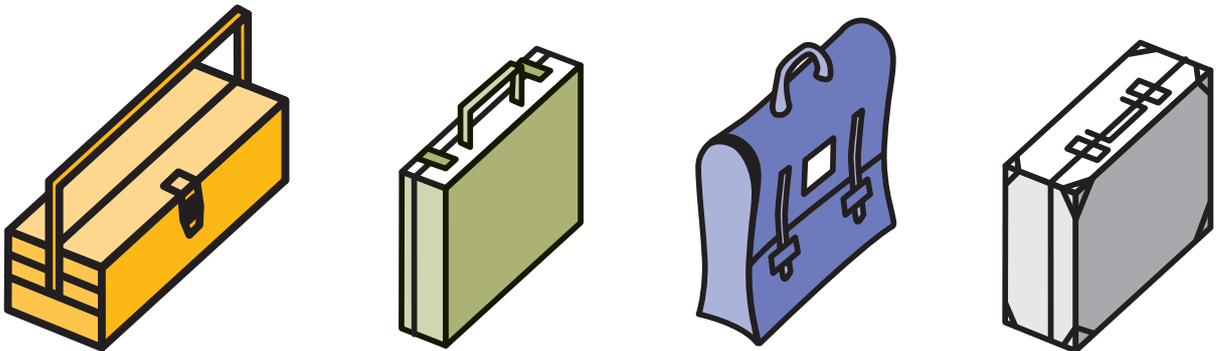


Howard Gospel and Jim Foreman look at four examples of employer-led industrial training that are working well and argue that such initiatives need more initial help from government.



Good practice needs a helping hand

In the German-speaking parts of Europe, employers' organisations and chambers of commerce are a fundamental part of the industrial training system. Employer participation in training provision also exists in a dynamic, but more informal, form in Italian industrial districts. Further afield, it is a growing part of training in Australia.

In Britain, the coverage of collective training is uneven and many of the organisations are fragile. However, it is more

prevalent than is sometimes thought and can be of high quality. There is now some renewed policy interest in promoting it.

Table 1 shows that the largest providers of intermediate training in terms of numbers are private training companies, Further Education colleges and employer groups (constituting respectively 29%, 18.5% and 13.9% of the total). The Table shows that, on average, multi-employer bodies train

Table 1. Training providers in England, as inspected by TSC/ALI

Type	N	% of all providers	Trainees N	% of all trainees	Average size
Single employers	233	17	12129	4.8	52
Employer group training organisations					
Group training associations	117	8.6	26184	10.4	224
Chambers of commerce	23	1.6	6586	2.6	286
Employer organizations	11	0.8	2266	0.9	206
Industry training boards	2	0.2	8081	3.2	4040
TEC direct contract units	26	1.9	8559	3.4	329
Employer groups (other)	11	0.8	6976	2.7	634
FE colleges	253	18.5	48042	19.1	190
Local authorities	115	8.4	14573	5.8	127
Charities / Not-for-profit	96	7.0	15520	6.2	162
Private training companies	397	29.0	96817	38.5	244
Other / unidentified	84	6.1	5823	2.3	69
All training providers	1368	100	251556	100	184
All employer group training providers	190	13.9	58652	23.3	309

Source: TSC/ALI database, c.June 2001. Tables 1, 2 and 3 are based on different lists, with slightly different total numbers of providers.

Table 2. Trainees in Employer Group Training Organisations (EGTOs) in England by industry, expressed as %

	Advanced Modern Apprenticeships			Foundation Modern Apprenticeships			'Other training'		
	All providers	EGTOs	%	All providers	EGTOs	%	All providers	EGTOs	%
Agriculture	1212	29	2.4	2521	81	3.1	3116	44	1.4
Business administration	14361	1970	13.7	14111	1766	12.5	6197	725	11.7
Construction	11437	5516	48.2	5199	368	7.1	4484	663	14.8
Engineering	30906	14318	46.3	7600	1922	25.3	5741	1499	26.1
Hair and beauty	5251	297	5.7	7695	434	5.6	1383	71	5.1
Health, care	8667	432	5.0	7021	295	4.2	4720	409	8.7
Hospitality	4259	130	3.1	8127	264	3.2	1435	60	4.2
Leisure, sport, travel	5478	16	0.3	1532	12	0.8	1650	1188	73.0
Management, professional	2645	175	6.6	908	21	2.3	425	43	10.1
Manufacturing	3201	1468	45.9	2333	791	33.9	2121	733	34.6
Media, design	571	217	38.0	99	13	13.1	321	3	0.9
Retailing, customer service	11143	594	5.3	18217	1042	5.7	4154	373	9.0
Transportation	146	6	4.1	195	8	4.1	126	28	22.2
All	99368	25209	25.4	75830	7029	9.3	34567	5839	16.9

