

in brief...

# Apprenticeships after Covid-19

The unprecedented economic upheaval created by the pandemic raises several concerns for the functioning of England's apprenticeship system, particularly in the medium term as economic and social activity resumes. **Guglielmo Ventura** outlines the challenges.

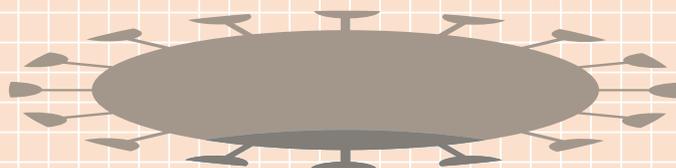
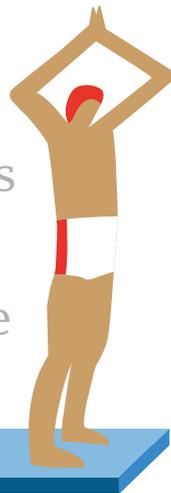
Even in normal times, it is possible for firms that take on apprentices to fail: usually disruption is minimised by reallocating apprentices to other firms. But economy-wide downturns like the current one exacerbate the problem as many firms risk simultaneously going out of business and the surviving ones shun investment (including in workforce training). Empirical evidence from past experiences confirms that apprenticeship training is pro-cyclical (Brunello, 2009), with provision going up when the economy does well and falling in times of recession.

Evidence from a recent survey reveals that on average, only 40% of apprenticeships offered by responding firms are continuing as normal; it also shows that 36% of apprentices have been furloughed and 8% made redundant (Sutton Trust, 2020).

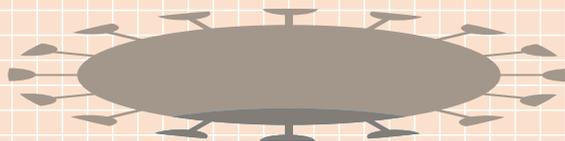
Prevented from travelling to training and working facilities, many apprentices (including among the furloughed) are at least being able to continue their training online: a survey from the Association of Employment and Learning Providers (AELP) claims that 81% of apprenticeship training is continuing thanks in part to providers shifting their teaching online.

Yet the real challenge is that once the emergency is over and apprenticeships can fully resume, firms and training providers may not be there to train apprentices. Imagine the school term finally starting again only for children to have no school, no whiteboards and no teachers to go back to: apprentices may soon wake up to an equivalent situation if many cash-strapped firms and training providers do not get to see the other side of this emergency.

There are fears that once apprenticeships can fully resume, firms and training providers may not be there for them



## A training guarantee would ensure that every apprentice can, if necessary, relocate to a different firm or training provider



Many training providers are sounding the alarm: a survey from the AELP warns that only 38 of 279 polled providers are confident of surviving the crisis without closing or downscaling. With 19% of current apprenticeships on a break and a slump in new apprenticeship starts, providers are seeing their cash flows disrupted and only few appear to have been successful in obtaining support from the Treasury.

Similarly, there are mounting concerns that despite the stimulus package offered by the government, many small and medium-sized enterprises will not be able to weather the emergency. While the government priority must be to prevent otherwise financially viable firms from going bankrupt as a result of the pandemic (including training providers), the Department for Education should also adopt a strategy to minimise the inevitable disruption to the apprenticeship system in the aftermath of the emergency.

It would be highly desirable to include a training guarantee for all existing apprentices and measures to ensure that enough high-quality apprenticeships will remain available in the immediate future. Research by the Centre for Vocational Education Research (CVER) shows that apprenticeships yield good average returns in the medium run, especially for young men (Cavaglia et al, 2018; McIntosh and Morris, 2018).

A training guarantee would ensure that every apprentice whose firm or training provider is no longer in business is relocated to a different firm or training provider. This may be needed on a much bigger scale than previously experienced.

Moving apprenticeship positions to other firms will be particularly challenging as lingering economic uncertainty may discourage firms from investing in training. To make this happen, government would need to step up support for firms that consider taking on apprentices.

For example, funds raised through the apprenticeship levy could be made exceptionally available for levy-payers (and firms in their supply chain) to cover more costs than is normally possible. As a last resort measure, as part of this guarantee, apprentices who cannot be relocated to new

firms should be offered a classroom- or workshop-based course counting towards a similar accreditation.

Apprenticeships crucially rely on firms' availability to employ and train apprentices. This crisis comes at a time when the apprenticeship system was starting to grow in credibility and popularity. Not letting learners complete their apprenticeships would not only directly harm their labour market prospects, but it may also damage the reputation of apprenticeships and reduce their attractiveness for future school-leavers.

It is also crucial to ensure that enough new apprenticeship places will be available for young people who first enter the labour market and for workers at risk of losing their jobs: apprenticeships would be one of the ways of retraining these workers to sustain their employment. This may seem to be a tall order, but in the long term, the benefits are likely to outweigh the costs.

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### Further reading

Giorgio Brunello (2009) 'The Effect of Economic Downturns on Apprenticeships and Initial Workplace Training: A Review of the Evidence', OECD (<https://www.oecd.org/education/skills-beyond-school/43141035.pdf>).

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. 16 (<http://cver.lse.ac.uk/textonly/cver/pubs/cverdp016.pdf>).

Sutton Trust (2020) 'Covid-19 Impacts: Apprenticeships' (<https://www.suttontrust.com/our-research/covid-19-impacts-apprenticeships/>).