Another Great Training Robbery or a Real Alternative for Young People?

Apprenticeships at the start of the 21st Century

Martin Allen

Rewritten and up dated January 2016
The reintroduction of apprenticeships in the UK has received unanimous backing across the political spectrum. The term ‘reintroduction’ is an appropriate description because, until relatively recently, apprenticeships had been an important avenue in the transition from school to work for young people (if mostly young males) but had virtually disappeared by the end of the 1980s. They were replaced first by youth training and then by increased participation in education, including much higher levels of attendance at university.

The new emphasis placed on apprenticeships by the Coalition – there were around 2 million starts during its period of office, has been continued by the Conservatives with David Cameron promising a further 3 million by 2020. This is seen as a response to the increasing difficulties young people face in entering the labour market, but also the need to provide alternatives to a higher education system fuelled by mountains of unpaid student debt and a generation of graduates who are ‘overqualified and underemployed’ (Ainley and Allen, 2010).

It is over forty years since Ivar Berg’s Education and Jobs. The Great Training Robbery noted that ‘America fools many of its young by linking job opportunities to diplomas and degrees’ (1973: 29) and almost thirty since Dan Finn described the 1980s Youth Training Schemes being rolled out in the UK as Training Without Jobs (1987). The first part of this report argues that the reinvention of apprenticeships has neither provided a real alternative for young people, nor upgraded the level of skills. Instead, it has represented Another Great Training Robbery. The second part assesses the future of apprenticeships. It contrasts the UK system with that in Germany, but also, in the context of a changing labour market, provides a more general critique.

This study supersedes the previous Another Great Training Robbery or a Real Alternative for Young People. Apprenticeships at the start of the 21st Century by Martin Allen & Patrick Ainley, first published in June 2014.
The reinvention of apprenticeships

Apprenticeships have a long history in England with origins that can be traced back to the Middle-Ages. Then they were integral to the ‘guild’ system in which boys would learn a trade by being apprenticed to a guild member for several years from an early age. However, many people associate them with the prosperous post-war years when they played an integral part in the lives of many young people, especially young men. In 1950 for example, apprenticeships were started by 33% of boys (Finn, 1987: 55) with up to two thirds of the take ups being in engineering and allied trades, construction, motor mechanics and printing (Wheatley, 1976: 9). For the 7% of girls beginning apprenticeships, over two-thirds were in hairdressing. On the other hand, there were relatively few apprenticeships for either boys or girls in clerical, commercial, distributive, financial or catering occupations (Wheatley, ibid).

In the mid-1960s when apprenticeships were at their peak, over a quarter of a million were on offer. Even in 1974, 43% (118,000) of male school leavers under 18 still entered one compared to 7% of girls (15,500) (Wheatley, o.c.: 8). Though apprenticeships were largely organised on an industry by industry basis they continued to be ‘time served’ – lasting between three to five years and representing a passage to adult employment. All schemes recommended if not required part-time or block release attendance at a further education college within working hours without loss of pay (Wheatley, o.c.: 14). Most ‘craft’ apprentices gained some form of written certification from specialist awarding bodies like City and Guilds. Wheatley also estimated there were around 70,000 ‘technician level’ apprentices in 1974.

Yet, by the end of the 1980s apprenticeships barely existed. This followed the demise of manufacturing which had previously generated ‘youth jobs’ (Allen and Ainley, 2012: 16). As the bottom fell out of the youth labour market, jobless young people were offered ‘youth training’ which was organised by the state through the Manpower Services Commission, an agency of the Department of Employment. (See Ainley and Corney 1990 for a history of these misconceived schemes.) Although officially ‘counter cyclical’ so that trainees would ‘hit the ground running’ when the economy picked up, this did not happen as unemployment became increasingly what economists define as ‘structural’ and consequently the schemes never anything more than Training Without Jobs (Finn, 1987). From the outset, the MSC promoted ‘generic’ rather than narrow craft skills – this was said to reflect new employment requirements in flexible labour markets.

By the time apprenticeships re-emerged in 1994, when they were initially called Modern Apprenticeships and only offered at Advanced Level, declining opportunities for young people in the labour market had contributed to increased staying on rates in school or at college. Young people voted with their feet, remaining in the ‘new sixth form’ for full-time vocational education courses. Reintroducing workplace based apprenticeships could thus be seen as a departure from this trend and it took several years for them to become re-established, with only around 175,000 starts during 2005/6 rising to over 275,000 in the year before the Coalition came into office, approximately 40% of which were by those under 19. By this time Intermediate Level apprenticeships (equivalent to GCSE) had been well
embedded, while in 2011, the then-Business Secretary, Vince Cable, announced plans for a new Higher Level apprenticeship. With most of the Industrial Training Boards that had overseen the previous apprenticeships now defunct, apprenticeship standards (there are over 200 specifications covering different jobs), were drawn up by Sector Skills Councils with accreditation organised largely around National Vocational Qualifications (NVQs). From October 2012 Intermediate Level schemes were required to include Functional Skills qualifications in literacy and numeracy, though apprentices who have achieved GCSEs in maths are exempt from them. Personal Learning and Thinking Skills (PLTs) – recently established in schools and colleges – were also included.

In May 2012, to try and regulate standards, the government published a Statement of Apprenticeship Quality. The Specification of Apprenticeship Standards for England (DBIS, 2015) now specifies the legal requirements. Apprenticeships must:

- last a minimum length of 12 months
- include at least 280 hours ‘guided learning’ with 100 hours delivered ‘off the job’
- involve at least 30 hours employment a week.