Source: TSC/ALI database, c.June 2001. Tables 1, 2 and 3 are based on different lists, with slightly different total numbers of providers. Employer group training organisations exclude TEC Direct Contract Units. All exclude Foundation for Work.

larger numbers than any other providers. In the case of apprenticeship-type training, Table 2 shows that multi-employer training provides 25.4% of all Advanced Modern Apprenticeships (AMAs). This is particularly high in traditional sectors such as construction (48.2%), engineering (46.3%), manufacturing (45.9%) and print, media, and design (38.0%). In business administration, multi-employer bodies offer 26.2% of all Advanced and Foundation Modern Apprenticeships.

Table 3 presents performance grades for vocational training, as awarded by TSC/ALI inspectors using a national inspection framework (where 1 and 2 are good, 3 is satisfactory, and 4 and 5 unsatisfactory). This suggests that the best performers are single employers. However, in engineering and construction, these are followed by multi-

employer groupings, though their score is reduced by the relatively poor performance of chambers of commerce. Outside their traditional areas, employer group training organisations seem to perform no better than average.

We have undertaken case studies to investigate further the quality of multi-employer training and, in particular, its impact on small firms. The cases discussed here present a spread of different types of organisation: an industry-wide employers' association, a local chamber of commerce, a traditional group training association (GTA) and a local club of big employers.

**Table 3. Performance of training providers in England.
TSC/ALI Inspection Grades for all types of training**

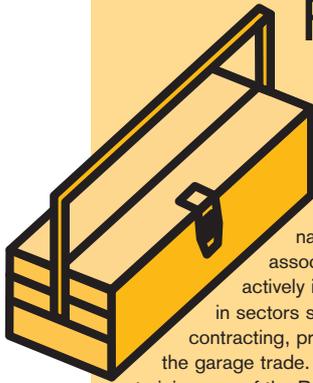
	Engineering				Construction				Business Administration				All other occupations						
	Good		Satis		Unsatis		Good		Satis		Unsatis		Good		Satis		Unsatis		
	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	N	%	
Single employers	40	75	23	2	7	86	14	0	29	55	38	7	64	53	30	17			
Employer group training organizations																			
Chambers	14	22	64	14	7	15	71	14	21	24	67	9	19	18	41	41			
GTAs	83	45	42	13	17	41	47	12	49	41	47	12	43	40	41	19			
Other employer-led	5	60	20	20	2	50	50	0	3	0	100	0	9	45	33	22			
TEC direct contract	13	61	31	8	6	33	50	17	12	17	83	0	17	35	58	7			
FE colleges	94	27	65	8	69	27	58	15	94	31	56	13	118	33	45	22			
Local authorities	23	17	65	18	40	17	70	13	87	31	55	14	69	43	40	17			
Charities	16	31	50	19	17	23	71	6	69	23	58	19	67	33	50	17			
Private providers	54	33	46	21	26	23	46	31	143	36	49	15	240	41	43	16			
Other / Unidentified	32	25	41	34	27	11	59	30	99	31	49	20	123	39	37	24			
All training providers	374	38	48	14	56	26	58	16	606	33	53	14	769	39	42	19			
All employer group organizations	115	44	43	13	32	34	53	13	85	32	59	9	88	35	43	22			

Source: TSC/ALI database, c.June 2001. Tables 1, 2 and 3 are based on different lists of providers, with slightly different total numbers of providers. In this case, not all providers had been graded at the time the table was compiled. It includes Foundation Modern Apprenticeship, Advanced Modern Apprenticeship and Other Training.



