A Black Paper on NEETs and Apprenticeships

A PERSONAL VIEW ON THE CRISIS IN SKILLS AND EMPLOYMENT FACING THE UK’S YOUNG PEOPLE
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Executive Summary

- Forces in the global economy have led to a significant deterioration in the transition to work for today’s younger generation. Many of the quality entry-level jobs have simply disappeared.

- Older generations, who are enjoying the fruits of successful and sustained employment, are breaking the ‘psychological contract’ with the younger generation. This term describes an unread and unspoken, but implicitly understood, arrangement between parties. Bluntly, we are giving our 16- to 24-year-olds a rotten deal.

- Unless there are radical changes in approach, the chronic problem of youth unemployment or NEETs (young people not in education, employment or training) will continue to damage the life prospects of our children and grandchildren. Tackling NEETs must be seen as the central problem – not a consequence of other policy aims. NEETs is the figure that matters.

- There is a reluctance in the political and professional arenas even to engage in the necessary debate to address this issue.

- We need a new holistic and less piecemeal approach to worklessness amongst young people. Current policy is based on a plethora of ad-hoc and reactive initiatives rather than the clear sense of direction that would provide an effective framework for intervention. There are now 48 separate schemes for an employer to take on or train a young unemployed person.

- Apprenticeships are losing their traditional meaning and have been replaced by ‘apprenticeships lite’. More honest reporting on apprenticeships and less hype is needed.

- The promotion of ‘apprenticeships’ has become a way of pretending that the current cocktail of policies will offer a solution. They won’t. Subsidies should be directed towards the development of unemployed young people not towards training existing company staff for business reasons.

- There is an important question that must be addressed. Should apprenticeships be high-quality vocational training leading to a qualification with currency in the employment market? Alternatively, should apprenticeships be a form of subsidised training that takes place within a certain framework or standard? The Paper argues in favour of the former and advocates the use of the term ‘aspirational apprenticeship’.

- The recommended approach should include a commitment, expressed in the form of a Charter, to protect young workers, a new framework for the delivery of job-creation and welfare-to-work schemes, and a restatement of company obligations (to include a change in the Companies Act).
We need a new psychological contract with young people. The following expression is suggested:

**We recognise, and expect you to recognise, that personal learning and development takes place through work. We want to give you every opportunity to undertake that learning in what we know to be a changing economic and employment climate. We expect you to grasp the work opportunities that are made available to you. However we recognise that you are young: it will take you time to appreciate your strengths and weaknesses and to develop the judgment needed in the workplace. You will make mistakes. Our promise to you is that we will be honest about the challenges you face, we will endeavour to give you the support and information you need to make sensible decisions, and we will try to ensure that you are not exploited in the workplace.**

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Introduction

The central message of this Black Paper is depressingly straightforward. The older generations, who are now enjoying the fruits of successful and sustained employment, are breaking what can be described as the 'psychological contract' with the younger generation. This term describes an unread and unspoken, but implicitly understood, arrangement between parties. Bluntly, we are giving our 16- to 24-year-olds a rotten deal.

The choice of the term ‘Black Paper’ is deliberate. In April 2013, I wrote a White Paper, *Training and skills in crisis*, for the magazine *TJ* (*Training Journal*). Since then, the underlying problem of worklessness for young people has increased in intensity. Sadly, as will be argued later, there is a reluctance in the political and professional arenas even to engage in the necessary debate. Instead, the promotion of ‘apprenticeships’ – a term that has totally lost its traditional meaning – has become a means of pretending that the current cocktail of policies will offer a solution. They won't. ‘Black’ is used to emphasise the gravity of the problem.

A range of forces in the global economy has led to a significant deterioration in the prospects for the transition to work for this younger generation. In the UK, there has been a significant increase in the aggregate supply of labour caused by a variety of factors – older workers staying on longer, higher participation rates amongst women, and the politically sensitive issue of immigration. Further, many of the quality entry-level jobs have simply disappeared.

What is therefore required is a whole new approach to the development of our younger workforce. Current policy is based on a plethora of ad-hoc and reactive initiatives, rather than the clear sense of direction that would give an effective framework for intervention. We need a new holistic and less piecemeal approach to combat worklessness and a lack of development opportunities.

This new approach should include a commitment, expressed in the form of a Charter, to protect young workers, a new framework for the delivery of job-creation and welfare-to-work schemes and a restatement of company obligations (to include a change in the Companies Act). Unless such changes are initiated, the chronic problem of youth unemployment or NEETs (young people not in education, employment or training) will continue to damage the life prospects of our children and grandchildren.

This Black Paper offers an unashamedly personal perspective. I am a member of the privileged generation. I am a baby boomer, born in 1946 and graduating in 1968: the first of an extended working-class family to go to university. I learned through work and owe a great deal to those who helped me. I do not wish to be a party to a process that denies others that opportunity.
Background and Context

Three inter-related issues are considered in this first section: changing employment patterns; the way that companies view skills and organise training; the importance of learning at work. First, however, as an illustration of the depressing level of political debate, the section opens with a short cameo. This is set out in Table 1.

Table 1: Prime Minister Cameron on why young people miss out
On 22 April 2014, the Prime Minister visited Skanska, a construction company in Hertfordshire. His speech was widely reported and appeared in The Daily Telegraph under the headline British miss out on jobs because they lack basic skills.²

The Prime Minister was bullish on job creation and one questioner asked how we could ensure that the jobs went to British workers. The PM replied:

"During this Parliament so far we’ve trained 1.6 million apprentices. I want us to get to 2 million apprenticeships by the end of this Parliament, so that we really are training up young people for those jobs. I did one of these meetings at Mercedes the other day, and they said they were trying to take on 5,000 apprentices. And I said, ‘How many people do you have applying?’ And they said, ‘30,000.’ And I thought, ‘How do you decide who gets the apprenticeships?’ They said, ‘The trouble is, of the 30,000 that apply, not enough have the basic English and maths.’ We’ve got to remind young people that English and maths are vocational subjects. There isn’t a job – I would say to my children, there isn’t a job in the world that doesn’t require English and maths."

This answer embraces the more important elements of the dissembling that characterises today’s debate. The first is the view that the growth in apprenticeship numbers is both substantial and robust and that it offers some sort of solution. The second is a deliberate failure to distinguish between supply and demand. The ratio of six applicants for every place is not untypical. It reflects the fact that we have large numbers of young people desperate to apply for any worthwhile opportunity – including opportunities where they may not be suitable. The third is to blame the victim: by clever sleight of hand it is somehow suggested that, through their deficiencies, it is the young applicants that have created the problem.

Changing Employment Patterns

Today, more people are employed in Indian restaurants in the UK than in the coal, steel and shipbuilding industries combined. These three industries were the source of many apprenticeships in the craft trades. In 1968, when I started work at the National Coal Board, there were over 70 working collieries in
Wales alone. My cousin’s husband had preceded me into the industry as a craft apprentice – following a traditional pattern.

Experiences like his, set out in Table 2, have become increasingly rare and provide a sharp contrast with the way the term apprenticeships is used today. To give just one example: in September 2013, Pizza Express launched what it described as ‘the first ever nationally recognised qualification in the art of pizza-making’.³ This ‘Pizzaiolo Apprenticeship’ is based on a 12-month training programme and set at a low level (Level 2 – see the discussion in the later section on apprenticeships). I have a very high opinion of Pizza Express and take my grandchildren to their excellent Islington branch, so I hope they will forgive this aside. It is doubtless in the company’s interest to improve the quality of the staff in their kitchens and what they are doing may be good training practice. However, should we provide Government funding for something they should be doing anyway to give them a business advantage over competitor restaurants? Further, we must recognise that if we describe such short term and very firm-specific forms of everyday business training as apprenticeships, we will be changing the meaning of the term apprentice and diluting the brand irrevocably.

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Table 2: A traditional apprenticeship

David Davies comes from a small town in the Rhymney Valley in Wales. His father had worked as an estates surveyor for Powell Duffryn, an engineering company whose mining activities were taken in to the National Coal Board at nationalisation in 1947. David attended the local Caerphilly Grammar School and, although he struggled a little at first, he improved over time and did particularly well at mathematics. He always wanted to be a mining surveyor and, according to family members, first expressed this ambition at the age of six.