There were also other major differences between the new and the previous apprenticeships. A National Apprenticeship Service (NAS) was established in 2009, though it was more of a co-ordinating agency, publicising vacancies and being responsible for marketing and promotion. More significantly, and unlike the previous apprenticeships, the government now makes a major contribution towards training costs. Currently, all training costs for apprentices under 19 are paid by the Department for Education and 50% of costs paid through the Skills Funding Agency (part of the Department for Business and Skills – DBIS) and up to 50% for those over 24. Businesses with less than 50 employees are also eligible for an initial £1,500 grant for each of up to ten apprentices under 25 years old.

Finally, rather than local further education colleges, apprenticeship training has been largely provided by private sector training companies – with the government funding described above going directly to them. All training providers (several hundred are registered) are now subject to regular Ofsted inspections, including of employers operating their own ‘in house’ schemes. Government has withdrawn funding for ‘programme apprenticeships’ where young people were based at the training organisation, paid a financial allowance and completed ‘work experience’ with an employer, but the role of training providers remains contentious.

Smaller employers can also work with Apprenticeship Training Agencies. ATAs – there are just under 50 of them licenced – play a brokering role, employing apprentices and hiring them to employers – the host employer only having to cover the agreed wage plus a management fee. This provides ‘flexibility’ for employers as apprentices can be moved from one workplace to another if necessary. As a result, ATAs have been criticised by trade unions for encouraging ‘casualisation’ with ATAs seen as operating in the same way as employment agencies. As will be examined later, recent government initiatives have sought to ensure that employers take more responsibility for recruiting apprentices and adopt a more ‘hands on’ role over their training.
Apprenticeships grow, but young people are still underrepresented.

As Table 1 below shows, notwithstanding the dip in the number of starts during 2013-14, apprenticeships have continued to expand with half a million new starts in the period between August 2014 and July 2015. Citing two million starts since the Coalition came to office, Prime Minister David Cameron promised to create a further three million by 2020. This commitment was included in the Conservative Party’s election manifesto.

Table 1  Number of Apprenticeship Starts

<table>
<thead>
<tr>
<th></th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
<th>2013/14</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>457,200</td>
<td>520,600</td>
<td>510,200</td>
<td>440,400</td>
<td>492,700</td>
</tr>
</tbody>
</table>

Source Skills Funding Agency Statistical First Release SFA/SFR 30.

While focussing on the number of starts, rather than on the amount of annual completions, may be a better way of assessing the progress of apprenticeships, this still provides only a very limited assessment of their overall success. We need to examine not only the levels at which apprenticeships are being offered, but also the age of those enrolled. Table 3 below shows the age composition of the apprentice population.

Table 2  Age composition of Apprenticeship starts

<table>
<thead>
<tr>
<th></th>
<th>Under 19</th>
<th>19-24</th>
<th>25 and over</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010/11</td>
<td>131,700</td>
<td>143,400</td>
<td>182,100</td>
</tr>
<tr>
<td>2011/12</td>
<td>129,900</td>
<td>161,400</td>
<td>229,300</td>
</tr>
<tr>
<td>2012/13</td>
<td>114,500</td>
<td>165,400</td>
<td>230,300</td>
</tr>
<tr>
<td>2013/14</td>
<td>119,800</td>
<td>159,100</td>
<td>161,600</td>
</tr>
<tr>
<td>2014/15</td>
<td>124,400*</td>
<td>158,200</td>
<td>210,100</td>
</tr>
</tbody>
</table>

Source Skills Funding Agency Statistical First Release SFA/SFR30

* According to other SFA data, there were 28,020 starts by 16 year olds, 42,070 by 17 year olds and 55,600 by 18 year olds.

Though apprenticeships have generally been considered to have been aimed at young people and to provide an alternative to entering higher education, the expansion of UK apprenticeships – particularly between 2011 and 2013 – has been the result of the high level

---

1 Because different levels of apprenticeships last for different periods, a rise in the proportion of Advanced Level starts – which generally last for 2 years compared with 1-year Intermediate level schemes, would effectively lower annual completion numbers. SFA data show a completion rate of 68.9% for 2013/14 – a 5-point fall compared with 2011/12.
of enrolments by adult workers (those over 25) who, as the data in table 3 indicates, have continued to be the largest group.

Why has this continued to be the case? Schools have been criticised for not promoting apprenticeships with the same level of enthusiasm they display towards higher education. The Sutton Trust (2015) for example, found that 65% of teachers would rarely or never advise a student to take an apprenticeship if they had the grades for university (Sutton Trust, 2015). Meanwhile, according to Ofsted, only one in five schools was offering careers advice and guidance of good quality (House of Commons Library, 2015).

However, the failure of educational institutions to promote apprenticeships to their students is not the main reason for only a minority of young people taking up apprenticeships. More significantly, there has continued to be serious concern about the number of employers converting existing staff to apprentices. It is argued that training providers have prioritising short-term, profit maximising strategies, offering quick returns rather than developing proper skills (Wolf, 2015). This has also allowed government to claim that apprenticeships have continued to expand and that targets have continued to be met.

For example, an investigation by BBC’s Panorama (02/04/12) found that nearly 4 in 10 of supermarket chain Morrison’s entire workforce had been reclassified as ‘trainees’, so that 1 in 10 of all apprenticeships during the previous year had originated from this one employer. At the time, Elmfield Training, the provider used by Morrison’s, had a government contract worth £37 million. Rather than the planned 56 weeks, Elmfield was taking just 28 weeks to provide ‘accreditation’. Of nearly 18,000 ‘new’ Morrison apprenticeships, the programme claimed that only 2,200 were for those below 19. The Telegraph (28/10/11) also reported that an ASDA scheme, accounting for 25,000 new apprenticeships, was primarily for staff already employed at the supermarket.

Government has not renewed the contracts of several ‘rogue’ providers – including Elmfield. The Richard Review commissioned by the Coalition to examine ways of improving apprenticeship quality, recommended that apprenticeships should only be available for new roles and new jobs (DBIS, 2012). Yet a government survey still showed 82% in hospitality and catering, 63% of hairdressers and over half of those in construction and business related apprenticeships were already existing employees (DBIS, 2014).

