

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

**Research and comment on
Apprenticeships at the start of the
21 st Century**

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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 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 for 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, was continued by the Conservatives with David Cameron promising a further 3 million by 2020. This should be considered 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 increasingly ‘overqualified and underemployed’ (Ainley and Allen, 2010) and where, according to one survey, 60% reported the jobs they were in did not require the level of post-compulsory education that they had undergone¹

It is almost thirty years since Dan Finn described the 1980s Youth Training Schemes being rolled out in the UK as *Training Without Jobs* (1987). This study adopts a similar critical approach. The first part argues that the reinvention of apprenticeships has neither provided a real alternative for young people, nor upgraded skills. Instead, it has represented *Another Great Training Robbery* where apprenticeships continue to be low-grade and dead end and with older workers, many of whom are existing employees benefitting as much as young people trying to enter the labour market. Growing concern about the quality of apprenticeships has resulted in much greater intervention by government, standards being rewritten, greater direct employer involvement over training, and, most controversially a compulsory levy on large employers being introduced ..

The second part assesses the performance of apprenticeships in a much wider context. Firstly, it contrasts the UK system with that in Germany – considered to be one that the UK should try and emulate. But in the context of a changing labour market, it also provides a more general critique; arguing that changes in the occupational structure will continue to result in the decline of many of the occupations and the economic sectors with which apprenticeships have been associated.

Central to this has been the decline of manufacturing employment a sector that provided many of the ‘youth jobs’ of the post-war period, but it is also the case that the new service economy has failed to produce the reliable and secure employment opportunities that it once did, let alone high quality apprenticeship opportunities. In short assumptions about the continued growth of apprenticeships are based on conditions that no longer exist.

¹ <http://www.cipd.co.uk/publicpolicy/policy-reports/alternative-pathways-labour-market.aspx>

Chapter One

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 and the failure of ‘youth training’ had contributed to increased staying on rates in school or at college. Young people voted with their feet, remaining in the

‘new sixth form’ many ended up on the full-time vocational education courses. described later but participation in higher education also increased. The preference for staying in full-time education has been further accentuated by new legislation coming into effect in 2013 so that all 16-17 year olds in England and all 16-18 year olds from 2015, remained in some form of education and training. In consequence employers have become increasingly reluctant to recruit young people until they have completed their general education (McGurk & Allen 2016)

Nevertheless the reinvention of apprenticeships was, at a time when across OECD countries there has been a growing preference by young people for extending their full -time education but also, in the case of UK, attending university, But the new apprentices however, were justified as a response to a crisis of intermediate /technician level skills.

Britain has serious skills shortages and skills gaps at the skilled crafts, technician and associate professional level. These shortages have consequences for the economy as a whole. (Steadman, Gospel & Ryan 1998)

Reintroducing workplace based apprenticeships particularly in sectors where there had been no apprenticeship tradition –Modern Apprenticeships (‘modern’ has now been dropped apart from in Scotland) grew most quickly in business and administration, could 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, published plans for a new Higher Level apprenticeship. In 2015 the new Conservative government also announced its intention to introduce a Degree Level scheme, though the details of these are still emerging.

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.
- Include training to Level 3 in maths and English

There were also other major differences between the new and the previous apprenticeships. Faced with an increasingly fragmented system, a National Apprenticeship Service (NAS) was established by Labour 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 made a major contribution towards training costs. All training costs for apprentices under 19 would be 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.

The NAS however remained a relatively small coordinating organisation for an extraordinary and complex network of other organisations involved in the design, promotion, delivery, assessing and quality- assuring of apprenticeships (McGurk & Allen 2016). In many respects its main function being to match prospective employers with apprenticeship applicants and as will be evident it compared very unfavourably with its European counterparts.

