Challenges and opportunities for the apprenticeship system in the downturn

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- The downturn
- Taking a long-term view
- The benefits of Apprenticeships
- Emerging implications for entry, success and progression
- Conclusions

The headlines

Recession could hinder apprenticeships

Biggest rise in claimants since records began in 1971

Nokia cuts 1,700 jobs as demand for phones falls

Young apprentices on the scrapheap
Children & Young People Now
19 March 2009

Tough times for untrained young
Vulnerable young people are suffering most from unemployment in the downturn

Recession turns more young people into 'neets'

Why teenagers will be casualties of recession

Record rise feared in latest unemployment figures

Increase in claimants could be biggest ever

Bleak times

Jobless total to exceed 2 million, with worse to come

The counter-offensive

Now for the jobs stimulus

McDonalds to recruit 4,000 over three months

Help for the 'forgotten sector'
An apprenticeship scheme on Merseyside is assisting young people to work through the economic downturn, and beyond
Wednesday 28 January 2009

Brown's £140m plan for 35,000 apprenticeships

Comment
Support innovation – or be left behind

How a local council's apprenticeship scheme is bucking the trend

Support people rather than jobs

Employers get help with apprenticeships

24th March 2009

£1million scheme will help green apprentices in Bristol

A welcome step for apprentices but ...

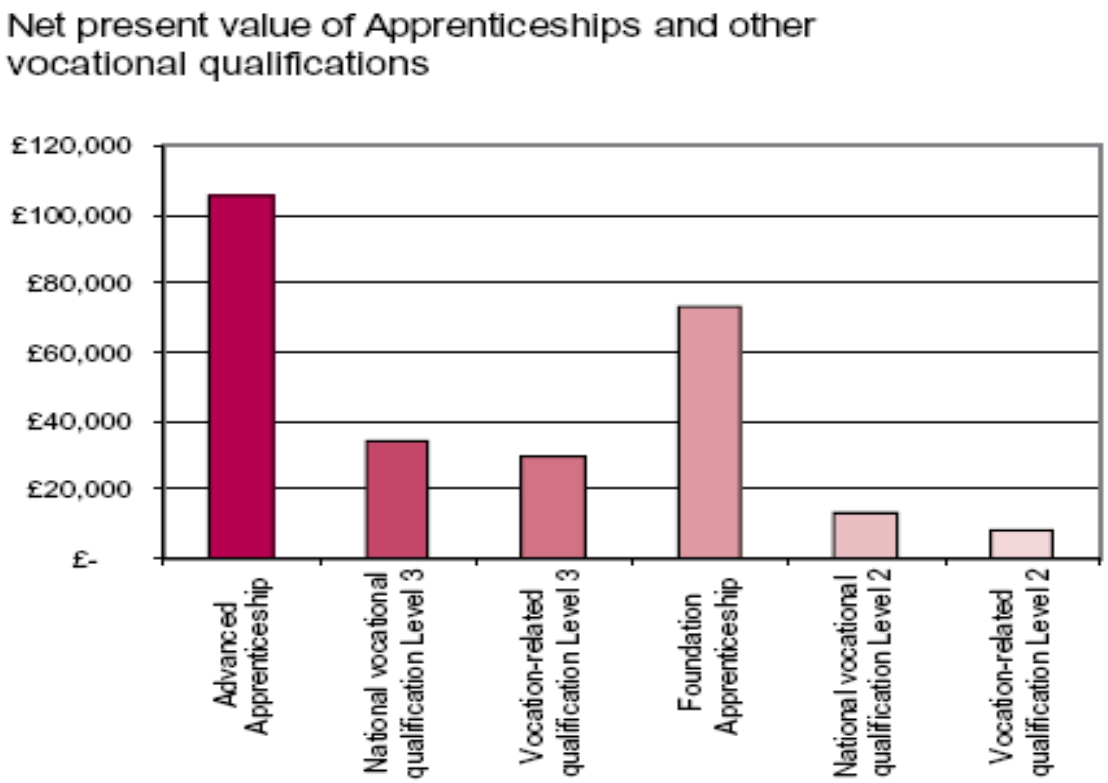
Take a long-term view – how can apprenticeships change the status of work-based learning?

