

MORE APPRENTICESHIPS ANYBODY?

The extraordinary challenge facing policy makers to increase Apprenticeship starts in ways that benefit employers, learners and UK Plc

LYNN GAMBIN AND TERENCE HOGARTH

3 JUNE 2015

In their ongoing commentary on the vocational education and training and the labour market, Gambin and Hogarth draw attention to the difficulties faced by policy makers in the UK over many decades who have sought to increase participation levels in Apprenticeships. If the commitment is abundantly clear, the means of achieving it is much less so.

APPRENTICESHIPS FOR ALL

Apprenticeships receive a good press and deservedly so. The research evidence points to benefits to both apprentices and employers. Apprentices are likely to earn more compared with their contemporaries with similar educational characteristics but [who did not complete an Apprenticeship](#). And [employers benefit](#) too through being able to acquire the skills they need and avoid costly skill shortages. Apprenticeships develop a bond between employer and the apprentice such that the latter are likely to stay with the company once they have completed their training.

Apprenticeships, therefore, present a win-win for employers and apprentices. It is perhaps unsurprising then that in the run up to the 2015 election the main political parties pledged their commitment to increasing the number of Apprenticeship starts:

Ed Miliband pledges 80,000 extra apprenticeships a year in England (The Guardian, 16 February 2015)

Cameron pledges to create 50,000 new apprenticeships using Libor fine (The Guardian, 29 April 2015)

And since the Conservatives won a majority on 7th May they have pledged to create 3 million

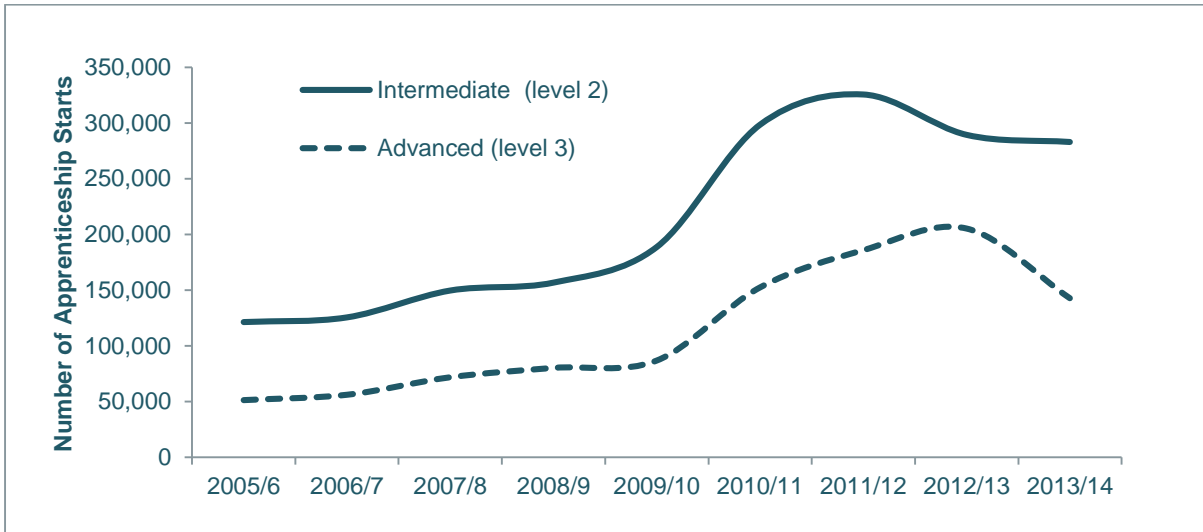
apprenticeships within this term in office and to report annually on this target. Committing to increasing Apprenticeships starts, laudable though that may be, is one thing, achieving that goal in a way maintains the added value Apprenticeships deliver to employers and apprentices, is quite another.

THE EASIER ROAD TO INCREASING APPRENTICESHIP STARTS

Of course increasing the number of Apprenticeship starts can be easily achieved. By relaxing the criteria about who and who cannot commence an Apprenticeship, and providing a level of subsidy that more or less provides employers with a free gift, the number of Apprenticeship starts could be massively increased as early as tomorrow.

With the establishment of publicly funded Apprenticeships in 1994, arguably the initial emphasis of policy was upon building up a critical mass of participation. This resulted in a large volume of starts at Level 2 (see Figure 1). Historically Apprenticeship training has been commonly associated with that at Level 3, as it is in countries with established Apprenticeship systems such as Germany and Switzerland. In England, around two thirds of all Apprenticeship starts are at Level 2.

