



Centre for Policy Studies



THE POINTMAKER

THE AUTHORS

John Hayes MP is Shadow Minister for Vocational Education. He has been the Member of Parliament for South Holland and the Deepings since 1997 and has been on the Conservative front bench since 1999. He is a former Nottinghamshire County Councillor and Vice Chairman of the Conservative Party. John is also co-chairman of the All Party Disability Committee. He is married with two young sons.

Dr Scott Kelly lectures in British Politics and Contemporary History at New York University in London and is the author of *The Myth of Mr Butskell: the Politics of British Economic Policy 1950-55* (Ashgate, 2002). From 2002 to 2005 he was a member of the Conservative Party Policy Unit.

The aim of the Centre for Policy Studies is to develop and promote policies that provide freedom and encouragement for individuals to pursue the aspirations they have for themselves and their families, within the security and obligations of a stable and law-abiding nation. The views expressed in our publications are, however, the sole responsibility of the authors. Contributions are chosen for their value in informing public debate and should not be taken as representing a corporate view of the CPS or of its Directors. The CPS values its independence and does not carry on activities with the intention of affecting public support for any registered political party or for candidates at election, or to influence voters in a referendum.

© Centre for Policy Studies, June 2007

ISBN No: 978-1-905389-57-5

Centre for Policy Studies
57 Tufton Street, London SW1P 3QL
Tel: 020 7222 4488 Fax: 020 7222 4388
e-mail: mail@cps.org.uk website: www.cps.org.uk

Printed by The Centre for Policy Studies, 57 Tufton Street, SW1.

CONTENTS

SUMMARY

1.	INTRODUCTION	1
2.	THE NEGLECT OF PRACTICAL LEARNING	2
3.	THE TROUBLE STARTS IN SCHOOLS	5
4.	APPRENTICESHIPS	9
5.	WHAT IS A 'DEMAND-LED SYSTEM' FOR SKILLS?	16
6.	THE ELEVATION OF THE PRACTICAL	20
7.	CONCLUSION	24

SUMMARY

A devalued brand

- Many apprenticeships today are devalued. Much training dubbed as an 'apprenticeship' is not worthy of the name. Nearly half (47%) are not completed; most contain only little or no workplace element; most are not directly mentored; and many enjoy no employer engagement whatsoever.
- Too many young people choose not to develop their talents: only 28% of school leavers in England and Wales enrol on apprenticeships compared to roughly two-thirds in Germany and Austria. There were 1.25 million young people aged between 16 and 24 in September 2006 in the UK who are not in education, employment or training (an increase of 15% since 1997).
- The UK has a greater proportion of workers with low skills than competitor countries such as France and Germany.
- In countries such as Germany, business drives the apprenticeships system. Offers of apprenticeships enable individual firms to signal skill needs to young people. In the UK, apprenticeships are delivered through the bureaucracy of the Learning and Skills Council.
- Only around 5% of UK employers provide training directly themselves in the form of apprenticeships.

The lack of clarity and rigour

- While in some sectors, such as construction and engineering, apprenticeships are highly valued by employers, in others they have become 'virtual', containing little or no workplace training. The lack of rigorous training in some schemes helps to account for high drop-out rates by trainees and negligible wage returns for those who complete the full framework.
- The failure of vocational education in the UK is the result of a lack of clarity about its purpose. It should **not** be about re-engaging students who have failed academically; **nor** should 'parity of esteem' between academic and practical learning be achieved through making vocational training more academic. **Rather** the purpose of vocational education should be to provide a rigorous pathway for students who wish to acquire a skilled craft.

Government plans: quantity, not quality

- These problems are exacerbated by the new programme-led apprenticeships which enable apprentices to begin their training at a college or training provider even though they have yet to secure a work placement. The Adult Learning Inspectorate has found examples of programme-led apprenticeships actually being completed even though they contained no significant period of time spent in employment and little prospect of a job at the end of the programme.
- The Government's plans to double the number of apprenticeships (from 250,000 to 500,000) is likely to be achieved at the expense of the rigorous nature of traditional apprenticeships. Lower-level qualifications will further devalue the value of real apprenticeships.
- The new 14 to 19 specialised diplomas could have provided a more rigorous and clearer pathway for vocational education. However, their implementation is being rushed and the early indications are that they will not contain sufficient practical learning.
- Similarly, the value of the Government's Train to Gain scheme which subsidises employer training is questionable, with evidence suggesting that employers are using programme funds to finance the training they would have provided anyway.

An alternative

- Measures to guarantee professional apprenticeships should be at the heart of a programme to ensure that the UK has world-class skills. The top-down, target-driven system developed by the current Government should be replaced with one driven by employers and based on systematic workplace training under the guidance of an experienced mentor.

CHAPTER ONE

INTRODUCTION

‘Apprenticeship’ is an estimable brand, historically valued by employers, attractive to young people and assumed by the wider public to confer a high level of competence.

Apprenticeships are also at the heart of vocational education, providing a bridge from school into skilled employment.

Yet today, apprenticeships are being devalued. For example, most people’s vision of an apprenticeship is of an eager young learner acquiring key competences by the side of an experienced craftsman in a valued skilled job. But the reality is very different. We live in an age in which most apprenticeships are not completed successfully; where many apprenticeships contain little or no workplace element; where most are not directly mentored; and where some enjoy no employer engagement whatsoever.

This paper analyses the circumstances of ‘virtual apprentices’; explains what has gone wrong and points to how to improve things. We must, for those Britons whose aptitudes take them in this direction, and for the UK as a whole, restore the credibility, status, and effectiveness of the apprenticeship system.

We must establish professional apprenticeships.

CHAPTER TWO

THE NEGLECT OF PRACTICAL LEARNING

A modern society needs a range of skills. Conveniently, various aptitudes are spread across the population. How we value particular competences partly reflects their economic value, but it also reflects the cultural importance that we ascribe to different skills. It might be assumed that much of the value of this cultural currency depends on availability. In other words if you have a toothache, you quickly appreciate the training of a dentist. If your car breaks down, the person able to repair it assumes a new significance. In part, of course, value is built on scarcity of supply. But this is not the whole story, indeed some scarce skills change in social status and economic value because demand changes. Wheelwrights and ostlers are not as revered as they once were, whereas software designers are a new élite.