Surveys continue to show a shortage in the number of ‘external vacancies’ (those for which young people could apply) compared to the level of demand for them. According to a Parliamentary Committee report (House of Commons Library, 2015), there were 939,270 applications via the apprenticeship vacancies website from 16 to 18 year olds in 2013/14 alone). According to the National Apprenticeship Service own figures also (NAS Press Release 17/02/14), almost 461,500 new applicants submitted online applications through the Service between August and October 2013. This represents an increase of 43% but vacancies only increased by 24%. The NAS estimated there were 12 applicants for every post with 26 applications in Arts, Media and Publishing and 20 for ICT positions. The Independent (30/05/13) reported 41 applicants for every plumbing and heating vacancy,
while Chuka Umunna, then Labour’s shadow Business Secretary, may well have been correct when he claimed on the BBC (09/04/15), that it was ‘more difficult to get an apprenticeship at British Aerospace or Rolls-Royce than it was to get a place at Oxbridge’.

The shortage of new apprenticeship opportunities for young people led to the then-Skills Minister, Mathew Hancock, conceding that ‘with each online position attracting an average of 12 applications demand continues to outstrip supply’ (The Guardian 05/02/14), as he urged more employers to increase the supply. More generally, the Parliamentary Committee on Employment reported that employer engagement in apprenticeships had not increased over the last two years, citing the UKCES Employer Perspectives Survey which found that in 2012 only 9% of employers took on an apprentice and that this had only risen to 10% by the time of its 2014 study. There was a modest increase for 2013/14 in the number of starts for 16, 17 and 18 year-olds compared with 2012/13, up to 119,760 from 114,550, but it is still the case that, as the Parliamentary Committee records, just 5% of the age group take up an apprenticeship at the end of Key Stage 4 (at age 16), the same proportion as in 2011/12.

**Apprenticeships have been low level and ‘dead end’**

In addition to being made up of a large number of existing adult workers, the charts below show that while the proportion of Advanced and Higher Level starts have increased, the large majority of apprenticeship enrolments have continued to be at Intermediate Level. This is the training equivalent to the GCSE examination standard that around 70% of 16 year olds in England and Wales achieve in full-time education. As a result, school leavers starting year-long Intermediate Level schemes are not likely to progress in educational terms.

Neither does a completion at Intermediate apprenticeship level lead to progression to Advanced Level. Greenwich University research (DBIS, 2013a) showing that only half of Advanced Level apprentices, of whom there are considerably fewer, had progressed via an Intermediate scheme, with only 61% of those under 19 and 60% of those under 25. Further Greenwich research (DBIS, 2014a) shows only 20% of Advanced Level apprentices subsequently moved into Higher Education within seven years of finishing their apprenticeship and only 10% within three years. This is a much lower rate compared with those completing other types of Advanced Level study.
The fact that the majority of schemes continue to be at Intermediate Level is of major concern. Firstly, because these schemes are well below the ‘technician’ ‘intermediate skill’ level that apprenticeships have been designed to address (Steedman, Gospel and Ryan, 1998) and secondly because they cannot be seen as an alternative to entering higher education for young people. The number of Advanced level starts, though increasing, is still extremely low compared with the 850,000 entries for GCE A-levels in the summer of 2014 for example.

For the academic year 2014/15, out of 179,000 starts only 38,600 were by under 19 year olds (SFA, Oct 2015)

The Higher Level apprenticeship qualification was considered equivalent to studying at degree level, or at least the early years of university. According to the then-Business Secretary, Vince Cable.

‘Investing in skills is central to our drive to boost business and productivity and make the UK more competitive… by radically expanding the number of degree level apprenticeships for young people, we will put practical learning on a level footing with academic study. This is an essential step that will help rebalance our economy and build a society in which opportunity and reward are fairly and productively distributed.’

(DBIS Press Release 08/12/11)

The number of Higher Level apprenticeship starts have continued to increase significantly, but still represent only a tiny fraction of the total number – SFA data showing under 30,000 in existence at the end of 2014/15. With 19,300 starts during 2014/15, there were just over 1,000 starts by those under 19 and 15,000 by those under 25 or over.
A Great Training Robbery

Apprenticeships have continued to use the National Vocational Qualifications as the main form of accreditation – in addition to the Functional Skills in English and maths for those without GCSE qualifications in them. The pedagogy behind the NVQs were criticised widely (see in particular, Hyland, 1994; Smithers, 1997) for the way they concentrate on the ‘verification’ of practical outcomes at the expense of developing technical understanding. For Alison Wolf, a government advisor but also a major critic of current apprenticeships, there has been a concentration on shorter schemes that are ‘easier to pass’ (Wolf, 2015: 5) as this involved less risk for training providers.

‘The less progress that is demanded of the learner, the more confident ‘providers’ can be of receiving full outcomes-based payment’ (Wolf, ibid: 6).

For the Independent (30/08/15) quoting Wolf:

‘Hundreds of thousands of young people are being encouraged into low-skill, low pay, on-the-job training schemes to meet ministers “mad” targets of creating three million apprenticeships by 2020.’

Ofsted has also joined the ranks of apprenticeship critics. Pointing to the narrowness and the quality of training in a third of apprenticeships in its sample,

‘Inspectors, observed for example, apprentices in the food production, retail and care sectors who were simply completing their apprenticeship by having existing low-level skills, such as making coffee, serving sandwiches or cleaning floors, accredited. While these activities are no doubt important to the everyday running of the businesses, as apprenticeships they do not add enough long-term value.’ (Ofsted, 2015: 4)

In addition, Ofsted noted,

‘Some learners on low-level, low-quality programmes were unaware they were even on an apprenticeship.’ (Ofsted, ibid)

‘This was mostly the case with apprentices over 25 who in many cases had little or no formal training.’ (Ofsted, 2015: 10).

