

Higher Ambitions

Background Report

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PEARSON



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Introduction

Apprenticeships in Britain were once the route through which many young people developed a trade and a profession. They were one of the main routes into adulthood and a rewarding career. Such apprenticeships still exist. But, despite a recent re-emphasis on the importance of their quality, there remain far too few.

There are several reasons why this has happened:

- There has been a recent growth in access to university, but there has been far less attention given to the 50% of young people who will not enter higher education or those for whom a degree-level apprenticeship might be a better option.
- The growth in apprenticeships has been a numbers game with successive governments. This has resulted in rebranding youth training programmes as apprenticeships and, more recently, the launch of the Train to Gain programme. Only recently, since the Richard Review, has there been a stronger push on advanced and higher apprenticeships.
- Attitudes to apprenticeships and vocational education have suffered from a perception that they are second best, in part exacerbated by the relative lack of advanced and higher apprenticeships. Polling for this summit shows that parents are significantly more likely to encourage their child/children to consider a university degree (56%) than an apprenticeship (40%). Just under two thirds (63%) of adults aged 16-75 in England believe that apprenticeships should be designed to meet A-level standard or higher.
- Employers have not yet engaged enough with apprenticeship provision. Less than one in five employers takes on an apprentice in Britain compared with one in two in Germany. Attempts to engage employers have resulted in a profusion of qualifications, often of limited value beyond the workplace or college where they were created. And there is a real cost to the economy and business in not investing in apprenticeships and improved skills.

Polling for this summit shows that there is demand from young people for more apprenticeships and that there is recognition among the wider population of the potential benefits of more advanced and higher apprenticeships. Key findings from the Ipsos MORI¹² and NFER polling³ include:

- 34% of adults in England aged 16-75 say a degree-level apprenticeship would be better for somebody's future career prospects than a university degree, compared to 21% who think a traditional degree would be better.
- Just under two thirds (63%) of adults in England believe that most apprenticeships should be set at A-level standard (Level 3) or higher, whereas government data show that two thirds of apprenticeships started by young people in 2012/13 were only at GCSE standard (Level 2).
- 56% of parents say they are likely to encourage their children to consider a university degree, while only 40% would encourage them to consider an apprenticeship.

¹ Ipsos MORI surveyed a total of 1,728 adults aged 16-75 in England from 13th – 17th June 2014 via its Online iOmnibus Survey. The survey data were weighted by age, gender, region, social grade, working status and main shopper to the known profile of the English population aged 16-75. 455 respondents were parents of children aged 0-19.

² Ipsos MORI surveyed 2,796 young people between February and April 2014, as a part of their Young People Omnibus Survey. Interviewing was conducted via self-completion questionnaires which were completed in school during a single classroom session. The survey data were weighted by gender, age and region to the known profile of pupils aged 11-16 in England and Wales.

³ NFER Teacher Voice omnibus survey, March 2014

- More than half (55%) of young people aged 11-16 say they would be interested in an apprenticeship rather than going to university if it was available in a job they wanted to do, but only 31% say that their teachers have ever discussed the idea of apprenticeships with them at school.
- Only 26% of teachers think (to a great or some extent) there are enough apprenticeships available at A-level standard or higher and 65% said they would rarely or never advise a student to take an apprenticeship if they had the grades for university.

Student aspirations

These findings echo the Pearson/Teach First My education report⁴ of 2013, during which they spoke to over 8,000 teenagers about their aspirations. The development of a stronger link between education and employment was a key finding, indeed the single biggest motivator to encourage hard work at school was 'a desire to achieve future career goals' (41%) – this out-scored academic success (28%). Students also agreed that it was important that they learn transferable skills, including teamworking, communication and presentation skills.

Progression to Higher Education from vocational qualifications

Although many more A-Level students progress to university than those studying vocational qualifications, thousands are now starting degrees having completed BTECs and other qualifications, often after a period of time in the workplace. Almost 40% of BTEC learners are aged 27 or above when they achieve their degree, compared to only about 10% of A-Level learners.

Career outcomes for today's vocational students

Analysis of Labour Force statistics in a 2013 study by London Economics⁵ indicates that university graduates who only studied vocational qualifications at sixth form or college were more likely to be in employment than their peers who had studied purely academic qualifications like A-Levels. Across age groups and gender, graduates with BTECs had an average full-time employment rate of 80% compared to A-Level only graduates with a rate of 74%. These figures also showed that graduates who had studied BTECs at school and college were on a par with their A-Level only peers in terms of the jobs they subsequently secured.

Research by Britain Thinks⁶ for this summit highlighted in this report provides a more detailed picture of what young people think about apprenticeships and vocational education.

Evidence from the Boston Consulting Group

Last year's Boston Consulting Group (BCG) report *Real Apprenticeships*⁷ for the Sutton Trust highlighted the extent to which countries like Germany and Switzerland offer young people three

⁴ <http://uk.pearson.com/myeducation/my-education-report.html>

⁵ <http://londonconomics.co.uk/publication/the-outcomes-associated-with-the-btec-route-of-degree-level-acquisition/>

⁶ BritainThinks was commissioned to undertake qualitative research in order to provide an insight into how vocational qualifications are viewed by students, teachers and parents. Focus groups were carried out with seven prospective vocational students and prospective A-Level students aged 14-16, eight parents, and six secondary school teachers responsible for a range of academic and vocational subjects. All fieldwork was carried out between 13th - 20th May 2014.

⁷ *Real Apprenticeships*, BCG Research for the Sutton Trust, October 2013

times as many good quality apprenticeships as England, and argued for an extra 150-300,000 such apprenticeships to be launched in England.

The BCG/Sutton Trust research showed that with many lasting just a single year, too many apprenticeships for young people are of low quality and are too short compared with those in other leading economies where three years is the norm. Too few employers offer apprenticeships (less than 20% in the UK compared with 50-60% in Germany and Switzerland) and there is too little support for the creation of high quality dual-track apprenticeships, combining workplace training and off-site study.

BCG also highlighted the huge challenge to match other leading nations: with two-thirds (64%) of UK apprenticeships judged 'low quality', Switzerland offers seven times as many high quality apprenticeships for its population size. Also, only 36% of UK apprenticeships are 3 years at Level 3 or higher; this compares poorly with Germany, which not only has a much higher participation rate, but also has 90% of its apprentices in three to four year programmes at Level 3 or higher.

Their report recommended:

- A radical expansion of three-year apprenticeships, with 300,000 extra places, and making three years the norm. Around 10% of apprenticeships could be for two years in jobs requiring less training, and some could last four years.
- Apprenticeships should all be of high quality with a combination of workplace training and off-site learning. Young people could start an apprenticeship with relatively low or high skills, but would build those within the apprenticeship programme over three years, rather than taking several disconnected qualifications, as often happens now.
- While large firms could directly employ apprentices, smaller firms could hire apprentices employed by training agencies, encouraging more small firm participation.
- New licences to practise in a host of trades and professions, certifying that people have the skills needed to do the job, protecting consumers and boosting the importance of having completed an apprenticeship successfully.
- Wage subsidies through tax breaks or national insurance contributions for employers who take on apprentices, to boost employer engagement. Subsidies would start at 60% of the average £9,300 cost of hiring an apprentice in the first year, falling to 20% in the third year. This subsidy would be reduced for later cohorts until the system pays for itself after twelve years.