- "Youth labour market performance over the past fifteen years paints a mixed picture" (*OECD, 2008, Jobs for Youth describing the transition from education to work)*
- More 16 to 24 year olds **in** employment (56% in 2007) compared to OECD average (12% above average)
- Demand for apprenticeships shaped by highly polarised pattern of skills demand in the UK (plus other conditions)
- Around 9% of young people NEET and an estimated 5% of 16 to 18 year olds in jobs without training – often where long-term demand is projected to fall
- Historically weak local labour market dynamism – 21,000 public sector apprenticeships will benefit individuals and services but not necessarily local competitiveness

Take a long-term view – changing nature of work

- Long-standing employer concern about employability
- New workplaces, non-standard work and flexible hours increasing:
  - more cognitively complex
  - more team-based and collaborative
  - more dependent on social skills
  - more dependent on technological competence
  - more time pressured
  - more mobile and less dependent on geography
- Character and quality of learning - expansive apprenticeships or restrictive apprenticeships
- Social mobility and access to the ‘professions’

Returns to Apprenticeships attractive compared to other VQs



Source: McIntosh (2007), A cost-benefit analysis of apprenticeships and other vocational qualifications

- But need real stories of **career paths** to bring apprenticeships to life

Benefits to employers

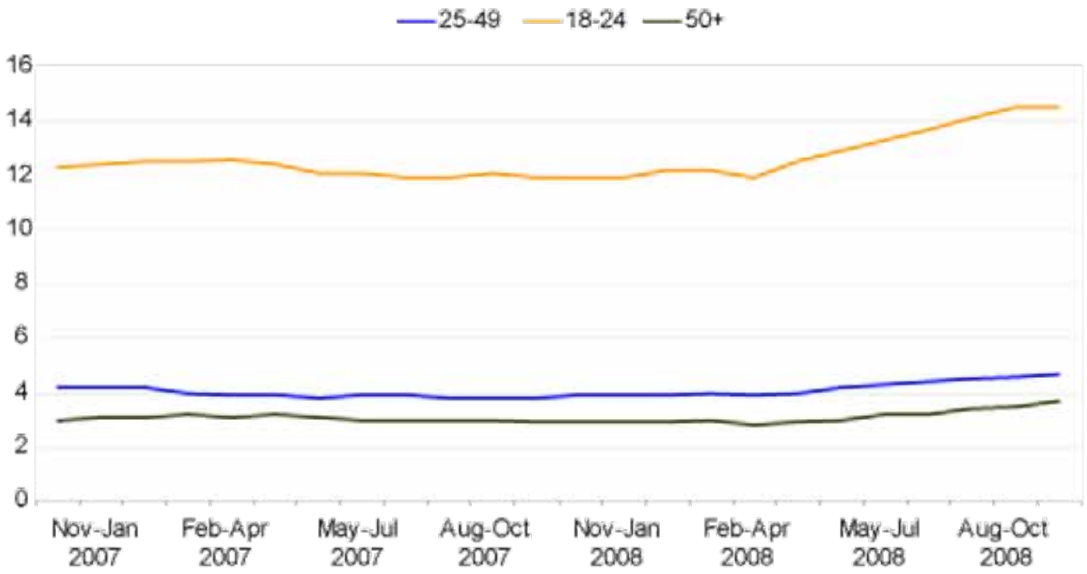
- Improved business performance
- Depending on level, duration and sector the net costs of an apprenticeship can be anywhere between £2,300 to £28,700*
- Most employers recoup costs within 2 to 3 years but it can take upto 5 years*
- But retention critical to the business case for some types of apprenticeships*

* Hasluck.C at el (2008), The net benefit to employer investment in apprenticeship training, IER

Implications for Apprenticeships

- Fast changing environment but emerging implications for:
  - Entry
  - Success
  - Progression