Despite the large number of existing employees who are converted to apprenticeship status, a third of Intermediate Level starts in 2014/15 have still been by those under 19 with another third by those under 25. An investigation by Channel 4’s Dispatches (10/11/15) confirmed the misuse of apprenticeships amongst young staff and the misspending of training funds at Clothing Chain Next where young people complained of little or no proper training – certainly not the 230 hours ‘guides learning’ specified as one of the apprenticeship standards. Next conducted its own training program for its 800 Intermediate Level apprentices and had received £1.8 million government funding during the previous year.
Few of the Next apprentices interviewed had been successful in obtaining full-time permanent employment after completion and instead, would be replaced by a new cohort of apprentices – leading to allegations of ‘labour substitution’. Apprentice interviewees considered the work they were doing no different from other employees but they were being paid less. With the apprentice minimum wage of £3.30 an-hour lower than that of normal workers at £6.70 an-hour for those aged over 21, the program claimed that if all Next apprentices had been paid the full rate for the 30-hour week they were working, it would have cost the company almost £2.5m pounds extra in wages that year. It should be said however, that apprentices have traditionally been paid less than adult workers and this continues to be the case in other European countries. Previously UK apprentices were paid on a ‘sliding scale’ which meant they were paid almost the full rate in their final year (Wheatley 1976: 16). But this was because an apprenticeship was considered to be part of a ‘transition’ to fully fledged employment, as it continues to be seen in European schemes.

It would be wrong to say that there are not some very good apprenticeships – the huge demand for places on particular schemes has already been referred to. In its report Ofsted also provides numerous examples of:

‘high-quality on the job and off the job training with providers liaising closely with employers and where well-qualified teachers assessed apprentices’ English and mathematics skills when they started their apprenticeship’ (Ofsted, 2015: 11).

And where:

‘over the duration of their apprenticeship, apprentices were taught increasingly complex skills to prepare them for a higher level of training or progression to jobs with greater responsibility and pay’ (Ofsted, ibid: 12).

In conclusion however, Ofsted reports that:

‘Inspectors have seen too much weak provision that undermines the value of apprenticeships, especially in the services sector.’ (Ofsted, ibid: 4)

Ofsted’s Chief Inspector, Sir Michael Wilshaw, was much more explicit, telling a meeting of the CBI that:

‘very few apprenticeships are delivering the professional, up-to-date skills in the sectors that need them most… poor quality, low level apprenticeships are wasting public funds …and the “apprenticeship brand” is being devalued’ (Guardian 22/10/1)

At Higher Level, on the other hand, a number of schemes require completion of a degree and attending university sometimes on a full-time basis. In November 2013, for example the BBC was offering 20 places on a Higher Level Apprenticeship with an £11,500 salary and full payment of tuition fees for a B.Eng. with applicants expected to have studied science and maths to A-level. This follows a tradition of employers sponsoring university education for
future employees, with large numbers of ‘oven ready’ potential recruits leaving university every year, but it is not clear why employers would want to spend the considerable amount of money required to finance a Higher Level scheme, or on one of the new degree level apprenticeships that are being proposed.

**Apprenticeships are heavily concentrated in service sectors with as many girls as boys.**

As Table 4 below shows, although starts in manufacturing and engineering remain significant, apprenticeships continue to be concentrated in the service sector and the growth of the health, public services and care sector helps to explain why now, across the age groups, there are more female apprenticeships (53%) than male. Health is now the largest employment sector with 3.7 million employees, compared with 2.3 million in Manufacturing, which has been overtaken by the 2.7 million in Retail (ONS 2015). But ‘Health’ (and Retail for that matter) is also associated with low-pay, predominately female employment.

**Table 3 Distribution of Apprenticeships according to sector**

<table>
<thead>
<tr>
<th>Sector</th>
<th>2010/11</th>
<th>2014/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business, Administration and Law</td>
<td>133,820</td>
<td>141,080</td>
</tr>
<tr>
<td>Health, Public Services and Care</td>
<td>89,900</td>
<td>127,940</td>
</tr>
<tr>
<td>Retail and Commercial Enterprise</td>
<td>102,770</td>
<td>88,510</td>
</tr>
<tr>
<td>Engineering and Manufacturing Technologies</td>
<td>54,640</td>
<td>72,940</td>
</tr>
<tr>
<td>Construction, Planning and Built Environment</td>
<td>22,420</td>
<td>17,820</td>
</tr>
<tr>
<td>Information and Communication Technology</td>
<td>19,520</td>
<td>15,440</td>
</tr>
</tbody>
</table>

Source  SFA Apprenticeship Programme Starts by Sector Subject Area (Oct 2015b)

There continues to be concern about declining participation in the ‘STEM’ subjects (science, technology, engineering and maths). According to the Campaign for Science and Engineering (2015), the number of STEM apprenticeships had fallen from 70,100 in 2012 to 65,190 in 2013/14 with only 360 starts in science and maths in 2013/14. Even in the STEM areas, 60% of apprenticeships have continued to be at Intermediate Level and only 1% at Higher Level. In response, Professor Wolf told *The Independent* (30/08/15)

‘What the government should be doing is concentrating on those high-value apprenticeships which teach vocational skills in manufacturing and engineering which historically Britain is bad at fostering. The danger is that money and resources is put into hitting a meaningless numerical target.’

