

REPORT

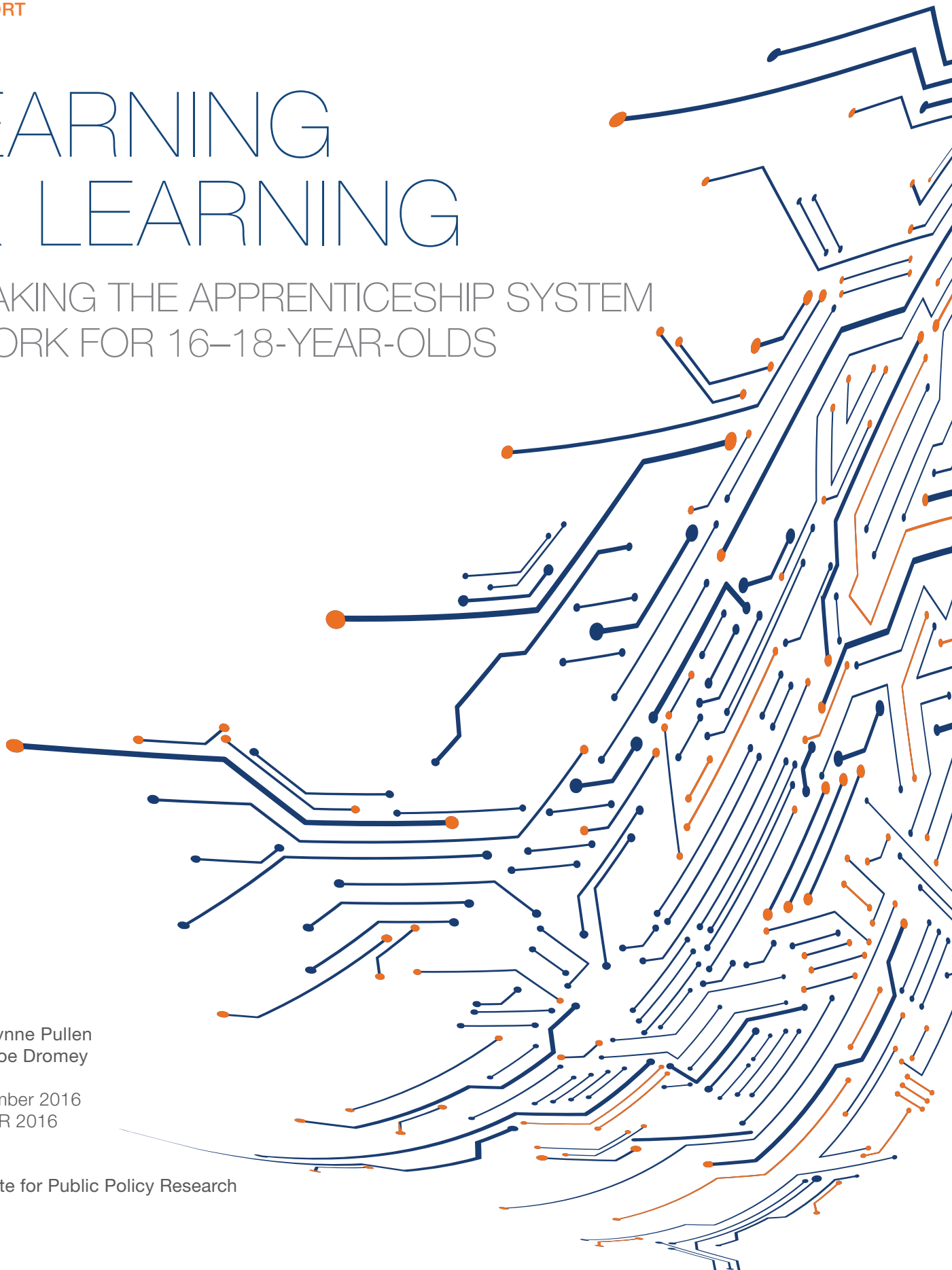
# EARNING & LEARNING

MAKING THE APPRENTICESHIP SYSTEM  
WORK FOR 16–18-YEAR-OLDS

Charlynn Pullen  
and Joe Dromey

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Institute for Public Policy Research



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# SUMMARY

## 60-SECOND SUMMARY

Too many 16–18-year-olds are studying level 2 courses that do not help them progress to higher levels of vocational education or start a successful career. This is contributing to England’s relatively high levels of youth unemployment, as many young people struggle to make the transition from education to work.

The current system of vocational education does not provide the right balance between ‘earning and learning’ for this group of young people. There is a particular problem with level 2 apprenticeships, which are not currently well designed to meet the needs of 16–18-year-olds: they are often very job specific, they do not include much off-the-job training, they only last one year, and – from next year – they will not be required to include a recognised qualification. The current system therefore falls short of the recommendations of the recent Sainsbury review of technical education. This review called for level 2 programmes for 16–18-year-olds that last two years, have a common core of knowledge, and result in a single, nationally-recognised certificate linked to a broad occupational pathway.

**Improving education-to-work transitions for young people who have low qualifications will be crucial for any attempt to boost social mobility in Britain. We recommend that the government phases out level 2 apprenticeships for 16–18-year-olds, and replaces them with a distinct pre-apprenticeship programme.** This would be designed to meet the specific needs of younger learners and help them to progress to further study or a full level 3 apprenticeship. The pre-apprenticeship programme would differ from the current apprenticeship programme in key ways.

