and sustainable economic growth in the UK; apprenticeships need to be firmly embedded in this strategy.

## How can the demand for apprenticeships be increased?

The post-war decline of apprenticeships in England has been linked to the increasingly high cost of taking on apprentices (Ryan 2002) and subsequently to deindustrialisation, which led to the decline of traditional apprenticeship sectors. The recent increase in numbers has not been associated with a reversal of these factors, but rather with a watering down of what constitutes an apprenticeship, driven largely by government targets. The government should abandon quantitative targets and focus instead on increasing demand in the economy for better trained workers, so leading to a revival of apprenticeships led by demand not supply.

The future of apprenticeships in the UK, and how to increase the demand for them in particular, has to be considered in the context of likely shifts in the composition of the British workforce.<sup>4</sup> The story of the last 10 to 15 years is a simple one. Three underlying trends dominated: technological change, globalisation and an increase in resources for public services. Technological change resulted in losses of low- and semi-skilled jobs across manufacturing and service industries. There were also large falls in the numbers of process, plant and machine operatives and clerical and secretarial workers. However, it also led to

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4 These trends are discussed at greater length in Dolphin et al (2011).

greater opportunities – and more jobs – for skilled workers. Globalisation meant companies in the UK closed down, or shifted production to other countries, in order to remain competitive, particularly with companies in emerging Asian economies. This mainly affected manufacturing, though parts of the service sector also saw jobs transferred overseas. Meanwhile, increased spending, largely by the public sector, saw rapid growth in employment in health, education and public administration.

Over the next decade, the first two of these trends are likely to be sustained. Further technological change and globalisation are likely to mean the UK workforce continues to shift in favour of more skilled jobs in the private service sector. Despite talk of rebalancing of the economy, a renaissance of manufacturing industry is unlikely. The manufacturing sector is simply no longer big enough to soak up a significant number of people joining the labour market each year. New jobs for young people in the future will be found predominately in the private service sector of the economy, and so this is where the bulk of apprenticeships will be too.

While we can be reasonably sure that these two trends will be maintained, we know for certain that the third trend of recent years will not be. The government will be making savings in the public sector by cutting its workforce. In part, these savings will be made by closing down some operations (such as various quangos), resulting in redundancies. But across large parts of the public sector, recruitment freezes are likely to be a very important part of how employment is cut. Clearly, this will affect young people disproportionately, and it will reduce the opportunity for growth in apprenticeships in the public sector.<sup>5</sup>

New trends will also emerge, or strengthen. There is already evidence of the effect of the ageing of the population on the labour market in recent years, in the form of rapid growth in the number of people employed in social care. Over the next two decades the number of older people in the population will increase substantially. Despite cuts in public spending, many more jobs will be created in social care in coming years.

What, then, can the government do to increase demand for apprenticeships among employers in the UK? While subsidies can support employers to set up apprenticeship programmes, they are not enough when demand for skills is low. Brian Knight and Tom Karmel offer a note of caution for those seeking to emulate the Australian approach. Government policy has led to a sustained increase in the numbers of apprenticeships and lower-level traineeships in recent years, but this has involved a proliferation of state-funded bodies and wage subsidies at great expense to the public purse. These policies do not appear to have stemmed the declining employer commitment to apprenticeship

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<sup>5</sup> The public sector accounts for more than 20 per cent of the UK's workforce, but less than 10 per cent of apprenticeships: [http://readingroom.lsc.gov.uk/lsc/WestMidlands/Apprenticeships\\_public\\_sector\\_acc.pdf](http://readingroom.lsc.gov.uk/lsc/WestMidlands/Apprenticeships_public_sector_acc.pdf)

training in more skilled sectors, something which others have argued is associated with wider labour market deregulation (Payne 2007).

The government should start by addressing the factors associated with decline. Demand for apprenticeships is determined by perceived costs to the employer. Hilary Steedman's call for a minimum duration for apprenticeships – two years would seem to be appropriate, though it is possible that different sectors should be allowed to determine their own rules, subject to an overall minimum – combined with a lower training allowance is designed to allow employers to recoup the costs of training in the initial stages when an apprentice becomes more productive later on. This would help to increase demand, although apprentices are unlikely to stay the course unless the quality of training is sufficient and the wage premium at the end is worth the wait. To ensure low-income groups are not put off by such a shift, the government should extend the same offer of a loan that is available to higher and further education students to apprentices, to be paid back once earnings are over a certain level. This should also help increase student demand for longer apprenticeships, including those leading to level 4 qualifications, which the government is keen to promote.