CASE STUDIES

CASE A:



ReMIT and the garage trade

A number of national employers' associations are actively involved in training, in sectors such as electrical contracting, printing, travel and the garage trade. ReMIT is the training arm of the Retail Motor Industry Federation, the main trade association for the motor sales and repair trade. The Federation's involvement in training began during the Second World War, when it entered into an industry agreement with the trade unions for the training of apprentices. In the late 1960s, collective action in the garage industry developed further when the Road Transport Industry Training Board established a number of local GTAs. In 1983 ReMIT was created, in part to take advantage of the Youth Training Scheme (YTS).

The present-day ReMIT works with more than 4,000 motor vehicle companies and is organised into seven UK regions. Membership covers some main dealerships and large franchised outlets, but the majority of members are small independent garages. ReMIT itself is a not-for-profit organisation. It is governed by member firms, though in practice company involvement in governance is not high. It employs 98 full-time permanent staff and 180 subcontracted field workers, of whom 108 are training coordinators and 72 are assessors.

ReMIT is by far the largest provider of training in the retail motor trade, with over 7,500 apprentices at any

one time – about half the industry total. Of its trainees, most are working towards a level 3 AMA over a three-year period. Over one third are with “key account” members (manufacturers who require training for their dealerships, other large outlets, and major fleet operators); about one third are with other large dealerships; and the rest are with smaller independent garages.

Historically, ReMIT was primarily a broker in the training field, bringing together employers, trainees, trainers, and government funds. It is now more closely involved in all stages of training and coordinates a national approach to skill formation. Nationally, it has been active in the creation of the industry MA framework and with the awarding bodies in curricula design. Regionally, ReMIT promotes jobs in the industry and recruits young people. It also evaluates garages for their suitability to train. In practice, this usually means finding trainees rather than employers. Those selected are then offered to garages for interview. If a placement cannot be found, ReMIT will hold the young person for a bridging period; if the placement fails for whatever reason, it will seek to swap an apprentice around between garages. ReMIT's finances depend crucially on government funding, which provides up to 90% of its income. Firms pay a small subscription fee and some revenue is earned from other courses.

ReMIT subcontracted most off-the-job training to FE colleges, GTAs and private providers. Because of its size, it is able to negotiate favourable contracts with FE colleges, which are the main providers of underpinning knowledge and key skills on a day- or block-release basis. It has some of its own training facilities, but these are at present limited and used mainly for basic training. Periodically, ReMIT coordinators and assessors visit trainees in their workplaces or at college to provide pastoral support, review progress and set learning targets. Simultaneously, staff monitor the standards of the training providers and seek to establish links between work, NVQs and college training.

In recent years, ReMIT has tried to establish more national standards, while at the same time responding flexibly to the needs of member firms. Thus it provides for larger “key account” members to deal with its head office and to have their requirements arranged on a national level. It organises either day- or block-release and arranges for qualifications over and above the national framework. In addition, it will arrange special facilities in FE colleges for particular manufacturers (Ford) and organise marque-specific

training to supplement generic training (Vauxhall, Land Rover).

Small garages often consider themselves too small to train and see ReMIT as taking away a lot of the “hassle” of recruitment, paperwork and the management of training. One medium-sized dealership said it preferred ReMIT to the manufacturer's own scheme, because this avoided block release away from home and offered better value for money. Another large group chose ReMIT because it provided national coverage for all its outlets, allowed for central planning of training, and was “cheaper and safer” than doing it themselves. One of the bigger firms had considered a major competitor, EMTEC (a former GTA, now a private company), which provides excellent facilities in a number of dedicated training centres, but had favoured ReMIT because it offered them a customised local service without residential block release.

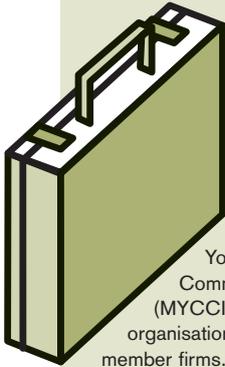
There are, though, limitations to the ReMIT approach. Historically, field workers sometimes have too “cosy” relations with training providers. Its size means that it is not always able to guide individual training plans or spot problems. Its system of workplace assessment is still being developed and requires more national oversight. Moreover, its own centres are limited and to develop them further would entail a major national investment. In an operation of this size, there can be problems in maintaining tight control over a myriad of subcontractors and assessment process. As a result, both the workplace and college training can be variable. However, as ReMIT has moved from being a looser to a tighter “managing agent”, it has established greater control and standardisation.