- Pre-apprenticeships would contain more ‘off the job’ training.
- Pre-apprenticeships would include more general education (including English and maths).
- Pre-apprenticeships would result in a transferable qualification.
- Employers would be subsidised for hiring a young person on a pre-apprenticeship (they could be allowed to use their levy payment to cover a young person’s wages while on the programme).
- There would be one ‘pre-apprenticeship programme’ for each of the 15 technical pathways identified in the recent Sainsbury review and government skills plan.
- Pre-apprenticeships would only be offered by FE colleges, or training providers which are run on a not-for-profit basis.

## KEY FINDINGS

England has struggled for many years to support young people to make the transition from education into work. Even after the recent economic recovery, 16–24-year-olds remain nearly three times more likely to be unemployed than adults.

Many of the difficulties that young people face in finding secure employment have their roots in the 16–18 phase of education. There is a particularly acute problem for those people studying level 2 vocational courses (GCSE or equivalent). There are currently around 270,000 16–18-year-olds studying on level 2 courses, including 90,000 enrolled on apprenticeships.

There are a number of clear indicators that this group of learners are not being adequately prepared either for further study or for the jobs market.

- Young people with a level 2 qualification find it harder to get work than their better-educated peers. Young people who leave full-time education with a level 2 qualification have an employment rate of 70 per cent – almost 20 percentage points lower than those of their peers who leave full-time education with a level 3 qualification or higher education.
- They find it harder to progress onto higher qualifications. Only 39 per cent of students pursuing a level 2 qualification at age 17 move on to a level 3 course, which suggests that it is hard for 16–18-year-olds studying a level 2 qualification to move up the skills ladder.
- Some young people become stuck in a ‘cycle’ of low-level qualifications. A quarter of those pursuing a level 2 qualification at age 17 are still working towards a qualification of the same level a year later, and 8 per cent have moved down a level.

Taken as a whole, the data above suggests that the English post-16 phase of education is not designed in a way that supports young people who are studying level 2 qualifications to progress into higher levels of study or decent jobs. This is the phase during which the journey from education to work can start to break down for a significant number of young people.

Evidence from other countries suggests that the key to addressing this problem is to develop high-quality programmes that enable young people to move up the skills ladder while combining both ‘earning and learning’. Countries such as Germany, Norway, the Netherlands and Denmark all have far lower levels of youth unemployment than England, in part because they have established vocational programmes that combine a good mix of off-the-job training, on-the-job training and general education. These programmes typically entail a learner spending half their time in a work setting, and the other half in a classroom setting, and enable young people to progress into a higher-level course or apprenticeship.

Despite a number of positive reforms in recent years – including the introduction of study programmes and technical pathways – the English system of vocational education has not yet designed level 2 courses that have the right mix of off-the-job training, on-the-job training and general education. Students on college-based programmes do not

gain enough work experience, while those on employment-based programmes do not receive enough off-the-job education.

There is a particular problem with the design of apprenticeships, which are not currently well suited to meet the needs of 16–18-year-olds. They are often very job specific, do not include much off-the-job training, only last one year, and from next year they will not be required to include a recognised qualification. These sort of training programmes may make sense for adults who are already in work and looking to ‘top up’ their skills – however, they are not sufficient to help young people with relatively low levels of education get a foot on the career ladder.

The design of level 2 apprenticeships stands in stark contrast to the recommendations of the recent Sainsbury review of technical education, which recommended that young people on level 2 courses undertake a two-year programme with a common core of knowledge that results in a certificate linked to a clear occupational pathway. The challenge facing policymakers is to design apprenticeships for young people that fulfil this vision.

### RECOMMENDATION

**The government should phase out level 2 apprenticeships for 16–18-year-olds, and replace them with a distinct *pre-apprenticeship* programme for this group.** The pre-apprenticeship programme could evolve out of the existing system, but be designed to address explicitly the distinct needs of younger learners.

The new pre-apprenticeship programme would differ from the current apprenticeships in the following ways.

- **Pre-apprenticeships would contain more ‘off the job training’** (50 per cent of time would be spent on ‘off the job’ training, instead of the present 20 per cent): young people require more general education and foundational vocational knowledge to help them start a career.
- **Pre-apprenticeships would result in a transferable qualification linked to the technical pathways proposed in the Sainsbury review:** this will help young people to progress to higher levels of study.
- **Employers would be subsidised for hiring young apprentices** (they could be allowed to use their levy payment to cover a young person’s wages while on the programme): this would give them a clear financial incentive to take part in the programme.
- **There would be one ‘pre-apprenticeship programme’ for each of the 15 technical pathways identified in the recent Sainsbury review:** this would ensure they are sufficiently broad and link to a clear progression pathway.
- **Pre-apprenticeships would only be offered by FE colleges:** given pre-apprenticeships will have a much greater educational component and be targeted at young people under the age of 18, they should only be offered by colleges and training providers that are run on a not-for-profit basis.
- **Pre-apprenticeships would be explicitly designed to help young people move onto a full level 3 apprenticeship at age 18 or 19.**

This recommendation would help to improve the quality of the training received by 16–18-year-olds who are currently enrolled on level 2 apprenticeships. It could also prove attractive to those who currently enrol on level 2 study programmes in college. Ultimately, it will expand the number of young people who are on a high-quality ‘earning and learning’ route with good prospects for progressing to higher-level study.



# 1. SETTING THE SCENE: THE PROBLEM OF 'YOUTH TRANSITIONS' IN ENGLAND

In England, there are concerns that some young people struggle to make a smooth transition from full-time education into work. In an ideal world, young people would be able to leave education and find work that helps them to develop the attitudes, behaviours and skills that are necessary to embark on a successful career. In many countries, this involves gradually phasing into the workplace by combining education alongside work experience, part-time work, on-the-job training or an apprenticeship. The latest data, however, suggests that this sort of transition from education to work is becoming harder for many young people in England. This chapter puts the problem of youth transitions into context.