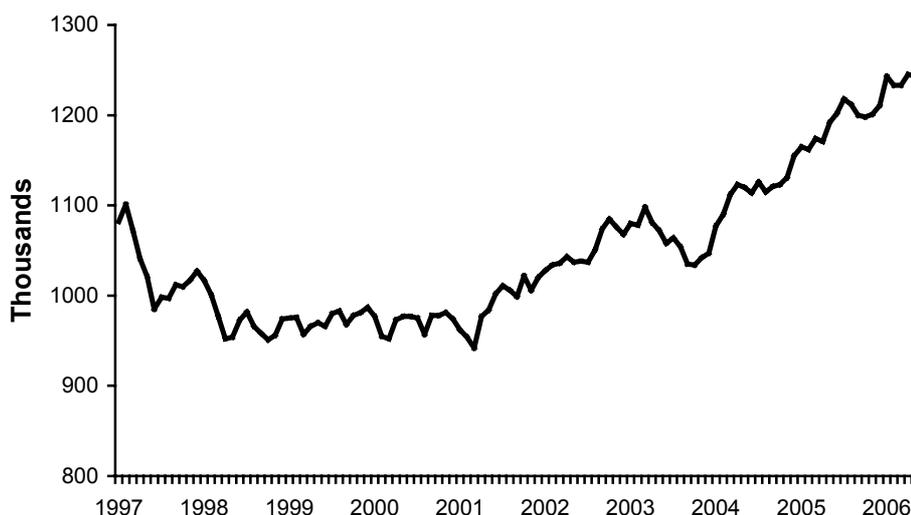
The way we perceive skills, however, is also related to a broader picture of the extent to which we estimate different talents or strengths. It can be argued that British society rates academic performance disproportionately highly. This is ironic given that we marvel at other accomplishments when they are presented through popular culture. From *Strictly Come Dancing* to John Betjeman and David Dimbleby on architecture to Fred Dibnah on engineering, the television schedules reflect a national cultural reverence for practical skills; craftsmen like Jamie Oliver and Gordon Ramsey are celebrities, rightly fêted for their technical talents.

The education system has not caught up with cultural status. This is in part because there is no gold standard for vocational qualifications; no clear pathway. There is a poor fit between vocational qualifications with no clear progression from one to the next that matches the academic route of GCSEs, 'A' levels and degrees. Vocational subjects have also been increasingly 'academised' with theoretical book learning replacing practical experience.

Young people (and perhaps just as importantly their parents) do not see pursuing a vocational route as being likely to offer them the economic reward, or the social status, that academic advancement confers. Partly as a result, many young people do not take the opportunity to develop their practical talents.

The failure to develop a clear and attractive pathway of vocational qualifications damages our economy, our society and puts a growing strain on the Exchequer. Relatively low unemployment masks the fact that, in the UK in September 2006, there were 1.25 million 'neets'– young people aged between 16 and 24 not in education, employment or training. This lost generation has grown by 15% since 1997. A recent report by the Prince's Trust estimates the costs of 'neets' to the public purse at £3.65 billion a year.¹

The Growing Number of 'NEETs'

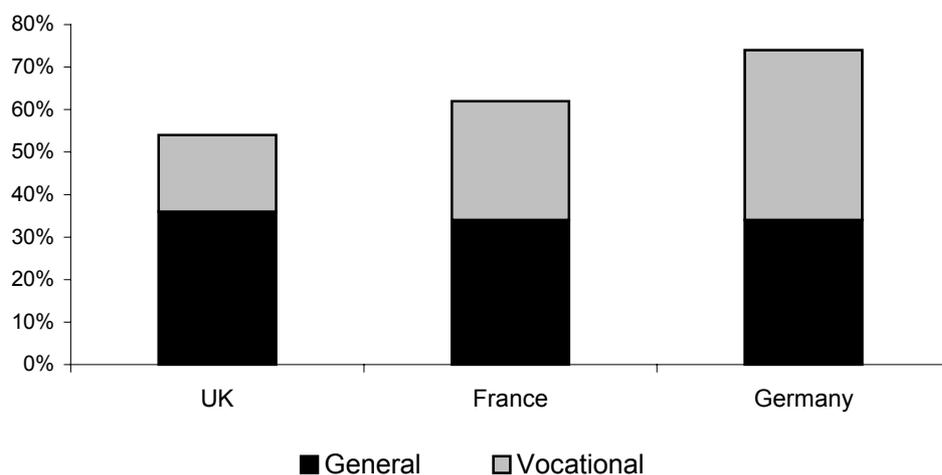


Source: ONS, Series AGOL & AGPM.

¹ The Princes Trust, *The Cost of Exclusion*, 2007.

The UK also has a greater proportion of workers with low skills and a smaller proportion with intermediate skills than key competitor countries such as France and Germany.² The difference between total qualification levels in the UK and these countries is largely accounted for by lower levels of vocational qualifications. For example, at level 3 and above – ‘A’ Level and equivalent – the UK has a slightly higher proportion of people aged 25 to 28 with general qualifications than France and Germany. However, France and Germany achieve higher proportions overall at level 3 and above, because a higher proportion hold vocational qualifications. If the UK could raise numbers gaining vocational qualifications at level 3 and above, the gap with France and Germany would be closed.³

Population aged 25-28 at level 3 and above 2002



Source: H Steedman: ‘International Comparisons of Changes in Qualifications Levels’, from S Porter and M Campbell *Skills and Economic Performance*, Sector Skills Development Agency, 2006.

Providing a clear and attractive vocational progression route to higher qualifications is vitally important to improving educational attainment in the UK. If we can match the levels of vocational qualifications achieved in France and Germany then we can improve the economic prospects of many.

