



Increasing the quantity and quality of apprenticeships is high on the policy agenda in England. Research on this issue is a central focus of the Centre for Vocational Education Research (CVER). **Sandra McNally** summarises some of the most significant findings to date.

Apprenticeships in England: what do we know?

An apprenticeship is usually thought of as a programme of work and study for young people as they make the transition from full-time education into the labour market. But this is not true for about half of those starting an apprenticeship in England: they are over 25 years old. Most of these people are already working for their employer before they start an apprenticeship.

Since 2008 (and more especially from 2010), there has been a huge rate of growth in apprenticeship starts. But this has been driven by starts among those aged 25 and older (from zero in 2007), and to a lesser extent among those aged between 19 and 24. The number of apprenticeship starts for young people aged between 16 and 18 has been fairly stable since 2003.

England's apprenticeship system differs from that in other European countries

and not only because of the different age profile of apprenticeships. Steedman et al (2011) show that compared with Austria, Germany and Switzerland, apprentices in England are more likely to be trained at a lower skill level, for a shorter time period and receive only one third of the hours of 'off-the-firm' training compared with the 'apprenticeship countries'.

Most apprentices in England are either classified as Intermediate ('level 2' - equivalent to GCSEs in the qualifications framework) or Advanced ('level 3' - equivalent to A-levels). But the apprenticeship system in England is slowly changing as new standards come into force, with a lower share of Intermediate Apprenticeships and a higher share of Advanced and Higher Apprenticeships.

Burnsall and Speckesser (2017) document very recent changes. For example, Higher (and degree) apprenticeships now

account for about 10% of total starts, and this is where growth is expected following the reforms. Whether this is good, bad or neutral for social mobility depends on who is able to access these apprenticeships.

For example, if the new apprenticeships only engage those who would otherwise go to university – rather than the 60% who don't go – then it will be merely changing the type of education and training available for a particular sub-section of the population.

Is there a quantity-quality trade-off?

The decline in the number of apprenticeship starts since the introduction of the Apprenticeship Levy in April 2017 has been blamed on a number of issues, and it isn't clear to what extent these are mainly to do with transition to a new system and are thus temporary.

In most countries, apprenticeships are more geared towards training new entrants, not, as in England, retraining those already in the workforce

But research by Nafilyan and Speckesser (2017) suggests that reforms that involve an increase in quality can actually lead to a fall in apprenticeship starts. They analyse this outcome for the 2012 reform, which introduced a minimum duration (of one year) for all apprenticeships. This changed the duration of Intermediate apprenticeships in many sectors.