## 1.1 THERE IS A LONG-TERM PROBLEM OF YOUTH UNEMPLOYMENT

Young people remain at a disadvantage in the labour market, with 13.7 per cent of 16–24-year-olds unemployed, compared to 4.9 per cent of the adult population (ONS 2016a). England's high youth unemployment rate is a clear signal that young people struggle to make the move from education into work.

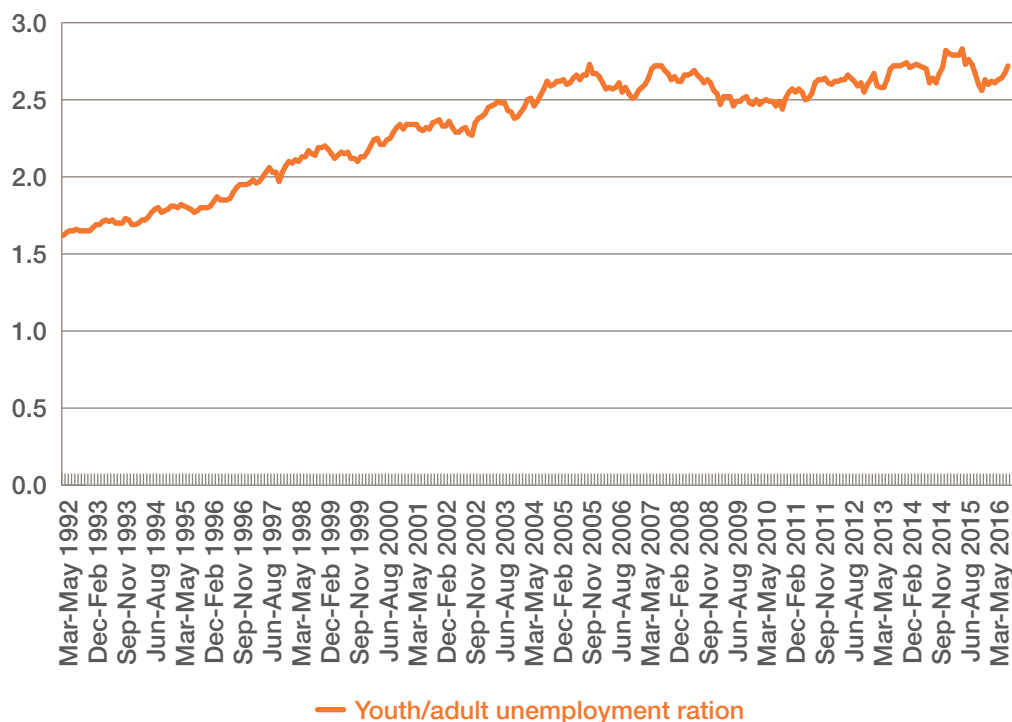
Many commentators have focused on the sharp rise in youth unemployment during the last recession, and its subsequent fall during the economic recovery. This description, however, masks the fact that youth unemployment had been rising steadily for many years before the recession, even during a period of stable economic growth (Thompson 2013). This pre-recession rise suggests that there might be longer-term problems for young people finding work – problems that aren't directly related to the state of the economy.

One measure of how well young people are performing in the jobs market is to compare their unemployment rates with those for adult workers. This enables us to isolate whether there is a particular problem facing young people – or whether their unemployment rate simply reflects wider changes in the economy faced by all workers. Figure 1.1 shows the ratio of youth-to-adult unemployment rates over time. A value of 1 indicates that the unemployment rate is the same for both groups; the higher the ratio is above 1, the worse the unemployment rate of young workers is compared to older workers. It is clear that over the last two decades it has become harder for young people to enter the jobs market. In 2007, someone aged 16–24 was two 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.

**FIGURE 1.1**

**Young people remain at a disadvantage in the search for jobs**  
*Youth-to-adult unemployment ratio in the UK, 1992–2016*



Source: IPPR analysis of ONS, *Labour Force Survey* (ONS 2016b)

What’s more, research shows that the pattern of rising youth unemployment is common across many European countries (Thompson 2013). It is therefore unlikely that even a full-blown economic recovery will solve the problem of youth unemployment in the UK. This is a problem because if young people move directly from education into unemployment, it can have a ‘scarring’ effect on their ability to find work in the future and on their future earning potential: analysis has found that unemployment in youth lowers an individual’s wages up to 20 years later (Gregg and Tominey 2004).