He left school in the summer after his 16th birthday and joined the National Coal Board a month later as an apprentice mining surveyor in 1950. He then underwent a training period lasting just over five years. During term times he would spend one day a week receiving formal training in the classroom – initially at Bargoed College and subsequently at Treforest School of Mines. However the bulk of his training took place on-the-job where he worked under the direction of a qualified colliery surveyor. Most of this time he was working underground.

At the end of the training period, David Davies had to take a test of proficiency that lasted three days. He was required to demonstrate his competency in working with instruments on the colliery surface, the different demands of using instruments underground, and the skills of draughtsmanship. There was also an oral examination to assess his wider capability. He passed with distinction: “sometimes I struggled at grammar school but technical education always suited me”. This result was a cause of great satisfaction, though he recalls that there was no celebration event, simply a certificate arriving in the post.
Another year of practical experience was required before the apprenticeship was formally completed, and a further two years before he could be appointed as the designated mining surveyor at a colliery. He held this post at two different coal mines in South Wales before, in his early thirties, he reached the conclusion that limited reserves meant that there was no long-term future in the coal industry. He applied for a job as a surveyor with a construction company who were extending docks in London. In his own words: “they had employed people who had qualified as apprentices in mining surveying through the Coal Board; as soon as they knew my background they asked no further questions and had no doubts about my technical capabilities”.

As an economy develops, manufacturing contracts as a percentage of gross national product and services expand. The wider implications have been a subject of political debate: in his 2011 Budget, the Chancellor of the Exchequer sought to reverse this trend and called for a ‘march of the makers’. What has received less attention is the way that these powerful economic forces have affected entry-level jobs for school, college and university leavers. In a July 2012 report that offered some excellent analysis, but feeble solutions, the UK Commission for Employment and Skills (UKCES) argued that rising youth unemployment was a result of structural causes extending beyond the current economic situation:

“Young people tend to be employed in two particular occupations: sales and elementary occupations. These occupations have been in decline over the last ten years or so and hit hard by the recession. Furthermore, there is forecast to be little or no growth in these occupations up to 2020... The conclusion from all of the above is that the labour market has changed for young people and it will continue to do so for the foreseeable future.”

Such changes have their impact everywhere – not just in the traditional heavy industry areas. Norwich, the dominant city in Norfolk where I now live, provides a good illustration.

In the 1930s in Norwich, 25 per cent of boys and 33 per cent of girls leaving elementary schools found employment in boot and shoe factories. Another 14 per cent of girls found employment in the cracker and chocolate factories. These jobs have disappeared. Start-rite, the well-regarded manufacturer of children's shoes, was a major employer in the city. Currently, the firm manufactures in the Far East, Spain and Portugal. In the 1980s the major service industry employer, Norwich Union (now Aviva), was often cited in articles as likely to employ all the available school leavers in the city. Now the local headlines are of 2,000 young people without work.

In the winter of 2013/4, a House of Lords Select Committee considered aspects of the European Union’s response to the problem of youth unemployment. The structural change argument was well articulated by two academic commentators who presented oral evidence: “Structural changes to the youth labour market
were most dramatic in this country in the late 1980s and 1990s when the manufacturing sector diminished and therefore the traditional labour market that existed for school leavers was decimated. The damage to the labour market has never been repaired because that infrastructure does not exist. After that we went to encouraging increasing numbers of young people to remain in full-time education as an alternative to finding work,” (Professor Sue Maguire) and “Youth unemployment has skyrocketed because there is a lack of jobs. We can talk all day about skills, and skills are fundamentally important, but if you train and retrain the UK’s young and there is no job waiting for them at the end, this is just a waste of money,” (Dr. Paul Copeland).

How firms view training
May 2010 saw the election of a new Coalition Government in the UK. The dominant Conservative partners were firmly of the neoliberal economic persuasion, believing in the promotion of market forces wherever possible and in all sectors. This found expression in the Employer Ownership of Skills initiative that first appeared in a November 2010 White Paper *Skills for Sustainable Growth*. In his supporting statement on the UKCES website, the Skills Minister of the time described the initiative as “a substantial commitment, backed with public investment, to step back and give space to employers to take ownership of the skills agenda”.

This concept of employer ownership has now become the dominant theme in the UK Skills debate. The assumption is that that employers are champing at the bit in their eagerness to shape the skills agenda and have been frustrated when they have been prevented from doing so by Government. This may apply to a few large blue-chip organisations but, as a general premise, does not stand up to serious scrutiny.

Many business leaders have views; many firms and business leaders are well intentioned in their attitudes towards the development of young people in the workforce. However the decision on how, when and where to invest in skills development inside a company is a third-order decision taken at the micro-level and for business reasons. First-order decisions relate to the choice of product market and competitive strategy. Once these strategies have been established, they have an impact on second-order decisions, which concern the way in which work is organised and jobs are designed. There is nothing that any Government can do to make skills development a first-order decision. Many of the current employer ownership pilots, as the example in Table 3 below shows, should be viewed as promotional strategies rather than a serious attempt to address a skills and employment problem.

Table 3: An employer ownership pilot
On 30 April 2014, the then Skills and Enterprise Minister, Matthew Hancock, announced that three companies were to receive £5.2 million between them. To quote: “Under this scheme, employers combine their own money with Government
funding to invest in the training they need.” The Minister continued: “The first of these is Blackpool Pleasure Beach. Their project will address the need to improve the quality of the skills in the tourism sector locally, with a new Tourism Apprenticeship framework, which will be owned and developed by employers.”

This was merely the first of a series of high-profile announcements that various company training schemes were to receive funding under this initiative. There is an important question to be asked here: is providing a public subsidy to a particular employer, or group of employers, in a particular location, a sensible thing to do? It works to the commercial advantage of the recipient at the expense of their competitors and doubtless will produce something that can form an attractive presentation at a future conference. However, channelling funds through the Sector Skills Council for Hospitality would offer a far better basis for creating an initiative with potential for wider application.

Irrespective of their sector, companies try to secure and retain employees with the skills to deliver business objectives. They will train where necessary – and some are very good at it. They will take advantage of Government schemes and subsidies if they are available. However most employers do not feel a burning desire to restructure the nation’s skills policy. They have far more pressing things to do. The argument advanced in this Paper is that subsidies should be directed towards the development of unemployed young people, not towards the training of existing company staff for business reasons.

Learning through work

This third part of this introductory section considers how people acquire work-related skills. This is well-documented territory but there seems to be an unwillingness to draw on our accumulated knowledge. Quite simply being in work is the best way to acquire the skills needed in the workplace. Influencing skills, getting work done through the co-operation of others, offers a good example. These skills are best developed through ‘support and challenge’ from a supportive boss or from sympathetic colleagues. This was usefully summarised in the 2009 output from the major UK research project the Teaching and Learning Research Programme (TLRP).

Moreover the skills that are of value in the workplace are dependent on the business model: context is critical. The skills required of a knowledge worker in IT are quite different from those required of a technician in an engineering plant. Still more different are the skills required in the hospitality industry: here ‘recruit for attitude and train for skills’ is a useful aphorism. It is unrealistic to expect school leavers to have acquired these skills through the educational system. It is unreasonable to expect the educational system to provide oven-ready entrants for employers – the education system is simply not equipped to fulfil this role.
Sadly, blaming the education system has taken its place alongside blaming the victim as a national sport – see the Prime Minister’s comments in Table 1. As an aside, I would add that, in over a decade’s research, I have never seen any complaints about the NEET’s generation’s deficiencies in IT skills. Here there seems to be a general astonishment at the way they have grasped the potential of the new technology of social networking.

Defining the problem: NEETs

The debate on skills and employment has become confused. One cause of the confusion is uncertainty and ambiguity over objectives. Should we be concerned about skills or employment? The ‘skills’ argument runs: in an era of increasing global competition, with ready transfer of processes through modern technology, the UK needs to compete through the production of high value goods and services. This requires a skilled workforce and there is disturbing evidence that the country is lagging behind in the ‘skills race’.

The ‘employment’ argument is, by contrast, about worklessness. This problem is recognised to impact across all sections of the population, but the high-profile debate concerns worklessness amongst young people and the most powerful expression relates to what has become known as NEETs (16- to 24-year-olds currently not in education, employment or training). The argument presented in this Paper is that NEETs should be seen as the most important issue in the skills, employment and training debate. The gravity of the problem and its persistence is starting to receive recognition. However any solution must be preceded by a scrupulous and honest diagnosis.