² DfES, *21st Century Skills: Realising Our Potential*, 2003.

³ H Steedman, ‘International Comparisons of Changes in Qualifications Levels’, from Porter and Campbell, *Skills and Economic Performance*, Sector Skills Development Agency, 2006.

CHAPTER THREE

THE PROBLEM STARTS IN SCHOOLS

Various reforms of the school curriculum have undervalued the role that practical learning plays in the acquisition of knowledge and skills. Research by Professor S J Prais has shown that whereas in other European countries, such as Germany, Switzerland and the Netherlands, vocational education concentrates on rigorous instruction in the use of tools to produce high quality products, vocational education in the UK has become increasingly about theory rather than practice.⁴ Practical subjects have to be linked to academic ones with an emphasis on paperwork rather than practical activity; it seems that ‘making things’ is no longer a high priority.

Nor is there a clear path in the UK for students who want to acquire a skilled craft in the way that there is for students who want to continue academic study.⁵ A recent study revealed a total of 2,015 approved vocational qualifications for students under 18; and that a third of all vocational students are on courses which do not lead to higher education, either directly or through further training. The authors concluded that we have developed such a complex and confusing system of vocational qualifications because:

⁴ H Bierhoff and S J Prais, ‘Britain’s Industrial Skills and the School-Teaching of Practical Subjects: Comparisons with Germany, the Netherlands and Switzerland’, *National Institute Economic Review*, May 1993.

⁵ J West and H Steedman, *Finding our way Vocational Education in England*, LSE, 2003.

We are hampered by a lack of consensus as to what the purposes of vocational education are, and this has resulted over the past twenty years in a large number of only partially compatible initiatives, leaving us with a large array of awards which do not link one with another.

Essentially, the lack of rigorous practical learning and the confusing picture of qualifications both stem from a single fundamental problem: there is no clarity about what vocational education is actually for.

TWO MISAPPREHENSIONS

There are two misapprehensions about vocational education. The first is that vocational learning is primarily about re-engaging students unsuited to an academic curriculum. It is certainly true that our education system is failing to engage far too many students and many, as a result, are becoming 'neets'. But if the purpose of vocational education is seen as merely or largely dealing with the problem of student engagement then we risk falling into the trap of seeing vocational subjects as 'second best' and only for students who struggle with academic work. This misapprehension about the purpose of vocational education helps to explain the lack of rigour that is often found in the present system.

The second misapprehension is that long-vaunted 'parity of esteem' between academic and practical learning can only be achieved through the academisation of vocational subjects. This reflects the way in which practical competence is considered to be inferior to academic accomplishment. In truth, academic knowledge and practical knowledge are distinct; one cannot be substituted for the other. It is the distinction between 'knowing that' and 'knowing how', between propositional knowledge and practical know-how. These distinct ways of learning are relevant to all education. Learning by doing is important in many academic subjects, particularly in the arts and humanities. Moreover, communication skills – the ability to speak and to listen – are becoming vital to everyone as our economy changes. These skills are as much practical skills as the ability to fix an engine or build a house – they can only be learnt through practical experience and cannot be tested by theory based examination.⁶

This undervaluing of practical learning helps to explain why the education system often underestimates the degree of commitment that must be given to practical study if it is provide a meaningful step to acquiring a genuine

⁶ See R Pring, 'Putting the practical back into the academic and vocational' from D Kehoe (ed.) *Practice Makes Perfect: The Importance of Practical Learning*, Social Market Foundation, 2007.

craft. Studies of past curriculum reform have shown that vocational options contained units simply too small to build a proper practical education.⁷

What vocational education should be about is providing a rigorous pathway for students who wish to acquire a skilled craft.

Genuine esteem can only be achieved if we appreciate the true value of practical learning. What, therefore, vocational education should be about is providing a rigorous pathway for students who wish to acquire a skilled craft.

The new 14 to 19 specialised diplomas represent a golden opportunity to provide such a pathway, but concerns are already being expressed about their implementation. There is a danger that the introduction of the first five diplomas in 2008 is being rushed, limiting the opportunity for employer engagement in their design. For example, the Edge Foundation told a recent enquiry into the diplomas by the Education and Skills Select Committee that:⁸

The current time-scales are unrealistic – some would say dishonest – and unless relaxed the specialised diplomas will fail as have very many similar initiatives over previous decades.

In its subsequent report, the Select Committee warned that:

In the case of the first five diplomas, development work has sometimes been uncomfortably compressed—and it remains to be seen whether this will have a negative impact on the final ‘products’.

Unless the Government can offer absolute assurance about the consistency and rigour of diplomas and the capacity of schools and others to deliver them, their introduction should be delayed.

There are also fundamental concerns that the lack of clarity about the purpose of vocational education that has handicapped curriculum reform in the past may undermine the diplomas. In particular, that the diplomas will not contain sufficient practical learning to provide a meaningful step to the acquirement of a craft. In describing the new diplomas recently in

⁷ A Hodgson and K Spours, *Evaluating Stage 1 of Hargreaves Review of Curriculum 2000*, Institute of Education, 2001.

⁸ Report of the House of Commons Education and Skills Committee, *14-19 Diplomas*, 25 February 2007.

Parliament, Bill Rammell, the Minister for Higher Education and Lifelong learning said that:⁹

When we talk about specialised diplomas, it is important that we do not pigeonhole them as exclusively vocational... Those diplomas will provide a blend of practical and theoretical learning.

The Nuffield review of skills has warned that this emphasis on theoretical learning:

...may push the specialised diplomas towards becoming more general rather than vocational awards, principally because of the continued distinction being made between their role and the role of apprenticeships and the need to create 'parity of esteem' with relatively unreformed general qualifications. If this happens, we will once again be witnessing the process of 'academic drift' that occurred with both GNVQs and Advanced Vocational Certificates of Education (AVCEs).