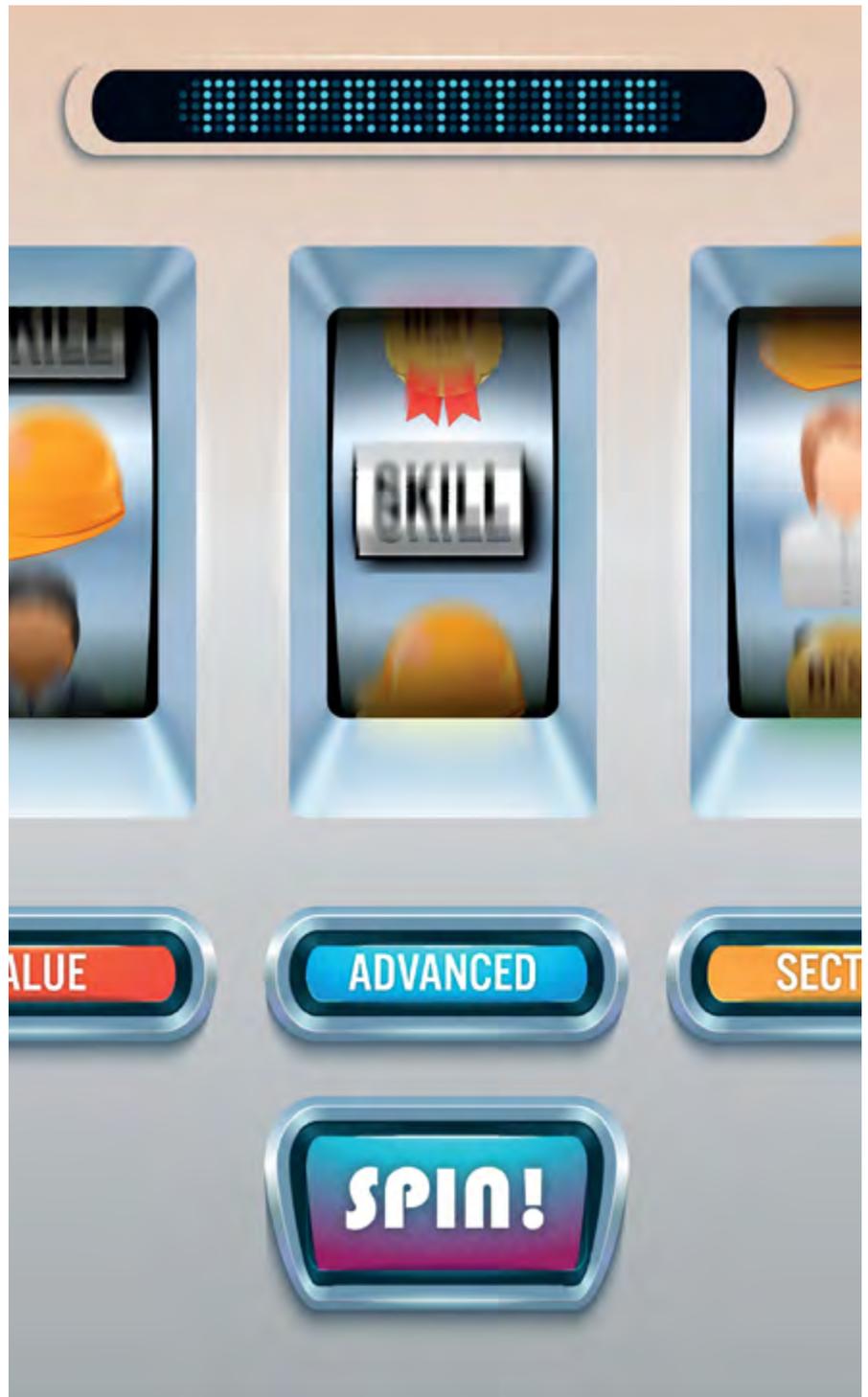
The study focuses on 19-24 year olds who experienced a genuine increase in apprenticeship duration as a result of this reform. The researchers find that the reform reduced apprenticeship starts in the sectors affected (by 13-33%), increased dropout rates (by three to five percentage points) and reduced achievement of the qualification by four to seven percentage points.

But there was also an increase in earnings that can be associated with the reform (of about 7% compared with the counterfactual). The researchers argue that a plausible reason for the latter finding is because the reform improved the match between young people and available employment opportunities.

This is an example of where a reform directed at improving quality (by increasing duration) actually involved a reduction in apprenticeship starts. It is not difficult to imagine why: make something harder and some individuals and employers will lose interest. But this is not necessarily a bad thing to the extent that 'poor quality' apprenticeships are the ones likely to be done away with.

What is the value of an apprenticeship?

One way to establish the 'value' of an apprenticeship is to estimate the extent



to which doing one leads to better employment prospects in the longer run (for example, through earnings). This tells us something about how employers value the skills acquired as a result of the apprenticeship process.

Cavaglia et al (2017, 2018) evaluate the earnings differentials to starting an apprenticeship for those who finished their GCSE exams in 2003. They follow them as they progressed through education and into the labour market using administrative data.

The effect of completing an apprenticeship on earnings is two to three times larger for people aged 19-24 than for those over 25

They control directly for many important observable characteristics that may influence both selection into apprenticeships and labour market outcomes. These include test scores at primary and secondary school, demographics and the secondary school attended. Although the set of controls is extensive and likely to absorb much of the pre-existing differences among those who start an apprenticeship and those who do not, the researchers also make use of other techniques to probe the question of causality.

The results suggest a positive earnings differential from starting an apprenticeship in many contexts – and that this has a causal interpretation. But there is a huge range of estimates. For example:

■ For men, the differential is very high on average, especially for Advanced apprenticeships. For women, the differential is roughly half the size and is especially modest for Advanced apprenticeships by the age of 28.