Entry: Fewer young people going into employment



Source: CESI, March 2009

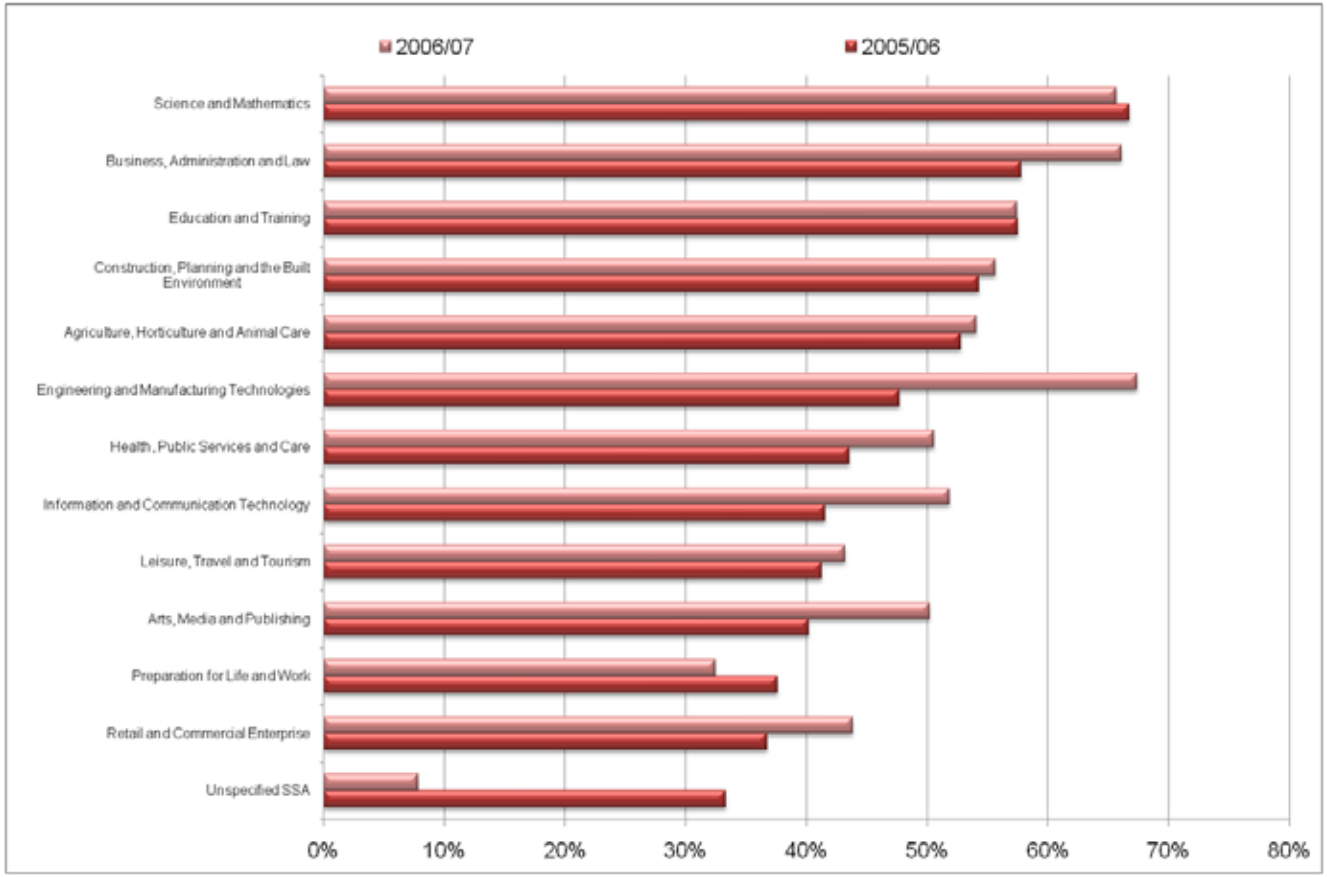
- Youth unemployment (18 to 24) has risen to 14.6% in the latest figures – higher than it was in June 1997
- Additional demand for college courses - 13,000 places (*20 March, TES*)
- Clarity on ‘programme-led apprenticeships’ (circa 11%)

Entry: Awareness

- National campaign
- Schools
  - Requires secondary schools to include information when it is "*in the best interests of the pupil to do so*"
  - Will take time to impact
- 14 – 19 strategy
  - Entitlement to an apprenticeship place by 2013 for all 16 year olds suitably qualified
  - Area prospectus
  - Careers Education and Guidance (CEG) – what models and priorities?
  - Poor and under-representation could widen (e.g. BME groups)
- Job Centre Plus
  - New Deal for Young People initially successful but job outcomes have lately dropped
  - Flexible New Deal from October 2009 – designed to tackle long-term unemployment
  - Former apprentices as a group are less likely to experience short-term unemployment (< a year) and long-term unemployment (> 5 years) than their non apprentice peers

Success: Steeper ladder to climb in some sector subject areas?

