

Notes for OECD / G20 Meeting on Apprenticeship 19th April 2014-04-03

Hilary Steedman

Centre for Economic Performance

London School of Economics and Political Science

h.steedman@lse.ac.uk

Apprenticeship is increasingly recognised as a pathway to decent work, occupational skills and personal and societal well-being as witnessed by a wide variety of studies carried out under the aegis of the ILO. At a time when growth through higher productivity and jobs for young people dominate the political and social agenda, the benefits of apprenticeship are appreciated now more than ever. Apprenticeship now commands almost universal political support in Europe and beyond.

Outside the magic circle of the Dual System countries, many governments, including the UK Coalition are committed to supporting and strengthening apprenticeship to increase national prosperity and secure the working futures of young people.

I would like to use my ten minutes here to identify 3 of the most difficult challenges facing countries that seek to build strong and effective apprenticeship. To do this, I will take my examples from the experience of the UK.

Looking back and looking forward over the development of apprenticeship in the UK the evolution of apprenticeship policy can best be viewed as a journey of which the final destination is still some way away. The policies of successive governments have veered between two apparently irreconcilable aims - high quality apprenticeship for cutting-edge industry and business and successful transition to the labour market for low-achieving school leavers.

It is easy to criticise, much harder to establish a workable model of apprenticeship that satisfies all parties and interests. To function, apprenticeship requires a delicate balancing of costs and benefits to all three parties, employers, apprentices and government. This equilibrium is hard to achieve. Inevitably, it is vulnerable to factors outside the control of all three parties, namely economic recession and social, institutional and demographic pressures.

In the UK, the equilibrium has been difficult to achieve. Not enough employers offer apprenticeships. Too many young people are chasing after the places. This is the first challenge. Frequently the young people that employers want to recruit are not the ones applying. Instead they are enrolling in ever-increasing numbers on university courses. Symptomatic of this is the website www.notgoingtouni.co.uk sponsored by leading employers which seeks to attract well-qualified candidates to high quality apprenticeships. Attracting high quality candidates to apprenticeship is the second challenge.

Putting employers in control of the quality agenda and improving transparency is the third challenge. Currently, government funding designed to contribute to the costs of transferable training never reaches employers but is diverted to training providers who also control the quality agenda.

These then, are the most urgent issues that the government needs to address in order to maximise the benefits that apprenticeship can generate.

- The marginalisation of employers and not enough involvement in apprenticeship
- The ‘pull’ of the HE sector attracting young people with good school achievements away from high quality apprenticeship routes
- Apprenticeship not producing enough high quality skills

In the government’s response, quality and employer involvement are viewed as complementary and inter-dependent.

Government policy therefore aims to empower employers to take greater responsibility for managing apprenticeship and in particular the quality agenda. Employers will

- determine the skills they want apprenticeship to develop and help assess the outcomes
- co-invest with government in the costs of apprenticeship training

This should ensure that employers have a real stake in quality training.

Government funding for apprenticeship will be used more selectively to encourage employers to offer more high quality apprenticeships in areas crucial to economic growth.

On the supply side,

All apprenticeships will offer a clear route through to full or part-time study in higher education, starting with traineeships for those with only modest school achievements. This should reassure bright students that the option of higher education will be open to them if they take an apprenticeship. Equally important, young people with modest school achievements are offered a route through to high quality apprenticeship provided they are willing to invest the necessary time and hard work.

Schools are responsible for providing Careers Guidance and in particular information on apprenticeships. Most are singularly ill-prepared to carry out these tasks and this failure has persisted over a long period. An innovative way of providing this type of guidance is currently under discussion. At present, all 17 and 18 year olds seeking a university place must inform themselves and be informed by the school of the courses and universities which they might realistically aim for. They complete an application form that is sent to a central clearing office and receive an offer of a university place. The proposal is to offer the same facility - guidance followed by a formal application for a specific type of apprenticeship or full-time vocational course to those not wanting to apply to university which would then be dealt with by a central clearing house or series of regional clearing houses. This would force schools to become as informed about vocational options and the prospects they offer as they are about university access.

These innovations, now under discussion or underway in England should help to rebalance the interests of employers, apprentices and government in apprenticeship. Higher quality training is in the interests of all three sets of stakeholders. When the benefits have become clear both to employers and young people both the demand from employers and the supply of young people should increase.