The neglect of practical learning means, sadly, there is a genuine danger that the diplomas will simply add to the current confusing array of qualifications rather than providing the kind of clear pathway of vocational education which is so desperately needed.

The Education Secretary has even got his apology in early by admitting that the diplomas 'may go horribly wrong'. Again, the neglect of practical learning means, sadly, there is a genuine danger that the diplomas will simply add to the current confusing array of qualifications rather than providing the kind of clear pathway of vocational education which is so desperately needed.

⁹ Hansard, 8 February 2007 Col 378WH.

CHAPTER FOUR

APPRENTICESHIPS

THE RISE OF 'VIRTUAL APPRENTICESHIPS'

The neglect of practical learning extends from schools into the apprenticeship system. Just 28% of school-leavers in England and Wales enrol on apprenticeships compared to a third in Denmark and roughly two-thirds in Germany and Austria.¹⁰ While there has been a recent improvement in the completion rate for apprenticeships, it remains low compared to rates achieved in other countries. Only 53% complete the full framework in England and Wales, compared to 79% in Germany.¹¹ Moreover, large variations between sectors remain and the completion rate is still below 40% in retail and health care.¹²

The level of employer engagement and the degree of genuine practical experience help to account for these different outcomes. In countries like Germany and the Netherlands, offers of apprenticeships enable individual firms to signal skill needs to young people. They are, at least in part, demand-led systems.

¹⁰ Data for England and Wales from *Annual Report*, DfES 2006; data for Europe, from R Lea, *Education and training: a business blueprint for reform*, Institute of Directors, 2002.

¹¹ Martin Baethge et al, *Berufsbildung im Umbruch – Signale eines ueberfaelligen Aufbruchs*, Friedrich-Ebert-Stiftung, 2007.

¹² ONS, *Further Education and Work-Based Learning*, 2007.

In the UK, it is the reverse. Apprenticeships are delivered through a supply-led system through the bureaucracy of the Learning and Skills Council (LSC). The government passes a target for the number of apprenticeship places to the LSC which it then divides between the local LSCs. The Local LSC in turn divides this target amongst a network of training providers, the vast majority of which are either Further Education colleges or independent training providers; very few, only about 20%, are actually employers.¹³ The training providers then search for employers willing to create new apprenticeship places or who are prepared to place existing employees on schemes. In this latter case, the government is often subsidising the accreditation of prior learning as these employees already have skills. Their ‘apprenticeship’ may consist of little more than having these skills assessed by the training provider.

Around 31% of all apprenticeships are offered to the existing workforce.¹⁴ Service sectors with the highest proportion of older starters (19 and over) on apprenticeships are the most likely to co-opt existing employees on to schemes. The highest proportion of school-leavers starting apprenticeships are to be found in sectors that have a tradition of hiring apprentices such as construction, engineering, the motor industry and hairdressing.¹⁵

As the Adult Learning Inspectorate has warned, ‘some apprentices can potentially achieve the full requirements of the apprenticeship framework without having to set foot in a workplace’.

Only around 5% of employers, most of whom are large national or multi-national companies, provide training directly themselves in the form of apprenticeships. There are no records of the employers who provide training for the apprenticeship system via other training providers. The secondary and reactive role of employers differs markedly from the employer-led systems elsewhere in Europe and the US. It also means that an apprentice’s work-based training is often very limited. In fact, as the Adult Learning Inspectorate has warned ‘some apprentices can potentially achieve the full requirements of the apprenticeship framework without having to set foot in a workplace.’¹⁶

¹³ H Steedman, *Centre Piece*, Centre for Economic Performance, 2002.

¹⁴ A Fuller, *Expecting too much? Modern Apprenticeship: Purposes, Participation and Attainment*, Nuffield Review of 14-19 Education and Training, 2004.

¹⁵ Ibid.

¹⁶ Adult Learning Inspectorate, *Talisman: Programme-led Pathways Supplement*, Issue 53, July/August 2006.

These problems are exacerbated by the new programme-led apprenticeships, introduced in 2003, which enable apprentices to begin their training at a college or training provider even though they have yet to secure a work placement. A survey by the Adult Learning Inspectorate in 2006 found that colleges were told to re-brand learners as ‘apprentices’ simply because they were working towards qualifications, such as technical certificates, which were also part of the apprenticeship framework. However, there was little prospect of these learners progressing to full apprenticeships with a work placement. This re-branding exercise enabled colleges to reach their targets for apprenticeship enrolments. But of the 34,000 full-time students designated as ‘programme-led apprentices’, only about 3,000 actually progressed to a full apprenticeship.¹⁷

The Adult Learning Inspectorate also found examples of programme-led apprenticeships being completed even though they contained no significant period of time spent in employment and little prospect of a job at the end of the programme. As the authors of the final report noted:

The survey came across some engineering apprentices completing the full framework on a six-month PLP [Programme-Led Pathway] with no period of employment and little work experience.

Some college-based PLP learners achieved the full framework with only about 90 days of “work experience”. Worryingly, both situations were put forward as “good and innovative practice.”

Traditional apprenticeships emphasised the role of workplace mentoring by a highly skilled and experienced craftsman. Yet now not all apprenticeship frameworks stipulate the need for each apprentice to have a mentor in the workplace at all. This lack of workplace training and mentoring also means that there is often little motivation to acquire the kind of soft skills, such as punctuality, that employers say new recruits often lack.

Not only does the absence of work-based training limit the opportunity for apprentices to acquire the specific technical skills needed by employers, it also prevents them from acquiring practical on-the-job knowledge or know-

¹⁷ Ibid.

how. Traditional apprenticeships emphasised the role of workplace mentoring by a highly skilled and experienced craftsman. Yet now not all apprenticeship frameworks stipulate the need for each apprentice to have a mentor in the workplace at all. This lack of workplace training and mentoring also means that there is often little motivation to acquire the kind of soft skills, such as punctuality, that employers say new recruits often lack.