Evidence from the Pearson/CBI Skills Survey

The 2014 Pearson/CBI skills survey published in July 2014⁸ emphasises the need for high quality skills in the workplace. While two-thirds (69%) of employers rate their employees' skills as good, they are aware of weaknesses in core competences such as literacy (54%) and numeracy (53%).

Firms are also conscious of the supply of skilled people needed as the economy grows, with 23% "unconfident", saying they cannot fill key roles. The survey also showed that business leaders believe there is a need for more apprentices and young people with advanced and higher vocational skills:

⁸ CBI Prospering through skills (title TBC), Education and Skills Survey 2014

- They anticipate overall growth in demand for leadership and management skills (73%) over the next 3-5 years with 71% predicting growth in the need for higher skills.
- Demand for higher skills will be particularly strong in engineering (up 95%), manufacturing (up 76%) and construction (up 69%).
- There is serious concern over insufficient supply of skilled people to sustain recovery as the economy grows, with a balance of 23% “unconfident”, saying they cannot fill key roles.
- In particular, there are serious concerns among employers about recruiting apprentices, graduates and technicians particularly in scientific or engineering roles.

Other recent research

These findings reflect a growing understanding of the imperatives; for example, the latest IPPR report, *Winning the Global Race*⁹, makes a powerful case for nurturing such skills:

“...winning the global race will require more than simply expanding general higher education; Britain also needs stronger and better-quality vocational education, coupled with new business models that make better use of workplace skills.”

The IPPR report contains three core messages:

1. Growing demand for technician-level jobs in industries ranging from digital technology, advanced manufacturing and construction to green technology and service sector support is already considerable and rising fast.
2. As the baby-boomers retire, demand for replacement jobs and skills “*will be far greater than that caused by business growth*”.
3. Major reports for more than a decade, from Lord Leitch on UK skills needs to the year 2020¹⁰ and Professor Wolf on vocational education 14-19,¹¹ to the Richard review of apprenticeships¹² and the Whitehead review of adult vocational qualifications,¹³ call for skills and qualifications to be “employer-designed” and “labour-market-driven”.

This evidence is compounded by more recent evidence on the scale of the skills shortage. Barker (2014)¹⁴ estimates that 30-40% of vacancies in areas such as skilled trades and manufacturing are caused by skill shortages. Humphries (2010)¹⁵ said that “by 2020 the UK will face a shortage of 3.4 million workers qualified at level 3”.

The IPPR uses data from the Working Futures dataset,¹⁶ compiled by the UK Commission on Employment and Skills (UKCES), to predict net job demand in occupations at different skill levels by 2022. As expected, this shows a pronounced increase in the number of professional jobs (those likely

⁹ IPPR - Winning the global race? Jobs, skills and the importance of vocational education 2014

¹⁰ Lord Leitch - Prosperity for all in the global economy - world class skills 2006

¹¹ Alison Wolf - Review of Vocational Education March 2011 DFE

¹² Doug Richard - Richard Review of Apprenticeships 2012 BIS

¹³ Nigel Whitehead – Review of Adult Vocational Qualifications in England UKCES 2013

¹⁴ Baker K (2014) The skills mismatch, London: Edge Foundation. http://www.edge.co.uk/media/130721/the_skills_mismatch_march_2014_final.pdf

¹⁵ Humphries C (2010) *Technical Skills for the 21st Century: The UK's Workforce Need for Technicians*, London: Gatsby Foundation

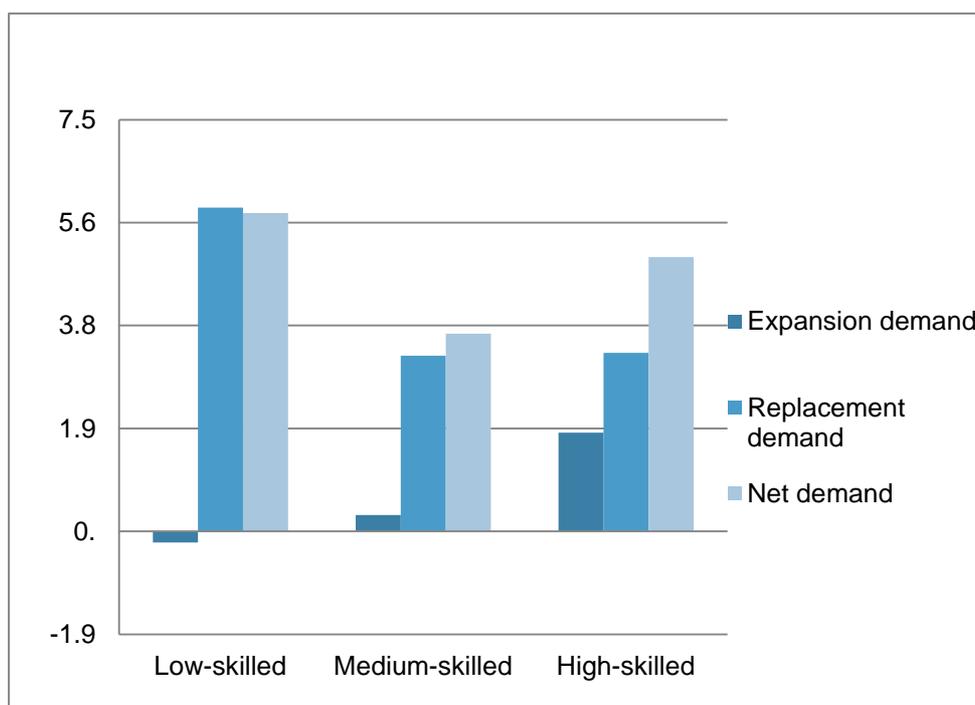
¹⁶ Working Futures 2010-2020 – UKCES (U Warwick)

to require degree-level qualifications). However, it also projects strong job growth in middle-skill jobs (those requiring at least Level 3 qualifications) – an additional 3.6 million by 2022. Notably:

- An additional 500,000 jobs in “skilled construction and building trades”.
- An additional 215,000 jobs in “science, engineering and technology associate professionals” (e.g. technicians in pharmaceuticals, digital technology, advanced manufacturing, green technology, etc.).
- Health and social care is projected to be a particularly important growth area, with 250,000 new middle-skill, associate professional jobs, and more than a million low-skill (level 1 and 2) jobs (a rise of 27%).
- The future occupants of these roles will require good apprenticeships or vocational training.

The IPPR below gives an idea of the overall number of new jobs being created at each skill level (‘expansion demand’ is that caused by business growth, ‘replacement demand’ by retirement of existing job-holders):

Chart 1: Where will jobs be created between 2012 & 2002 (millions of jobs, by skill level)



Source: IPPR, *Winning the global race?*

How do business leaders see the situation?

The 2014 Pearson/CBI skills survey showed that two-thirds (69%) of employers rate their employees skills as good. However:

- They are aware of weaknesses in core competences: literacy (54%), numeracy (53%), IT (61%).
- They anticipate overall growth in demand for leadership and management skills (73%) over the next 3-5 years with 71% predicting growth in the need for higher skills.
- Demand for low-skilled employees will rise by 5% and there will be tough competition for jobs in this group.
- Demand for higher skills will be particularly strong in engineering (up 95%), manufacturing (up 76%) and construction (up 69%).
- There is serious concern over insufficient supply of skilled people to sustain recovery as the economy grows, with a balance of 23% “unconfident”, saying they cannot fill key roles.
- Lack of confidence applies across firms of all sizes in all four nations of the UK and all business sectors.