In the longer term, the government should adopt a sectoral approach as part of a more active industrial strategy that aims to raise demand for skills. Short-term corporate cultures, more prevalent in the deregulated Anglo-Saxon economies, tend to lead to lower levels of training. Training is higher where competition on price and cost is less important than product specification and quality (Stanfield et al 2009). Certain types of labour market regulation can help to increase the demand for skills by raising product or service quality. In the UK, the approach to improving the quality of services has traditionally been based on standard-setting and inspection. Across other European countries, regulation has been applied across a wide range of occupations requiring that a certain proportion of staff are trained to deliver a desired quality of service. Steedman et al (1999) argued that this approach encourages a self-regulatory ethos, and that apprenticeship training could be a key way of meeting the standards and encouraging a professional approach across a range of sectors and occupations.

The strategy should focus initially on those sectors that are likely to expand in coming years and so will require a stream of new entrants and on those sectors where an ageing workforce will require replenishing. The Labour government introduced training requirements in social care, which mandated that all staff must receive induction training and a certain proportion of staff had to be trained to NVQ levels 2 and 3, with staff in certain positions required to hold an NVQ level 4. Gospel and Lewis (2010) found this had a significant impact on training and qualifications within the sector. However, two problems limited the effectiveness of the regulation: an increasingly

lax approach to enforcement by government over the years and, more fundamentally, poor management practices, which meant that staff skills were underutilised and that there were few opportunities for continuing skills development. There is still scope to extend occupational licencing, requiring an apprenticeship as a condition of entry, in those occupations where the quality of service is important for citizens' wellbeing and where an element of compulsion is required to raise standards. However, the case of social care demonstrates that regulatory approaches will only work if combined with efforts to change the competition strategies and human resource practices adopted by employers (see also Keep et al 2006).

## How can the quality of apprenticeships be improved?

Apprenticeships will have to evolve to cope with changes in demand. An apprenticeship in a traditional manufacturing occupation is unlikely to be the same as an apprenticeship in social care. It is widely recognised that apprenticeships in many parts of the service sector are not as good as those in traditional manufacturing industries. Given the number of young people that will be starting apprenticeships in the service sector in coming years, it is incumbent on the government to ensure that standards are raised.

The relatively low status of vocational education in England is due to its poor quality. Calls for reform have been hampered by a view that its primary purpose is a programme for disadvantaged young people. The award ceremonies for apprentices that John Hayes champions will not be enough to improve the status of apprenticeships in non-traditional sectors. The government needs to ensure that individuals do not waste their time on courses that do not lead to good jobs or further study.

In order to protect the apprenticeship 'brand', as Ewart Keep and Susan James argue, level 2 apprenticeships should be renamed. Scotland's choice of 'skill-seeker', Australia's 'traineeship' and Canada's 'journey-person' all distinguish lower-level training from a full apprenticeship qualification. The main focus should be raising the number of higher level apprenticeships, with resources targeted at supporting businesses and colleges to move level 2 apprenticeships to level 3 and beyond.

A key goal should be to ensure apprentices (and renamed level 2 trainees) have the status of 'learners' – something that would be supported by a change in the legal definition of an apprentice from an employee to a special status that guarantees the right to high quality off-the-job training. To develop traineeships and apprenticeships as a high-quality route into employment, the government should extend the statutory requirement for off-the-job learning from a minimum of 100 to 200 hours a year, or half-a-day a week, in addition to the 180 hours of structured work-based training. Any position offering less than

these requirements would not be classified an apprenticeship. Two-hundred hours a week of off-the-job training would still be below the standard in most European countries, but would help to change the way apprenticeships are regarded and weed out the in-work training that has been rebranded as ‘apprenticeships’ in recent years.