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 were also able to 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 ‘casualization’ (Unionlearn 2012) with ATAs seen as operating in the same way as employment agencies. Training providers continued to be criticised for driving apprenticeships at the expense of employers and for maximizing their short term gains (Wolf 2015). As will be also explained 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, so creating a more dynamic and less bureaucratic system

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

| | |
|---------|---------|
| 2010/11 | 457,200 |
| 2011/12 | 520,600 |
| 2012/13 | 510,200 |
| 2013/14 | 440,400 |
| 2014/15 | 492,700 |

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

While focussing on the number of starts, rather than on the amount of annual completions², may be a better way of assessing the progress of apprenticeships, this still provides only a very limited assessment of their overall success. In addition, 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

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

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 of enrolments by adult workers (those over 25) who, as the data in table 3 indicates, have

² 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.

continued to be the largest group - Fuller & Unwin (2016) have describe the way in which current employees are enrolled as apprenticeships as 'conversions' process

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 applicants per vacancy 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'.

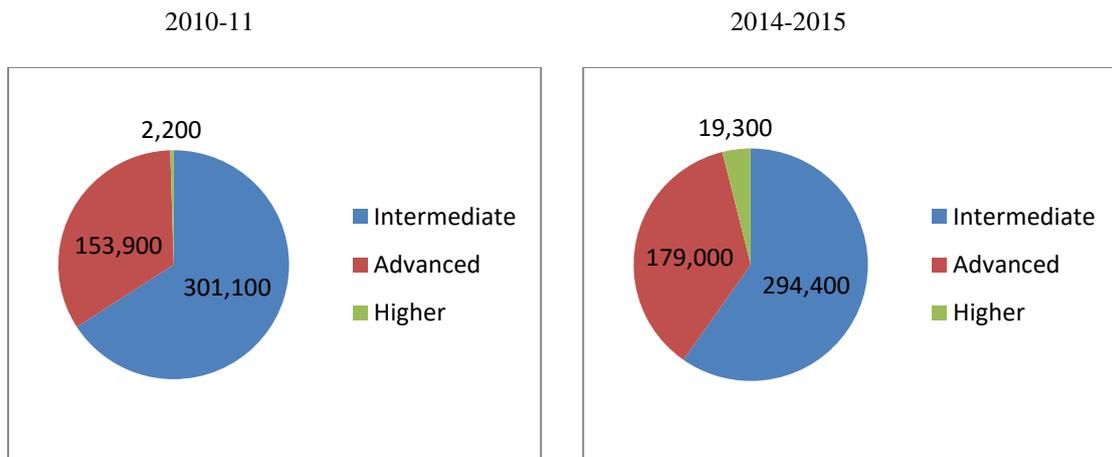
The shortage of new apprenticeship opportunities for young people led to the then-Skills Minister, Mathew Hancock, conceding that 'with each online position attracting an average of 12 applications demand continues to outstrip supply' (*The Guardian* 05/02/14), as he urged more employers to increase 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.

Chart 1 Apprenticeship starts by Level



Source *Skills Funding Agency Statistical First Release SFA/SFR30.*

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. Of the 19,300 starts during 2014/15 though there were just 1,000 by those under 19 and 15,000 by those 25 or over.

Chapter Two

Another 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 ‘guided 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)

The National Audit Office (2016) also observed that ‘one in three Level 2 and Level 3 apprentices claimed to be unaware that the training they undertook constituted an apprenticeship, And one in five reported that they had not received any formal training at all’ (15)

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, but with large numbers of ‘oven ready’ potential recruits leaving university every year, it is not clear why employers would want to spend the considerable amount of money required to finance a Higher Level scheme or one of the new Degree level apprenticeships that are being proposed. At best, the jury is out on the Higher Level apprenticeship. An increasing number of leading companies may offer them but not in the sufficient number that would be required to constitute a real alternative.

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 male³. 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. The final section will examine the changes in the composition of the workforce in more detail.

Table 3 Distribution of Apprenticeships according to sector

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

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)

³ SFA spreadsheet *Apprenticeship starts by Equality and Diversity* (Nov 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.’