In the earlier section on changing employment patterns, a reference was made to the House of Lords Select Committee inquiry into the European Union’s response to youth unemployment. The evidence presented and the final report offer a good analysis of the problem. In her contribution, Professor Sue Maguire of Warwick University, a leading UK expert, stated that the term ‘NEET’ emerged in the UK in the late 1980s following changes to unemployment benefit entitlement regulations; in essence young people under the age of 18 were removed from the unemployment statistics. The term is now widely applied across EU states and OECD countries. In contrast, the youth unemployment rate is a narrower definition, being a percentage of all young people (aged 15 to 24) who are unemployed compared to the total labour force in that age group. It does not take into account those who are studying or who are in training, who may or may not be seeking employment, or those who are not registered in the unemployment statistics.

NEETs figures are produced quarterly and the latest UK figures available at the time of writing were those published in August 2014. These showed that 955,000 young people aged 16 to 24 were not in education, employment or training (13.3 per cent of this population). The figure appeared at a time of a general recovery in employment but recorded a
drop of only 1.8 per cent from a year earlier. In a 2013 publication, Professor Maguire argued: “Despite an increase in the proportion of 16- to 18-year-olds participating in full-time education, a persistent minority remains NEET. However, it is the swelling number of young people in the post-18 NEET group that currently gives greatest cause for concern.”

To develop the argument presented in the section on the House of Lords Select Committee, youth unemployment, like any form of worklessness, is a product of both structural and cyclical factors. As the economy recovers from the global recession, so the headline unemployment figures fall. The Government publicity machine is using this fact to argue that a more effective application of the current policy mix will solve the underlying problems: the political tactic is to cheer a cyclical recovery all the way to the 2015 General Election. In fact, much of the recent fall in youth unemployment has been a consequence of legislation raising the school-leaving age: 2013 was the first year that 16- to 17-year-olds were required to be in full-time education or vocational training. Any considered analysis demonstrates that, if we are serious, we must address the more fundamental ongoing structural problem.

For example, a Work Foundation report published in January 2013 argued that, since the start of the recession, the UK has experienced the fastest rise in youth unemployment of any of the Group of Eight (G8) countries. A July 2014 UKCES report observed: “The UK stands out among European economies for its combination of relatively low unemployment with relatively high youth unemployment.” The Institute for Public Policy Research (IPPR), in an August 2014 report, could not have been clearer on the structural dimension: “even before the financial crisis many of those entering the labour market for the first time were struggling to compete with older workers for jobs. In 2007, even if full-time students were excluded, someone aged 16 to 24 was more than three and a half times more likely to be unemployed than a person aged 25 and over – a ratio that was little changed at the beginning of 2014.”

**Tackling NEETs must therefore be seen as the central problem – not a consequence of other policy aims. NEETs is the figure that matters.** We cannot be complacent about a situation where one in seven of our young people cannot secure work. Moreover, such figures understate the extent of the problem: for example there are high numbers of workless young women who do not feature in the labour statistics.

If we ignore this issue there could be disturbing consequences for our society and, indeed, our democracy. We must create a new holistic and less piecemeal approach to worklessness amongst young people. As will be shown, current policies are based on a plethora of ad-hoc and reactive initiatives rather than the clear sense of direction that would give an effective framework for intervention.

In formulating this new approach we must start from a recognition that decent young people are struggling against long odds to find work. Continuing with
examples taken from Norfolk, the experience of one of them, Klara Mears, is set out on Table 4.

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Table 4: Job search: Klara Mears

Klara Mears is a woman in her mid-20s who, at the time of the interview, worked three days a week in the Computer Shop in a market town in North Norfolk. She presents herself well and has good communication and inter-personal skills. She spent most of her secondary years in Norfolk and returned there after graduating at the University of the West of England (UWE) in Bristol. She obtained an Upper Second Class Degree in Law and Criminology July 2012.

During the course of her studies she found one lecturer to be particularly inspirational and she developed an interest in youth crime/youth offending and ‘victimology’. She decided that working to reform youth offenders would be her preferred choice of career. Immediately on graduating she pursued this option and began by contacting the Norwich Youth Offending Service.

Although those people she contacted were polite and sympathetic she found this a most frustrating experience. She rang the office every week and eventually met the volunteer co-ordinator for the service. She underwent some training, for which she received expenses, and qualified to serve as a volunteer panel member. Such panel members assist offenders by supporting and challenging their progress towards rehabilitation. However the service was not taking any additional volunteers and, due to resource cuts, those responsible for managing the volunteers were overstretched. In addition, as Klara observed: “Too many people now want to volunteer and the services find it difficult to distinguish between those people who simply want to gain work experience from those who are motivated to work in that area.”

The contact in the Youth Offending Service recommended that Klara tried to secure employment or experience in the Probation Service. This held less interest for her – she is attracted by restorative justice rather than social work – but she contacted the local probation team in the hope of securing training as a volunteer. An appointment was arranged to discuss this option but it was cancelled by the service the day before it was due to take place.

At the time the case was written she had sent off 40 applications but had produced no invitation to an interview. She listed two experiences as being particularly disappointing and demoralising: On two occasions she had been told she was short-listed and would be called for interview, only to hear nothing further. For one job in Norwich she submitted an application at 6 o’clock one evening only for a standard rejection to arrive online at 8 o’clock the following morning. In most cases, however, she did not even receive an acknowledgement that her application had arrived.

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Fortunately Klara Mears is now in employment. Due in no small measure to commendable personal resilience and determination she has secured a fundraising job in a charity. However her experiences are all too typical of her generation. One is reminded of the sentiments expressed by the character portrayed by John Cleese in the film Clockwise: “I can take the despair. It's the hope I can't stand.”

Evidence of the tough times facing young people in the employment market is also shown by data from the Annual Survey of Housing and Earnings. Comparing 2013 with the previous year, the median basic pay for 16- to 17-year-olds fell by 5.5 per cent and for 18- to 21-year-olds by 2 per cent. All other age bands recorded an increase. Drawing on the same information source, the number of paid hours worked by 16- to 17-year-olds fell by 7.7 per cent and by 3 per cent for 18- to 21-year-olds; other age bands remained constant or increased. Further, the number of young people paid below the minimum wage has risen in recent years: for 16- to 17-year-olds it has increased from 5.7 per cent in 2011 to 7.3 per cent in 2013; for 18- to 20- year-olds from 4.4 per cent to 5.5 per cent.

The basis on which statistical information is collected and published changes over time but the overall picture is clear: in a weak labour market, young people have done relatively badly compared to the population as a whole. Lately there has been a good deal of publicity and debate surrounding zero hours contracts. These are arrangements whereby firms can employ workers for as many, or as few, hours as they need, with no prior notice. Such contracts can work to the considerable advantage of the employer but can be exploitative of the employee. According to the ONS (Office for National Statistics) there are now 1.4 million jobs in the UK operating under zero hour contracts. This is just 4 per cent of the total but the proportion rises to a quarter in the hospitality industry and there is growing evidence that young people are particularly affected.

As this data shows, and as Klara Mears’ case illustrates, for many young people the problem extends beyond straightforward worklessness. Young people have been encouraged to work for low wages or no wages 'to gain experience'. Table 5 outlines some of the abuse in the labour market that has resulted.

Table 5: Exploiting the young worker

Work experience is seen as beneficial to university, college and school students. Participants are given an exposure, and by implication some training, in the skills required in the workplace; they also gain insights into the attractions or disadvantage of various career options. Moreover, an attachment with a company in a relevant sector or with an organisation with a good brand name can considerably enhance an individual’s curriculum vitae when he or she applies for a full-time job. At the higher levels this has become known as internships – a term that has crossed the Atlantic from the United States. Unfortunately, work experience and internships can lead employers to take advantage of free labour. Some sectors and some employers have been worse
than others. Sadly, Members of Parliament are amongst those who have been publicly criticised and this caused the Independent Parliamentary Standards Authority to tighten its guidelines. However in April 2014 a campaigning website revealed that one MP had advertised his eighth successive unpaid internship, altruistically described as: “This internship role is to provide an opportunity for a candidate to develop their employability skills.”

Such problems are now more widely recognised. In July 2011, the Department for Business, Innovation and Skills (BIS) published a best practice code that had been developed by its Collaborative Forum on Fair Access. Like so much in this area, the code was well researched, well meaning and intended to be purely voluntary. As such, it has had negligible impact.