**1.2 FEWER YOUNG PEOPLE ARE COMBINING ‘EARNING AND LEARNING’**

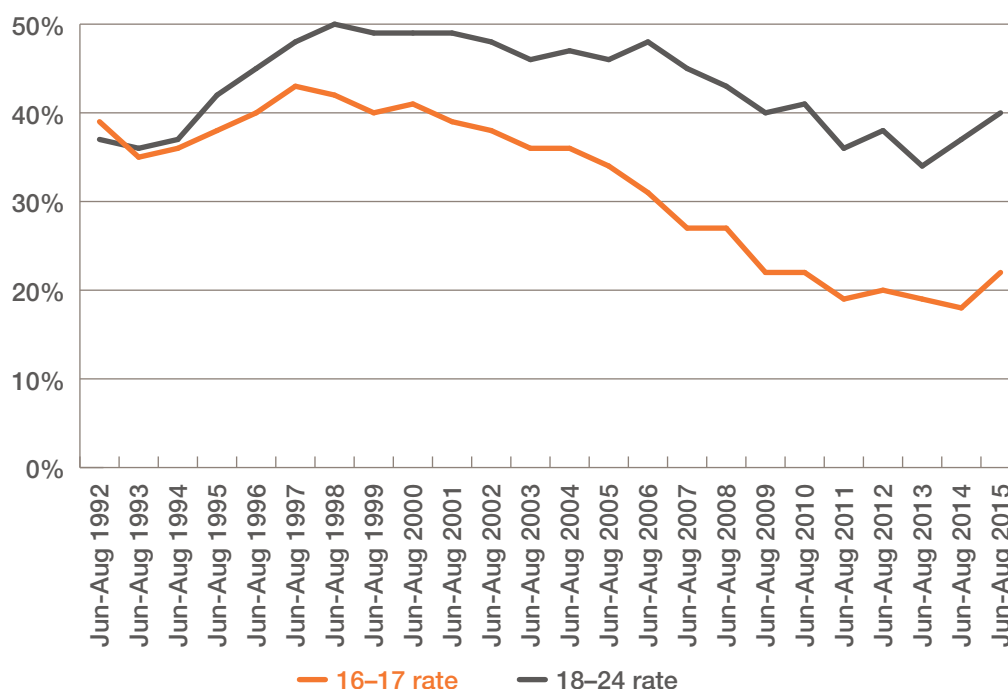
Policymakers working on youth unemployment tend to focus their attention on the number of young people who cannot find work after completing their education. Many young people, however, gain their first experience of the jobs market while they are still in school, college or university – for example by taking an evening, weekend or holiday job. This can be an important way for them to gain experience of a work environment and develop key employability skills that, in turn, can help them to find full-time employment when they come to complete their education. The benefit of having some experience of work is clearly visible in employment data: just after the 2008

recession in 2009, 23 per cent of young people with no previous experience of work were unemployed, compared to 14 per cent of young people who had some experience of work (Thompson 2013). Having a part-time job and blending ‘earning and learning’ appears to be an important way to help young people transition into the world of work.

Despite the importance of work experience, it is becoming less common for young people to combine work with study. Figure 1.2 shows that while in the late 1990s more than 4 in 10 16–17-year-olds in full-time education also worked, since the recession fewer than 1 in 4 do so. Similarly, the number of 18–24-year-olds in full-time education who also work has fallen.

**FIGURE 1.2**

**The proportion of young people working while studying is declining**  
*Employment rate of young people (16–17 and 18–24) in full-time education*



Source: ONS, *Labour Force Survey* (ONS 2016b)

There are a number of factors which could be driving this decline. Some commentators have pointed to rising exam pressures on young people, which might make it harder to take on part-time work. However, the decline of ‘earning and learning’ cannot be fully explained by young people not wanting to work. The latest figures show that 14 per cent of 18–24-year-olds, and 28 per cent of 16–17-year-olds, who are in education want work but can’t find it.<sup>1</sup> This suggests that employers are increasingly unwilling or unable to hire young people alongside their studies, or that young people do not have the attributes that employers demand. What’s more, this appears to be an international phenomenon, with part-time jobs for young people undergoing a similar decline in the

<sup>1</sup> IPPR analysis of Labour Force Survey data for Q1 2016 (ONS 2016b)

US, where the number of summer jobs has dropped 40 per cent over the last 12 years (JP Morgan Chase 2015).

### 1.3 THE TRANSITION FROM EDUCATION TO WORK IS PARTICULARLY TOUGH FOR YOUNG PEOPLE WITH LOWER QUALIFICATIONS

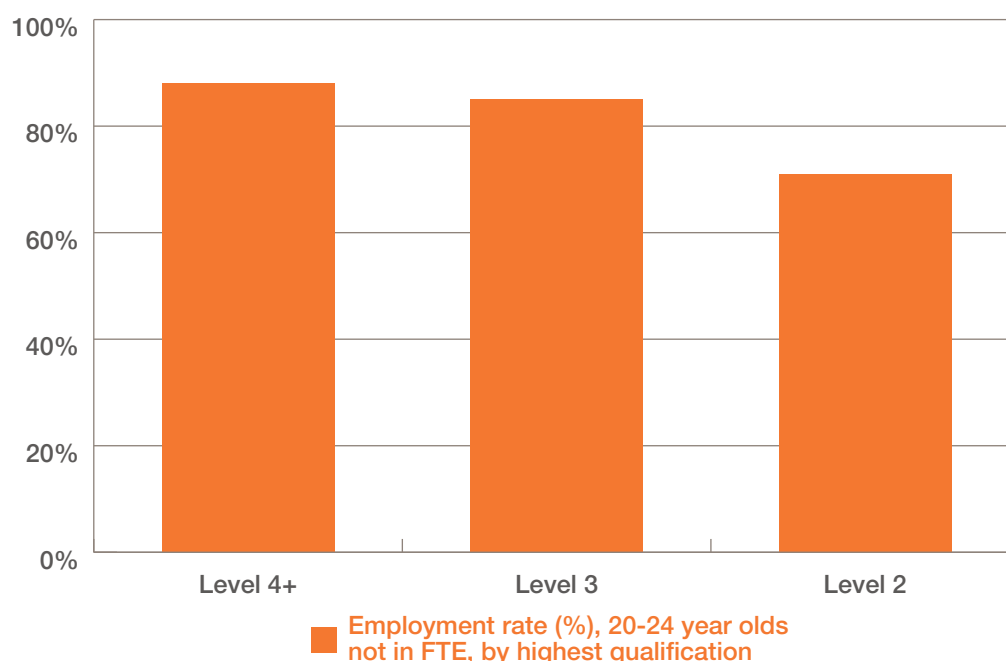
The experience of moving from education to work varies considerably for different groups of young people. Some groups will find it much easier to make the move into full-time work than others. Young people with high levels of social capital are particularly advantaged – as they are able to use their family connections to help find internships or work experience (Roberts and McNeil 2016 forthcoming).