Science, Technology, Engineering and Maths (STEM) skills shortages

Widespread concern is expressed in the CBI survey about the continuing STEM skill shortage, particularly in construction, over the next three years, with firms facing difficulties recruiting technicians (48%), graduates (37%) and people to train as apprentices (36%). The issue over apprentices is particularly acute, says the CBI annual survey report:

“To fire interest in young people studying STEM subjects and pursuing STEM careers, businesses recognise that they have a key role in engaging with schools (57%) and offering more STEM-based apprenticeships (57%). They also see the need to work with universities to ensure the business relevance of courses.”

While the most recent BIS statistics¹⁷ suggest only 8-10% of firms nationwide are involved in apprenticeships, the CBI survey nevertheless suggests a surge of interest in participating, with a predicted two-thirds increase among firms surveyed. Also, two-thirds of those already involved are planning expansions, with habits spreading to new sectors, such as professional services.

The survey also reveals evidence that greater action by schools to prepare young people for apprenticeships – better careers advice and more appropriate vocational studies – would encourage many more SMEs to participate.

¹⁷ BIS Research paper number 161: Employer routed Funding, March 2014

Attitudes towards work-based learning and apprenticeships

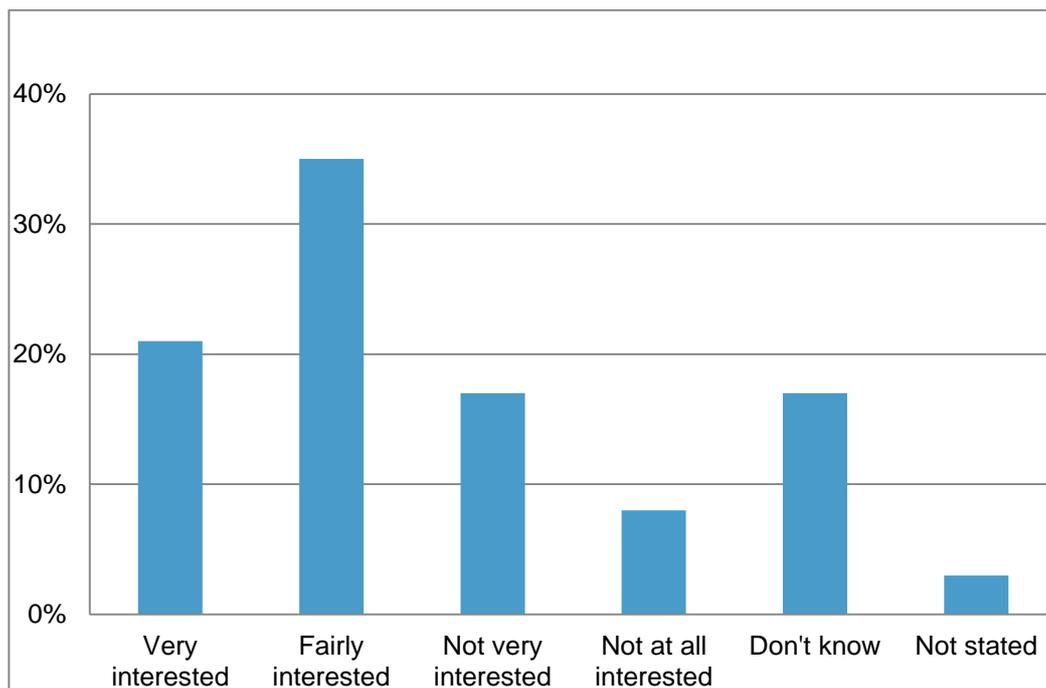
There is agreement on all sides that filling these skills gaps cannot be met by educational institutions alone. Apprenticeships, which combine workplace training with appropriate education, are the commonly agreed means of getting young people into productive work and, in some cases, of improving the skills of older workers. There has been growing emphasis on increasing the number of good quality apprenticeships in recent years, but are these apprenticeships meeting industry's demand for skilled workers, and are the apprenticeships we have at the right level?

Before looking at the current state of vocational education in school and the workplace, new polling for the Sutton Trust¹⁸ asked teachers, parents and pupils how they view the world of workplace learning and apprenticeships.

Unrealised Ambitions

A picture of low esteem, lack of progression and complexity in the world of vocational qualification leaves pupils, parents, teachers and employers confused. Many young people, their parents and teachers regard the 'A-levels followed by university' route as the preferred option, despite just over half of 11-16 year olds thinking that they might be interested in an apprenticeship, according to the Ipsos MORI Young People's Omnibus Survey:

Chart 2: Ipsos MORI YPO question "Thinking ahead to when you leave school, if an apprenticeship were available for a job that you wanted to do, how interested would you be in doing an Apprenticeship rather than going to university?"

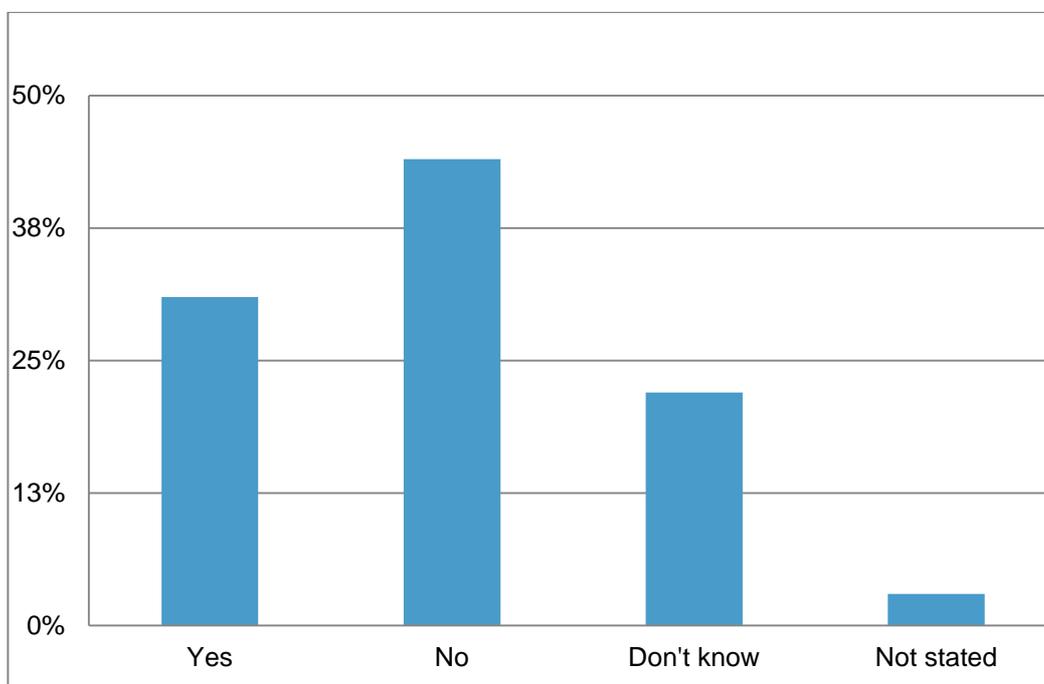


Base: 2796 secondary school pupils aged 11-16.