In the later section of this Paper on apprenticeships it will be noted that almost one-third of apprentices were paid less than legally required in 2012. The National Union of Students challenged the car-servicing firm, Kwik Fit, for advertising unpaid traineeships. These could involve a maximum of 39 hours a week and were advertised on the National Apprenticeship Service website.

Another well-observed fact of the current recovery from recession is the growth in self-employment amongst the young. It stretches credulity to suggest that we have suddenly produced a younger generation that is more entrepreneurial than their predecessors. Many successful small entrepreneurs only venture out after a period of working for others and acquiring relevant skills. The only sensible conclusion is that one consequence of the lack of entry-level jobs has been a significant surge in involuntary self-employment amongst the young. Moreover, some commentators have suggested that welfare recipients are being encouraged to declare themselves self-employed by training providers who stand to benefit if their clients are taken off Jobseeker’s Allowance.

A useful term to describe this status in the labour market is ‘hobbling’. One of the dictionary definitions of the term ‘hobbler’ is “a casual labourer, a man who tows a canal-boat with a rope”. The term ‘hobbling’ has entered the vocabulary in a number of our older industrial areas to describe someone whose relationship with employment is tentative, unsettled and uncertain (often someone who has an ambiguous relationship with the Inland Revenue). Such people often cannot take on long-term financial commitments like home ownership. We surely do not wish to produce a generation whose ambitions do not extend beyond hobbling.

In short, we have a generation at risk of both under-fulfilment and exploitation in a labour market that permits abuse. We need to protect them and the first recommendation is set out immediately below.

RECOMMENDATION 1
WE NEED A COMMITMENT, EXPRESSED IN THE FORM OF A CHARTER, TO PROTECT YOUNG WORKERS.
In July 2014 it was reported that trades union and business leaders were in an advanced stage of negotiations on a joint agreement on traineeships over the issues of pay and work experience quality. This is a welcome first step in the protection of young workers and may be capable of extension to form the basis of such a charter.27

The politics of training
Hopefully, the previous section will have emphasised both the gravity of the problem and the extent of the challenge that must be faced if we are to find a solution. Unfortunately, there seems to be a general reluctance, in both the political and the professional arenas, to enter into a serious debate. Instead, as the next section will show, there is a preference for vacuous campaigns and misleading statistics. As a starting-point for the debate, we need to recognise that there are three stages in formulating effective skills policy.

The first stage is a definition of purpose. As has been noted, there is a need to determine whether the primary aim of Government policy should be about developing skills to compete in the global economy or developing skills to help disadvantaged sections of the community (particularly young people) find work. In this Paper the second of these has been chosen: NEETs has been identified as the defining problem. The social consequences of failing to address the chronic problem of worklessness will not only hurt the individuals directly affected; it could do profound damage to the fabric of our society.

The second stage in formulating an effective policy is ideology: fundamentally do you believe that the Government should intervene or withdraw? Those who have an economic background will express the choice as one between a Keynesian and neoliberal approach. The Coalition Government’s policy (‘step back and give space to employers to take ownership of the skills agenda’) is firmly neoliberal. This approach has received support from both the Confederation of British Industry (CBI) and the UK Chartered Institute of Personnel and Development (CIPD).

The CBI is instinctively neoliberal in its analysis of skills problems. While recognising the gravity of the problem of worklessness amongst young people it has advocated solutions based on greater transparency and more effective market clearance. Its latest policy statement, Future Possible, published in August 2014, called for the Government to create a network of ‘Back to Work Coordinators’ while retaining the age-related structure of the minimum wage – ‘to help employers offset the higher costs of hiring young people’.28

The flagship CIPD initiative, Learning to work,29 is a promotional campaign based around its April 2013 publication Employers are from Mars, young people are from Venus.30 The underlying argument is that there is a mismatch between the demands of employers and the aspirations of young people so a campaign is needed to make the latter more ‘work-ready’. This publication could have been produced any time over the last 50 years. Older generations have always
grumbled about the quality of young people entering the workforce (see, for example, the opening chapter of Dickens’ *Barnaby Rudge*, written in 1841). The CIPD is nothing if not optimistic. A 2014 survey suggesting that employer attitudes may be shifting – doubtless a result of continuous national publicity – was treated both as an indication of considerable progress towards a solution and as attributable to the CIPD’s campaign.

On one level, the CIPD’s campaign is innocuous: improving recruitment practices and the presentation skills of candidates will do no harm and could do some good. On the other hand, this position is damaging because it understates the seriousness of the underlying problem and pretends that a solution can be found through better information and clearance in the labour market. This is wrong. The mismatch is not between the perception of employers and the aspirations of young people. The mismatch is between the supply of, and the demand for, entry-level jobs with development opportunities. During my youthful backpacking days, I once spent several days in a busy, crowded hostel. There was insufficient hot water to allow every resident to wash in the morning. When I complained, the warden told me that we should all get up earlier. He honestly believed that he was offering a solution.

Sadly those who believe that the solution lies in better information and clearance have turned a blind eye to the changes that have taken place in the provision of careers advice. This is summarised in Table 6 and is hard to justify other than by those who are firm advocates of public sector cuts and austerity economics.

**Table 6: Careers advice**

A commitment to alter the structure of the careers service was included in the Conservative Party’s manifesto for the 2010 election; specifically the promise was to ‘create a new all-age careers service’. However, to quote from an authoritative paper by Professor Tony Watts of the University of Derby:

“Subsequently, however, it has become clear that the promised all-age service will not include any face-to-face services for young people. Instead, the funding for such services has not only been reduced but completely removed: responsibility for providing them has been moved to schools without any transfer of funding.”

In May 2013, Professor Watts resigned from the National Careers Council and his resignation statement offers a challenging perspective on the politics of training.

In September 2013, the Office for Standards in Education, Children’s Services and Skills (Ofsted) produced a damning report on careers guidance in schools. Ofsted concluded that the new arrangements were not working well in just over three-quarters of the schools and only one in five schools was providing students in years 9 to 11 with the careers guidance needed to support decision-making. Moreover, few schools had demonstrated that they had the skills and expertise necessary to provide a comprehensive service.
What is evident here is the determination to appear to be doing something while cutting resources as part of austerity economics. Transferring responsibility to schools (who are ill-equipped) is part of this process. Another element is establishing online provision. This has the advantage of looking as though something is being done and is relatively cheap to produce. It is rarely effective. In August 2013, the charity Barnardo’s published a powerful report *Helping the inbetweeners.*³⁶ Not one person interviewed for their research said that they knew of the existence of the National Careers Service website. Almost none had considered searching the internet to find more advice on pursuing a career.

The third stage in formulating an effective policy concerns the delivery of solutions. Here the actions chosen must follow as a result of clear policy decisions taken in the preceding two stages. Whatever the initiative, honesty of reporting is essential. There is a strong case for making the UKCES an independent agency of report like the Office for Budget Responsibility³⁷ rather than its current role as a designer, initiator and promoter of schemes. This idea was advanced in the earlier *TJ* White Paper.³⁸

Before this section on the politics of training concludes, there is one other important point to be made. One result of the excess of supply over demand for entry-level jobs is the creation of a compliant workforce. This was well illustrated in the section on internships where it was noted that the anxiety of young people to find work has resulted in clear evidence of employer abuse. Importantly, the wider availability of labour from Eastern Europe should be seen in this light: because they are more compliant (willing to work longer, in worse conditions, and for less) they are very attractive to some employers. It is unfortunate that this fact of labour market economics has all too readily lent itself to a xenophobic reaction.