Another key factor is the level of qualifications that a young person holds. Young people with high levels of education – on average – have a smoother transition to work than those with lower-level skills. As figure 1.3 shows, a young person who has left full-time education and whose highest qualification level is GCSE or equivalent is far more likely to be unemployed and looking for work than somebody with A level or equivalent, or a higher education qualification. This remains true despite the growing concerns about graduates being unemployed.<sup>2</sup>

**FIGURE 1.3**

**Young people with lower levels of education are more likely to be unemployed**

*Employment rate (%), 20–24-year-olds not in full-time education, by highest qualification*



Source: ONS, *Labour Force Survey* (ONS 2016b)

Note: This data is likely to underestimate the impact of having level 4+ on employment rates, because this group will have had less time in the jobs market to adjust and look for work. The employment rate for those with level 4+ is therefore likely to be higher for older age groups. Skill levels equate to the following: level 2 (GCSE A\*–C or equivalent); level 3 (A level or equivalent); level 4+ (higher education).

<sup>2</sup> See for example work by Holmes and Mayhew (2015)

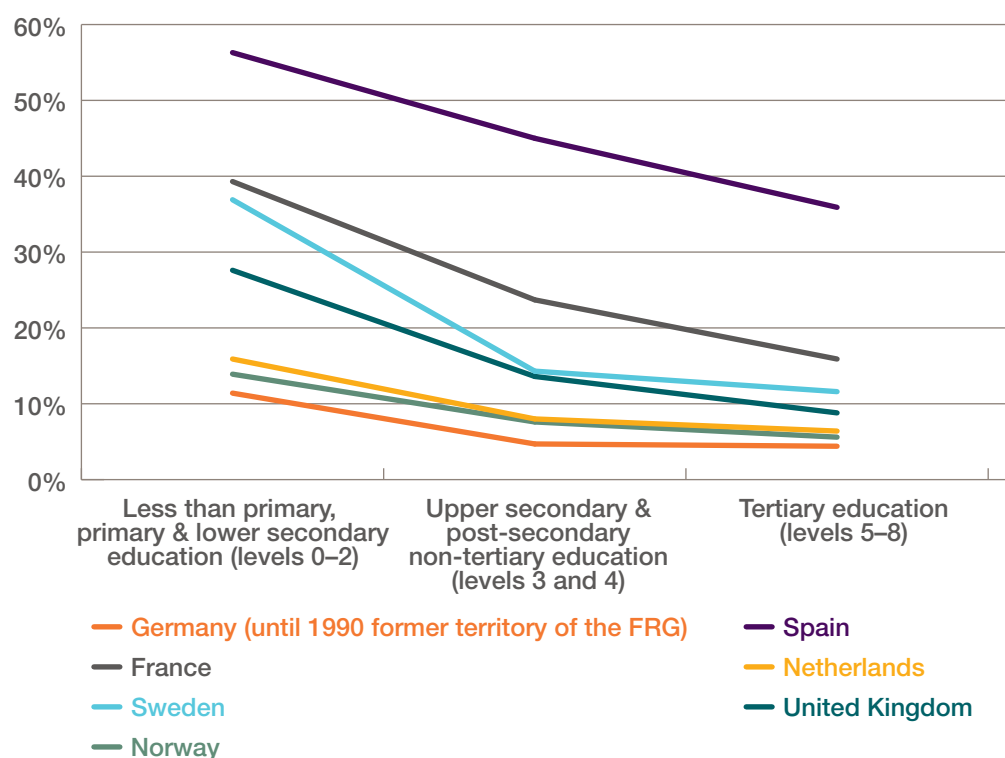
A similar pattern can be seen when looking at youth unemployment in other countries. Qualification levels are a strong predictor of unemployment across many European countries. Figure 1.4 shows the youth unemployment rates for a selection of countries broken down by qualification level. It is clear that those with the lowest skills typically have unemployment rates which are 3 or 4 times higher than those with the highest skills. This holds true regardless of the overall levels of youth unemployment in a country – confirming that young people with lower levels of education tend to find it much harder to make the transition from education into work, placing them at a long-term disadvantage in the jobs market.

It is important to remember that high levels of education in this context do not necessarily mean ‘academic’ study – as many European countries have developed high-skilled routes for those studying vocational courses. Indeed, the relatively low levels of unemployment for those with middle and high levels of education in Germany and the Netherlands are partly a result of their vocational education systems (see chapter 3 for a more detailed discussion of their vocational tracks).

**FIGURE 1.4**

**Young people with low levels of education find it harder to secure a job in a number of European countries**

*Unemployment rates (%) of young people aged 15–24, by level of highest qualification, 2015*



Source: Eurostat, ‘Youth Database’ (Eurostat 2015)

Note: This data is taken from the height of the recession following the financial crisis. While the overall unemployment rates have fallen in many countries, the pattern of ‘high-skilled youth’ having better employment prospects than ‘low-skilled youth’ remains. This is true for those on either academic or vocational tracks.