---

2 SFA spreadsheet Apprenticeship starts by Equality and Diversity (Nov 15)
Apprenticeships after the General Election

In response to increasing concerns about apprenticeship standards, performance levels and the under representation of young people, the Coalition government commissioned entrepreneur Doug Richard to undertake a review of the programme and to make recommendations (DBIS, 2012). As noted, Richard recommended that the definition of an ‘apprenticeship’ should be restricted to a ‘new job or role’ (DBIS, 2012: 17) which required ‘substantive training’ and that the training of existing workers should be delivered separately. In addition, Richard called for a general upgrading of apprenticeships, replacing Level 2 (Intermediate) schemes with ‘entry to employment’ programmes and for all apprentices to have reached Level 2 (GCSE equivalent) in English and maths – currently, Intermediate level apprenticeships rarely provide Functional Skill qualification beyond level 1.

Richard also recommended more direct involvement by employers – as the ‘real consumers’ (DBIS, 2012: 13) in the design of apprenticeships and apprenticeship training. As a result, in its response to Richard, the Coalition government announced that it would now be:

‘the responsibility of employers, working with professional bodies and others, to design new Apprenticeship standards. The government cannot determine the skills needed for all occupations, and will not try to do so.’

(H.M. Government 2013: 12)

This would pave the way, it was argued, for the new Trailblazer apprenticeships proposed by government in response to Richard’s recommendation. The Trailblazers would:

‘Provide clear examples of effective practice and approaches which others can build on as we move towards full implementation of the reforms during 2015/16 and 2016/17. Our aim is that from 2017/18, all new Apprenticeship starts will be based on the new standards.’

(H.M. Government 2013: 23)

There were 300 starts on the new standards for the academic year 2014/15. With over 60 now ready for delivery, a further 220 standards are in development, the aim being that by 2017/18 all new apprentices will follow the new schemes. The 2015 Welfare and Work Act (2015) requires government to make an annual report to Parliament on progress. Though this will ensure that apprenticeships remain on the political agenda, a new business-led body, the ‘Institute for Apprenticeships’ was announced to uphold standards in the 2015 Autumn Treasury Spending Review. At present, there are no exact details about this, but without clear accountability and monitoring procedures being introduced, there is still no guarantee that ‘quality’ of the new apprenticeships will be emphasised in the same way as the ‘quantity’ as government pushes to meet its target. Nevertheless, Ofsted was optimistic about the Trailblazers, reporting that inspectors saw ‘high quality’ and ‘substantial off the job training’ (Ofsted, o.c.: 29), though it also said that the large majority of employers in its sample were not aware of them. Those smaller employers who were, felt they were too dominated by
larger ones and many ‘did not want additional responsibilities for the organisation and bureaucracy of an apprenticeship’ (Ofsted, *o.c.*: 29).

**Changes to apprenticeship funding. A national employer levy**

The Trailblazer plans were also accompanied by proposals for a new funding mechanism. Following Richard’s recommendation that employers needed to have more direct control, government announced it would pilot ways to fund apprenticeships directly through them, thereby reducing the influence of the training companies described above. The most favoured model is that, for every £1 spent by an employer, government will contribute £2 – though there may also be a series of caps up to a maximum of £18,000, reflecting the type and level of apprenticeship.

Though DBIS (2014b) research showed that a third of small and medium size employers (SMEs) had no influence over the apprenticeship training being offered by their providers, greater autonomy was not welcomed by everybody. Chris Jones, Chief Executive of the City and Guilds Group, one of the UK’s biggest vocational awarding bodies, reported on the website *Education Investor* (05/12/13) that:

‘The reforms were risky… It’s the assumption that employers have the time – and indeed the will – to cope with the additional bureaucracy these reforms will entail… Rather than incentivising employers, I fear they’ll be put off by what’s been announced.’

The DBIS research also showed only 15% of its sample wanted more influence over the training and that a large majority had continued to engage the same provider – a sign that relationships between employers and providers were relatively good (Richard’s evidence had shown that one of the most common reasons for employers taking on an apprenticeship was as a result of being directly approached by a training company).

In his first post-election budget, Chancellor George Osborne announced that in response to concerns from employers (particularly those in sectors like construction where small firms predominate) about the increase in paperwork resulting from having to choose their providers and initiate their own training programmes, he would introduce a new ‘digital voucher’ exchangeable for government funding which can be passed on to a chosen provider.

Responding to Wolf’s worries about inadequate levels of total funding available, Osborne dramatically changed course on apprenticeship funding and published plans for a compulsory levy on larger employers. Wolf had argued that on the basis of current budgets, ‘talk of improving apprenticeship quality and also having 3 million new apprenticeships by 2020 is self-deception at best’ (Wolf, *o.c.*: 15). The proposals for a levy, due to be implemented in 2017, received limited support though from the main employer’s body the Confederation of British Industry (CBI) with its Director General telling the *Financial Times* (08/07/15) that it should be voluntary not prescriptive. According to the influential Certified Institute of Personnel Development also, only 39% of large employers surveyed were committed in principle (CIPD Press release 02/10/15) with 31% replying that a levy would mean them
reducing investment in other areas of workforce training. Within the building and construction sector a ‘training levy’ albeit not a particularly large one has existed for half a century, though the levy, collected through the Industry Training Board, is for training, not specifically apprenticeships.

In the government’s own consultation however (DBIS Nov 2015b), the levy received wider support, with half of respondents also agreeing that a proportion of the apprenticeship funding raised from larger companies should be used to support other apprenticeships. As a result, the levy was formally announced in the Spending Review and Autumn Statement (HM Treasury, 2015). Following Wolf’s advice, the levy has been set at 0.5% of the employers’ wages bill in businesses where it is over £3 million – in other words it will be a pay roll tax, collected in the same way as National Insurance contributions.