Apprenticeships after the 2015 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 and in endorsing most of his proposals, 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)

Trailblazer Apprenticeships

This paved pave way for the new Trailblazer apprenticeships proposed by government also 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)

The Trailblazers were designed to put employers in the driving seat with the new ‘standards’ being directly designed by groups of employers in each sector. As will be discussed later,

they also allowed individual employers greater autonomy over the types but also the sources of training

There were 300 starts on the new standards for the academic year 2014/15 but another 3800 in 2015/16 (SFA/SFR 35) Over 140 standards were ready for delivery by July 2015, with a further 220 in development, the aim being that by 2017/18 all new apprentices will follow the new schemes. Particularly significant was the development of degree and even post-degree standards as routes into established professions. In October 2016 consultation began on whether to develop an apprenticeship route for teaching ready for September 2017. The scheme would be managed by a group of schools and if it did become established would be in competition with the school-based routes established through, although not directly run by the Department for Education -for example, School Direct and Teach First. An apprenticeship route into teaching would arise huge issues for current training providers like Higher Education institutions as well as about the continued role of the Department in accreditation.

The 2015 Welfare and Work Act (2015) also required government to make an annual report to Parliament on progress. A new (business led) body, the 'Institute for Apprenticeships' was also announced to oversee and uphold standards -even if at present, there are limited details of proposed structure exact details or about how it actually will work. 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 post-election target. Nevertheless, despite being highly critical of apprenticeships, 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).

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 and that it should not be assumed that they would necessarily welcome it. 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) for example, 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.'

While the DBIS research showed only 15% of its sample wanted more influence over the training it also showed that a large majority of SMEs 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).

Apprenticeship funding takes a new direction

The most significant development around apprenticeships in recent months however, has been the proposed changes in apprenticeship funding. In his first post-election budget, Chancellor George Osborne, responding to concerns about inadequate levels of total funding available --Wolf (2015). 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' --published plans for a compulsory levy on larger employers. Osborne also announced that in response to concerns from employers about the increase in paper work 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. Non levy payers (in other words, small employers) will continue to be eligible for government subsidies vis a vis training costs.

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 would be 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 would raise nearly £3 billion, potentially doubling apprenticeship funding. It will however only be paid by a very small proportion of employers – around 2%. There was also a commitment from the Chancellor, that those who contributed would be able to receive more than they paid in – in other words there would continue to be an element of government subsidy. But, the future of the employer levy looked particularly shaky with the manufacturers organisation EEF reporting that just 1% of its members supported the levy in its present form and 72% of firms thinking it should be delayed until at least September 2017 or until business and Government considered it was 'fit for purpose' (*Parliament Today* 04/05/16). The CIPD also continued to warn against its effects, claiming that two thirds of employers are either opposed to or in the dark about it. CIPD also warned

the levy is a ‘blunt instrument’ to tackle workplace skills with only 1 in 4 employers currently plan to use levy funding to invest in apprenticeships (CIPD Press Release 17/06/16).

Despite calls from employer representatives for at least a delay, new Prime Minister Theresa May has decided to go ahead with its implementation from April 2017⁴. Levy paying employers will receive an amount that corresponds to their payment in their digital account but, as promised and as noted earlier will also receive a 10% ‘top up’. Small and medium sized employers who remain exempt, will have 90% of their training costs by the state. Extra support –worth £2000 per trainee –will be available to all employers who take on 16-18 year olds.

Apprenticeships and the public sector

Rather surprisingly, considering that one of the targets of David Cameron and George Osborne had been to reduce its significance, the public sector was ordered to play a key role in helping meet the 3 million target, by acting as a model for apprenticeship employment- with all public sector organisations -from the Armed Forces, to emergency services, schools and government agencies -that were employing more than 250 people told to employ apprenticeships at a level that equalled 2.3% of the workforce. This would produce around 486,000 more apprentices, or an additional 97,000 a year –the employer levy would also apply to many public sector organisations. The government set about consulting on this in January 2016 with the target due to become a statutory requirement in 2016.

Apprenticeships become part of a Post-16 Skills Plan

Finally, the week before David Cameron’s departure as prime minister, the DfE and BIS published the Post-16 Skills Plan (DfE/BIS 2016) based on proposals contained in the *Sainsbury Review* set up by the Skills Minister Nick Boles in 2015⁵. and including Alison Wolf on its advisory panel. The Plan set out 15 routes into different employment sectors. In each, a new ‘middle’ colleges based Technical route is being designed to run parallel to an Apprenticeship route. ‘Both are equally valid preparation for skilled employment.... and it will be possible to move from one to another’ (DfE/BIS 2016 17/23) with 4 of the 15 routes ‘primarily delivered through apprenticeships’ It proposed that both of these routes would, in future, be under the control of a revamped ‘Institute of Apprenticeships’