¹⁸ Ipsos MORI Young People's Omnibus Survey 2014

Also, despite the level of interest even among the youngest in the Ipsos MORI poll – where 2,796 interviews were conducted among school children aged 11-16 in England and Wales – they received surprisingly little information about apprenticeships provided by their teachers in school.

Chart 3: Ipsos MORI YPO question “Have your teachers ever discussed the idea of Apprenticeships with you in school?”



Base: 2796 secondary school pupils aged 11-16.

Britain Thinks research for Pearson¹⁹ gives an insight into how vocational qualifications in general, and BTECs in particular, are viewed by key audiences. Although many parents are worried that the increase in numbers of young people going to university has devalued the degree in the jobs market, the research showed that they and their children believe there is no other route into well paid employment.

“For many jobs these days, employers won’t look twice at you if you haven’t been to uni”
[Parent]

Students say they lack information about other options and are often influenced in their choice by school, family and peers:

“I think mostly I base my decisions on my older brother and his friends and what they have done...And my mum will just tell me too.”

“When you talk to most people they went to sixth form and studied A-levels so I guess that’s just what we’ve been brought up knowing about....and when you’re talking about it with your

¹⁹ Pearson – Britain Thinks

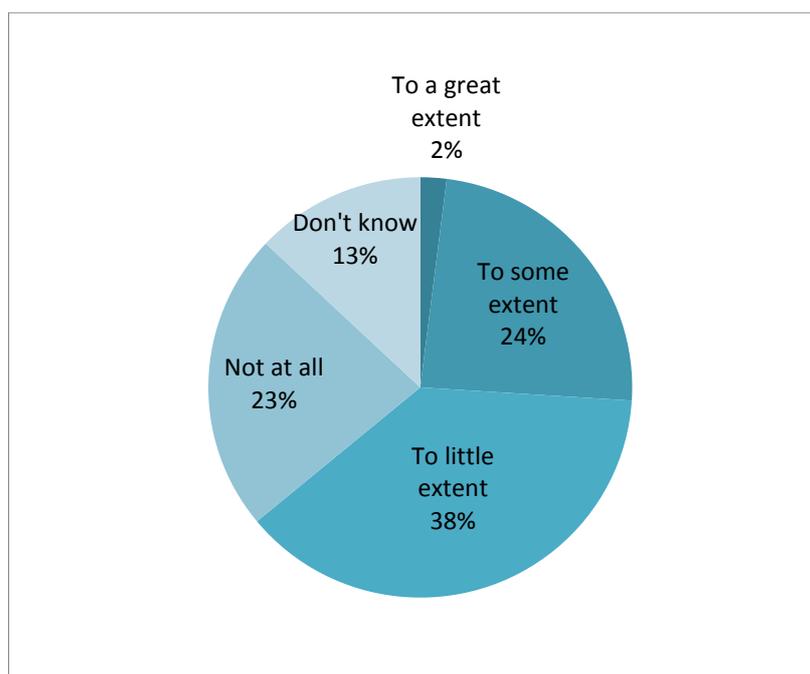
friendship group you'll say 'what do you think you'll take at A-level?'; you don't ever really mention BTECs." [Prospective A-Level students.]

For young people who have not yet chosen a career path, A-levels and university seem to offer them transferable skills that will not close down their options too quickly.

"It's a big choice to make when you're 15...I think it's quite scary because you could pick the completely wrong path", but "A-levels aren't stuck to one subject" [Prospective A-Level student].

Teachers feel under pressure to guide students into A-levels as the reputation of the school and its position in the league tables depends on attracting and keeping the academically most able and sending them to university. Although the vast majority of teachers think more apprenticeships should be available at A Level standard or higher, only one in four teachers (26%) thought there were nearly enough apprenticeships available for young people at this level. 65% said they would rarely or never advise a student to take one if they had the grades for university, according to the NFER teachers survey.²⁰

Chart 4: NFER Teacher Omnibus question "With apprenticeships, young people do a mix of work-based training and study in college to gain accredited qualifications. To what extent, do you think there enough apprenticeship opportunities at A-level standard or higher for young people today?"



Base: 561. Due to rounding percentages may not sum to 100. The percentages are weighted by FSM rates for secondary schools.

"I've been through this already with my daughter at her school and they told us don't even consider anything else, she should do A-levels" [Parent].

²⁰ NFER Teacher Voice omnibus survey, March 2014

“The school’s aim is for the brightest kids to stay and do A-levels and the others to go away to college” [Teacher].

Since the Wolf Report found that many of the vocational qualifications taught in schools were not valued by employers, large numbers of them have been withdrawn from the curriculum. And with changes in the exams system and accountability measures, many schools are cutting back on the variety of subjects they offer of this type.

“We’ve really tried to recruit the higher end students this year because previously we’ve lost lots of them. We’re in the top 25% in the country but now we’ve had to do a real push because the BTECs didn’t count in the league tables. So we’ve stopped doing so many BTECs and now only do health and social care” [Teacher].

Vocational qualifications can carry less prestige than GCSEs and A-levels, and are sometimes poorly understood. Many parents and young people are surprised that they can be taken at many levels:

“I can imagine they would be less good in school. And less motivated and stuff... If you get kicked out of school you can’t do A-levels and have to go and do an apprenticeship” [Prospective A-Level student].

“If I thought that my child was academically-bright then, to be honest, I wouldn’t encourage her to do a vocational subject. But because she isn’t academically bright I do encourage her to. If she were I would probably feel like she was wasting her talents” [Parent].

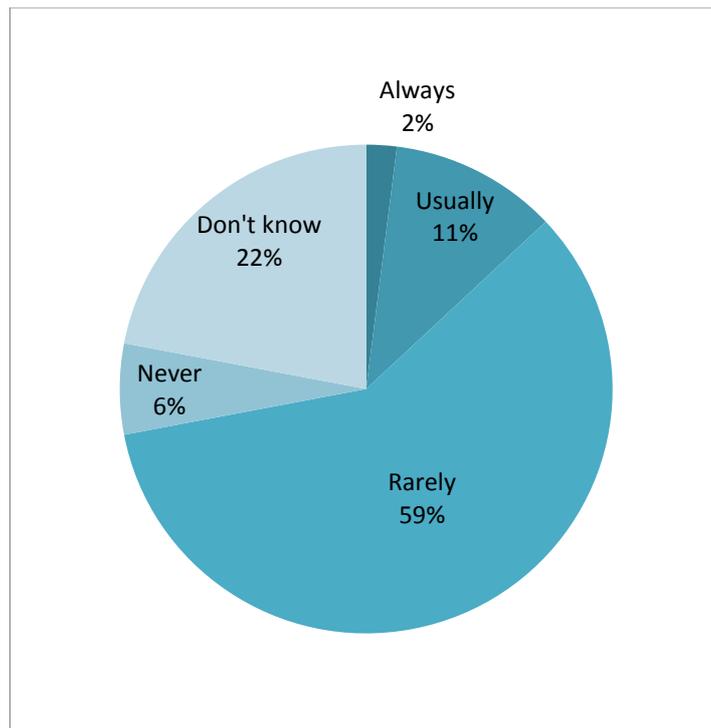
But the picture is not wholly negative. Young people who have chosen the vocational route often have a strong commitment to a particular area of employment;

“We had a day in school when different companies came and talked about what different things we could do. Loads of them do apprenticeships too...I saw an ICT apprenticeship and thought I might like to do that”, “I have my future quite well planned out. I’m into horses at the moment so I want to go to college to get an equine degree” [Prospective Vocational students].