**Shout a little louder – campaigns and schemes**

Before the introduction of Employer Ownership, UK skills policy proceeded through an institutional and voluntarist approach. Information was published; people were brought together in seemingly endless conferences held to launch and re-launch Government-led initiatives. Bizarrely, the term ‘celebration’ was often used in this respect, even for schemes that were patently unsuccessful. This ‘hortatory’ approach (or shout a little louder) is continuing, indeed it is intensifying, under the new policy regime. Some of these launches are without any real substance and are merely promotional. They are designed to present policy in the best possible light and show that Government is tackling the problems it faces. On the day before the depressing August 2014 NEETs figures were published, the BIS launched its latest campaign entitled *Get In, Go Far.* The stated intention of this campaign is to encourage young people to choose an apprenticeship, ignoring the fact that there are insufficient opportunities available.³⁹
More generally an ad-hoc and unco-ordinated approach has resulted in a proliferation of Government-led schemes that extend beyond the purely hortatory by offering subsidies or support. In her evidence to the Work and Pensions Committee of the House of Commons (30 October 2013) a CBI spokesperson stated that a mapping exercise they had conducted identified 48 schemes that could help an employer take on or train a young unemployed person. The Local Government Association (LGA) in the first of its impressive Hidden Talents Reports identified 35 different programmes involving 16- to 24-year-olds. The LGA observed: “Services are largely funded through three Government Departments. The Department for Work and Pensions (DWP) funds employment programmes – primarily the Work Programme.... The Department for Business, Innovation and Skills (BIS) funds further and higher education and post-18 skills training, while the Department for Education (DfE) funds education and training for the 16 to 19s. DfE funding for 16 to 19 Apprentices (and the forthcoming Traineeships) is administered through the BIS Skills Funding Agency.” They argued that this led to “no common concept of ‘success’ to measure” and that “the information provided does not let others derive a common measure.” In a subsequent report the LGA went on to recommend a “joined-up employment and skills service” formed of powers from the DWP, the Skills Funding Agency, the Education Funding Agency and local authority bodies.

For some schemes, however, there is no need to develop a ‘common measure’ to recognise that they have not been successful as the outline of the Traineeships Initiative set out in Table 7 demonstrates.

Table 7: Traineeships
According to the official website, traineeships “are designed to help young people who want to get an apprenticeship or job but don’t yet have appropriate skills or experience”. In the current formulation, training providers deliver traineeships that receive Government funding. There is an ambiguity of purpose here and little connection with apprenticeships. Traineeships were first introduced in August 2013 and numbers to date have been most disappointing. Figures published in March 2014 showed that there had only been 3,300 starts in the first six months – an average of 127 per week. Various reasons were offered as an explanation, including a lack of knowledge and confusion on the part of employers and wariness from clients on the likely effect on benefits. This did not prevent the Skills Minister from claiming ‘a successful first year’ when introducing guidance intended to boost the numbers.

FE Week, a publication that has gained an excellent reputation for investigative journalism, submitted a freedom of information (FOI) request on traineeships. It found that just 4,160 online applications were made for 3,480 traineeship vacancies in the first eight months. This ratio, marginally above 1:1, compares poorly with the 12:1 online ratio for apprenticeship places.
This problem of a proliferation of schemes, and a multiplicity of acronyms, has been recognised by Government. In September 2013, the Deputy Prime Minister, Nick Clegg, announced that he had asked the Cabinet Secretary to undertake a review of the provision of assistance for unemployed young people. This has been completed but to date there has been no formal publication of any conclusions. In a speech delivered in February 2014, Nick Clegg announced some changes in careers advice guidance with the implication that they had resulted from the review.46

If the problems of NEETs could have been solved by campaigns alone we would have long since completed the task. The view here is that we need a whole new framework in which such schemes are delivered – hence the second recommendation below.

RECOMMENDATION 2

WE NEED A NEW FRAMEWORK FOR THE DELIVERY OF GOVERNMENT EMPLOYMENT, SKILLS AND WELFARE-TO-WORK SCHEMES.

The main focus of this Paper has been on employment and skills schemes rather than welfare-to-work schemes. However in practice they overlap and any young person would find it hard to distinguish between the two. Any sensible plan for reform must embrace both. Here, a 2013 publication authored by Graeme Cooke for the IPPR should be commended. No more NEETs: A plan for all young people to be learning or earning was both powerful in its ambition and correct in its fundamental analysis.47 It sets out a strategy to fix what it describes as “a broken school-to-work transition system” which has been “exacerbated by labour market shifts that have squeezed out the type of jobs that enabled those in previous generations who decided not to go to university to embark on successful careers”. The publication advocates devolution of responsibility for delivery to local areas – although here it concentrates overmuch on the larger cities. The IPPR extended this argument in August 2014 in a publication entitled Remember the young ones.48 This set out the framework for a more comprehensive approach to worklessness among young people and advocated fiscal measures to include a youth apprenticeship levy to be paid at a national rate by all firms above a certain size. Mechanisms would be put in place to allocate the funds raised by the levy on a regional basis.

In many ways the most compelling recommendation in No more NEETs – echoed in Remember the young ones – concerned the introduction of a new youth allowance. The report demonstrates how financial benefits for NEETs have grown in a haphazard fashion so “a new youth allowance should replace existing out-of-work benefits... conditional on participation in purposeful training or extensive job search. Access to inactive benefits should be closed off for all but a small minority”. This proposal was also incorporated into a wider IPPR report Condition of Britain: Strategies for Social Renewal.49 This publication was launched and endorsed by Labour Leader Ed Miliband in June 2014 but, sadly, his remarks at the occasion were designed to produce headlines on cutting welfare benefits rather than enhancing opportunities for young people.50
The abundance of schemes extends beyond the public sector into voluntary campaigning. In October 2013, a group of industrialists launched The 5% Club. This was spearheaded by the defence and security company, Qinetiq, and signatories pledged to recruit 5 per cent of their permanent workforce from among graduate trainees and apprenticeships within five years. In the same month a different group of business leaders announced a ‘Movement to Work’ initiative. Here the intention is to provide 100,000 vocational training and work-experience placements for young people by mid-2015. These two schemes are well intentioned but their impact will be very uncertain. However, some non-Governmental schemes do not stand up well to serious scrutiny. Considered below are two schemes intended to have some impact on the part of Norfolk where I now live. They are set out in Tables 8 and 9; both are of limited real substance.

Table 8: A million jobs
The “A Million Jobs for a Stronger Economy” campaign was launched at an interview given by Lib-Dem Leader Nick Clegg to Patrick Wintour of The Guardian on 13 June 2013. The article stated that the Party “is to ask all its MPs on 18 July to find places for a further 100 apprentices in their constituencies in 100 days. Cabinet members and all its MPs are also expected to spend a day in their constituency training as an apprentice”. At the time the ‘100 jobs in 100 days’ commitment was reproduced on the Lib-Dem website (http://www.amillionjobs.org/). The 100 days from 18 July ended on 26 October.

There was a page on this campaign website referring to ‘jobs created near you’. It was a sophisticated site with drop-down pins (‘Click on the map below to find out what we’ve helped deliver where you live’). Two pins fell within my North Norfolk constituency. Both concerned ongoing public expenditure and covered activities outside the time period in question. Another page on this sophisticated website referred to ‘a national day of action’ to promote the local work; this was specified as 28 September 2014. I inserted my postcode and pressed the radio button ‘within 25 miles’ and subsequently increased the range to 100 miles. However the response was ‘no event found nearby’ and a reference to an event that took place in Torquay, Devon (250 miles away).

A subsequent request to my Norfolk Lib-Dem MP asking for his comments and details of his activity in support of the campaign has received no reply.

Table 9: Norwich for Jobs
‘Norwich for Jobs’ (NfJ) was launched on 25 January 2013. The front page of the local newspaper, the Eastern Daily Press (EDP), carried the headline ‘Work Boost for Young’. Chloe Smith, a Norwich MP who will be defending a marginal seat in the 2015 election, was described as NfJ campaign leader under a front-page picture. Over the ensuing year and a half, NfJ has generated a stream of publicity
for her. This has extended to claims of ‘jobs filled’ and young people starting ‘paid jobs and apprenticeships as a result of the initiative’.

Bringing together information from the campaign website and the promotional material (including the high profile EDP campaign) it is apparent that NfJ is based on an aspiration and some mechanisms. The aspiration is “to halve Norwich youth unemployment in two years”. The website states that “there are currently around 2,000 young people, aged 18 to 24, registered as unemployed in the Norwich area and we believe that by the start of 2015 we can encourage the creation of 1,000 new jobs and good economic opportunities for young people in the city”. To quote again from the website: “we will achieve this through encouraging employers to offer to Norwich’s young people job opportunities, apprenticeships and work experience placements, and by providing informal links between young people and employers”. Although there has been a certain amount of advisory activity and promotional events, almost all publicity has centred on an employer pledge: pledge organisations are invited to be identified on the NfJ site and to complete a form indicating an intention to create jobs and apprenticeship places.

However, NfJ has no separate source of funding for job creation; detailed enquiries have also indicated that the initiative does not have a separate job matching service. This makes it difficult to see how such claims could be substantiated. Indeed, an answer to a Freedom of Information request has raised questions on the basic ownership of such data.