As Martin Doel argues, further education colleges can play a key role in delivering the general and technical/knowledge components of apprenticeships. Local colleges and group training associations are more cost-effective options than individual relationships between training providers and employers because they allow apprentices from different employers to be trained together, with the costs continuing to be shared between employers (in apprentice wages) and the state (off-the-job training costs). Some colleges may need to up their game, while private training providers should be retained if they are performing well. The work-based element of apprenticeships is equally important. The government has already expressed a desire to move away from provider-based apprenticeships, which are understood by young people and employers alike to be poor quality (Lawton and Norris 2010). Apprenticeship training agencies should be phased out, with funding redirected to employer-based apprenticeships.

In the short-term, improving the quality of apprenticeships is likely to result in a reduction in the number available, at a time when large numbers of unemployed young people need training opportunities. The age for compulsory participation in education and training is also about to be raised to 18, creating extra pressure to find spaces for young people, all within a fiscal context that is putting pressure on education budgets. Apprenticeships can provide meaningful training that meets the needs of young people but not if they are poor quality. The government should avoid the temptation to replicate the mass training schemes of the 1980s and 1990s – and attempt to give them greater credibility by calling them apprenticeships – in order to absorb large numbers of unemployed young people and meet its target for raising the participation age to 18. Low-quality training does not benefit anybody. Changes to the definition of apprenticeships in recent years have largely not benefitted young people and this should be a warning to those seeking to expand quantity to the detriment of quality.

Regulation alone will not ensure apprenticeships fulfil their potential and cannot guarantee that they build clear progression routes for individuals. A much stronger general education component, at levels 2 and 3, that is valued by further and higher education institutions, would support progression or return to academic study for those who want it. A higher knowledge content would also support progression to other jobs or, where relevant, specialisation in a particular field. The key to developing relevant content that is widely accepted by employers and educational institutions is an institutional framework that generates collective

commitment to the goals and development of apprenticeships from these stakeholders.

## What should the institutional framework for apprenticeships look like?

The state, individuals and employers want different things from the apprenticeship system. The goal of policy is to make sure those interests are balanced. The involvement of key stakeholders in the design, delivery and assessment processes in continental Europe mean the different needs are negotiated, which leads to a better balance between the aims, cost and quality of apprenticeships and helps to generate collective commitment from the state, employers and individuals. It is for this reason that various contributors to this volume put governance at the heart of apprenticeship reforms.

In England, the state provides a feeble regulatory framework, largely leaving it to the market to determine the demand for and quality of apprenticeships. Yet at the same time, the state is far too dominant in the governance of skills: the design, content and delivery of apprenticeship frameworks is developed largely through state-funded quangos and training agencies without any real engagement with employers or learners.

This is the inverse of the European social partnership model that underpins strong apprenticeship systems, where the state provides a much stronger regulatory framework for vocational education but steps back when it comes to governance. While the details vary, in most countries with strong vocational education systems – notably the German-speaking countries, the Netherlands and Denmark – national and sectoral partnership bodies are involved in the policymaking process and responsible for developing the broad frameworks for apprenticeships and other vocational qualifications. The content and delivery of vocational education is then developed by social partnership bodies at local level, which ensure flexibility according to local economic needs.

Sectoral partnerships take time to grow and it is this, perhaps, that is behind the reluctance of our contributors to advocate another shake up of the national skills framework despite the fact that sector skills councils (SSCs) have not, except in a minority of cases, materialised as a truly representative employer voice (Jaffa 2009). Nonetheless, SSCs will have to improve significantly if they are to become ‘guilds for their sectors’, as John Hayes hopes. John Bynner, Fred Grindrod and Iain Murray may be right when they propose retaining SSCs but strengthening stakeholder engagement, in particular redressing the bias towards employers by increasing the number of union representatives to half of the board.

SSCs were conceived as a mouthpiece to articulate employers’ skills needs, with no remit to advocate more competitive or productive

business models that might require a higher demand for skills. This creates a focus on meeting employers' existing demand for skills, rather than forming a flexible and strategic system that responds to changing economic needs and plots a course for a well-skilled, high-quality economy. While favouring an employer-led approach, Tim Boswell notes that bringing other stakeholders – such as education professionals and trade unions – into the debate would help 'to develop a better understanding of what it is to develop a whole workforce'. These bodies should have responsibility for developing broad apprenticeship frameworks and updating these each year to reflect changing economic circumstances. SSCs should also be given a new remit to improve product market strategies and work organisation within their sectors, with resources made available to encourage employer engagement through an expanded Growth and Innovation Fund.