Teachers of vocational courses also see the advantages of opening up new routes.

“Fantastic progression. For some of my girls, they would never have aspired to go to university and now they go for nursing or something like that. Or they go straight into a job...it might not be university but for them if they can hold a job down that’s progression and they would never have had that [without vocational education]” [Teacher].

Chart 5: NFER Teacher Omnibus question “Would you advise a high-achieving student to opt for an apprenticeship if they had the grades to go to university?”



Base: 561. Due to rounding percentages may not sum to 100. The percentages are weighted by FSM rates for secondary schools.

What the vocational learner thinks

Vocational learners at a *My Higher Ambitions*²¹ event organised by Pearson with Barking and Dagenham College were aware of the employability skills they needed, such as:

“Confidence, knowledge, punctuality and attendance, professionalism, ‘look the part’, qualifications”

“You get life skills from vocational education. If you can’t talk to people and you can’t communicate then you won’t get a job”

“Doing an NVQ qualification gives you more confidence and technical experience”

“Some people will value that you’ve got a lot of experience from your BTEC”

They feel that the practical approach is more suited to their aptitudes and that vocational qualifications or an apprenticeship are a more secure route to employment or further training than A Levels;

“It’s a good balance between theory and practical learning”

“It will help me get a job in the industry I’m interested in”

²¹ Pearson with Barking and Dagenham College event, My Higher Ambitions

They could see a range of routes opening up in front of them and are often ambitious, wanting to get promotions, go to university, or to run their own business:

“Our teachers are good at making us aware of our options – you can get a job, or an apprenticeship, or go to uni from level 3”: “To progress my skills from being a painter and a decorator to being an architect; “To get an apprenticeship and work with a big firm for 10-15 years to get some experience. Then to set up my own company”: “To get into level three and then become a site manager or a surveyor” or “To join a firm and work my way up to supervisor. I’d like to do a degree in business later.”

Nevertheless, they feel that their positive views are not always shared, even amongst employers. There are the really supportive employers:

“I can think of example where BTEC would be better to an employer than A levels. Take event management – if you’ve got experience, like we have (for example we had to organize an event, we learnt things like teamwork, got some practical experience of organizing an event) and you’ve got skills in this area, that’s what companies are looking for.”

Too often there are, however, the negative employers:

“Let me give you an example – my friend had Level 3 accounting and got work experience at an accountancy firm. When it came to getting a job, even though he’d been there for a while, he lost out to someone with A-levels even though they’d never worked there before.”

Nor did they have confidence in politicians to appreciate what vocational education could do for people:

“Politicians live in a closed off world and don’t understand [the importance of] vocational education” and “look down on people who study vocational education courses.”

And they do not feel that this situation is likely to improve in the future:

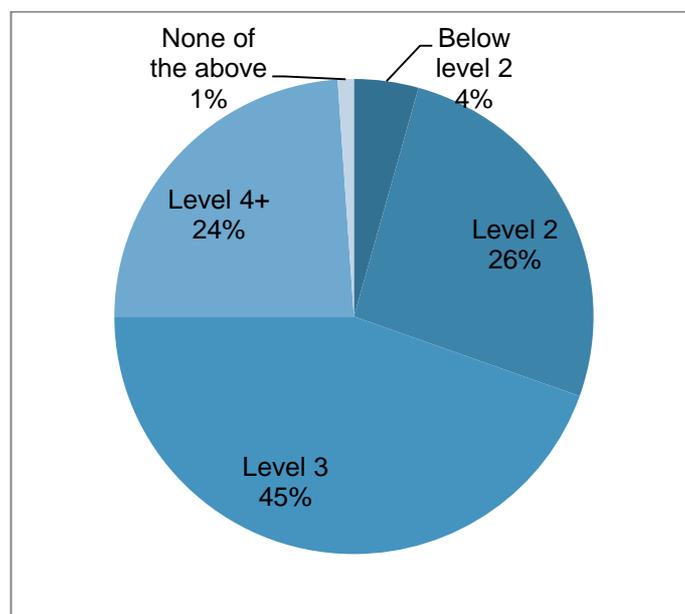
“Nothing will be done about changing the perceptions of vocational education.”

Two thirds of apprenticeships for young people are currently at level 2, and only a third are at level 3 or higher. Yet almost two thirds (63%) of people believe that most apprenticeships should be at level 3 or higher, as is the norm in countries with the best apprenticeship systems.

In a poll of adults in England aged 16-75 for the Sutton Trust by Ipsos MORI,²², there was majority support for designing most apprenticeships to meet Level 3 or higher, with 63% agreeing that this should be the norm. Four in ten (41%) chose A Level /GNVQ Advanced Level (Level 3) as the desired level. Just a quarter (24%) thought they should be designed to meet GCSE/O Level (Level 2) standard, but a fifth (20%) thought they should be designed to meet the same level as a Bachelor’s Degree/HNC/HND (Level 4) or higher.

²² Sutton Trust Polling, Ipsos MORI 2014. Of the 1,728 adults, 455 were parents of any child aged 0-19. Of the total sample, 285 were aged 16-24, 313 aged 25-34, 312 aged 35-44, 311 aged 45-54 and 507 aged 55-75. Meanwhile, 453 adults fell into social grade category AB, 471 C1, 383 C2 and 421 DE.

Chart 6: Ipsos MORI iOmnibus question “As you may know, apprenticeships are set to require similar standards as an academic qualification. What qualification standard do you think most apprenticeships should be designed to meet?”



Ipsos MORI polling 2014 of 1,728 adults

Young people aged 16-24 (47%) and those aged 45-54 (48%) were most supportive of Level 3 apprenticeships, but no group fell below 36%. Those aged 16-44 were significantly more likely than those aged 45-75 to believe that apprenticeships should be set at Level 4. Among those aged 16-44, percentages for those selecting this level ranged between 24% (35-44) and 28% (25-34).

Adults in social classes A/B and C1²³ were significantly more likely to be committed to setting apprenticeships at Level 3 (47% and 45%) whereas classes C2 (35%), and D/E (37%) showed a lower level of support for setting apprenticeships at such a level.

²³ This refers to the British National Readership Survey social grading system: http://www.ipsos-mori.com/DownloadPublication/1285_MediaCT_thoughtpiece_Social_Grade_July09_V3_WEB.pdf

The current state of vocational education

Problems with the current state of vocational education in schools

Prime Minister, David Cameron, wants everyone to have the opportunity to enter an apprenticeship or university after school, which means considerably raising the esteem for vocational courses. Currently, more than half of all young people study vocational education at some time between 14 and 19 but most of this is held in low esteem and doesn't provide future career opportunities.

The Wolf review said a third to a quarter of young people (350,000 a year) were offered poor quality qualifications which are neither valued by employers nor decent preparation for work or further study.

In response to the Wolf recommendations the Government removed 97% of non-GCSE awards from the list counting toward school and college performance tables.