As with all such organisations, the key question is what value does ReMIT add. In its absence, apprenticeship in the industry would survive: there is real demand, a tradition of training and plenty of other providers. In the absence of ReMIT, some manufacturers might organise more training themselves – but the tendency is for most of them to outsource training. Large dealerships would have to train, but only a few now do this internally, claiming the process is too expensive. It is medium and small independents that would be least likely to train; and here ReMIT undoubtedly facilitates skill formation in the industry.

ReMIT is one of the UK's largest apprenticeship schemes, producing more than 2,000 apprentices a year. Overall, its TSC/ALI inspection grades have been good.

The best performers are single employers

CASE STUDIES CASE B:



Mid-Yorkshire Chamber of Commerce and Industry

Like all chambers of commerce, the Mid-Yorkshire Chamber of Commerce and Industry (MYCCI) is a not-for-profit organisation, accountable to member firms. It is a large chamber, formed from a merger of smaller organisations and covering a number of towns, of which Huddersfield, Halifax, and Wakefield are the largest. It has 2,000 member firms – a few large national companies with local operations, but the majority small enterprises with fewer than 25 employees. Members pay subscriptions and participate in the governance of the chamber, though dues are now a small proportion of income and participation in governance is low. The chamber has a total staff of around 400. Of these, around 180 are training personnel. The training is delivered by three wholly owned local subsidiaries, of which the largest is the MYCCI (Training) Ltd, a company limited by guarantee.

Mid-Yorkshire seriously entered the training market in the early 1980s with the introduction of the Youth Training Scheme and since then has developed a growing number of programmes, in part reflecting the demands of member firms and in part driven by government funding opportunities. At present, it offers levels 2 and 3 training in a number of areas. At the time of its last TSC/ALI inspection (1998), the number of trainees was: 266 in business administration, accounting, and IT, of whom nearly half were MAs; 115 in retailing, distribution, and warehousing, of

whom 7 were MAs; 132 in engineering and motor trades, of whom 74 were MAs; 34 in construction, of whom 30 were MAs; 137 in manufacturing, of whom 10 were MAs in chemically associated industries; and 28 in the recently developed child and elderly care areas, of whom 11 were MAs. In sum, about one third of its trainees are MAs, but with a majority of these at level 2. In addition, lower level training is provided for young people, in particular special needs and pre-vocational programmes, and for adults.

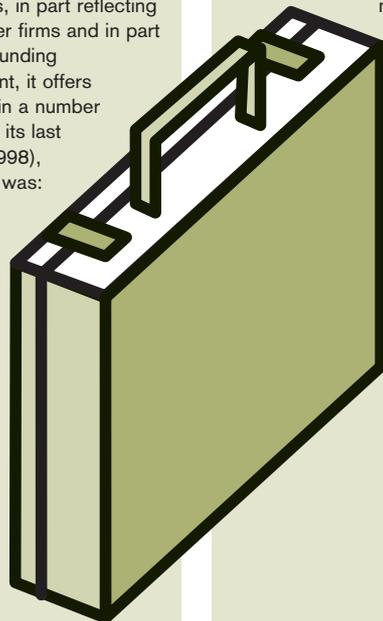
The chamber develops an annual training plan, based on consultation with local schools concerning the flow of leavers, an assessment of employer needs and the estimated availability of funds. It then recruits, selects, inducts and matches young people to suitable employers. If necessary, it will hold trainees for a short time until a suitable employer is found and will move trainees between firms until a proper match is arranged. All MAs are employed by participating firms, but a sizeable proportion of non-apprentices are kept on the books of the chamber and placed with firms for work experience. For each trainee, MYCCI staff develop a training plan and organise its delivery. Thereafter, staff make regular visits to the trainees, monitor progress, and provide or facilitate off-the-job training. In the case of business administration, IT and retailing, this is provided in one of the MYCCI eight training centres; in the case of engineering, construction and care work, it is subcontracted to local colleges. In

addition, chamber staff provide much of the key skills training, sometimes in the workplace, sometimes in their training centres. In the majority of cases, staff assess the progress and verify the work of the trainees; where it lacks the technical capability, this is done by local colleges. Finally, if the trainee does not