The Government has now reached its target of 28% of school-leavers enrolling on apprenticeships and Gordon Brown has signalled a further expansion of the system with the number of apprenticeships being doubled from 250,000 to 500,000. But, there are concerns that this expansion has been at the expense of the rigorous calibre of traditional apprenticeships. Not only has there been a significant reduction in the amount of workplace training that apprentices undertake, most of the training that takes place under the banner of ‘apprenticeships’ is now below the intermediate/technician (level 3) that was once the norm.

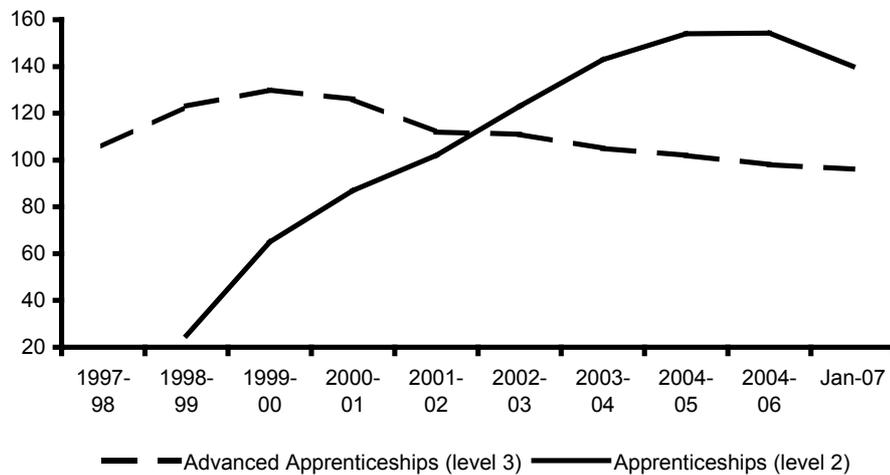
THE DECLINE OF ADVANCED APPRENTICESHIP

When the ‘Modern Apprenticeship’ (MA) was introduced in 1994, its aim was to establish a selective pathway leading to level 3 qualifications, in order to boost the UK’s stock of intermediate/technician level skills. In 2001, the Government introduced the concept of a ‘vocational ladder’ to encourage progression within the work-based pathways. The second rung of this ladder was labelled a ‘Foundation Modern Apprenticeship’ leading to a level 2 qualification. The original Level 3 MA was renamed as the ‘Advanced Modern Apprenticeship’.

These changes effectively abandoned a distinctive work-based pathway. In 2004, a further change was made when the whole programme was renamed, ‘Apprenticeships’. The level 2 element is now called an Apprenticeship, while the original level 3 MA is now called an Advanced Apprenticeship.

While Government statistics show that, while participation in the apprenticeship system as a whole has increased since 1997, the take-up of Advanced Apprenticeships has declined. 96,000 people were participating in Advanced Apprenticeships in January 2007, down from 130,000 in 1999/00 and below the number in 1997. By including lower level qualifications under the banner of ‘an apprenticeship’, the Government has disguised the fact that we are training fewer people in intermediate technical skills. This dilution of the apprenticeship brand may help to explain why the number of people in apprenticeship training as a whole has fallen since 2004.

Average number of apprentices in training 1997/98 to 2007



Source: Office of National Statistics 2007.

THE LACK OF REAL EQUIVALENCE

The apprenticeship pathway now consists of some 300 separate ‘frameworks’ covering around 90 different occupational areas, from engineering to manicure. The vast majority of apprentices are, however, located in 12 sectors: automotive; business administration; construction; customer service; early years care and education; electro-technical; engineering; hairdressing; health and social care; hospitality; plumbing; and retail. Many of the other remaining frameworks have either very small numbers – often less than six – or no apprentices at all.

The confusing array of qualification levels and frameworks that are now part of the apprenticeship system reflect the fundamental problem that besets vocational education more generally – a lack of clarity about what vocational education is actually for. Traditionally apprenticeships were developed as an effective way of building technical skills through practical learning; this remains true in the best of our apprenticeships and is certainly the purpose of apprenticeship systems in other countries. Too many British apprenticeships are increasingly used for other purposes, in particular, addressing a lack of basic skills – such as functional literacy and numeracy – and achieving ‘social inclusion’ by providing opportunities to those who have been failed by the school system.

Although providing opportunities for young people who are not in education or employment is vital, calling all such schemes ‘apprenticeships’, regardless of the level of technical education and employer involvement, has

the effect of devaluing the apprenticeship brand. Moreover, it disguises the fact that some apprenticeships provide greater opportunities than others; denying young people the opportunity of making informed choices about their own future.

Although providing opportunities for young people who are not in education or employment is vital, calling all such schemes ‘apprenticeships’, regardless of the level of technical education and employer involvement, has the effect of devaluing the apprenticeship brand.

While apprenticeships in some sectors, such as engineering, are highly valued, trainees in sectors where there is no tradition of apprenticeships are often denied the same level of technical education and the possibility of progression to higher qualifications. This lack of consistency is reflected in the vastly differing length of time it takes to complete different apprenticeships. For example: to complete the Advanced Apprenticeship (level 3) in engineering takes, on average, 156 weeks, compared to 64 weeks in retail. To complete an Apprenticeship (level 2) in Hospitality and Catering takes 43 weeks compared to 88 weeks in Electro-technical.

In 2001, a review of apprenticeships led by Sir John Cassells highlighted the inadequacy of the competence-based NVQs in developing apprentices’ vocational knowledge.¹⁸ Some sectors such as engineering and electro-technical have always included knowledge-based technical qualifications, such as BTECs, in their frameworks. The Government included technical certificates in all frameworks from 2003 but the LSC has now relaxed the rules to allow these knowledge based qualifications to be dropped.¹⁹

Confusion about the purpose of apprenticeships has therefore resulted in a system with a vast array of frameworks, each with different qualifications and with different potential outcomes for trainees. The test which any genuine apprenticeship should surely pass is: does it confer real competence which is likely to improve the trained apprentices job prospects and performance?