A number of researchers have documented the strong links between family background and educational attainment – with young people from poorer households achieving lower grades than their more affluent peers (see for example Clifton and Cook 2013). There is therefore a real danger of people becoming ‘trapped’ in an intergenerational cycle of low academic attainment and high unemployment (Blanden et al 2007). This means that improving education-to-work transitions for young people who have low qualifications will be crucial for any attempt to boost social mobility in England.

## 2. A PARTICULAR CHALLENGE: PROGRESSION FOR 16–18-YEAR-OLDS

Many of the difficulties that young people face finding secure employment have their roots in the 16–18 phase of education. This is the age at which some young people are on a pathway to improve their level of education and then enter the workplace, while others can struggle to progress in the same way.<sup>3</sup> This chapter examines why education-to-work transitions can start to breakdown for some 16–18-year-olds, and argues that there is a particularly acute problem for those people studying level 2 (GCSE or equivalent) vocational courses.

### 2.1 CURRENT PROVISION FOR 16–18-YEAR-OLDS

Most young people complete a relatively uniform education up to the age of 16, studying a mixture of GCSEs and/or level 2 vocational qualifications in a secondary school. However, the education experience becomes more fragmented at age 16 when students are faced with a range of options to study for a broader mix of qualifications at a wider variety of institutions. As figure 2.1 shows, around one-third of 16–17-year-olds in full-time education are studying in a school sixth form, and a similar proportion are studying in an FE college.<sup>4</sup>

There is a range of different qualifications that 16–18-year-olds can study towards: from A levels and other level 3 vocational qualifications, to much more basic level 1 courses and functional skills. The precise mix of courses that a young person studies will depend on their prior attainment, learning needs and personal interests. Figure 2.2 shows that around 65 per cent of 16–17-year-olds are studying towards a level 3 qualification – which means that they are moving up the qualifications ladder. However, a sizeable 17 per cent of learners are studying towards level 2 qualifications, which equates to 212,700 learners at the end of 2015 (DfE 2016a). This will include a mixture of people who have not yet achieved a level 2 qualification, and those who achieved a level 2 qualification at age 16, but subsequently opted to switch on to another level 2 course in a different discipline.

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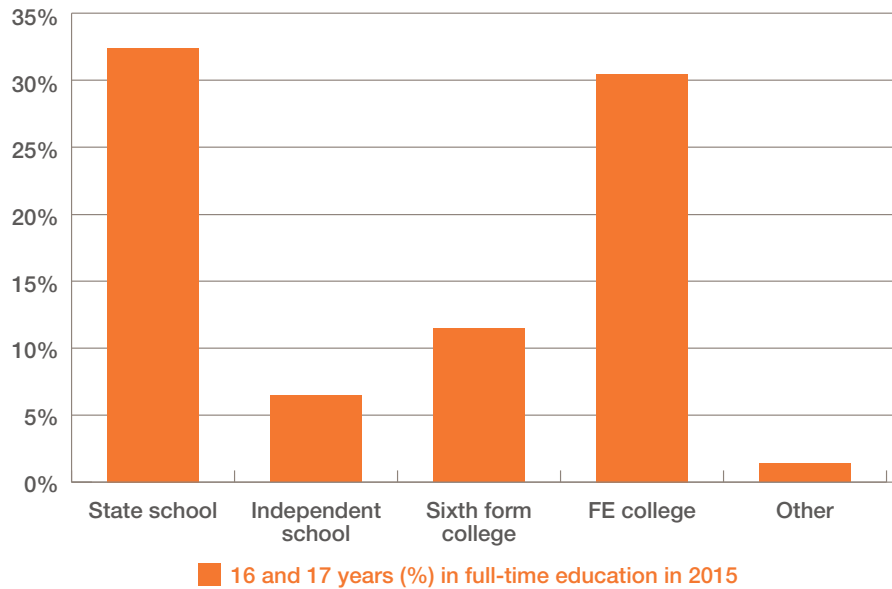
3 Of course part of the problem may stem even earlier in the school system as a result of poor careers guidance – although this is beyond the scope of this report.

4 This report is focused on the 16–18 phase of education. However, throughout this chapter we present data for 16–17-year-olds only. We have removed the data for 18-year-olds because a number of 18-year-olds are in higher education, and it therefore creates a more accurate description of the system with them removed.

**FIGURE 2.1**

The majority of 16–17-year-olds study in either a school sixth form or an FE college

*16 and 17-year-olds in full-time education in 2015*

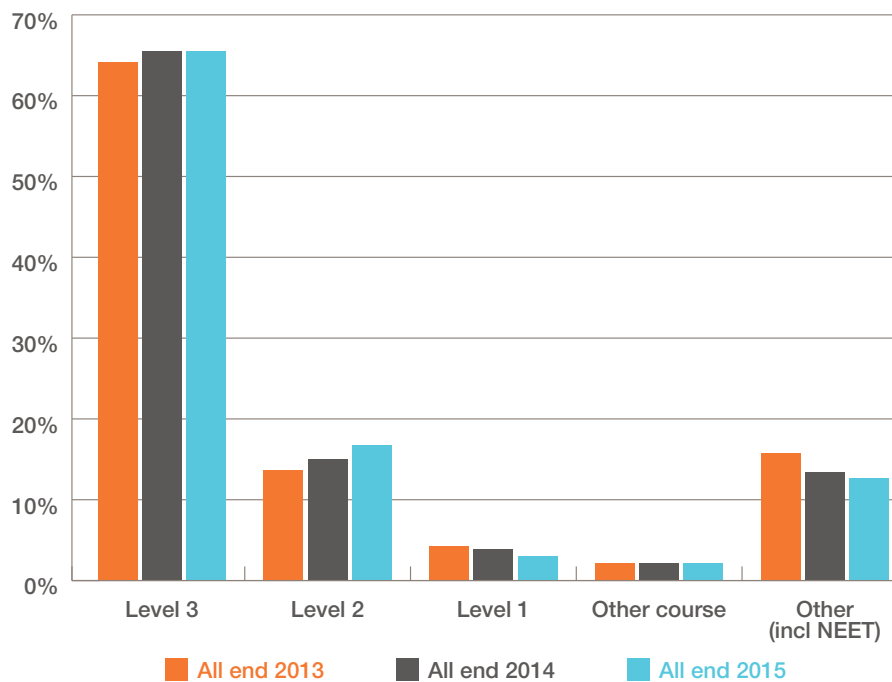


Source: DfE, 'Participation in education, training and employment: 2015' (DfE 2016a)