Completed framework of Advanced Apprenticeships by sector subject area

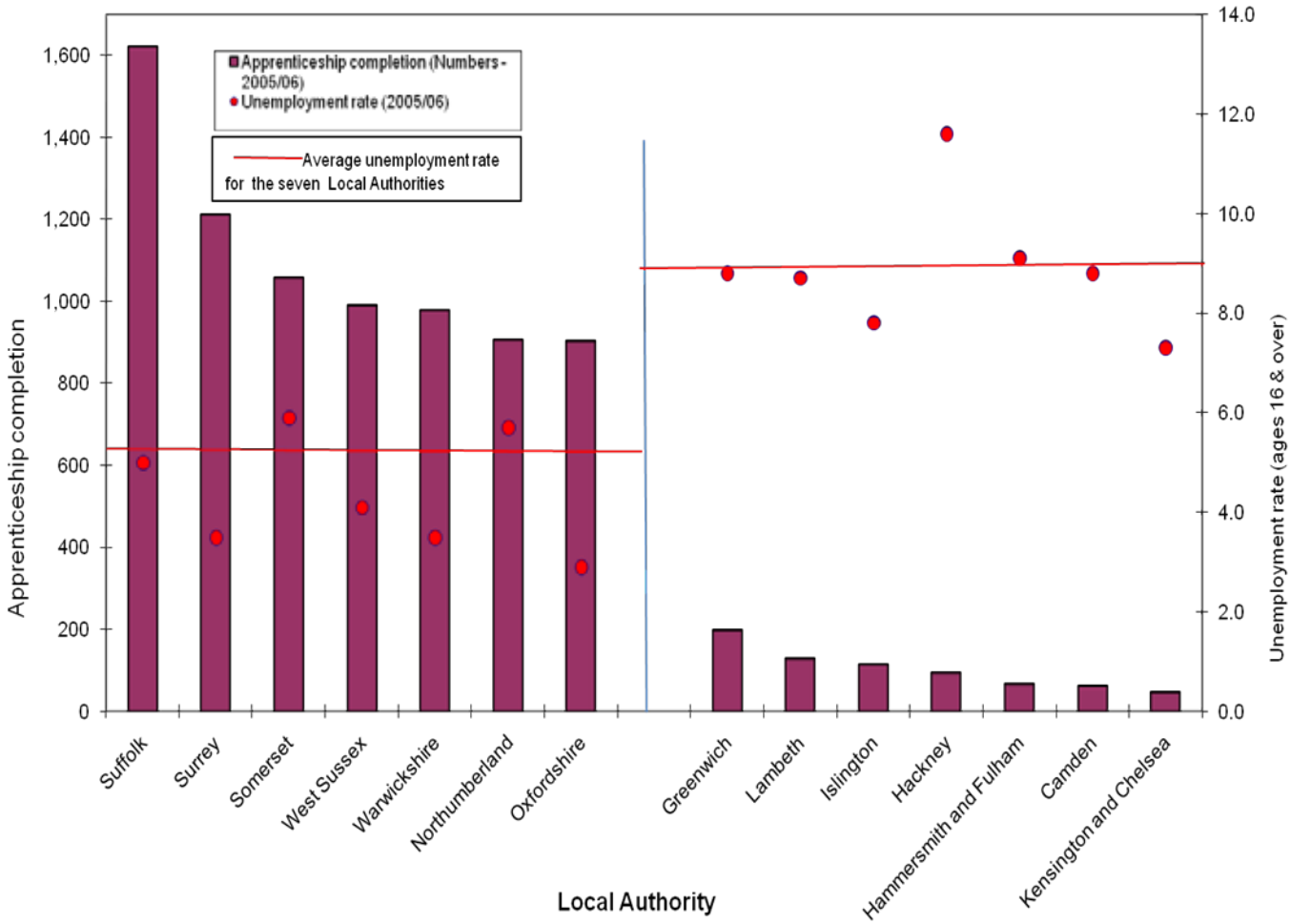


Source: Learning and Skills - The tables are the ILR Framework and Aims period 12 file and the period 12 WBL new measures master file.

Note: 'Complete framework' shows the percentage of apprenticeships where the full framework is achieved