‘The Institute, once established, will convene panels of professionals for each route to advise on the knowledge, skills and behaviours that individuals will need to meet the standards in each route, and on suitable assessment strategies for college-based learning.....though we anticipate that employer groups will continue to lead on the design of standards and assessment plans’. (DfE/BIS 2016 21)

⁴ <https://www.gov.uk/government/publications/apprenticeship-levy-how-it-will-work/apprenticeship-levy-how-it-will-work>

⁵ <https://www.gov.uk/government/news/technical-and-professional-education-revolution-continues>

This is a significant development. As should be evident from what has been written so far, classroom centred vocational education and employment based industrial training have remained largely separate from one another - but from now on, the Plan identifies a 20% common core 'including English and maths requirements and digital skills' (DfE/BIS 24).

There is a danger of continued misunderstanding however, not just from government, but across the political spectrum⁶, maybe even within sections of the education service, about the relationship between a technical and an apprenticeship pathway. Unlike an expanded technical route which is largely dependent on creating additional college provision, expanding apprenticeships requires more employers willing to create the additional jobs apprenticeships are part of: and also to pay their wages! The final section addresses apprenticeship provision in the context of ongoing changes in the nature of the occupational structure. Changes that while being global have been particularly significant in the UK.

Apprenticeship participation and starts one year after the election

In October 2016, Skills Funding Agency data* was published for the period from August 2015 to August 2016. Allowing us to assess progress towards government targets.

- The were 904,800 funded apprenticeships in operation – the highest ever but 517,700 of these were only at Intermediate Level, with only 202,200 apprentices being under 19.
- There were 503,700 apprenticeship starts, marginally up on those for 2014/15 (see table 1 p 6) but only 130,400 of these were by Under 19 year olds. 288,600 of these were at Intermediate Level, 188,400 Advanced and 26,800 Higher Level 9only 1,700 of these by Under 19 year olds.

The largest number of starts continued to be in

| | |
|-----------------------|---------|
| o Business & Admin | 141,650 |
| o Health & Care | 131,440 |
| o Retail | 84, 410 |
| o Engineering & Manuf | 76, 690 |
| o Construction | 21, 130 |

These figures represent a continuation of current trends rather than any new direction. It's possible that the 3 million new starts might be achieved but that more than 60% of these will have been at Intermediate Level with the majority of these being adult/ existing workers.

*SFA/SFR 35 Table 20/21.

⁶ For example, *Labour's Policy Forum* report for 2016 (p17) naively refers to apprenticeships as 'courses' many of which don't start till 25 and 'which can be too long to wait for some young people'

Chapter Three

Apprenticeship failure – a bigger picture and a wider context

‘We are not making any progress... and I don’t understand why... There was a very clear and really quite promising reform programme and it just seems to have run into the sand’ (Baroness Wolf *TES* 10/06/2016)

The final chapter examines the wider context to the failure of apprenticeships. It assesses the German system of industrial training which is often seen as one which the UK should seek to emulate. But it also looks at wider changes in the economy, the occupational structure and the effects of these on the ability of young people to make a smooth transition to adulthood

Why can’t we ‘do it like the Germans’?

The success of the German apprenticeship system has continued to be admired internationally.⁷ 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 at the moment, 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

⁷ 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).

direct route into the workplace providing a ‘licence to practice’ many occupations. 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 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)⁸. 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)⁹, 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).

The Coalition and now the new Conservative government 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 have qualified as one of the new Tech Level qualifications and count towards the TechBacc (Technical Baccalaureate) performance measure. To achieve the TechBacc, students needed 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 in their particular organisations, rather than the longer term educational needs of young people and to lack the integrated approach of the

⁸ Goethe Institute www.goethe.de/wis/bko/en3610188.htm

⁹ 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.

German model. As a National Audit Office (2016: 15) report on whether apprenticeships are providing value for money notes, 'there could be as many as 1,600 standards by 2020' and 'large number of narrow and overlapping standards which may restrict the the extent to which apprentices gain transferrable skills' (14) .