**FIGURE 2.2**

There is a sizeable group of 16–17-year-olds studying towards a level 2 qualification

*16–17-year-olds' participation in full-time education by level*



Source: DfE, 'Participation in education, training and employment: 2015' (DfE 2016a)

Note: Data includes apprenticeships. If learners are studying towards a mixture of different level qualifications, their highest-level qualification is counted for the purposes of these categories.



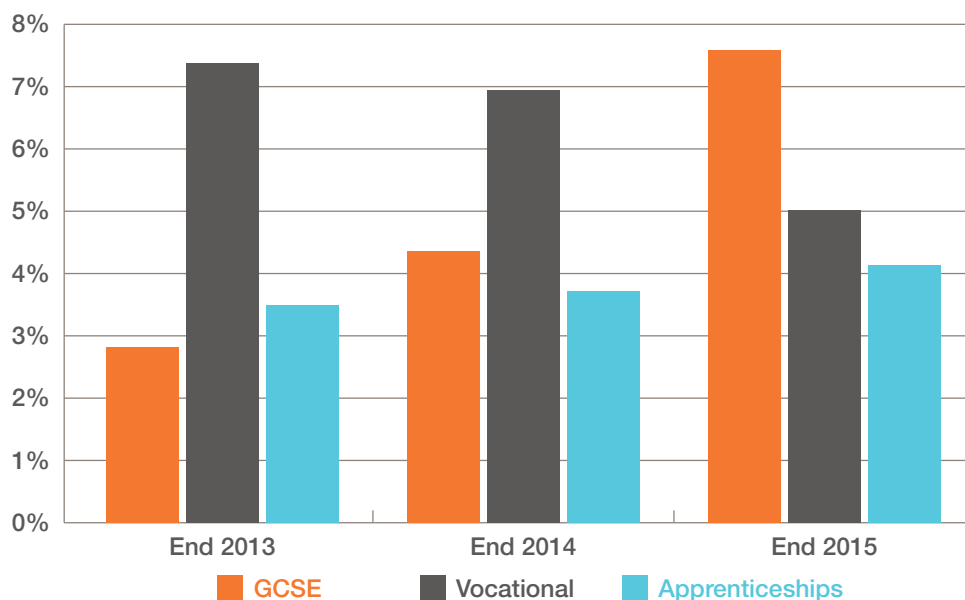
It is encouraging to note that the proportion of 16–17-year-olds studying a level 2 qualification has risen in recent years, while the numbers studying towards a level 1 qualification and the numbers who are NEET have both fallen. This is likely to be a result of the government raising the participation age (meaning that more young people are staying in education after age 16), as well as changes to the accountability and funding framework which incentivise colleges to place more 16–18-year-olds on level 2 courses.<sup>5</sup>

## 2.2 CURRENT PROVISION FOR LEVEL 2 LEARNERS

The figures above show that 17 per cent of 16–17-year-olds are studying towards a level 2 as their highest qualification, and that the proportion of people in this category has increased in recent years. This group will be enrolled on a wide variety of courses including GCSEs, college-based vocational courses and apprenticeships, which themselves can provide very different experiences. Figure 2.3 shows the proportion of 16-year-olds studying towards different types of level 2 qualification. It shows that just 4 per cent of 16–17-year-olds are studying towards a level 2 apprenticeship. Meanwhile a far larger proportion of 16–17-year-olds (12.5 per cent of the cohort) are studying a mixture of GCSEs and college-based vocational qualifications. Level 2 courses will typically last for a year – meaning that students either progress on to a level 3 qualification or start another level 2 course the following year.

**FIGURE 2.3**

**Most 16–17-year-olds on level 2 programmes are studying for GCSEs and college-based vocational qualifications**  
*16–17-year-old level 2 participation (%)*



Source: DfE, 'Participation in education, training and employment: 2015' (DfE 2016a)

Note: For the purposes of this chart, any learners studying a combination of GCSEs and vocational qualifications will be categorised under 'GCSE'. It is now a requirement for more 16–18-year-olds to study maths or English GCSE if they did not achieve a Grade C at the end of key stage 4. As a result, many of those learners categorised as studying GCSEs in this table will in fact be studying maths or English GCSE alongside level 2 vocational courses. This policy change also explains the marked increase in the numbers studying GCSEs between 2013 and 2015.

<sup>5</sup> For example, the government introduced 'programme of study' funding, and a requirement that learners who achieved a grade D in GCSE maths or English at the end of key stage 4 should continue studying towards the qualification.