Other actions in line with the Wolf recommendations include measures to make sure non-GCSE awards are rigorously assessed and graded, and to replace "skill-specific" qualifications with those containing "appropriate" vocational work, developed in partnership with employers.

From 3,175 awards available at 14-16 there are now just 186 and awarding bodies are required to make sure they meet industry needs while demonstrating "rigour and quality".

In a further move to ratchet-up standards of achievement, new externally assessed Technical Awards come in for 14 to 16-year-olds from September 2015. Young people will be able to study three Tech Awards alongside five core GCSEs to ensure a strong grounding in English, maths and a vocational option.

From 16 to 19 students can take Tech Levels alongside or in place of A-levels as part of a Tech Bacc which will also include an extended maths qualification (Level 3) and a research project. The Tech Level sits alongside a new 'Applied General' vocational qualification at level 3.

In addition, the Government announced the SVQ (Substantial Vocation Qualification) at Level 2 for pupils and students seeking entry to a more basic level of skill or trade.

Matthew Hancock, minister for skills and enterprise, said all the qualifications²⁴ were to be designed in partnership with employers to produce a simple system:

- GCSEs and Technical Awards at 16
- A-levels and Tech Levels (occupational) with Tech Bacc option at 18
- Apprenticeships from 16 which will be paid jobs lasting at least 12 months, with meaningful training that is assessed

A central aim is also to break the cycle of underachievement in some of the key skills. The OECD has pointed to the UK slipping down the international league tables for literacy and numeracy, as less than one in ten pupils who fail to achieve a C in maths or English at 16 do so at 19.

Problems with the current system are well documented by the Review of Adult Vocational Qualifications in England, led by Nigel Whitehead, UKCES Commissioner and Group Managing

²⁴ Matthew Hancock announcement on Tech Bacc April 2013

Director, BAE Systems plc. The current system had much to commend it, it says. Some (mostly large) employers feel the vocational qualifications cover their employee skills needs flexibly without requiring too much time away from the job. Awarding bodies and training providers were able to collect and act on progression data to improve their offer and QCF level descriptions and credit values helped align vocational qualifications across the UK and Europe, encouraging labour mobility.

“However, many employers (especially smaller employers) fail to engage with the vocational qualifications system. Only 28% of businesses trained staff using vocational qualifications in the year before the survey. This drops to just 16% of businesses with 2-4 employees, a symptom of the inaccessibility of the system to the smallest businesses. The complex, over-prescribed system is a barrier to many employers and does not, even with the help of significant levels of public funding, generate vocational qualifications that are valued widely or seen as a signal of marketable skills.”

In the world of work, the vocational qualifications map is even more crowded and confusing than in schools and colleges, with 19,000 regulated qualifications from 176 awarding organisations, many of which have very limited take-up. Some 1,780 qualifications account for 90% of achievement.

The privately funded market is significantly larger than the public market. The last UK Commission for Employment and Skills (UKCES) survey²⁵ suggests that employers spent £40.5bn on training, while the public investment through the Skills Funding Agency (SFA) was £2.7bn. Only 7% of privately funded qualifications were delivered by FE colleges.

Moreover, as the Whitehead review point out, there is weak accountability in the qualifications system and no requirement on awarding bodies to provide information on value added, or to be consistent in approach with other awarding organisations.

“As a result, there is limited information to help training providers, employers or individuals to choose between awarding organisations. This problem is compounded by the number of recognised awarding organisations and regulated vocational qualifications.”

Figures from the 2011 Census show that around half of the UK working age population (16-64) has lower than Level 3 qualifications. The most recent reliable data available on the proportion of employers offering apprenticeships, from the 2012 UKCES Employer Perspectives Survey²⁶ shows that only 15% of the 15,000 employers surveyed offered apprenticeships, compared with 51% in Germany (based on the 2012 EU Continual Vocational Training Survey). The average time spent on an apprenticeship in the UK was 12 months (though it is slightly higher for young people), compared with three years in Germany.

²⁵ UKCES Annual Employer Skills Survey 2013

²⁶ UKCES Employer Perspectives Survey 2012

The Pearson/CBI skills survey report says employers need better vocational qualifications:

To drive forward employer ownership of the skills agenda, the CBI says that qualification design must be based on employer needs and industry standards. This is a leading priority for 84% of companies surveyed and “the” priority for 54%. Leading priorities for action to promote expansion of apprenticeships also include “more relevant qualification programmes (44%), more control routing grants directly to employers (34%) and reduction in bureaucracy (31%).

Qualifications at all levels need to be “comparable and readily understood by employers”; currently 85% know little or nothing about the new vocational qualifications – the new Tech Level and the Applied General Qualification.

A degree in a STEM subject is seen as a clear advantage, with 48% saying they prefer graduates in these subjects, while 65% want qualification design to be led by employer partnerships.

Current state of apprenticeships

Apprenticeships are available at three Levels

- 'Intermediate' apprenticeships are the lowest Level – equivalent to five GCSEs
- 'Advanced' apprenticeships are equivalent to two A-Levels
- 'Higher' apprenticeships are equivalent to NVQ Level 4

In a recent speech, the Skills Minister, Matthew Hancock, said: "The proportion of 16 to 18 apprenticeships is rising, and the fastest growth is in higher level apprenticeships, preparing young people to become the next generation of pilots, accountants and space engineers."²⁷ However, these figures show that the proportion of 16-18 year olds starting higher level apprenticeships is vanishingly small (less than 1%, representing a total of only 600 people).

It is also the case that much of the record increase in apprenticeship numbers publicised in the early days of the Coalition Government included too many inadequate programmes of short duration. After a performance review of apprenticeships by the Skills Funding Agency (SFA), it was agreed that anything less than 12 months would be deemed "inadequate". Also, new criteria required apprenticeships to be graded, not just ranked as pass or fail, and a new category of Traineeship was created to recognise the need for shorter, low-level preparatory courses, distancing them from the "apprenticeship" badge.

Apprenticeship starts in 2012/13

Evidence in the BCG/Sutton Trust research showed that, in order to tackle significant skills shortages, the UK needs to create between 150,000 and 300,000 quality apprenticeships (level 3 or higher) each year. These should be a mix of new jobs for young people aged 16-24 who are at school, college or entering the labour market, and be offered directly by employers or be innovative apprenticeships linked to small firms and training providers. But of the 240,000 new apprenticeships created in the two years to 2012 58% were low level (Level 2 – GCSE standard) and 75% went to people aged over 25, many of whom were likely already employed. The picture has since improved but only slightly: the proportion over 25 is still much too high and there is still a significant push needed into the higher apprenticeship market, as the following data illustrates:

- Official figures from the Skills Funding Agency (SFA) show 510,200 apprenticeship starts in England in 2012/13 (up 12% from 457,200 in 2011/12).
- Almost half (230,000; 45%) were 25 or over and likely to be already employed; 32% (165,000) of starters were 19-24; and only 22% (115,000) under 19.
- The vast majority (70.6%) of 16-18 year olds starting apprenticeships in 2012/13 were on Level 2, with only 28.9% starting on Level 3 and less than 1% starting Higher apprenticeships (Level 4 and above).
- This is a slight improvement on 2011/12, representing a 2.6 percentage point increase in the proportion of young people starting advanced apprenticeships and a 2.9 percentage point decline in the proportion undertaking apprenticeships at the lowest level.
- The figures show that the proportions starting courses above Level 2 are higher for older apprentices, with 38.7 and 48.0% of 19-24 and 25+ apprentices starting Advanced courses (respectively) in 2012/13.