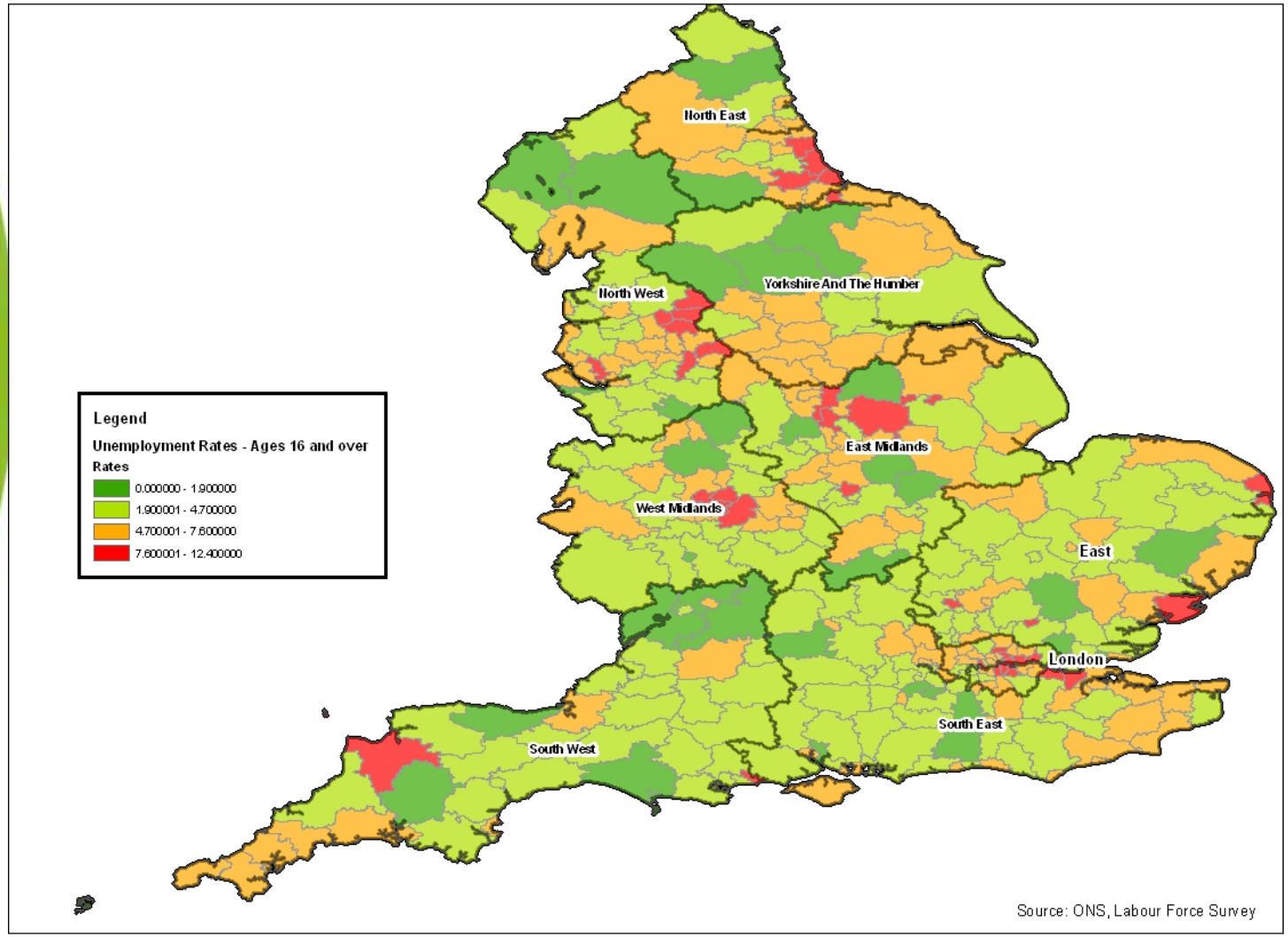
Success: Wider performance gaps?

Local Volume of apprenticeship completion and unemployment rates: top seven and bottom seven Local Authorities



Success: The challenge of matching displaced Apprentices

Unemployment rates for July 2007 – June 2008 by Local Authorities in England (ages 16 & over)



Progression (and integration)

- **From Apprenticeships**
  - Around a third of Apprenticeships are at the Advanced level
  - Majority of apprentices stay within their original sector
  - But only a third of 16 to 18 year olds and 40% for 19 to 24 year olds apprentices progress to the Advanced level*
- **Train to Gain**
  - Risk of substitution and progression from Apprenticeships (Level 2)*
  - But its a narrow qualification!
- **Diplomas**
  - Will place additional demand on employers for work experience
  - In principle there should be cross-over points at 16 and 19
  - How can this be achieved in practice?
- **Progression pathways**
  - Best are male dominated
  - Sectoral differences, e.g. in **retail** apprentices moving between outlets and different-sized employers; in **engineering** stability and progression is possible within one organisation
  - Higher Education – part-time courses, UCAS points, etc.*

* Skills Commission (2009): Progression through apprenticeships

Progression: Career Paths of Former Apprentices

Practical lessons on support for progression:

- Peer support and mentoring in the workplace
- Interpersonal skills development
- Team building activities
- On-the-job experience matching off-the-job experience
- Transferable recognised skills
- Desirable core characteristics, such as management or supervisory units
- Customer care
- Informal learning
- An effective CPD process

Conclusion

- Significant progress over recent years
- Great employer ownership and branding needed to build status
- From a ‘stand-alone programme’ to an integrated offer
- Stronger sub-regional governance to better match demand and supply
- Additional support for Apprentices to respond to changes