Despite the publication of a new Post-16 Skills Plan, neither is there any 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 section - colleges will need to develop a much more aggressive marketing strategy or operate through consortiums to win contracts with employers

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)

While the apprenticeship employer levy would represent a step towards the German model, it is also the case that the new Trailblazer standards will further fragment rather than unify the UK apprenticeship system and take it further way from its German counterpart increasing the autonomy of individual employers over how they spend their training money and on what sort of training they favour also increases the significance of the market rather than the plan.

The state we're still in

There are other broader 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 with 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). LEPs sit uneasily with the UK's increasingly unplanned and unregulated labour market.

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 apprenticeship problem is also a jobs problem

Not enjoying the advantages of a strong German-like institutional structure, makes UK apprenticeships more susceptible to some of the wider labour market and occupational changes of the 21st century¹⁰ and which now affect all advanced economies, if to varying degrees. Some of the major changes are summarised below. The remainder of the chapter will argue, that it is these, as much as anything else, that are likely to continue to undermine the success of apprenticeships.

Deindustrialisation

¹⁰ See the E book *Hard Labour: Young people moving into work in difficult times* –downloadable at www.radicalbks.com for a more detailed analysis.

As already noted, apprenticeships in the UK were previously associated with manufacturing – and the importance of manufacturing as an employer of young people in particular, in post-war Britain, should never be underestimated: with the high demand for all types of manual labour drawing in one third of all school leavers (Mizen 2004, 51). The employment structure of the post war period, was very different to the one that exists now with more than 8 million people employed in manufacturing during the 1960s. It is certainly the case that the process of ‘deindustrialisation’ has been more acute and taken place more quickly than elsewhere, particularly Germany.

Between 1975 and 1991 for example, the number of apprentices fell from 290 000 to 45 000, a period saw a further, marked decline in the manufacturing sector while during Mrs Thatcher’s first term of office, almost one in four manufacturing jobs disappeared, while in the years between 1981 and 2001, a period when the City boomed and the housing market „bubbled“, two million of these jobs were lost with a further one million disappearing in the 2008-9 recession.

Critics have also linked the deindustrialisation of the UK economy to the growing influence of finance capital over the exchange rate, while recent commentaries have focussed on the way in which the more general ‘globalisation’ of production has increased the level of outsourcing to new centres such as China and India – where workers are “cheaper, more abundant and receive fewer labour rights” (Turner 2008, 10) and resulting in what economists refer to as a loss of ‘comparative advantage’

On the other hand, the UK is still the 11th largest manufacturing nation in the world. And overall, despite representing a declining proportion of GNP (an inevitable feature of all of the world’s leading economies) according to a recent report from the Office for National Statistics (ONS)¹¹ the UK’s industrial sector has continued to increase by 1.4% a year since 1948. The fact that manufacturing now accounts for just 8% of the workforce in Q1 2014, compared with 22% in Q1 1982 is also the consequence of productivity growth and the way that manufacturing has benefitted from advancements in technology in a way that service sectors have not – resulting most notably a shift in production from low to high productivity goods; improvements in automation and ICT; increased investment in R&D. The UK car industry provides an interesting case study. While the total annual vehicle output was just over 1.5 million in 2014, compared with a 1.9 million 50 years earlier in 1974, at just under 150 000 the industry was employing barely a third of what it did in 1974 (House of Commons Library Oct 2015) the Nissan plant in Sunderland, producing 1 in 3 of all cars but with a workforce of just over 7000 with a further 28 000 in the supply chain, mostly in the North East (*Observer* 30/10/16)

Productivity in UK manufacturing, for example, has been 2.3% per year between 1980 and 2009¹², compared with 0.7% per year for the UK as a whole, while the increase in productivity across manufacturing was over 3% in 2014 compared to just 0.2% in the

¹¹ <http://researchbriefings.files.parliament.uk/documents/SN01942/SN01942.pdf>

¹² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/255923/13-810-future-manufacturing-summary-report.pdf

economy as a whole. today, the overwhelming majority of manufacturing employers still continue to offer apprenticeships, while the majority of those who currently don't, have indicated that they plan to offer them in the future.