¹⁸ A Fuller, op. cit.

¹⁹ L Unwin and A Wolf, *Developing Policies for Apprenticeships*, Paper submitted to the Economic Competitiveness Group, Conservative Party Policy Review, 2007.

Many fail this simple test. Evidence suggests that girls, in particular, are short-changed as they enter training which provides them with little or no enhanced employability.

The economic returns of apprenticeships vary immensely.

Research suggests that the economic returns of apprenticeships vary enormously. While the gain in wages for men who complete an apprenticeship is 7% for the system overall, the return of an advanced apprenticeship is double that at 14%. This is comparable with the economic return of two or more 'A' Levels. For women, however, the results are much less impressive. Although there is a positive return for vocational qualifications at level 3 and above, there is no equivalent statistically significant return for completing an apprenticeship. Women who have undertaken apprenticeship will, on average, receive no gain in their wages as the result of their training.

These enormous disparities between the economic returns of apprenticeships reflect differences between the returns of various sectors. The wage benefit of apprenticeships seem to be highest in manufacturing industries, in particular, metal manufacture, manufacture of machinery and construction; sectors where the vast majority of apprentices are men. By contrast, in retail, hospitality and other service sectors, the wage returns of apprenticeships are often not statistically significant. These sectors have a much higher proportion of female apprentices.²⁰

²⁰ S McIntosh, *The Returns to Apprenticeship Training*, CEP Discussion Paper No 622, March 2004.

CHAPTER FIVE

WHAT IS A 'DEMAND-LED' SYSTEM FOR SKILLS?

Demographic change means that it is becoming increasingly important that we improve the skills of the existing workforce. Current trends suggest that there will be 600,000 fewer young people aged 15 to 24 entering the UK labour force between 2010 and 2020.²¹ Over 70% of our 2020 workforce has already completed their compulsory education.²² In the past, newly-trained young people entering the labour market facilitated structural change in the economy. In the future, we will have to re-skill the existing workforce to respond to technical change and innovation.

Following the publication of Lord Leitch's review at the end of 2006, the Government has come to see the establishment of a demand-led system as the way of meeting the skill needs of the existing workforce. Yet, there has been little consideration of what demand-led actually means in practice; the Government has assumed that it means employers should have a much greater role in determining how state funds are spent. As a result, resources are being focused on subsidising training by employers through a scheme called Train to Gain. Little consideration has been given to how to

²¹ C Humphries, 'Skills in a Global Economy' in *Local Economy*, Routledge, 2006.

²² Leitch Review, *Interim Report*, HM Treasury, 2005.

encourage companies to invest more in the skills of their employees or about how to meet the needs of individual learners. Consequently, there are doubts as to whether the scheme will deliver a genuine improvement in the nation's skills.

A skills brokerage service has been established under the scheme to assess the training needs of businesses and to determine the appropriate provider. 11% of the overall Train to Gain budget is being spent on skills brokers, £66 million between 2006 and 2008.²³ Yet, research by the 157 Group of leading FE colleges shows that the vast majority of training they have so far conducted under the scheme has been generated by the colleges themselves, without the support of a skills broker.²⁴ There is a danger that the establishment of skills brokers has simply added yet another costly layer of bureaucracy to the provision of training, with little real benefit in practice.

Train to Gain is directed at the provision of level 2 qualifications – below the level of intermediate technical skills (level 3) traditionally taught to apprentices – this means that the training on offer does not provide the technical competences many employers actually need. Dianne Johnson, a director of an electrical contractors and engineering firm in Cheshire, told a BBC investigation into the Train to Gain that:²⁵

In our industry, it's a waste of time because most of the people who apply to us for a job have reached the same level of education that the scheme trains people to reach.

In practice, the focus on assessment and the provision of basic qualifications means that Train to Gain is, at least, as much about the accreditation of employees existing skills as it is about adding value.

In practice, the focus on assessment and the provision of basic qualifications means that Train to Gain is, at least, as much about the accreditation of employees existing skills as it is about adding value. The LSC gave a BBC investigation of Train to Gain Crewe Alexandra Football Club as an example of its success. The investigation found that experienced stewards

²³ Data from a letter from Mark Haysom, Chief Executive, Learning and Skills Council, 12 March 2007 (Answer to Written Question, 24 April 2006, Hansard Col. 9424.

²⁴ Data for the experience of the members of the 157 Group of Train to Gain to December 2006. Source: letter to John Hayes MP, April 2007.

²⁵ BBC Online, 20 February 2007.

were being trained under the scheme, including people who have been doing the job for 20 to 30 years. Some of the staff naturally felt that they already had the skills in which they were being trained.

The paucity of real training through Train to Gain was highlighted in the final annual report of the Chief Inspector of the Adult Learning Inspectorate, David Sherlock. He concluded that:²⁶

The 'assess-train-assess' model which is at its [Train to Gain's] heart must be carefully protected. All inspectors found examples where the model had already decayed into 'assess-assess-assess'; where little or no teaching of new skills took place and where little or no value had been added to the capability of the individual employee or employer, or to the national stock.

On average, it takes just 33 hours of 'training' to be awarded a qualification under Train to Gain.²⁷ Given that, the Government's own research into the pilot phase of Train to Gain showed that the majority of contact time was spent on assessment rather than teaching, this would suggest that most of these 33 hours are not spent on genuine instruction in new skills. Even where real training is provided the research suggests that as much as 90% of the provision was deadweight. Employers are using the programme funds to finance the training they would have provided in any case.²⁸

A recent study by the ippr has estimated that it costs £2,020 to train each new learner under the Train to Gain scheme.²⁹ Yet learners have little choice in what courses they do and any real training they actually get tends to be narrowly focused on their current job. As a result, Train to Gain does not provide people with the skills they need to progress in their career, gain promotion or higher wages. By interpreting a demand-led system as meaning subsidising basic training by employers, the Government has come up with a bureaucratic and ineffective scheme that does not provide value for money.