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The proliferation of schemes and their over-promotion has become all too evident in the last two decades. This, and the lack of serious debate, has not reflected well on the state of British politics. Table 10 describes an unfortunate incursion into the debate made by the Labour Leader, Ed Miliband. Sadly his idea has all the marks of sound-bite politics. Seeking to connect immigration with apprenticeships is opportunistic and unhelpful.

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Table 10: Linking apprenticeships with immigration

The chronic problem of worklessness and lack of opportunity for young people should surely be a vote winner for an Opposition Party. Those of a Left-of-Centre persuasion will therefore be looking to the Labour Leadership to articulate a vision of a different employment market and to develop realistic policies to deliver it.

In September 2013, on the eve of his Party’s Conference, Ed Miliband announced plans to make large companies train a new apprentice for each skilled worker hired from outside the EU. In that way, it was claimed, 125,000 new high-quality apprenticeship places would be created over a five-year period. To quote: “we are going to say to any firm who wants to bring in a foreign worker that they also have to train up someone who’s a local worker, training up the next generation”.

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Employees are brought into the UK under what is known as Tier 2 of the current points-based immigration system. The ‘general’ category covers skilled workers with an offer from a UK-based organisation. They need a valid certificate from a sponsoring employer who is registered with the UK Border Agency and there is a tough points system in place (taking into account qualifications, expected earnings, and the type of sponsorship). The system, while not impossible, is very demanding and no employer would embark on the Tier 2 process unless there was a strong business case and an urgent need. Importantly, anyone in the EU countries (including Romania and Bulgaria) already has full permission to work in the UK.

At the time of Ed Miliband’s speech, the number of people able to enter the UK under Tier 2 general was subject to an annual limit of 21,700. Multiplying 21,700 by five equals 108,500; if you add on some other Tier 2 categories (Ministers of Religion, Sports and Creative Workers and Intra-Company Transfers) you are approaching Mr. Miliband’s 125,000. If this is the basis of his calculation it is misleading. Many of the larger organisations bringing in workers under Tier 2 will already have apprenticeship schemes in place, so for them it will be a matter of ticking a box to demonstrate compliance. The university where I teach, for example, brings in about a dozen people a year, almost all of whom will have a unique research capability uncovered during competitive interview; it employs a much greater numbers of apprenticeships. Two months later, an unrepentant Ed Miliband announced that, under Labour, British IT firms filling staff shortages from outside the EU (mainly the Indian subcontinent) would be required to take on a full-time apprentice for each overseas recruit.56

Apprenticeships: the new silver bullet

The discussion in Table 10 on the Miliband speech is illustrative of something important. **One of the reasons why the quality of the political debate is so poor is that, whatever the question, the answer is always more apprenticeships. They have become the silver bullet of skills training: everybody is in favour of apprenticeships.** We can expect a political auction on numbers at the May 2015 general election and the BIS *Get in, Go Far* campaign launched in August 2014 should be seen as the opening salvo.57 An increase in the number of starts is destined to be a central feature of the Coalition Parties’ case. During National Apprenticeship Week in March 2014, the Prime Minister announced the Government’s commitment to creating 2 million apprenticeships over the lifetime of the current Parliament.58 This figure was repeated in the Queen’s Speech to Parliament on 4 June. In the same month the Labour Opposition spokesperson, Liam Byrne, told the Association of Employment and Learning Providers (AELP) Conference of plans to double the number of apprenticeships. In part, this would be achieved by using public procurement contracts to extend the number of apprenticeships down the supply chain.59
Prime Minister David Cameron has been ambitious in his intentions, arguing in March 2013: "I want it to be the new norm for young people to either go to university or into an apprenticeship." Six months later, Deputy Prime Minister Nick Clegg echoed this call for parity of esteem for vocational education, arguing: "It’s not about denigrating academic qualifications in favour of vocational ones… it’s about putting them both on the same pedestal." In this particular speech, however, he went on to make a powerful claim. According to the Press Report, he stated that the "ancient tradition of apprenticeships was now being expanded on a scale not seen for generations".

This is clever politics. Appeal to people’s folk memory of apprenticeships; boost the numbers of apprenticeships by changing the concept (while avoiding any discussion on what you are doing); leave an impression that, in this way, you are achieving progress in solving the youth unemployment problem. As a political tactic it has much to commend it. It is also thoroughly deceitful.

Redefining apprenticeships

Without question the current Government can claim an increase in numbers. However most of what is happening has little in common with the ‘ancient tradition’ of apprenticeships (the tradition illustrated by the experiences of David Davies set out in Table 2).

In part, to ensure the integrity of funding arrangements, the formal definition of an apprenticeship has been the subject of much deliberation. An independent report, commissioned by the Government from the entrepreneur Doug Richard, achieved a high profile when it was published in November 2012. The most important recommendation was that apprenticeships should be redefined:

“There has been a drift towards calling many things apprenticeships which, in fact, are not... not all instances of training on a job are apprenticeships. Apprenticeships require a new job role, a role that is new to the individual and requires them to learn a substantial amount before they can do that job effectively. An apprenticeship without a job is on-the-job training. There must be a job and the job role must be new.”

After an extended period of deliberation the Government produced its response to the Richard Review as an implementation plan published in October 2013. The purpose of an apprenticeship was now defined as “to train those aged 16 and above to achieve the Apprenticeship standard as set by employers to enable them to perform a skilled role effectively”. Potentially this implementation plan could allow, indeed encourage, employers to describe almost any training scheme as an ‘apprenticeship’ and seek whatever funding is available. Judging by the information on apprenticeships today set out in Table 11 this is what is happening despite genuine ongoing attempts to manage quality of provision. Without any worthwhile debate we have moved away from the ‘ancient tradition’ that resonates so powerfully with the electorate. We
have devalued the term and created a form of subsidised training that can be best described as ‘apprenticeships lite’. Fortunately this devaluation is starting to be questioned. For example, an excellent publication from Martin Allen and Patrick Ainley considers this process in its historical context. However this shift in meaning has not yet been recognised or reflected in the wider public debate.

Table 11: Apprenticeships today

**Numbers**
Although the number of apprenticeship starts has been increasing since the mid-1990s, with a marked increase from 2010, there was a slight fall in 2012/3 from the previous year. Some 510,200 apprenticeship starts were recorded in 2012/3. Demand for apprenticeship places overwhelmingly exceeds supply. Between August and the end of October 2013, according to the most recent figures from the National Apprenticeship Service, 461,530 applications were made online for apprenticeships – compared to 36,700 vacancies.

**Age profile**
Most of the recent rise in apprenticeship starts has been accounted for by an increase in the numbers of over-25s. Comparing 2012/3 with 2009/10 there has been a 352 per cent increase. People aged 25 to 44 accounted for one in three apprenticeship starts in 2012/3 compared with one in seven in 2009/10. The number of under-19 apprenticeship starts has actually fallen over this period.

**Sectors**
More than half (55 per cent) of all apprenticeship starts in 2012/3 were in the business administration sector or the health, public service or care sector. Including retail and commercial enterprise, the top three sectors made up 75 per cent of apprenticeships starts in 2012/3.

**Levels**
Higher-level apprenticeships introduced in 2006/7 and positioned at NVQ Level 4 (equivalent to a diploma or foundation degree), account for only 2 per cent of total starts.

**Pay and conditions**
The Apprenticeship Pay Survey revealed that 29 per cent of apprentices were paid less than legally required in 2012. It also found that one in five (19 per cent) of apprentices received neither training off-the-job nor on-the-job.
Boosting the numbers

Increased numbers have been achieved through a combination of extensive promotion and through subsidies to employers. ’Starts and achievements’, the figure used for promotional purposes, are based on the numbers of individualised learning records (ILR) reported to official bodies.

Until recently, subsidies have been directed through training providers. The mechanism in place at the time of writing is for training providers to submit applications based on the number of ILRs and arrange for employers to receive funding released by the Skills Funding Agency. Given this system it is in the interests of Government, training provider and, in many cases, the employing company, to boost the numbers. A way of doing this has become known as ‘conversions’: ‘converting’ or ‘designating’ existing staff as apprentices and securing funding accordingly. One prominent case was the subject of detailed investigation by a Select Committee of the House of Commons. This is summarised in Table 12.