²⁷ Matthew Hancock speech on higher apprenticeships to Association of Employment and Learning Providers conference 2014

- The proportions starting apprentices at the highest 'Higher' level are still very small however: 1.5% and 3.0% respectively.

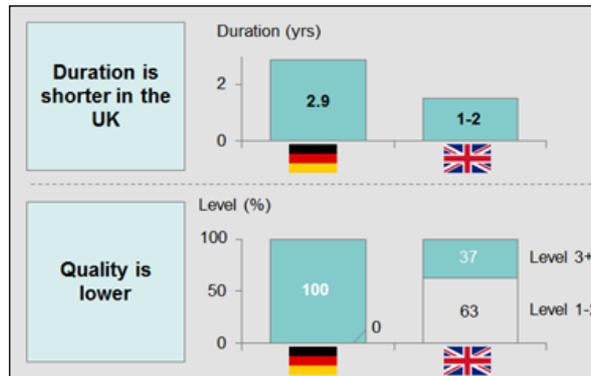
There is further cause for concern over the continued short duration of apprenticeships in the UK compared with competitor nations. While the Government concluded that beyond 2013 courses shorter than 12 months should be disqualified as apprenticeships, barely 10 per cent would qualify in other advanced industrial nations where the average is around three years (see comparison with Germany, in Chart 7).

Table 1: Number and share of each age group achieving apprenticeships by length 2012/13²⁸

	Duration					Average (months)
	0-6 months	7-12 months	13-24 months	25-36 months	36+ months	
16-18	1,710 (2.8%)	16,810 (27.6%)	33,140 (54.5%)	5,560 (9.1%)	3,540 (5.8%)	17
19-24	4,960 (6.3%)	29,640 (37.4%)	38,580 (48.7%)	4,850 (6.1%)	1,280 (1.6%)	14
25+	5,200 (4.6%)	42,500 (37.7%)	61,030 (54.1%)	3,820 (3.4%)	260 (0.2%)	13
<i>All ages</i>	<i>11,860 (4.7%)</i>	<i>88,950 (35.2%)</i>	<i>132,750 (52.5%)</i>	<i>14,230 (5.6%)</i>	<i>5,080 (2.0%)</i>	15

²⁸ Source: Skills Funding Agency FOI request

Chart 7: Comparison of length and quality of apprenticeships in UK and Germany



Source: BCG/Sutton Trust Real Apprenticeships report

The slow progress in advanced and higher apprenticeships is also reflected in a drop in achievements last year while the majority of those taking more advanced programmes were 25 or over. At the same time, numbers of apprenticeship vacancies posted are well below target, with vanishingly small numbers of higher apprenticeships. A significant decline was seen in new starts for 16-24 year olds, though this was partly due to the introduction of tougher criteria, particularly over the minimum duration for apprenticeships.

Apprenticeship achievements in 2012/13

- SFA figures show 252,900 apprenticeship achievements in 2012/13 (down 2% from 258,400 in 2011/12).²⁹
- 44.6% of apprenticeship achievers were 25+, 31.4% were 19-24, and 24% were under 19.

Apprenticeship vacancies

- So far (up to April 2014) in the 2013/14 academic year, 104,130 apprenticeship and traineeship vacancies have been posted to the government's Apprenticeship vacancy website. Of these 1,200 (around 1%) were 'higher' level, 16,060 (15%) were 'advanced' level, and 83,390 (80%) were 'intermediate' level.

Focus on 16-24 year olds

- 280,000 16-24 year olds started apprenticeships in 2012/13 (down 4% from 291,000 in 2011/12).
- 140,000 16-24 year olds achieved apprenticeships in 2012/13 (down 14% from 163,400 in 2011/12).

²⁹ Skills Funding Agency 'Apprenticeship geography, age and level: achievements 2005/05 to 2012/13

Table 2: Percentage share of each age group achieving apprenticeships at Intermediate, Advanced, and Higher levels in 2012/13 (and percentage point change in share from 2011/12)¹⁷

	Level		
	Intermediate	Advanced	Higher
16-18	42,100 [69.2% (-3.3)]	18,600 [30.6% (+3.2)]	100 [0.2% (+0.0)]
19-24	47,700 [60.2% (-3.1)]	30,800 [38.8% (+3.1)]	800 [1.0% (+0.1)]
25+	65,500 [59.0% (-6.2)]	45,700 [35.6 (+6.0)]	600 [0.5% (+0.2)]
All ages	156,300 [61.8% (-4.9)]	95,000 [40.5% (+4.8)]	1,600 [0.6% (+0.1)]

Both business and government are concerned that there are not enough people, and particularly young people, starting and completing apprenticeships, particularly at Level 3 and above. Why has this situation come about and what can be done to improve it? Despite the reforms so far, there is an urgent need to look at whether the qualifications meet the needs of industry and how more people can be recruited into vocational education and training, particularly quality apprenticeships.

Policy changes and proposals

Both Government and Opposition agree on the importance of improving vocational education and apprenticeships and there is growing convergence in their approaches.

The Coalition Government

The Richard Review strongly influenced government policy over the reform of apprenticeships. Doug Richard, entrepreneur, educator and founder of School for Startups, was asked by the Education Secretary, Michael Gove, and the Business Secretary, Vince Cable, to consider the future of apprenticeships in England, and to recommend how they can meet the needs of the changing economy. His recommendations were wholly rooted in an employer-led system. Apprenticeships, he said, should only be for people who are new to a job or a role that demands “sustained and substantial training”. The assessment focus should be on “the outcome of an apprenticeship” – demonstrating what the apprentice can do when they complete their training. Employers should have flexibility over assessment methods he said but he stressed that “trusted, independent assessment is key”.

The Review suggests that clearly defined and agreed industry standards should form the basis of every apprenticeship, with employers and other organisations with relevant industry expertise invited to design and develop new apprenticeship qualifications for their sectors. And there should be far greater diversity and innovation in training, with employers and government taking a more active role in safeguarding quality.

Richard is strong on the core skills question and says all apprentices should reach a good level in English and maths before they can complete their apprenticeship.

Government funding should create incentives for apprenticeship training, particularly among small to medium companies and the purchasing power for investing in apprenticeship training should lie with the employer.

The Government’s policy is that everyone who does not go to university should do an apprenticeship and that the vocational system must be simplified and led by employers.

Apprenticeship Trailblazers³⁰ are increasingly seen as the missionaries of a new employer-orientated skills system. Eight have so far created 11 Apprenticeship standards in simple 2-page formats covering aspects such as duration, entry requirements, academic knowledge and vocational skills. A further 29 Trailblazers from Accountancy to Travel were announced in March.