The continued significance of apprenticeships in manufacturing is also clear from Table 4 above. According to the *Parliament Today* (12/08/16) website also, 79% of manufacturing employers planned to recruit an engineering apprentice in the next 12 months.

‘Apprenticeships in the sector are high quality, typically lasting up to four years, from intermediate to degree level and in almost all cases leading to permanent employment’ ONS statistics report that almost 1 in 12 of all graduates worked in manufacturing in 2013¹³

After Henry Ford invented the assembly line, the construction of automobiles, cars and trucks remained unchanged throughout most of the 20th century, but from the 1980s, however, the process underwent another dramatic change: the introduction of robots to perform jobs once reserved for humans. According to A Price Waterhouse report ‘industrial robots are on the verge of revolutionizing manufacturing. As they become smarter, faster and cheaper, they’re being called upon to do more. They’re taking on more “human” capabilities and traits such as sensing, dexterity, memory and trainability’ The survey reports 59% of manufacturing employers in the US already using some sort of robotics technology¹⁴.

While the precise consequences cannot be predicted, robotic technology is most advanced in manufacturing; even if the rate of progress has been slower in the UK than elsewhere. As technological progress continues and new ‘virtual’ production increasingly fuses with the more traditional and tangible, then, if rebuilding manufacturing is going to be part of an alternative economic strategy (see Meacher 2013, Fisher 2014 and in particular, Corbyn 2015) ¹⁵ and if government critics are right to identify a chronic lack of investment, it is also unlikely to be able generate the same employment opportunities – certainly not the large number of ‘youth jobs’ that were a feature of the post-war period.

More ‘Lousy Jobs’ than ‘Lovely Jobs’ Employment in the new service sector.

As much as the shedding of manufacturing jobs, it has been the failure of the service sector – which now constitutes almost 80% of the economy –to provide reliable, skilled, secure and well paid employment opportunities for young people that is as much the reason for the predominance of low skill, low level apprenticeships. It had been argued that new types of ‘knowledge work’ – growing professional and managerial employment would not only compensate for the decline in manufacturing employment but would also provide opportunities for those entering higher education and for new Higher Level apprenticeships referred to earlier. According to US management guru Peter Drucker (1993) for example, occupations in the 21st century will require ‘thinking’ and ‘problem solving’ where workers are multi-skilled, more autonomous and because they are *Living on Thin Air* (Leadbeater 2000)

¹³<http://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/graduatesintheuklabourmarket/2013-11-19>

¹⁴ <http://www.pwc.com/us/en/industrial-products/publications/next-manufacturing-robotics.html>

¹⁵ <http://www.bbc.co.uk/news/uk-politics-36972038>

But on the contrary, there are just as many examples of new Draconian employment practices at the lower end of service employment. In fast food (Schlosser, 2002), in call centres (Jones, 2011) while, *The Guardian's* (December 2015) exposure of *Sports Direct* – despite its notoriety, is surely not unique. Unlike the post-war years however, many of these new workers do not have the security of their factory floor predecessors which was often the result of the presence of strong trade unions – particularly in industries like automobiles. 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 but also a casually employed workforce as it has been any increase in skills, productivity or technological investment. In particular, employers have depended on a new 'reserve army' of labour, particularly from parts of the EU. If it has helped in crease output, it has also contributed to wages staying low.

TUC research shows (*Press Release* 15/07/13), 80% of the 'new' jobs created since 2010 have been low-skilled low-paid and insecure. As TUC General Secretary, Francis O'Grady, told *The Guardian* (5/9/2014), 'The economy is very good at creating low-paid jobs but not the well-paid ones that workers really need. Worryingly, the growth of low paid jobs is as much a feature of the recovery as it was the recession.' The TUC evidence showed that only 1 in 40 post-recession jobs has been full-time, with full-time employment now representing only 62% of total employment, down from 64% in 2008, despite 1.3 million part-time workers preferring but unable to gain full-time work – double that before the recession.