Stakeholder engagement in new skills institutions has been weak in the past due to the failure of government to involve them and the lack of a social partnership tradition among British unions and employer associations. Compulsory membership of SSCs for employers might increase employer engagement, but would be resisted by employers. The strongest SSCs are those where an existing employer association won the contract – a lesson which should be heeded in the future. Partnership would also present a challenge for some unions, which possibly have more power than they acknowledge to advance the agenda in sectors where they are still present. Indeed, one trade-off the unions may need to accept is a lower rate of pay for apprentices to offset the costs of higher quality training provision by employers. In Germany, unions have agreed to lower pay on the basis that the numbers of apprenticeships are restricted to those necessary to replace natural turnover and meet new demands for skilled workers within an industry, thus ensuring apprentices do not become a cheap substitution for existing skilled workers.<sup>6</sup>

Regardless of success at the sectoral level, local social partnerships offer the chance to develop flexible and relevant apprenticeship content for employers, individuals and local communities. Currently, local progression pathways are often weak and unclear for young people due to a fragmented institutional environment. This is made worse, some argue, by a focus on choice and competition that does not encourage collaboration between different education providers or other stakeholders (Hodgson and Spours 2008). Local institutional actors need to be brought together to ensure stakeholder commitment and coordination to support young people's transitions into work. The government should set up bodies along the lines of the local 'apprenticeship hubs' recommended by Alison Fuller and Lorna Unwin to regulate and assess apprenticeships for different industries.

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6 Thanks to Hilary Steedman for this point.

The goal would be to bring together local employers, further and higher education institutions and other actors such as SSCs, group training organisations and local union branches to enable local institutional collaboration. Together these stakeholders would develop the content of the on- and off-the-job training for apprenticeships. Fuller and Unwin suggest they should be sector-specific and that travel-to-work areas are the appropriate scale. Stakeholders should be involved in the decisions about how these local partnerships are designed and function. It is the job of government to ensure that these local experiences of partnership are fed back into national policymaking processes.

Money currently channelled through training providers should be redirected to these local partnerships with the aim of helping local businesses and colleges set up and run high quality apprenticeship programmes for young people. Self-governing partnerships between existing sectoral and local institutions would also reduce the need for the many state-funded quangos that have arisen in recent years. This would reduce administrative costs for central government.

## Concluding thoughts

The large number of unemployed young people in England makes low employer demand for apprenticeships a major concern. However, increasing the quantity of apprenticeships should not be achieved at the expense of quality. At a time of substantial real cuts in government spending, public investment must be prioritised to deliver the greatest social and economic value. This will not be achieved by arbitrary increases in poor-quality apprenticeships, which devalue the apprenticeship brand, but in the short term it could be achieved by diverting money currently spent on apprenticeships for over-25s to improving apprenticeships for young people. The status of apprenticeships can also be raised in other ways at little or no cost to the government, if there is a commitment to high standards – a commitment that has not always been present in the past.

An apprenticeship qualification should be valued by all employers in a sector and across the wider economy, not just by an individual employer. Involving stakeholders in the design, delivery and assessment of apprenticeships can ensure the training is flexible in the face of economic change, relevant to the needs of the state, individuals and employers and valued, leading to wage and employment returns. The state should step back from determining the content of apprenticeships and instead provide a stronger statutory framework to guarantee them as a high-quality route into employment. Strengthening the regulatory framework will lead to a reduction in the types of training that count as an apprenticeship. Given the questionable value of some of the recent increase in apprenticeships, this would be no bad thing.

At the same time, there is a need to raise the number of high-quality apprenticeships. This should be part of a strategy to raise employers' demand for skilled workers so as to improve job quality and create more opportunities for people to develop their vocation, based on higher standards of products and services.

The main message for the government that comes out of this volume of essays is that apprenticeships are not just a tool for meeting current job-specific skills needs. They also have a role to play in socialising young people and preparing them for a life of work, and in helping the UK develop the wider skills base it will need to compete in the global economy. The best way to tackle high youth unemployment is to ensure apprenticeships, as part of a renewed vocational education system, provide valuable routes into good employment, with pre-apprenticeship training as a stepping stone to this. This will require as big a focus on the quality of apprenticeships in the next few years as there has been on quantity in the recent past.

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