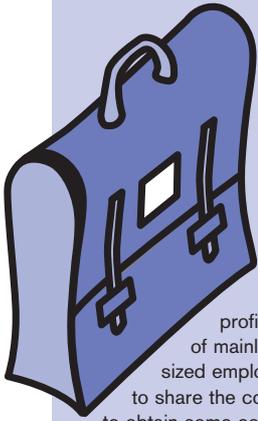
stay with the firm on completion of the training, chamber staff attempt to find permanent employment with another member firm.

The chamber provides real benefits. It is able to draw on its network of companies and use its reputation to recruit and match young people seeking training and employers seeking trainees. It has strong long-term relationships with local firms and colleges. In practice, the chamber takes the burdens of training away from employers and relieves them of the onus of navigating government funding and standards requirements. Some of the small insurance, solicitors and accountancy firms we interviewed felt they had neither the resources nor the expertise to do the training themselves and said that they would not enter into "anything as complex" as MA training without the help of MYCCI. Equally, one large national drinks manufacturer and distributor said it preferred "to concentrate on its core business" and outsource maintenance training to a specialist. In these ways, the chamber obtains some economies of scale and can spread the cost of core functions over a number of programmes. For more expensive training, as in engineering and IT, there is some cross-subsidy from other chamber activities, such as commercial courses and consultancy.

On the other hand, there are shortcomings in the Mid-Yorkshire approach. Its activities tend to be driven as much or more by the supply of young people and the possibility of government funds as by priorities of member firms. Indeed, the involvement of firms in the planning of numbers and the actual implementation of training is often limited. Overall, the number of AMAs is small, especially in business administration, IT, retailing and warehousing, where it might be thought that a chamber of commerce would have a particular interest. In addition, full AMA completion rates are low, especially in construction and care work. However, in the absence of the MYCCI, it seems likely that many of the smaller firms we visited would not take on any apprentices and completion rates would be even lower.



CASE STUDIES CASE C:



A group training association: Aylesbury Training Group

GtAs are not-for-profit, local associations of mainly small and medium sized employers, who combine to share the costs of training and to obtain some economies of scale.

They had their origins after the Second World War in a number of industries (engineering, steel and foundry work, construction, and textiles). In the 1960s, with the support of the Industrial Training Boards, their numbers grew and they expanded to new sectors such as garages, road transport and retailing. Since the 1970s, however, some have ceased to exist; some new ones have been created; others have merged; some have been bought out as private companies; and most have diversified into training in areas related to their core activities (e.g. business administration and IT) and into unrelated sectors (e.g. retailing, care work). Latterly they have also begun to work with larger firms, which are increasingly outsourcing their training functions.

Aylesbury Training Group (ATG) was established in 1967. At present, it has 90 members, ranging from traditional engineering firms, to small high-tech companies and local plants of large national enterprises. In addition, the group works with a larger number of firms that are not actual members, but which use its services. ATG has charitable status and is owned by its member companies, which elect a board of directors. However, again, participation in governance is not high. About half of all GTAs have their own training facilities and the Aylesbury Group is one of these, with an in-house engineering workshop and a business centre with IT suites and classrooms. It has a staff of 40 full-time, 5 part-time and 40 self-employed.

On its last TSC/ALI inspection in 1998, ATG had 116 Modern Apprentices and 62 other engineering trainees. In response to employer demand, it had diversified in the early 1990s into business administration and IT. Numbers here were: business administration – 72 MAs, 12 national trainees, and 51 others; IT – 29 MAs and 15 others; accountancy – 7 MAs and 3 others. More recently, the group has further diversified and moved into retailing (78 MAs and 8 others) and care services (16 child care and 17 residential care MAs).