According to the Treasury, the levy will raise nearly £3 billion, potentially doubling apprenticeship funding. It will however only be paid by a very small proportion of employers – around 2%. There is also a commitment that those who contribute will be able to receive more than they pay in – though details about the basis on which it will be distributed, as well as the future of the ‘2 for 1’ formula outlined earlier, are still to be published. In key respects the levy should not be regarded as a panacea; issues about funding are important, but so are those about employer willingness to provide apprenticeships. As this report has emphasised, there are not enough high quality apprenticeships available. The remainder of this report argues that the reasons for the failure of UK apprenticeships to provide well paid, high skilled employment go well beyond issues of specification design and funding and are much more to do with the wider cultural political and economic background in which they operate.
Why can’t we ‘do it like the Germans’?  

The success of the German apprenticeship system has continued to be admired internationally. In Germany well over a quarter of employers provide apprenticeships, compared with just one in eight in the UK, while those with over 500 employees are legally required to do so. For Steadman (2010), apprenticeship continues to be the main source of post-compulsory education and training for those school leavers who do not enrol in higher education. In other words, apprenticeships in Germany form the backbone of an employment strategy for young people, with a much smaller proportion going on to university. Approximately two thirds of the age group complete an apprenticeship by age 25 (Steadman, 2010: 23), 90 per cent of which are at Level 3 (Sutton Trust, 2013: 6). Rather than a lack of availability as in the UK, in 2013 some 33,500 apprenticeships were reported as unfilled (Financial Times 05/02/14) as increasing numbers of young Germans opted for university instead, though not to anywhere near the same extent as in the UK. What can the UK learn from German apprenticeships and could this approach be implemented here?

Vocational education in the UK and Germany

The success of the German apprenticeship system has been linked to the higher status that vocational education and training enjoys in Germany and the way in which this provides a direct route into the workplace. By contrast, as noted, in the UK much greater emphasis has been placed on encouraging young people to regard higher education as the main route into employment. In the UK, recent education policy has reaffirmed the importance of traditional academic learning with A-levels being reconfirmed as the ‘gold standard’ qualification. The majority of 16 year olds continue their full-time education in school sixth forms or in sixth-form colleges and there are approaching a million entries for GCE A-level – still the main entry qualification for university. Only 6.2% of 17 year olds and 8.4% of 18 year olds were in work-place learning at the end of 2013 (SFA, 2014: 2).

The case for improving vocational learning in the UK has been made particularly strongly by Kenneth (now Lord) Baker. Previously the Secretary of State for Education (1986-9) in Mrs Thatcher’s government and the creator of the school National Curriculum, Baker now argues that the economic failures of the British economy and, in particular, the decline of manufacturing in Britain is closely related to the failure to develop a proper technical education track in the 1944 Education Act (Baker, 2013). Under this Act, technical schools were established as a ‘middle’ pathway between grammar schools, specialising in academic education, and secondary modern schools, providing ‘general’ education. But, as Baker observes, compared to vocational schools that were integral to European systems of secondary education (Green, Wolf, Leney, 1999), the number of technical schools in the UK continued to be very small. Baker argues that with the conversion to comprehensive

---

3 Ex-Labour Minister, Lord Adonis suggested apprenticeship is the reason youth unemployment in Germany is much lower than elsewhere (Guardian 01/07/2013). See also, Will Hutton (Observer, 10/03/13).
education in the post-war period, an alternative technical education pathway disappeared altogether.

Baker’s case for the absence of a strong technical education tradition in the UK is a strong one. Though traditional apprenticeships involved college attendance, there was no national structure and instead provision was centred around a variety of ad hoc, part-time, ‘trade’ certificates. In contrast, learners attending specialist schools in Germany leave with qualifications that provide continuity and enable transition onto further apprenticeship study. Baker is now a promoter of new specialist University Technical Colleges (UTCs) from age 14, sponsored by local universities and also by employers. An attempt to represent the UK equivalent of the German Realschule, UTCs have expanded rapidly since 2010; there are currently 39 and that number is set to rise to more than 55 by 2017. But FE Week (27/04/15) has since reported that the majority of UTCs were running at under-capacity. While this reflects parental ‘choices’ – wanting children to be placed in high performing ‘academic’ schools – for the National Union of Teachers, UTCs, though they are non-selective, represent a return to the divisions of the 1944 Act.

‘University Technical Colleges are extremely divisive and will force young people to make choices about the direction they wish to travel in at far too early an age. Separating ‘technical’ or ‘vocational’ education from mainstream schools will lead to a two tier system with technical schools being potentially seen as the poor cousin.’

National Union of Teachers Press Release 10/10/11

More recently in Germany, there have been moves, particularly in some states, to adopt the Gesamtschule (Comprehensive School)\(^4\). Whereas at the start of the century, 1.6 million young people, or approximately two thirds of the 16-25 age group, still entered the vocational route after the fourth school year, according to surveys parents no longer want an early selection of their children.

Though Baker argues that the failure to develop technical education is the result of traditional British ‘snobbery’ against ‘dirty jobs’ (Baker, o.c.: 5)\(^5\), integral to the low status of vocational learning in the UK have been real concerns about its low intellectual rigour. The limitations of the NVQ, the qualification that has served as the main form of apprenticeship training and has replaced traditional craft-based learning, have been identified above, but NVQ pedagogy also became the norm for full-time vocational education courses in schools and colleges from the 1980s. This was also a period when attendance levels in post-16 education in UK increased rapidly. Concerns about the standard of learning in vocational education led to a series of reforms with the main vocational qualification for students in post-16 education, the General National Vocational Qualification (GNVQ), becoming a Vocational A-level demanding greater theoretical understanding that was more academically assessed (Allen, 2004; Hodgson and Spours, 2003).