Between December 2010 and December 2012 also, the number of temporary workers increased by 89,000 to reach 1,650,000 – nearly half (46%) of the total jobs increase. The number of people doing involuntary temporary work - people doing temporary jobs because they couldn't find permanent work – has been growing sharply for a number of years. In 2005, the number of involuntary temporary workers (263,298) was broadly similar to the number of 'voluntary' temp workers who didn't want a permanent job (243,703). However, by the end of 2012 the number of involuntary temporary workers had more than doubled to 655,000..

The growth of jobs in low paid, low skilled, labour intensive, low productive services is also reflected in ONS figures. According to its August 2014 *Labour Bulletin*, of the 1.1 million increase in jobs in the year to March 2014, only 189,000 have been in the 'professional, scientific and technical' high wage and high productivity category. Thus, it is the low-paid sectors of the economy where employment has really continued to expand. In a separate analysis¹⁷ the TUC estimated that between 2008 and 2013 325 000 jobs in manufacturing had been lost, emphasising that the period since the downturn was continuing to reshape the British economy.

The recent upturn in the economy has resulted according to one commentator in a return to 'full employment'¹⁶ but at a lower wage rate and with little evidence that the general pattern of job creation has changed. More generally then and according to Goos & Manning (2003) if there has been the creation of some new (professional) 'lovely jobs' at the top, there has

¹⁶ Paul Ormerod City AM 31/08/16 <http://www.cityam.com/248446/jeremy-corbyn-completely-out-touch-real-debate-uk-austerity>

been a huge growth in ‘lousy jobs’ at the bottom. The largest occupational growth in absolute numbers, has been in care assistants and attendants but also in hospital ward auxiliaries and hotel porters. These trends limit the growth of apprenticeships unless they remain at Level 2 – which in the low paid sectors of the service economy, as the data shows, many continue to be.

Disappearing ‘middling jobs’

It has also been argued that much of the new professional work is not professional at all and instead constitutes ‘para professional’ employment where professional work has become bite sized, broken down into more specialist and more repetitive tasks (Allen & Ainley 2013). The huge increase in the supply of graduates may mean that in many cases, having a degree is necessary to secure this sort of work, but as will be clear later, it doesn’t mean that graduate skills are necessary to be able to do it, or that employers are incentivised to recruit Higher Level apprentices.

Other evidence suggests also 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 increasingly, 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. While it is important not to exaggerate the speed of the decline of the intermediate workforce and the rate of labour substitution, 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 the skills of ‘middle workers’ compared with many low-skilled low paid employers who are relatively expensive to replace with new technology.

Oxford researchers Carl Frey and Michael Osborne forecast that 47% of current US employment is under threat ‘perhaps over the next decade or two’ and now even the Bank of England’s chief economist Andy Haldane (cited in *The Guardian* 13/11/15), forecasts that artificial intelligence (AI) could put up to a third of UK jobs at risk, with occupations in business and administration, the sector in which, as shown, apprenticeships have expanded the most, likely to be the most vulnerable. Nowhere is this clearer than in the banking industry where the continued expansion of on-line banking, a huge advantage to the customer has led to the closure of branches and the laying-off of staff. Barclays envisage requiring 40,000 fewer staff – a reduction of some 27% (*The Guardian* 22/10/14). The Lloyds Banking Group also announced similar staff cuts. More generally, accountancy is taking a similar course with computer packages allowing individuals to file their own tax returns while keeping their own records.

In some respects this is a continuation of a trend previously identified by Harry Braverman (1974) who described the effects of what should now be recognised as the first wave of technological change occasioned by computing; particularly affecting those jobs associated with data-processing. Braverman described how these developments led to the deskilling of

established clerical occupations like book-keeping, which, he argued was now becoming a ‘mechanical operation’ (Braverman 338). But now in the *Second Machine Age*, the deskilling of clerical and administrative work has turned into widespread job destruction.

A self-employed society?

The UK is becoming Europe’s ‘self-employment capital’. According to the IPPR (Press Release 14/8/14), growth in self-employment in the UK has been the fastest of all EU countries, with the proportion of self-employed workers rising by almost a whole percentage point. IPPR said that, whilst the UK previously had internationally low levels of self-employment for many years, it has now caught up with the EU average. Self-employment has proven to be a key driver of overall job creation as the working-age employment rate has reached historically high levels. The ONS 2014 *Self Employment in the UK*¹⁷ recorded a total of 4.6 million self-employed workers, around 15% of the workforce, with an additional 356,000 people who were self-employed as a second job. This figure can be compared with 1975 when only 8.7% of the workforce (1.9 million people) was self-employed.