More actively than the two previous cases, ATG works with local firms to identify skill needs and develop training plans. It then recruits and selects young people, both school leavers and young unemployed. These are all directly employed by ATG for a block period of centre-based foundation training (24 weeks for engineering, 8-15 weeks for IT, 8 weeks for business administration). During this period, trainees are paid an allowance by ATG. The time is used to induct trainees into the world of work and to teach basic occupational and key skills. At the end of the period, the trainees are helped to find jobs with local employers. By this route, over 90% obtain full-time jobs with associated training. (It is not uncommon for multi-employer training providers to assume the employer role during a foundation period, especially in the case of GTAs with their own training centres. It is less common to use government funds to finance the training allowance in this way.) An alternative pattern is to take already employed young people into training and ATG also takes on apprentices by this route. However, not surprisingly, the former route is attractive to employers, who take on the trainees when they are more “work ready”. At the next stage, alternating between the workplace and college, trainees then work towards level 2 and 3 NVQs, sometimes supplemented by other qualifications ranging from National, to Higher National Certificates (NCs and HNCs) and, occasionally, degree level. During this period, ATG staff visit trainees in the workplace, review performance and set targets, and provide assessment and verification. If a participating firm fails or cannot offer employment on completion, ATG finds alternative employment with member firms.

Members pay a small joining fee and ATG earns income from other training and consultancy work. However, 85% of its income comes from government funding. Thus, at the foundation stage, ATG pays the allowance and finances the training; firms pay wages once the trainees become employed; at the later stage, ATG recovers its expenses via Local Learning and Skills Council funding. Engineering and, increasingly, IT apprenticeship training is expensive and at times they have been cross-subsidised from other activities.

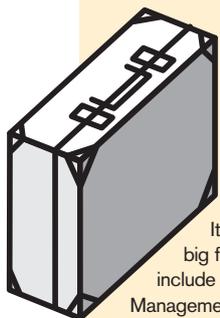
Our interviews showed that ATG is highly regarded in its locality by member firms for recruitment, selection and matching young people to employers. It is seen as providing first class training in its core area of engineering and good training in business administration, IT, retailing and care work. This is endorsed by the TSC/ALI inspectors, who also refer to up-to-date facilities and experienced staff. ATG coordinates the link between the employer, trainee and college and provides pastoral and technical support. Retention is medium-to-high for the sector (a 17% drop out rate). Achievement is high, beyond that required by NVQ and awarding bodies, and there are good progression opportunities, especially in engineering.

A small member firm we interviewed, a producer of high-tech mouldings, felt it was too small to train and needed the assistance of ATG. A larger employer, a privatised railway company, finding it needed more maintenance staff, returned to apprentice training via ATG after a gap of a number of years. In the case of ATG, an important consideration is that, if it ceased to exist, other trainers might take up some of its training, but probably not in engineering.

In terms of weaknesses, ATG is highly labour intensive, involved in a multitude of transactions, involving small numbers of trainees and small and medium sized enterprises. Like so many such organisations, it is vulnerable to changes in funding regime. In recent years a number of GTAs have collapsed or merged with other GTAs and with colleges. However, it is also notable that new ones have come into existence in sectors as diverse as offshore oil and horticulture.



CASE STUDIES CASE D:



TTE: a local big employers' group

Technical Training Enterprises Ltd (TTE) was founded in 1990 by Shell, ICI and Associated Octel.

It is one of a number of similar big firm clubs in the UK. Others include the similarly named TTE Management and Technical Training (set up on Teesside by ICI and British Steel), Gen II in Cumbria (founded by BNFL, Corus and three smaller companies) and Flagship Training in Hampshire (led by BAE Systems, Vosper Thornycroft and Johnsons Controls, working in association with the Royal Navy).

TTE is based at Ellesmere Port on Merseyside, one of the largest petrochemical complexes in Europe, and was established to train apprentices to operate, maintain and support a petrochemical process plant. It has impressive training facilities, including mechanical and electronic equipment, laboratory space and IT suites. It is a company, limited by guarantee and governed by a board of directors from member companies. It has 11 full-time training staff (two seconded from Shell) and a number of training consultants.