\(^4\) Goethe Institute www.goethe.de/wis/bko/en3610188.htm
\(^5\) According to Dale et al (1990), this is more to do with the dominance of the ‘liberal humanist’ tradition in an education system which has deflected high performing students away from careers in industry.
The Coalition and now the new Conservative government has continued with this process by ensuring that vocational qualifications must meet certain conditions if they are to be regarded as real alternatives to academic learning (DfE, 2014). For example, to meet these conditions qualifications must have received letters of support from employers and/or employer bodies and, in some cases, from universities or higher education institutions. They must also qualify as one of the new Tech Level qualifications and count towards the Techbacc (Technical Baccalaureate) performance measure. To achieve the Techbacc, students will need to obtain a recognised Advanced Level qualification but also an approved Level 3 mathematics qualification and complete an extended project. This is certainly a move in the right direction. Unlike in the UK for example, German apprenticeships do not concentrate on a range of narrow skills directly relevant to a particular ‘job’. In Germany, apprentices participate in a ‘dual system’, spending part of the week in work-based training and part (up to two days) completing the Berufsschule – classroom-based study of the more theoretical aspects of their vocation but also continuing to study a general education.

As noted above, the new Trailblazer apprenticeship arrangements allow employers to decide on the content of their own apprenticeship training and it is likely that in many of the new standards the NVQ will be increasingly discarded. Even though the quality of particular schemes is likely to improve, there is still a danger that they will continue to focus on the specific requirements of particular occupations, rather than the longer term educational needs of young people and to lack the integrated approach of the German model. There is also no guarantee that post-trailblazer apprenticeship training will be relocated to the Further Education colleges that have traditionally been central to vocational and technical education, but have been continually marginalised by the private training organisations described in the previous sections and that are now subject to DBIS area reviews leading to mergers and closures. In short, the chances are that the UK will still remain a long way from the sort of vocational education and training model that continues to be practiced in Germany.

A social partnership rather than a free-market?

The success of the German system of apprenticeships is not simply the result of the higher status enjoyed by vocational and technical education. Arguably, much more significant has been the fact that, despite being members of the same European economic block, the UK and Germany continue to be served by very different national political and economic formations. As Allen (2015) observes, the German system has involved a ‘social partnership’ between employers, government and trade unions. According to the UK’s Trade Union Congress (TUC) this results in a situation where:

‘access to high quality apprenticeships is a central feature of their labour market and where active industrial policies are closely integrated with skills policies’ (TUC Unionlearn Nov 2012 1)

With apprenticeship content regularly discussed by government, employer and trade union committees, German apprentices sign a contract lasting for around three years with a company licenced as a training provider, rather than merely an employer, offering a job.
More significantly, firms with more than 500 employees have a legal obligation to participate.

Commenting on the German system, Richard concludes:

‘Many experts have told me that what we need is for our apprenticeships to look more like some of our European neighbours; that my task was to prescribe a solution which involved us trying to become Germany or Switzerland... [but] I cannot recommend we adopt a system built, over generations, upon a very different economy, labour market and social partnership’ (DBIS, 2012: 15)

**The state we’re still in**

There are other features of the German social partnership arrangements that also far removed from the UK, at least in terms of the way the economy is currently organised. In Germany, despite the neo-liberal orientation of its current government, ‘social partnership’ has a strong collaborative aspect. It involves employers taking a greater social responsibility for their employees, as well as a greater commitment to the companies they work for. There are also much more clearly defined responsibilities of government towards its citizens – particularly young people. Markets, for example, are much more closely regulated with much higher levels of state involvement and financing, compared to any that *The State We’re In* (Hutton 1995) could conceivably allow.

Compared with elsewhere, the UK continues to lack anything that resembles an ‘Industrial Strategy’ – at the time of writing, plans have been announced for a National Infrastructure Commission (*Financial Times* 05/10/15), though it is not yet clear what its role, format and or scope will be. The UK is the only one of the G7 countries not to have anything akin to a national investment bank, though this is supported by the Labour Party and the TUC. At a local level, the nearest UK equivalent to social partnership may be the recently created Local Enterprise Partnerships. LEPs are essentially voluntary partnerships between local authorities and businesses to help determine local economic priorities and lead economic growth and job creation within the local area, but without any statutory powers (DBIS, 2015).

The argument here has been that the success of German apprenticeships has been part of a more interventionist approach towards the economy and the labour market. As a consequence, the German economy has – in contrast to the UK – fared much better in its ability to maintain its manufacturing base, or at least, significantly moderate the speed of ‘deindustrialisation’. Manufacturing in Germany remains at 22% of GNP, compared with 12.5% in the UK (*The Economist* 12/11/15). Even if the majority of German apprentices are now to be found in services, manufacturing still provides an anchor to the country’s apprenticeship system, continuing to deliver the high quality schemes in the most productive economic sectors.
The UK apprenticeship problem is also a UK jobs problem

Work and employment in the post-crash economy

As well as the continued decline of manufacturing employment and in the absence of a more interventionist economic strategy, other UK employment trends continue to weigh heavily against the creation of the types of apprenticeships outlined by Ofsted and in the sectors where it was considered they are needed. As TUC research shows (Press Release 15/07/13), 80% of the ‘new’ jobs created since 2010 have been low-skilled and low-paid. It may well be that skills shortages exist in certain areas, in particular the building and construction industry, but at the same time a 2014 UKCES employer survey has estimated 4.3 million workers currently have qualifications and skills more advanced than their job requires while in the same year the CIPD estimated 1 in 5 jobs need only primary education. Certainly arguments about a new ‘Post-Fordist’ workplace where workers are multi-skilled, more autonomous and need to be more enterprising have been counteracted by evidence about new forms of ‘Fordist’ employment in fast food (Schlosser, 2002), call centres (Jones, 2011) and, more recently still, by The Guardian’s (December 2015) exposure of the Draconian employment practices of Sports Direct – which, despite its notoriety, is surely not unique.