There would also be improved information, advice and guidance for young people that would make it easier to understand what is on offer. Nick Clegg described this as a new UCAS system for 16 yr olds, “a single website of local college courses, apprenticeships and other work-based programmes,” along with new guidance for schools.³¹

The Government has also renewed its emphasis on developing a high-level technical route at FE-HE. In his Public Policy Lecture on the future for higher and further education institutions, teachers and

³⁰ <https://www.gov.uk/government/publications/future-of-apprenticeships-in-england-guidance-for-trailblazers>

³¹ Nick Clegg announcement on UCAS-style website for all sixteen year olds, Feb 2014

students at Cambridge University in April³², Vince Cable said that “*high-level vocational training has fallen through the gap between our FE and HE systems and we are way behind where we need to be*” and laid out the strategy in five key areas:

- Creation of National Colleges (as with dedicated engineering college for HS2) now out for consultation. This is similar to Labour’s policy on Centres of Vocational Excellence (CoVE) and National Skills Academies.
- Supporting higher apprenticeships - £40m already committed
- Allowing colleges to run and validate their own qualifications in partnership with employers – akin to past propositions such as College Diplomas and Graduation Certificates and echoes of HNC/HND.
- More seamless progression from FE to HE
- Parity of esteem. The DfE is proposing a common information portal for 16 yr olds and something similar should be developed for older applicants whether they’re applying for university or a higher apprenticeship.

Recent performance reports, internationally from the OECD and domestically from Ofsted, suggest that the skill levels of young people are not improving; hence the current emphasis on English, maths and employability now evident in Apprenticeship and other programmes. This has led to an argument around the virtues of functional skills, but the Government has decided that these will be replaced by the new GCSEs as “the single gold-standard for literacy and numeracy at level 2.”

The Government believes that the cost of apprenticeships should be shared between the employer and the public purse with the employer able to drive the training market by choosing where to spend the money. Getting the balance of cost and methods of payment right have been contentious issues with the Government proposing that employers make an upfront contribution in cash while employers want the option of making their contribution in kind. BIS-commissioned research has suggested that there is a ‘tipping point’ at which employers would pull out if contributions were between 20% and 50%, with SMEs being particularly concerned about having to make payments in advance. Two funding methods are being canvassed: through the PAYE system or through an online Apprenticeship Credit account.

The Apprenticeship Grant for Employers, which was introduced two years ago to encourage more employers to take on 16-24 year old apprentices, has been extended to 2016. It gives small employers (fewer than 1,000 employees) £1,500 for the first ten 16 to 24-year-olds they take on as apprentices. Evaluation highlighted strong socio-economic benefits to Government, young people and employers alike and the Chambers of Commerce asked for the two-year extension.

In a Coalition Government we should not expect to see much differentiation between Conservative and Liberal Democrat policies. However, the Lib Dems claim influence in the £85m extension of apprenticeship grants to employers, grants for post-graduate-level apprenticeships and recommendations for the new 16-plus UCAS-style system.

³² Vince Cable – Cambridge lecture - Where next for further and higher education? April 2014

The Labour Party

The Labour Party's Skills Taskforce was chaired by Professor Chris Husbands and its final report³³ looks at the qualification and skill requirements for young people, and describes those not going to university as 'the forgotten 50%' and "the biggest educational challenge we face". The Taskforce also found that "the countries with the lowest youth unemployment rates have the strongest links between education and work".

The report offers a five-point new deal for young people:

- High standards and rigour for all.
- Clearly signposted routes to success.
- Opportunities to experience the world of work.
- Strong vocational and academic pathways.
- High quality careers information, advice and guidance.

Labour says it would double the number of apprenticeships on offer, strengthen the apprenticeship route into higher education and maintain the commitment to the jobs guarantee.

The Taskforce argues that, despite the reforms that have so far been instituted, the 14-19 system still falls down in that "it doesn't signpost success and it doesn't provide effective progression for majority of learners". Therefore the Report calls for:

- A National Baccalaureate – "which all young people should undertake" which recognises learning and progression throughout 14-19. This would be in two versions, a General Bacc or a Tech Bacc, with a stepping stone Intermediate Bacc for those not yet up to Level 3.
- Better information, advice and guidance.
- Balanced accountability – with no significant changes to the existing system: "we believe Labour should seek to avoid further changes to accountability and performance measures regarding qualifications at KS4 and KS5, in order to allow schools and colleges to plan on the basis of stability."
- Oversight by Cabinet-level minister with a dedicated portfolio.

The Baccalaureate would provide an exit qualification at 18, akin to the international model, and would include soft skills and meaningful work experience.

The National Careers Service, Local Enterprise Partnerships (LEPs) and schools would each have key roles in an improved service with the NCS providing the strategy, the LEPs the link to the local market and the schools with a statutory duty to track the destinations of their students.

One controversial suggestion is that 10% of funding per pupil could be withheld from schools which do not successfully progress pupils on to their next step and reallocated to support the Information Advice and Guidance service for that school.

³³ Labour Party Skills Taskforce Reports Sept 2013, A Revolution in Apprenticeships: A something-for-nothing deal with employers. March 2014, Qualifications matter: improving the curriculum and assessment for all

The role of business in shaping and delivering vocational education

Consensus on employer ownership

This growing consensus is neatly summarised in the UKCES Whitehead review, published last November. The Review outlines a seven-point strategy that puts the employer in control of the vocational education and qualifications system. It says:

1. Ofqual should require awarding organisations and training providers to **engage actively with employers** and involve employers directly in the design of all qualifications at all stages including curriculum design and delivery; emphasis should be on collective action.
2. **Occupational standards** should be designed by industry working with UKCES, without current levels of prescription. Standards should apply to all adult vocational education, apprenticeships and Tech-level qualifications. This way, they can be ambitious, open to innovation and applicable to a wide range of employers.
3. **New design principles** should give all qualifications a clear identity and should make the prescribed unit format and sharing of units optional.
4. Awarding bodies and training bodies should **report the impact** on customers to allow employers to choose which they use, based on individual progression and business performance for employers.
5. Ofqual, SFA and UKCES should create a **single point of access** to different qualification databases, free of education jargon, to make it easier for employers to use.
6. **Technology** offers the opportunity to learn any time anywhere but design and delivery of vocational awards has not kept pace. Regulation, inspection and funding arrangements should provide incentives and not inhibit training providers and awarding bodies from using technology in delivery and assessment of qualifications.
7. **Build on success** of Employer Ownership pilots to encourage more leading employers to work in partnership to deliver rigorous and relevant vocational qualifications.

The vocational qualification system suffers from long-standing perceptions that it is complex, overly bureaucratic and that it fails to deliver what employers and learners need. The latest plan of government and the thinking behind Labour's emerging strategy draws substantially on reviews since Leitch and, most notably, last year's Commission on Adult Vocational Teaching and Learning (CAVTL) and the Whitehead Review.³⁴

The CAVTL report in particular helped shape the latest policy thinking in order to develop:

- A focus on enabling learner progression rather than recognition of existing knowledge and skills.
- Direct employer sign-off of qualifications and applying the CAVTL principle of *"a clear line of sight between occupational standards, qualifications and the workplace."*

³⁴ Commission on Adult Vocational Teaching and Learning (CAVTL), March 2013

- An assessment model that reflects the nature of what is being assessed and applies best practice in the industry and is *“fit for purpose.”*
- Qualifications funded only *“where these are the best instrument for achieving policy goals.”*
- A vocational qualifications system that is “employer-designed” and “labour-market-driven.”

Key points on which there seems to be a consensus are employer ownership, market alignment, formality of assessment and all-round simplicity which Government and opposition see as key features of an improved skills and vocational qualifications system.