The growth of self-employment concurs with the ideas about not only the growth of knowledge work but also the increase in autonomy and freedom that self-employment enables. According to the ONS, in the five years to 2014 the number of self-employed managers, and senior officials more than doubled to almost 240,000. Representing over 68,000 freelancers and consultants, the Association of Independent Professionals and the Self-Employed (ISPE) acts as a lobbying body arguing that ‘flexibility in the labour market is crucial to Britain’s economic success...part of what makes independent professionals so crucial to UK business is their different operating model. They are not employees and they are, typically, not employers. They provide flexible expertise to their clients on an ad hoc basis, helping those businesses to manage risk and to grow’¹⁸ This sort of self-employed society will its argued, more likely fuel demand for higher education rather than employer instigated apprenticeships.

But it is a very different type of self-employment that dominates sectors like building and construction and which is what really undermines any real commitment to the sort of a ‘training culture’ (McGurk & Allen 2016) necessary to generate new apprenticeships. The new self –employment also reflects the growth of *unregulated* labour markets which undermine an apprenticeship culture still further - at a time when unemployment fell to its lowest level for over a decade, approaching 1 in 6 people were recorded as self-employed in some form or another while almost 9 in 10 new UK jobs created in the second quarter of 2016 were in this category (*Guardian* 21/07/16).

As is also clear from the growing army of delivery workers and taxi drivers, developments in what is referred to as the ‘gig’ economy, that much of the new self-employment is takes place in an ad hoc manner, or, even worse, is imposed, rather than chosen, with workers forced to

¹⁷ <http://www.ons.gov.uk/ons/rel/lmac/self-employed-workers-in-the-uk/2014/rep-self-employed-workers-in-the-uk-2014.html>

¹⁸ <https://www.ipse.co.uk/policy>

sign away holiday and sickness benefits as well as entitlements to the new £7.20 - and rising to £9 hourly 'living wage'. The court victory won by two Uber drivers, while hugely significant will not eliminate these practices.

The great university bubble

A further hindrance to the development of an apprenticeship culture across UK society is continued mass participation in higher education – something which has been noted throughout this study and which has resulted in a huge increase in the supply of graduate labour available and the 'gradification' rather than the technical upgrading of more and more jobs. In other words, as well as the decline in the skill level requirements of many jobs, there has also been a rapid increase in the number of those people now 'overqualified and under employed' (Allen & Ainley 2013). - with a 2016 UKCES employer survey estimating there could be as many as two million workers currently 'underutilised'.

According to CIPD research¹⁹, half of new graduates are occupying jobs that were once occupied by non-graduates. This is not because of the increased technical sophistication or that these jobs are becoming more demanding. On the contrary and after a study of 29 occupations the CIPD reports the widespread under-utilisation of graduate skills and capabilities – with graduates making up a third of new post-office, bank clerks and teaching assistants and 41% of new police officers (at sergeant and below).

Of course, it is still the case that graduates earn more than non-graduates, something referred to as the 'graduate premium', but rather than being a reflection of the increased skill level of graduates, it's also because graduates moving into non-graduate jobs also pushes those who used to fill these jobs into lesser paid employment.

The implications of all this are that employers who are able to recruit from a growing pool of graduates for technician level employment are unlikely to want to spend money training non-graduates and particularly not on Higher Level apprenticeships. and as a result, this further accentuates demand for university places despite the rising cost to those who choose this route.

¹⁹ http://www.cipd.co.uk/binaries/alternative-pathways-into-the-labour-market_2016.pdf

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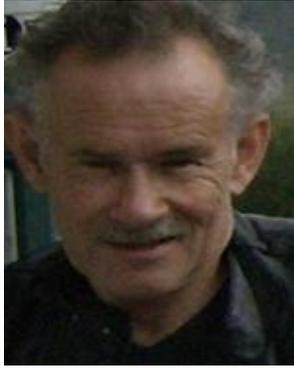
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