Table 12: Elmfield/Morrison's

In March 2012 the Business, Innovation and Skills Select Committee questioned the involvement of Elmfield Training, a private training provider, with Wm. Morrison's, the retailer.68 Their resulting report offered a most serious indictment of the drive for numbers. The Select Committee noted that in 2010/11, Elmfield Training received £41 million from the Skills Funding Agency; apparently half of that sum resulted from its contract with Morrisons. The Committee expressed deep concern at the hands-off approach adopted by Government in respect of profit levels and value for money delivered from training providers. Subsequently a BBC Newsnight programme claimed that 4 out of 10 Morrisons’ staff were classified as apprentices; most were over 25 and most were already working for the company. Very little off-the-job training took place and some of those classified as ‘apprentices’ had formally indicated an unwillingness to participate.69

In fairness the Government is now trying to prevent abuse and new definitions and funding arrangements are under review. The proposed funding arrangements, with all payments channelled through employers, are proving contentious and those interested are referred to the TJ website for details of this ongoing debate.

In August 2012 it was announced that the minimum length for all apprenticeships will be 12 months. Further, all apprentices must spend at least 280 hours in ’guided learning’ during the first 12 months; just under a third of guided learning must be delivered off-the-job.70 This could be used to describe large numbers of in-house training schemes that are already in place but would never have traditionally been described as apprenticeships. If funding is available there may be attractions to the organisation in describing them as apprenticeships. Many organisations that have invested in apprenticeships for
some time as part of their business model understand the need to reserve the term apprentice for a higher-level scheme – as Table 13 illustrates.

Table 13: A perspective on apprenticeships
The McVitie’s factory is located on the Park Royal Estate in North West London. It produces well-known brands of biscuits, including Digestives and Hobnobs, and savoury snacks. Some 520 people work in the factory, of whom around 400 are shop-floor operatives. There is, however, a strong commitment to training and staff development with the company seeking to maintain a well-earned reputation as a good local employer.

When asked about apprenticeships, the Engineer Trainer referred immediately to a scheme for Engineering Apprentices that had been introduced. Two places were made available following a competitive internal selection process; 30 applications were received and, in the trainer’s opinion, any of the top ten could have met the company’s requirements. The two successful candidates are undertaking a four-year programme with off-the-job training delivered by a nearby college. They will first acquire a Level 2 NVQ but the intention is to progress to Level 4 – which will involve the acquisition of a Higher National Diploma. This is an expensive commitment for the company and a special budget was established for the purpose – over the whole programme the investment could be as high as £80,000 for the two places.

Consistent with the overall commitment to staff development, considerable numbers of team members (about a quarter of the total) are receiving training under apprenticeship frameworks. Significantly the term ‘apprentice’ or ‘apprenticeships’ is not used in respect of the training undergone by these 100 or so team members. This term is reserved for the scheme in engineering.

Given the success and attractiveness of the engineering scheme, the HR Business Partner at the site expressed her view that it would be unfortunate if apprenticeships ever became ‘non-aspirational’. Not only does a successful engineering apprentice continue to work and earn their wage, but they can take pride in achieving a qualification with currency which will be valued elsewhere.

Restoring the brand
There is an evident trade-off between boosting numbers and maintaining quality of provision. The information contained in Table 11 could not be clearer: the drive for apprenticeship numbers has led to a devaluation of the term and a new form of subsidised training called here ‘apprenticeships lite’. Inevitably training providers and employers across all sectors have taken advantage. International comparisons show that while many countries have maintained apprenticeships as a ‘craft brand’, this is no longer the case in the UK. Here the emphasis has been on numbers.
An increase in numbers to 2 million starts is central to the case the Government will put before the electorate in May 2015. Despite the brittle statistical background outlined in Table 11, the argument can (and assuredly will) be made that apprenticeship numbers have increased. However this will have been achieved by redefining the underlying concept and glossing over issues like the conversion or re-designation of existing staff. In a bullish speech, even by the current standards of promotional hype, delivered in June 2014 the then Minister for Skills and Enterprise, Matthew Hancock ingeniously used the analogy of the switch from analogue to digital television to describe these changes.73

Does this devaluation of the term matter? Answering this question takes us to the heart of an important political issue. Should apprenticeships be high-quality vocational training, in a craft area, leading to a qualification with currency in the employment market? Alternatively should apprenticeships be a form of subsidised training that takes place within a certain framework or standard? The former is what is generally understood by apprenticeships – the ‘ancient tradition’ to quote from the Deputy Prime Minister or ‘aspirational apprenticeships’ to draw on the remarks of the HR Business Partner in Table 13.

This hard political question must be addressed if we are to play fair with our 16- to 24-year-olds. Coalition Ministers speak in favour of apprenticeship becoming a highly valued pathway of equal parity to the academic route but endorse policies designed to produce crude numbers. The Opposition seems to wish to avoid discussing the issue at all.

The term ‘aspirational apprenticeship’ is to be much preferred to ‘ancient tradition’. There is no evident reason why the term apprentice should be reserved for the heavy industries and skilled manual occupations. However if this more ambitious approach is chosen it can only be delivered within a broader, and more transparent, national framework for skills development. Such a framework can be readily specified, though, as is always the case in skills policy, difficult to deliver. The key elements of a framework for the development of aspirational apprenticeships are set out in Table 14.

Table 14: A framework for aspirational apprenticeships

Level of qualification
The term apprenticeships should be reserved for programmes that result in Level 3 or 4 qualifications. Level 3 describes competence that involves the application of knowledge in a broad range of varied work activities performed in a wide variety of contexts, most of which are complex and non-routine; Level 4 describes competence that involves the application of knowledge in a broad range of complex, technical or professional work activities performed in a variety of contexts and with a substantial degree of personal responsibility and autonomy.74
Sectors and industries
A desire to preserve the integrity of the brand does not mean confining the use of the term apprenticeships to the more traditional sectors. One way of developing aspirational apprenticeships in the newer knowledge-intensive industries, and extending them in the more traditional areas, would be to give more power to the Sector Skills Councils. SSCs have been established as the expert skills bodies and have a long experience in the field; they are also employer-led and can ensure whole sectors are covered and be accountable to those sectors. However in the Government implementation plans that formed the response to the Richard review, the Sector Skills Councils have been airbrushed out of the picture. Instead a whole series of ‘Trailblazer’ groups, involving designated employers, have been set up to design new apprenticeships standards.  

Preparing for apprenticeships
There is a need to be more specific about the best path for the vocationally inclined student. This is not about promotional campaigns but about improved college provision. One worthwhile initiative is the pre-apprenticeship programme in place at colleges in Wales. Since 2009, a Pathways to Apprenticeships (PtA) programme has been in place in Wales and is funded by the Welsh Government and the European Social Fund. The Business Secretary, Vince Cable, has shown some sympathy to this idea. In his April 2013 Cambridge Public Policy Lecture he offered a vision of: “a new generation of national colleges; specialised institutions, acting as national centres of expertise in key areas of the economy”. He went on to argue for a greater take-up of high-level vocational training.

Apprenticeships of this aspirational type are not an easy option. It is possible to get things right – to make progress through well-designed initiatives. However this demands a clear commitment that this is what the term apprenticeship should mean; it then requires energy and resources.

Here it should be added that a recurrent theme in the skills debate has been admiration of the apprenticeship system in operation in Germany. This ‘dual system’, combining apprenticeships in a company and vocational education in a school or college in one course, has attracted increasing attention. Germany has been seen as able to compete in high-end manufacturing and to have coped well with the global recession. Significantly, as the political parties increasingly compete on who can deliver more apprenticeship numbers, there has been less emphasis on the attractions of a German model that emphasises quality over quantity.

Articulation of a clear policy for aspirational apprenticeships therefore offers a real opportunity for the Opposition Labour Party. The September 2013 Conference was the occasion of the launch of the first part of a Policy Review chaired by a prominent academic, Chris Husbands. It identified the
dearth of high quality apprenticeships and argued that the apprenticeships brand had been devalued: apprenticeships should be positioned at the higher level in terms of vocational qualifications (Level 3 as opposed to 2). It was also more tentative on employer ownership: “give more ownership of the skills system and funding to employers, collectively, and ask in return that they create more and better apprenticeships”. However, the Husbands Review received no publicity or exposure as it was completely overtaken by the statement from the Labour Leader Ed Miliband linking apprentices and immigration (set out in Table 10). Altogether, the Husbands Policy Review produced three reports; separately and together they raise many of the issues that need to be considered if a framework for aspirational apprentices is to be created. It is hoped that they will not be forgotten.