The organisation was created by its members to produce a "modern apprenticeship", using the term before it was later adopted by government. By this was meant an apprenticeship based on high-level competence, diagnostic ability, multi-skilling and team working. From the start, the aim was to reduce costs of training, by pooling resources and obtaining economies of scale in firms whose labour forces were shrinking and which felt they could no longer sustain large apprentice programmes. Indeed, in some of the companies, apprenticeship training had been discontinued in the 1980s as the firms downsized and found it easy to find skilled labour. There were also "cultural"

objectives in the creation of TTE in that a further aim was to create "modern" employees who were simultaneously "rounded individuals" and "team players". An important corollary was to take trainees away from the traditional practices of the shop floor. Last but not least, it could break the link with craftsmen's pay enshrined in union agreements, thereby allowing lower training wages to be paid.

The three founders contributed start-up money and, for a time, as a further subsidy, sponsored more trainees than they actually required. Over the years, members have also provided "kit", including expensive process and laboratory equipment, and support in the form of staff on secondment. In addition, TTE has in turn obtained government funding and opened its training programme to other local companies. It now has 33 associated firms. With its overheads covered by apprentice training, TTE has diversified into other areas of training, including safety and management courses. Today, TTE charges sponsoring companies a commercial rate for apprenticeship training, including the cost of the trainees' salaries.

On average, at any one time, TTE has over 200 AMAs on its books, of whom up to 30 are laboratory apprentices. The annual process starts with members signalling their needs and offering places. TTE then recruits and selects the young people, with sponsor companies sitting in on the process. Selection is rigorous and the effective supply just about meets demand. Once recruited, trainees are employed by TTE and sponsored by a participating company until the apprenticeship is completed. In year one, TTE provides basic training on its own site, with some workplace experience. In year two, training is on the same site, but with more workplace experience, and proceeds to level 2 NVQ in specialist areas, such as mechanical, electrical, process and laboratory work. In practice, most apprentices take a multi-skilled mix. In years one and two, there are also residential courses aimed at developing communications skills and team working. In years three and four, trainees complete level 3 on sponsoring

companies' sites, with TTE staff paying regular visits to monitor progress.

Throughout, the trainees follow FE courses to supplement practical skills, taking a NC (a level 3 award) in year 2 and a HNC (level 4) in year 3. TTE coordinates the links between the employer, the young person and the college. Throughout, its tutors give pastoral support and provide most of the assessment and some of the verification. On completion, if the apprentice does not obtain a place with a sponsoring company, TTE will find an employer from among member companies.

Because of its close relationship with member firms, TTE has up-to-date facilities and staff with current experience. Training is of a high standard and generally exceeds level 3 NVQ, with a high 90% plus completion rate. We noted that apprentices were encouraged to develop independence and confidence, which is important in team working in complex and dangerous situations. It has the close involvement of member companies. Company representatives with whom we spoke were very positive. One stated: "Our apprentices hit the ground running, both working independently and in teams." Several firms expressed the view that the apprentices were likely to progress into supervisory roles. It is not surprising that, on the basis of its strengths, TTE helped develop the chemical industry MA framework for both plant and laboratory staff.

There are, though, some weaknesses in its approach. The third- and fourth-year training on the employer's premises may have been less well planned and monitored, with ownership of the process less clear and over-reliance on local supervisors. In addition, laboratory apprentices do not seem to get as much support and their college work is less well integrated than in the case of more traditional apprentices. However, TTE is internalising more of the academic work, which it thinks it can teach to a higher standard than local colleges. At present, TTE is set on diversifying beyond its core petrochemical work and it is difficult to predict what effect this will have on the organisation.

Two sets of policy questions arise from these case studies. How well do they perform and what do they add to training in Britain? Are their arrangements sustainable and might they be transferred to other parts of the British economy?

All models of training provision have advantages and disadvantages. With single-employer training, responsibility lies with actual employers, who should be well placed to assess training needs and outcomes. Moreover, if they can integrate training into their broader human resource

planning and retain staff, single employers may well do more and better training. As seen in TSC/ALI inspections, single-employers score best.