As a consequence, the increase in the UK’s GNP since the economic downturn has been as much the result of an increase in the size of a low skilled, low paid labour force as it has been any increase in skills, productivity or technological investment. In particular, employers have depended on a new ‘reserve army’ of labour from overseas, that despite generally menial employment is often highly qualified. Also, approaching 1 in 5 people are now self-employed in some form or another (ONS, 2014). Although the ratio is much lower amongst young people, this is particularly significant in sectors like building and construction and will continue to undermine any real commitment to a ‘training culture’ (UCATT, undated) in this sector, encouraging rather sub-contracting and casualisation.

The collapse of ‘middling jobs’

On the other hand and at quite another level, evidence suggests that the UK economy has also been particularly susceptible to the disappearance of ‘middling jobs’ – more generally described as the ‘hour-glass’ effect (Goos and Manning, 2002), where the ‘intermediate’ and technician level occupations with which, as argued, apprenticeships are also associated, have been ‘hollowed out’ as a result of increased automation and now the rapid development of information technologies digitising the workplace.

It is important not to exaggerate the speed of the decline of the intermediate workforce and the rate of labour substitution, particularly in an economy like the UK where the availability of cheap labour weakens pressure on employers to automate; but recent studies (Brynjolfsson and McAfee, 2014; Ford, 2015) point to developments in robotics and Artificial Intelligence (A.I.) which, it is argued, have extensive implications for employment and skills. Robotic technology is most advanced in manufacturing; even though the rate of progress has been slower in the UK than elsewhere, the increase in productivity across manufacturing was over
3% in 2014 compared to just 0.2% in the economy as a whole. As robot technology continues to advance and ‘virtual’ production increasingly fuses with the more traditional and tangible, then, even if manufacturing output continues to grow, it will not provide the same employment opportunities – the ‘youth jobs’ described earlier that were a feature of the post-war period.

Oxford researchers Carl Frey and Michael Osborne forecast that 47% of current US employment is under threat ‘perhaps over the next decade or two’, while, according to the Bank of England’s chief economist Andy Haldane (cited in The Guardian 13/11/15), A.I. could put up to a third of UK jobs at risk, with occupations in business and administration, the sector in which, as table 4 above shows, apprenticeships have expanded the most, likely to be the most vulnerable.

The great university bubble

An evolving hour glass economy would have major implications for the sort of ‘middle’ vocational track discussed above. As a consequence, it has been argued elsewhere that a good general education, involving different types of learning experience would be more appropriate for young people confronting the changes of the 21st century (Allen and Ainley, 2013; Ainley, 2016) than following a vocational specialisation or a narrow academicism. Certainly, with the types of employment changes described above, the great university ‘bubble’ with the high levels of university attendance in the UK referred to above, but without similar increases in the supply of new employment opportunities, will continue to result in the ‘underemployment’ and further ‘graduatisation’ of jobs that were previously filled by people with qualifications below degree level and for which apprenticeships might be considered appropriate but who have been bumped down to unskilled employment or into unemployment by the surplus of graduates6. As argued earlier, rather than spend money on training school leavers for expensive to operate, higher level apprenticeships, employers are able to recruit graduates unable to secure traditional graduate jobs (ONS, 2013)

Young people, education, training and employment. A new discourse is needed

This study has sought to ground a critique of apprenticeships within an analysis of changes in the labour market. From a policy perspective, this means that the discussion about the future of apprenticeships has to be a debate about economics as much as it does about education and training and this requires a much more interdisciplinary approach than has been the case so far. Despite educational opportunities being better than they’ve ever been, young people no longer make the relatively smooth transitions to employment that they once used to. For most, entering the labour market is now a prolonged and precarious affair in which leaving school is now only the start. More precisely, a new political economy of and for young people is required.

6 Despite the huge increase in tuition fees, university, at least for the moment, puts the individual further up the ‘jobs queue’ allowing them to earn considerably more – a government commissioned Lancaster University study showing men with degrees will still have earned 28% more during their working life than those without; for women, the gap equates to 52% (DBIS, 2013) compared to women without degrees.
References


Department for Business, Innovation and Skills (2015a) *Policy Paper 2010-2015 Government policy: local enterprise partnerships (LEPs) and enterprise zones*  


Department for Business, Innovation and Skills (2014b) *BIS Research Paper No 162 Employer Influence on Apprenticeships March 2014*  

Department for Business, Innovation and Skills (2014c) *Research Paper 207 Apprenticeship Pay Survey*  


Department for Education (2014) *16-19 Performance Tables*  


http://www.ons.gov.uk/ons/dcp171776_337841.pdf

https://www.gov.uk/government/publications/apprenticeships-developing-skills-for-future-prosperity


Skills Funding Agency Statistical First Release SFA/SFR 30 (Oct 2015)
Skills Funding Agency Apprenticeship Programme Starts by Sector Subject (Oct 2015b)


http://cep.lse.ac.uk/pubs/download/special/cepsp22.pdf

http://www.suttontrust.com/researcharchive/levels-of-success/

Sutton Trust (2013) Real Apprenticeships: Creating a revolution in English skills.

Trades Union Congress (2013) Four in five jobs created since June 2010 have been in low-paid industries. https://www.tuc.org.uk/economic-issues/labour-market/four-five-jobs-created-june-2010-have-been-low-paid-industries

http://ucatt.infobo.co.uk/sites/default/files/uploaded/publications/Evasion-Economy-UCATT.pdf


Unionlearn (2012) Learning and Skills Policy Update


Dr Martin Allen has published widely and written extensively about young people, education and employment. More recently he has been researching the reintroduction of apprenticeships in the UK. More information on this and other material is available at www.radicaledbks.com

He has taught in secondary, post-16 and higher education and was an active in the National Union of Teachers at national and local level for many years.