In formulating an alternative to Train to Gain the wider implications of creating a demand-led system must be considered. This should involve encouraging both employers and potential learners to invest in their own future and thus ensure that training is driven by genuine demand.

²⁶ Adult Learning Inspectorate, *Annual Report of the Chief Inspector, 2005-06*.

²⁷ Data from a letter from Mark Haysom, Chief Executive Learning and Skills Council, 28 March 2006.

²⁸ DfES, *Research Report No. 694, 2005*.

²⁹ S Delorenzi, *Learning for Life: A New Framework for Adult Skills*, ippr, 2007.

Employers are not likely to consider their training needs fully if they are simply getting something for nothing, as they are under Train to Gain.

Creating a genuine demand-led system also means addressing the needs of learners. For any scheme to succeed in raising skill levels it must harness the aptitudes and ambitions of people in the workforce. We should therefore examine ways of directing Train to Gain funding via learners. Such an approach also has the advantage of potentially cutting back on bureaucracy and waste. As the recent ippr report concluded, directing funding in this way would mean that:³⁰

Resources would be used for teaching and learning, rather than merely assessing. What it more, the system would no longer be subsidising employers who would train their workforce in any case.

³⁰ Ibid.

CHAPTER SIX

THE ELEVATION OF THE PRACTICAL

If we are to meet the economic challenge of the future then we must provide people with the skills they need to compete with workers from across the globe. It is in intermediate and higher level practical skills that the UK lags behind its competitors. This is, in part, because there has been a lack of clarity about the purpose of vocational education.

Current Government thinking suggests that confusion about the purpose of vocational education persists and that the opportunities available to a whole generation of young people may be limited as a result.

The Government has now published a green paper confirming that it is considering making education or training compulsory up to the age of 18. Yet, it is clear that much of the training being promoted by the Government, such as programme-led apprenticeships, contain little or no work-based instruction. The prospect is emerging of 16 to 18 year-olds being placed in unsuitable ‘virtual apprenticeships’ lacking rigour, not promoted as a means of enhancing their job prospects, but as a means of managing the statistics on ‘needs’.

Compulsion may be seen as a way of matching the success that some other countries have in encouraging young people to take up and successfully complete apprenticeships, but compulsion can never be a substitute for commitment. What countries with thriving apprenticeship systems have – and the UK often lacks – is a virtuous circle of learning. An apprentice’s

motivation to learn is stimulated by the support of more knowledgeable and skilful colleagues. There is an awareness that increased experience and competence brings with it higher occupational status. This encourages continued learning, a thirst to progress.

If we are to move towards a virtuous circle we must also value practical skills for their own sake. The distortion of making the vocational academic and the practical theoretical must end. Skills are the building blocks of bigger lives, of a better UK. They give individuals a sense of purpose, because the acquisition of competences help in getting a job and progressing in a career. We must elevate practical learning.

Establishing such a virtuous circle of learning also means encouraging continued learning for those already in work. If we are to embed a culture of learning – to use Lord Leitch’s phrase – then we must look at ways to encourage businesses and employees to invest in their own future. Employers’ long-term attitude to training is unlikely to be changed by the kind of free provision they receive under Train to Gain.

Employers’ long-term attitude to training is unlikely to be changed by the kind of free provision they receive under Train to Gain.

If the new specialised diplomas are to be a success then they must provide students with the opportunity to acquire genuine skills in the most appropriate environment. We must avoid the trap of teaching students in a classroom what it might be like to be an electrician or a mechanic. Barriers must be broken down between schools and Further Education colleges because schools alone simply do not have the facilities or the resources to deliver all 14 diplomas in practice. Diplomas must also provide genuine workplace experience to students – so they can be taught and be inspired by skilled craftsmen.

The new diplomas must also be part of clear pathway of vocational qualifications mirroring the academic gold standard of GCSEs, A levels and degrees. The Government is stressing the general and theoretical aspects of diplomas at the expense of practical learning, in part, because it envisages diplomas as a ‘non-academic’ route into higher education. There is a great danger that diplomas will be too general in content to provide either a meaningful academic or vocational education. Diplomas should be fully integrated with apprenticeships and with higher vocational qualifications such as Foundation Degrees. A clear vocational pathway is vital if we are to provide children with aptitudes in practical subjects with the same opportunities as those with academic ones.

Careers guidance in other European countries is more systemic than in England, it tends to begin earlier, and is geared specifically to providing students with detailed information on the skills requirements of particular occupations. We need effective provision of careers advice to students in schools and colleges providing them with the information they need about diplomas and apprenticeships. We also need a focused all-age careers service if school leavers and mature learners alike are to get the right advice and the right training they need.

In England the Connexions service provides advice to young people on a range of issues including drugs and sexual health as well as careers. The Connexions service cost £475 million in 2006-7; more than double the budget of the old careers service in its last year of operation (£236 million in 2000-01). Yet, according to Government figures, less than a quarter of young people advised by Connexions (22%) actually require the kind of integrated support it was designed to deliver.³¹ Despite costing more than twice as much as the old careers service, the number of young people who actually have face-to-face contact with an adviser has increased by less than 31% since the establishment of Connexions, from 2,455,950 in 1999/00 to 3,214,840 in 2006/07.³²

Funding for an all-age careers service could be provided by re-focusing Connexions on young people who genuinely need more dedicated help, with the careers service and Connexions operating from the same premises to limit overheads. Many Connexions staff are already accredited careers advisers, so re-allocating responsibilities within the existing infrastructure should not be problematic.

Many companies providing Connexions services have also successfully bid to provide adult information advice and guidance for the LSC (known as Nextstep). The success of these bids was in part due to the ability of these providers to provide services cost-effectively based on existing infrastructure.³³ The result is that a form of an all-age careers service already exists in some areas. In the financial year 2005/6, the LSC spent £34 million on adult careers advice directly and another £7 million via the Aim Higher programme. This funding could be directly transferred to an all-age careers service.³⁴

³¹ Answer to Written Question, 23 May 2004.