On the other hand, there are problems with single-employer training. One is that such training may create high-skilled islands within a low-skilled sea and fail to have a positive effect on training throughout the economy. Employers acting individually may not train because of fear of poaching or, to prevent this, may seek to make training more firm-

specific and, therefore, less transferable. There is a particular problem with small and medium firms, which may lack the in-house capacity to train.

Colleges provide apprentice training of various kinds. Most provide key skills and underpinning knowledge; some go beyond this and act as registered training providers. Colleges have real strengths; they provide national coverage and wide access; they should have an advantage in training in key skills and underpinning knowledge. However, colleges as providers remove the responsibility for training from the employing organisation and can be remote from the changing needs of employers. By themselves, they are unable to provide the workplace experience necessary for the apprentice. It is sometimes suggested that their teaching and equipment can be out-of-date, especially in high technology sectors. Moreover, their training can be along traditional occupational lines and lack the multi-skilling that firms now require. Finally, many young people find college-based training unattractive.

For their part, private providers, especially commercial companies, have of necessity to be flexible and responsive to market demands. As with all providers, there is a spread, with some excellent examples of private firms and others that are very much driven by the availability of government funds. Private providers may have limited employer links and be reluctant to train in more expensive areas.

The multi-employer training of our case studies also has shortcomings, especially where it is too supply-driven and attempts to cover too many occupations. Such training is concentrated in certain industries and has been less successful in expanding into new areas. However, there are real benefits of employer cooperation in the training market. Such collaboration reduces the administrative costs of training, especially for small and medium sized employers. At the same time, it does not remove training too far from actual employers, who should be best able to assess relevant needs. There are advantages to the employer in being able to employ "work ready" trainees, especially if this results in being able to reduce the cost of the apprentice wage. In addition, at least theoretically, group provision may help overcome some of the poaching and market failure problems.

Thus multi-employer bodies can play an important role in providing information to employers and potential apprentices. If more firms in an industry or locality share the costs of training, this potentially reduces the likelihood that any one employer will fear being at a competitive disadvantage and increases the overall level of training. Because of its group nature, multi-employer provision may ensure training in broad skills of a potentially transferable kind. If this is the case, this will reduce risks for trainees by ensuring that more skills are portable. Indirectly, therefore, training may be more attractive to young people and make them more prepared to start an apprenticeship and share the costs of training with the employer.

But even if multi-employer training performs an useful function in its own terms, there remain the questions of how much training at what level would be done in some sectors and localities in its absence and how much public money should, therefore, be spent to encourage it.

Many multi-employer arrangements were created in the past by employers themselves, acting in their own perceived interests. Some, like many of the GTAs, were created in response to government support. Some existing GTAs have extended into new sectors, but have tended to perform less well in such areas.

However, in general, the existing organisations are not financially robust. Indeed, many GTAs and the training operations of chambers of commerce are fragile, reflecting the disinclination of employers to train, uncertainties about funding, and the vagaries of a commercialised training market. Any changes of policy would, therefore, have to be careful not to undermine existing arrangements. In some instances, there may be a case for more mergers to provide firmer foundations. There is also a case for partnerships with local colleges, provided these do not take them too far from their original base.

The situation in the UK is that employers complain about the need to improve the quantity and quality of apprenticeship training, but at the same time not enough of them are unilaterally willing to offer enough quality apprentice places. Meanwhile, this government has a manifesto commitment to introduce an "entitlement" to an apprenticeship. Against this background, multi-employer training has much to commend it and should be positively supported by government.

- At the very least, there is scope for the following:
- the dissemination of best practice arrangements;
 - targeted support for start-ups of new multi-employer schemes;
 - the creation of equality in financing arrangements, providing these bodies with funding more commensurate with that received by colleges;
 - funding the direct employment of apprentices by allowing a further grant for the placement of trainees with employers;
 - encouragement to firms to join multi-employer scheme via incentive payments for employees who successfully complete their apprenticeships.

Howard Gospel is a member of the CEP and Professor of Management at King's College London.
Jim Foreman is a member of the CEP.

This article is an edited version of their Discussion Paper, *The Provision of Training in Britain: Case Studies in Inter-Firm Coordination*, DP555 available from the CEP.