■ For men, there is very high concentration in sectors where the returns to an apprenticeship are high (such as engineering), whereas women specialise in areas where the returns to having an apprenticeship are much lower (such as child development).

■ Within vocational sectors, it is usually better to have an apprenticeship (than not) at age 23. But at age 28, this is no longer the case for many of the sectors in which women specialise. This includes having an apprenticeship in service enterprises (such as hairdressing) for women educated to level 2 or level 3 and childcare at level 3.

McIntosh and Morris (2018) ask whether the earnings differential to an apprenticeship for the older age group (25 and above) is any different from undertaking one when younger (19-24). They find that:

■ The effect of completing an apprenticeship on earnings is two to three times larger for the 19-24 age group than for the older group.

■ For Intermediate apprentices (and women on Advanced apprenticeships), this is mainly because older workers gain less from apprenticeships within the same Apprenticeship Framework. This may be because older apprentices are more likely

Whether apprenticeships 'add value' depends on the sector and the circumstances of the people who take them on

to be existing employees before their apprenticeship and, on average, have shorter apprenticeships.

■ For men on Advanced apprenticeships, the main reason for the lower earnings differential for older people is that they tend to undertake apprenticeships in areas where the earnings differentials available are much smaller, such as in business administration.

These studies suggest that whether apprenticeships really 'add value' depends on the sector within which they are located and the circumstances of the people who take them on. In most countries, apprenticeships are geared towards training new entrants to the workforce – and not for retraining those already in the workforce, much less the same company.

In interpreting the changing number of apprenticeship starts in England (whether up or down), as much attention needs to be given to the nature of those apprenticeships as to their volume. Furthermore, people need to be properly informed about the predictable prospects associated with doing one type of apprenticeship rather than another.

This article summarises the following publication, as well as making reference to more recent findings: 'Apprenticeships in England: What Does Research Tell Us?' by Sandra McNally: CVER Briefing Note No. 8 and CEP Industrial Strategy Paper No. 2 (<http://cep.lse.ac.uk/pubs/download/is02.pdf>).

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Further reading

Matthew Bursnall, Vahe Nafilyan and Stefan Speckesser (2017) 'An Analysis of the Duration and Achievement of Apprenticeships in England', CVER Briefing Note No. 4 (<http://cver.lse.ac.uk/textonly/cver/pubs/cverbrf004.pdf>).

Matthew Bursnall and Stefan Speckesser (2018) 'Apprenticeships are Changing: The Levy a Year In', CVER blog post (<http://cver-blog.blogspot.co.uk/2018/03/apprenticeships-are-changing-levy-year.html>).

Chiara Cavaglia, Sandra McNally and Guglielmo Ventura (2017) 'Apprenticeships for Young People in England: Is there a Payoff?', CVER Discussion Paper No. 10 (<http://cver.lse.ac.uk/textonly/cver/pubs/cverdp010.pdf>), also published in *Better Apprenticeships*, Sutton Trust.

Chiara Cavaglia, Sandra McNally and Guglielmo Ventura (2018) 'Do Apprenticeships Pay? Evidence for England', CVER Discussion Paper No. 15 (<http://cver.lse.ac.uk/textonly/cver/pubs/cverdp015.pdf>).

Steven McIntosh and Damon Morris (2018) 'Labour Market Outcomes of Older versus Younger Apprentices: A Comparison of Earnings Differentials', CVER Discussion Paper No. 15 (<http://cver.lse.ac.uk/textonly/cver/pubs/cverdp016.pdf>).

Vahe Nafilyan and Stefan Speckesser (2017) 'The Longer the Better? The Impact of the 2012 Apprenticeship Reform in England on Achievement and Other Outcomes', CVER Discussion Paper No. 6 (<http://cver.lse.ac.uk/textonly/cver/pubs/cverdp006.pdf>).

Hilary Steedman (2011) 'Apprenticeship Policy in England: Increasing Skills versus Boosting Young People's Job Prospects', CEP Policy Analysis No. 13 (<http://cep.lse.ac.uk/pubs/download/pa013.pdf>).