Figure 1: Apprenticeship starts by level in England, 2005/6 to 2013/14



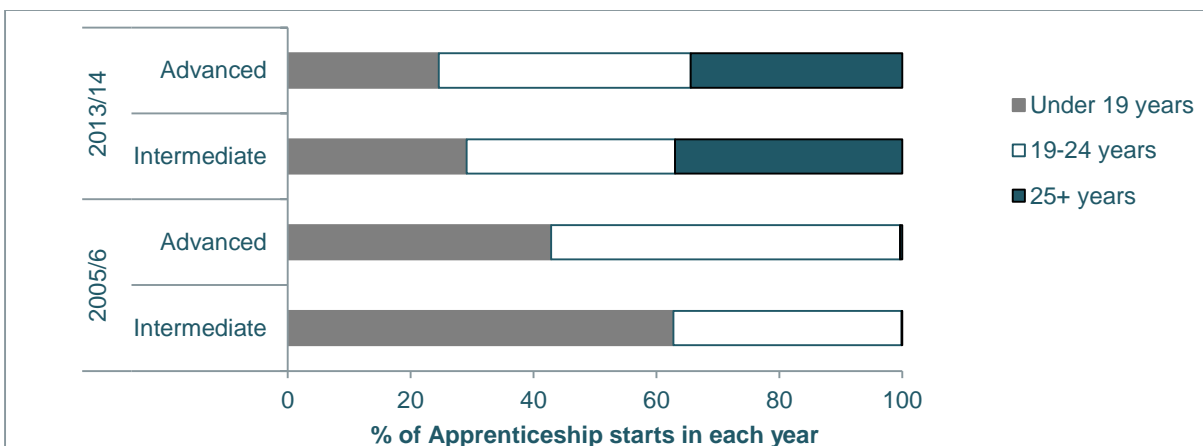
Source: Statistical First Release

Over time an increasingly substantial share of apprentices have been aged 25 years of age or over when at the start of their apprenticeship (see Figure 2). Nearly no one was over 24 years at the commencement of their Apprenticeship in 2005/6, around a third were in 2013/14. The concern here has been that Apprenticeship training for this group has been more about accrediting existing skills rather than developing new skills. Often employers could rapidly progress one of their existing employees through the Apprenticeship at virtually no cost. The benefit to the employer was more that of providing their employee with a benefit that

potentially assisted them with recruitment and retention.

To be fair, policy makers are aware of these problems and have tightened the criteria regarding who can be funded and the training content of Apprenticeships. At the same time, they have faced pressure to ensure that young people have the option of engaging in workplace based training (earning whilst learning) after completion of their compulsory education. And persuading employers to engage in Apprenticeships, despite the benefits which they can derive, is an uphill battle.

Figure 2: Apprenticeship Starts by Age and Level in England, 2005/6 and 2013/14



Source: Statistical First Release

THE HIGHER ROAD TO BOOSTING APPRENTICESHIP STARTS

The relatively large benefits to employers and apprentices from engaging in Apprenticeships are typically found at Level 3 – with such an Apprenticeship taking around two to three years to complete and often encompassing substantial periods of off-the-job training. But these are not the type of Apprenticeships which huge swathes of employers are willing to offer. Despite the various measures that have sought to increase the attractiveness to employers – such as allowing them to accredit the skills of existing employees - the share of employers participating in Apprenticeships has stubbornly remained around the 5 to 10 per cent mark. In 2014, [10 per cent of employers](#) in the UK currently had an apprentice on their payroll.

Persuading a larger share of employers to participate in Apprenticeships is one challenge policy makers have struggled with for many years. During the 1970s, frustration at the relatively small share of employers providing apprenticeships – and the correspondingly small share of the school-leaving cohort entering them - led to the formation of a vocational and education and training system delivered through colleges rather than employers.

On the one hand, the country wants a strong Apprenticeship system that supplies the country with the intermediate level skills that its economy needs and in doing so confer a number of benefits on employers and apprentices. The Richard Review on the Future of Apprenticeships in England suggested that provision should be at Level 3 and provide progression to higher levels of training.

On the other hand, policy makers want an Apprenticeship system where substantial

shares of school leavers choose this training option and, in doing so, obtain a number of benefits over and above those available from the alternatives on offer.

The problem is that there are too few employers willing to offer the former, such that the latter has become elusive. This is not a new problem - as mentioned earlier, this is something that policy makers have grappled with for much of the last four decades or so.

The \$64,000 question is how to square the circle to achieve higher levels of training, higher levels of participation (by both learners and employers) whilst ensuring that the returns to employers and learners are maintained.

HOW TO GET TO THERE FROM HERE

In the forthcoming series of commentaries, Gambin and Hogarth will draw from their programme of research to consider how various reforms to the Apprenticeship system will affect participation in Apprenticeships - including changes to funding for apprentices aged the 19 -24 years - as well as considering how other countries have sought to solve similar problems.

These commentaries will also consider a series of related issues about the changing patterns of skill demand in the economy and the extent of skill mismatches, the responsiveness of the education and training system to meeting skill shortages, and the returns employers and individuals obtain from various investments in education and training.

FURTHER INFORMATION

For further information, contact:

Lynn.Gambin@warwick.ac.uk

☎ 02476 150860

Terence.Hogarth@warwick.ac.uk

☎ 02476 524420