³² Answer to Written Question, 4 June, 2007.

³³ C Humphries, *The Economic and Social Health of the Nation: An All-Age Strategy for Career Guidance Services in England*, Careers England, 2007.

³⁴ LSC, *Leading Change: The Learning and Skills Council's Annual Report and Accounts for 2005-06*, 2006.

To provide a clear vocational route we must also re-professionalise apprenticeships. In some companies and industries, apprenticeships remain respected programmes to which employers have made a substantial commitment in terms of time and resources. All apprenticeships should be based on this model. Rather than the top-down, target driven system used by the current Government, apprenticeships should be employer-led. All apprenticeships should involve systematic workplace training under the guidance of an experienced mentor.

There needs to be clear equivalence between different types of apprenticeships.

There also needs to be clear equivalence between different types of apprenticeships. All must deliver a clearly recognised standard of training. The benefit of making apprenticeships part of the gold standard of training is that having qualified apprentices will be regarded as an important asset by companies and the value of completing the full qualification will be valued by apprentices themselves.

To be properly valued, apprenticeships must involve two distinct types of education and training. Firstly, the acquisition of job-specific skills which should happen, primarily, in the workplace, and, secondly, the acquisition of transferable skills, both technical and academic, which should also be taught in the classroom. The qualification component of apprenticeships needs radical overhaul. At present, the examination of job-specific skills is often too general to be valued by employers while the accreditation of transferable skills often doesn't provide apprentices with the qualifications they need to progress to higher learning. Employers should have control of the work-specific aspect of the apprenticeship framework whilst apprentices should be confident that the academic and technical qualifications they work towards can lead to further study.

CHAPTER SIX

CONCLUSION

In the place of Labour's 'virtual apprenticeships', the following six-point plan for a vocational gold standard should be introduced.

- **Employer involvement in apprenticeships as a condition of public funding.**

At present apprenticeships are delivered by training providers, only 20% of whom are actually employers; there is no guarantee of substantial employer involvement. All apprenticeships should involve systematic workplace training under the guidance of an experienced mentor as a condition of public funding.

- **Apprenticeship programmes licensed by Sector Skills Councils.**

Training providers are currently funded by the Learning and Skills Council according to Government targets for the number of apprenticeships, regardless of the level of employer involvement. There is no licensing of apprenticeships to guarantee that they meet the needs of employers. Sector Skills Councils are employer-led organisations and would be the appropriate body to licence apprenticeship schemes.

- **Qualifications to test real competences.**

The apprenticeship curriculum is often considered too abstract and irrelevant by employers. NVQs should be reformed so that they test technical competences valued by employers. A general education

component should continue to be a condition of state subsidy, but there should be greater flexibility as to its nature and content.

- **Encouragement for SMEs to offer apprenticeships.**

Small and medium sized businesses often lack the capacity to offer apprenticeships. The Government's answer to this problem is to encourage the take-up of programme-led apprenticeships with little or no workplace element. Group Training Associations (GTAs) make it possible for SMEs to take on apprentices and provide proper work-based instruction. Funds should be provided from the apprenticeship budget for pilot schemes of new GTAs, led by employers who already run successful apprenticeship schemes.

- **A clear pathway of vocational qualifications.**

To be a success the new specialised diplomas must be part of a clear pathway of vocational qualifications mirroring the academic pathway of GCSEs, A levels and degrees. There should be a clear route of progression from diplomas to apprenticeships and Foundation Degrees. There should be clear and genuine equivalence between vocational qualifications at the same level.

- **Connexions refocused and a dedicated all-age careers service.**

Connexions is a 'one-stop-shop' for drug, careers and sexual health advice. It should be refocused to concentrate on the minority of young people who need such a range of help. The majority of school leavers and mature learners and workers would benefit from an all-age careers service. We need effective provision of careers advice to students in schools and colleges providing them with the information they need about diplomas and apprenticeships.

All this means a better deal for learners and businesses. It is what they deserve and what the UK's success as a highly skilled economy will be built upon.



CENTRE FOR POLICY STUDIES

POLICY INTO ACTION

The Centre for Policy Studies was founded by Sir Keith Joseph and Margaret Thatcher in 1974 and is one of Britain's best-known and most respected centre-right policy research centres. Its Chairman is Lord Blackwell, a former Head of the Prime Minister's Policy Unit with extensive business experience. Its Director is Ruth Lea, whose career spans the civil service, the City, and the media (ITN). She was also the Head of the Policy Unit at the Institute of Directors.

The CPS is the champion of the small state. It believes people should be enabled and encouraged to live free and responsible lives. It tirelessly promotes Britain as an independent and democratic country. This is an exciting agenda for the 21st century – and the right agenda for the 21st century.

The role of the Centre for Policy Studies is twofold. First, it is to develop a coherent, yet practical, alternative set of policies that roll back the state, reform public services, support families and challenge the threats to Britain's independence. Policies are one thing but the CPS is committed to producing policies that can be put into action.

Second, it is to create the environment in which these policies can be adopted by government. The CPS seeks to influence and persuade government, politicians, the media and other opinion-formers that these policies would, if enacted, significantly change and improve people's lives.

The CPS is independent of all political parties and special interest groups. It is a non-profit-making organisation which relies entirely on the donations of individuals and companies to carry out its vitally important policy research.

The Centre for Policy Studies runs a growing Associate Membership scheme which is available at £100.00 per year (or £90.00 if paid by bankers' order). Associates receive all CPS publications and (whenever possible) reduced fees for conferences held by the Centre. Since our task depends on the support of associates and sponsors, we encourage those who are able, to set a voluntary subscription level. Donations above £500 will bring other entitlements.

If you wish to discuss becoming an Associate or a Donor or sponsoring a project, please contact:

Jenny Nicholson

Secretary to the Centre
Centre for Policy Studies
57 Tufton Street
London SW1P 3QL.
Tel: 020 7222 4488
Fax: 020 7222 4388
e-mail: jenny@cps.org.uk