PRESS RELEASE

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APPRENTICESHIP POLICY:
The need to increase skills and boost young people’s job prospects

Successive British governments have committed substantial public resources to apprentice training, but far too few young people benefit and not enough high value skills have been developed. That is the central conclusion of a new report published today by the Centre for Economic Performance (CEP).

The report’s author, Dr Hilary Steedman, who has nearly 30 years of research experience in this field, calls for a change in the country’s apprenticeship model:

‘The coalition government should develop a simpler model that prioritises high skills and directs public funds for apprenticeship to any employer who can give young people long-duration, high-quality training.

‘It may not be realistic to aim for apprentice numbers on the scale of Germany. But with a clear strategy, some nudging and flexibility, we could realistically aim for the prize that has so far eluded us – higher skills and high youth participation.’

Key findings of the report:

• There is cross-party consensus that increasing the number of apprenticeships is an important way of dealing with the country’s deficit in intermediate skills. In addition to raising skill levels, there has been a further aim of apprenticeship policy: to improve the job prospects of young people (which have been deteriorating since the mid-2000s).

• But although these two policy aims should be mutually reinforcing, they have often been in conflict.

• Successive governments have developed a dysfunctional funding and delivery model for apprenticeship. Government agencies and private providers have been used to design apprenticeship programmes and procure places, and a substantial proportion of government funding for apprenticeship training is swallowed up by the processes required to account for it.

• This model deters employers and stifles the growth of apprenticeships. Fewer than one in ten employers in England train apprentices compared with a quarter or more in countries where the apprenticeship system works well – for example, Germany, Austria and Switzerland.

• Despite the heavy bureaucratic burden associated with government funding, a nucleus of committed employers, offering high value-added apprenticeships, has grown up. Unfortunately, more young people apply for each of these apprentice places than for a place at an Oxbridge college.
Compared with many other European countries, apprenticeships in England are relatively highly paid and, unsurprisingly, in generally low demand by employers.

Apprenticeships are also of shorter duration than most continental European apprenticeships – one year rather than three – and they are more geared towards adults.

The Labour government’s policies expanded apprenticeships to lower skill groups and enacted legislation to provide an entitlement to apprenticeship for all qualified young people who wanted one.

Since it came to power in 2010, the coalition government has focused on expanding adult apprenticeships and dropping the entitlement to an apprenticeship offer to the young. This apprenticeship policy has created an unprecedented number of adult (over-25) apprenticeships.

Adults’ share of apprenticeship places is now larger than that of the under-19s. This is likely to weaken the ability of apprenticeships to improve the failing youth labour market.

Dr Steedman concludes:

‘The government should be prepared to change an apprenticeship model that is not functioning to produce high skills for young people.

‘The aim of the new model should be to direct public funds so as to maximise incentives for employer participation and management of training; ensure that young people are not ‘crowded out’ by adults; and create conditions that encourage high value-added training.’

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Notes for Editors:

1. This release refers to the Centre for Economic Performance Policy Analysis ‘Apprenticeship policy in England: Increasing skills versus boosting young people’s job prospects’ that will be published online on Wednesday 14 December 2011. (See Centre for Economic Performance Policy Analyses webpage: http://cep.lse.ac.uk/_new/publications/series.asp?prog=CEPPA.)