The case for what we have termed aspirational apprentices was also advocated in the 2014 IPPR report Remember the young ones. The report proposed that “Apprenticeships should be seen by students and employers as a high-quality vocational route into work for young people” and this would be achieved by ensuring that “All apprenticeships should be at Level 3 and above and should last for a minimum of one year; traineeships should be developed into pre-apprenticeships.” Further: “Apprentices should spend at least 30 per cent of their time doing off-the-job training.” The Left-leaning IPPR has considerable influence with the current Labour Leadership and it may well be that Party policy is moving in the direction of a stronger definition of the concept of apprenticeships. This is wholly to be welcomed.

However, one other recommendation in Remember the young ones was unfortunate and ill considered. This was the suggestion that no one aged 23 or over should be allowed to start an apprenticeship, except in exceptional circumstances. While there is a strong case to make apprenticeships an aspirational path aimed at young people, specifying the intention in this way would inevitably introduce an unfortunate element of ageism. Moreover a cursory consideration of the excellent McVitie’s Engineering Apprenticeship scheme, described in Table 13 above, shows that an arbitrary age limit could be damaging for staff morale and for the needs of the business.

Restoring the psychological contract
The recession of 2008 and the subsequent recovery have been like no other; there have been dramatic changes taking place in the way that the labour market works. Young workers have experienced particular pain, with the rise in NEETs as the clearest manifestation. We can only develop effective policies if we understand the underlying causes of the problem. Only if we are honest can we secure the trust of young workers.

‘Trust’ is an important concept in human resource management and development. At times of great change, trust can come under pressure and implicit understandings can break down.

A Black Paper on NEETs and Apprenticeships
The term ‘psychological contract’ achieved considerable prominence in the late 1990s. It was used to describe the way that some employers (for example retail banks) reneged on the ‘job for life’. The term is defined as follows in the Chartered Institute of Personnel and Development (CIPD) factsheet: “…the perceptions of the two parties, employee and employer, of what their mutual obligations are towards each other.” The CIPD factsheet helpfully continues: “These obligations will often be informal and imprecise: they may be inferred from actions or from what has happened in the past, as well as from statements made by the employer, for example during the recruitment process or in performance appraisals. Some obligations may be seen as ‘promises’ and others as ‘expectations’.”

The term has fallen from fashion but it could helpfully be revived. A consideration of promises and expectations between the generations in the workplace is a useful one. One of the most original and challenging books of recent years explored this area. The Pinch, written by a former Government Minister for Universities and Science, David Willetts, has the subsidiary heading of How the baby boomers took their children’s future – and why they should give it back. Although he would agree with little of the recommendations that follow he deserves congratulations for putting inter-generational ethics on the agenda.

So how should the psychological contract for the 16 to 24 generation be framed? I would offer the following:

We recognise, and expect you to recognise, that personal learning and development takes place through work. We want to give you every opportunity to undertake that learning in what we know to be a changing economic and employment climate. We expect you to grasp the work opportunities that are made available to you. However we recognise that you are young: it will take you time to appreciate your strengths and weaknesses and to develop the judgment needed in the workplace. You will make mistakes. Our promise to you is that we will be honest about the challenges you face, we will endeavour to give you the support and information you need to make sensible decisions, and we will try to ensure that you are not exploited in the workplace.

An alternative to voluntarism

Whatever the framework, implementation of any skills policy initiative takes place at the micro-level – within the organisation. Skills and employment schemes, and indeed any other training activity, will not command support within an organisation unless they can be seen to assist the business in economic terms. In particular, aspirational apprenticeships are not an easy option.

Against this background it is noticeable that virtually every Government policy statement in the skills arena contains a call for greater involvement by employers – calling on their time and resources. Most of the campaigns promoted by trade or employer groups make similar demands. The CIPD’s
The Learning to Work campaign is a good example. Organisations and individuals are repeatedly invited to do helpful things in the spirit of voluntary goodwill – the corporate equivalent of supporting bob-a-job week. (For overseas readers ‘bob-a-job week’, first introduced after the Second World War, became an annual fixture in which Scouts knocked on doors to ask for work to do and expected the old shilling – 5p – in their fundraising envelope in return).

Here we can usefully return to two arguments that have been presented earlier in this Paper. The first is that skills development, far from being the primary purpose of the organisation, is in most cases a third-order decision. The second is that there are a bewildering number of skills development and welfare-to-work schemes in existence.

This Paper has proposed that worklessness, the NEETs problem, should be seen as the central issue to be addressed. The current cocktail of initiatives: Government schemes underpinned by a lot of exhortation (or shout a little louder) simply will not deliver what is required.

It is now time to consider more radical options. One would be to introduce a statutory obligation for workforce development alongside the other corporate obligations. The Companies Act is the primary source of UK company law and, at its simplest, sets the framework for the objective of increasing member (shareholder) value. The Companies Act 2006 offered the first major legislative update since 1985. Far and away the greatest controversy concerned Section 172 (1), which widened the responsibilities of directors and required them to act in a way that “would be most likely to promote the success of the company for the benefit of its members as a whole” and listed a number of areas that should be considered. Most of the debate when the new Act was introduced concentrated on corporate social responsibility. There was little discussion on the human resources (HR) management and development implications of the need to show regard for the interests of the company’s employees. With hindsight, the HR profession missed an opportunity to discuss the big picture on the social obligations of employment. This should be revisited as the recommendation below suggests.

**RECOMMENDATION 3**

WE NEED A RESTATEMENT OF COMPANY OBLIGATIONS TO INCLUDE A STATUTORY OBLIGATION FOR WORKFORCE DEVELOPMENT ALONGSIDE THE OTHER CORPORATE OBLIGATIONS

Such a change would create an overarching framework against which Government schemes could be implemented; it would create the opportunity for more effective and honest reporting. Advocating such a change will require political courage. However we should remind ourselves that the much-vaunted German system operates under a different system of corporate law and is based on companies accepting obligations.
Conclusion

The argument that has been advanced in this Paper is that, by refusing even to engage in a serious discussion of the NEETs issue, we have broken an implicit contract between generations. We are letting down our children and grandchildren.

Our political process has stumbled on a device to avoid that debate. This is to allow the term apprenticeship to lose the meaning that is widely understood (labelled here ‘aspirational apprentices’) and become a framework or standard for subsidising training that would have taken place anyway (‘apprenticeships lite’). This way it is possible to boost the numbers through promotion and subsidy. This approach is very politically attractive: it offers a convenient signal to suggest that something is happening. This together with a certain amount of ‘blame the victims’ will be the platform on which the next election will be fought.

The Parties in the current Coalition will argue that unrestricted market forces will deliver a solution. However if the problem is understood to be one of underlying structural change, market forces alone will not be effective. The Labour Opposition may commit both to double the number of apprenticeships and to improve their quality; it will also offer ‘a guarantee of a real job for all the young unemployed’. Such ambitious aspirations will need credible policies for delivery based on an understanding of the drivers of training in organisations.

So there is a 21st century problem to be addressed. How can we develop the skills employers value while ensuring that employees have every opportunity to develop their long-term employability? Framing the question in this way demands a different mind-set. It demands a recognition that it is not just the interest of employers that matter. To repeat the recommendations in this Paper:

What is therefore required is a whole new approach to the development of our younger workforce. This should include a commitment, expressed in the form of a Charter, to protect young workers, a new framework for the delivery of job-creation and welfare-to-work schemes and a restatement of company obligations (to include a change in the Companies Act).

No one doubts the good intentions of many of those involved in policy formulation and delivery, and of the academic researchers and commentators. However there is a need to be far more honest on the extent of the problem we are facing and on the underlying causes. As the Nobel prize-winning philosopher Albert Camus put it: “The evil that is in the world almost always comes of ignorance, and good intentions may do as much harm as malevolence if they lack understanding.”
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31 'Silence, sir!' roared his father. 'No, you never are. When your opinion’s wanted, you give it. When you’re spoke to, you speak. When your opinion’s not wanted and you’re not spoke to, don’t you give an opinion and don’t you speak. The world’s undergone a nice alteration since my time, certainly. My belief is that there an’t any boys left – that there isn’t such a thing as a boy – that there’s nothing now between a male baby and a man – and that all the boys went out with his blessed Majesty King George the Second.’


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