### 2.3 A PROGRESSION PROBLEM FOR LEVEL 2 LEARNERS

The content and quality of lower-level courses for 16–18-year-olds has been the subject of much debate over recent years. A number of influential figures have criticised government policy for placing 16–18-year-olds on a diet of short courses which ultimately do not help them to find a job or progress into higher levels of study (see for example the reviews of vocational education by Wolf 2011 and Sainsbury 2016). A recent House of Lords report on social mobility identified 16–18-year-olds on level 2 courses and those who are on a level 3 who fail to complete their course as ‘overlooked’ by policymakers (House of Lords 2016).<sup>6</sup>

Unfortunately, there is a dearth of good data about the progression challenges facing young people studying towards level 2 qualifications, because the destinations of these learners are not routinely collected. This is a major information gap in official data that needs to be urgently addressed.<sup>7</sup> However, there are a number of clear indicators that this group of learners are not being adequately prepared for further study or the jobs market.

- *Unemployment rates for those with level 2 qualifications are high.* Young people who leave full-time education with a level 2 qualification have an employment rate of 70 per cent – which is almost 20 percentage points lower than those who leave full-time education with a level 3 qualification or higher education (see figure 1.3). This shows that young people with a level 2 qualification find it harder to get work than their better-educated peers.<sup>8</sup>
- *Wage returns for level 2 qualifications are low.* There have been a number of reports that have identified the generally very low wage returns for people completing vocational qualifications at level 2. Those completing an NVQ level 2 typically go on to earn wages just 1 per cent higher than those without a level 2 qualification – and in some cases there is a negative return. The wage returns for somebody completing a level 2 apprenticeship are much better – with earnings 13 per cent higher than somebody without a level 2 qualification (Greenwood et al 2007, Conlon et al 2011). This is a sign that level 2 qualifications, on average, do not help young people move into the world of better paid work.<sup>9</sup>
- *Relatively few learners progress to level 3.* Most level 2 courses only last for one year. In theory, this should leave room for a student to move on to higher-level study once they have completed the course. However, students pursuing a level 2 qualification at age 17 can struggle to progress on to a level 3 qualification afterwards. Only 39 per cent of this group move on to a level 3 course, which suggests that it is hard for

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6 The report also highlights level 1 learners as ‘overlooked’. We have not included this group, partly because the Sainsbury review recommends a ‘transition year’ programme, which we believe would be most appropriate for this group of young people.

7 The lack of destination data was highlighted as a major problem by Ofsted (2015) and should be urgently addressed by government.

8 While the unemployment rate for people with level 2 qualifications is high, it is important to note that people with level 2 qualifications are more likely to be employed than those with lower-level qualifications. Previous research found that those with NVQ level 2 qualifications were 13 per cent more likely to be employed than those with lower-level qualifications – suggesting that there is a benefit to achieving this level of study when looking for a job.

9 It is important to remember that these studies only show the average return for all level 2 NVQs – and will obscure the variation between different courses, with some having better returns than others.

16–18-year-olds who are studying a level 2 qualification to move up the skills ladder (CVER 2016).

- *Some people become stuck in a ‘cycle’ of low-level qualifications.* There is also a risk that young people can repeatedly enrol on level 2 qualifications instead of moving up to more demanding levels of study. A quarter of those pursuing a level 2 qualification at age 17 are still working towards a qualification of the same level a year later, and 8 per cent have moved down a level (ibid).
- *Large numbers of learners do not complete the 16–18 phase.* Despite the government’s ambition to have all young people in education or training until the age of 18, there remains a problem of young people not completing the 16–18 phase of education. Nearly 1 in 5 (17 per cent) of 17-year-olds who are studying towards a level 2 qualification are not observed in education by age 18 (ibid). The achievement rate for under-19s on a level 2 apprenticeship is currently 72.2 per cent – which is 6 percentage points lower than the achievement rate for adults (BIS 2016a).

Taken as a whole, the data above suggests that our post-16 phase of education is not designed in a way that supports young people who are studying level 2 qualifications to progress into higher levels of study or decent jobs. This is the phase where the journey from education to work can start to break down for a significant number of young people.

The government has made a number of policy changes to try and address this problem, including the introduction of study programmes which are meant to incentivise colleges to offer longer and more demanding qualifications, and the development of new qualifications such as ‘tech levels’ and apprenticeships. The government has also recently promised to introduce a series of technical pathways for young people studying certain subjects (DfE 2016b). While these changes to government policy are welcome, a number of problems remain that will contribute to limited progression from level 2 courses. These problems are explained in more detail in chapter 4.

### 3.

## LESSONS FROM OVERSEAS: FINDING THE RIGHT BALANCE BETWEEN 'EARNING' AND 'LEARNING' FOR 16–18-YEAR-OLDS

While the UK has a longstanding problem of poor progression rates for 16–18-year-olds, especially for those studying level 2 courses, other countries perform much better in this regard. Many northern European countries appear to have developed better systems for helping young people to transition from education into skilled jobs and they have lower levels of youth unemployment as a result. This chapter examines the key to their success and argues that they find a better balance between on-the-job training and classroom-based study.

### 3.1 SOME COUNTRIES HAVE DEVELOPED MORE EFFECTIVE 'TRANSITION SYSTEMS'

All developed countries have struggled with the problem of youth unemployment to some extent, but it is clear from the data that some countries have struggled more than others. A comprehensive review of youth unemployment after the recession found that unemployment rates for young people with intermediate-level qualifications were 18 per cent in the UK and 23 per cent in France, in contrast with 8 per cent in Germany and 5 per cent in the Netherlands (Thompson 2013). Figure 3.1 shows the youth-to-adult unemployment ratio for a number of European countries, which is a good measure of how disadvantaged young people are in the jobs market, regardless of the wider state of the economy. Again, Germany and the Netherlands have performed well over the last 20 years, even during the recent financial crisis.

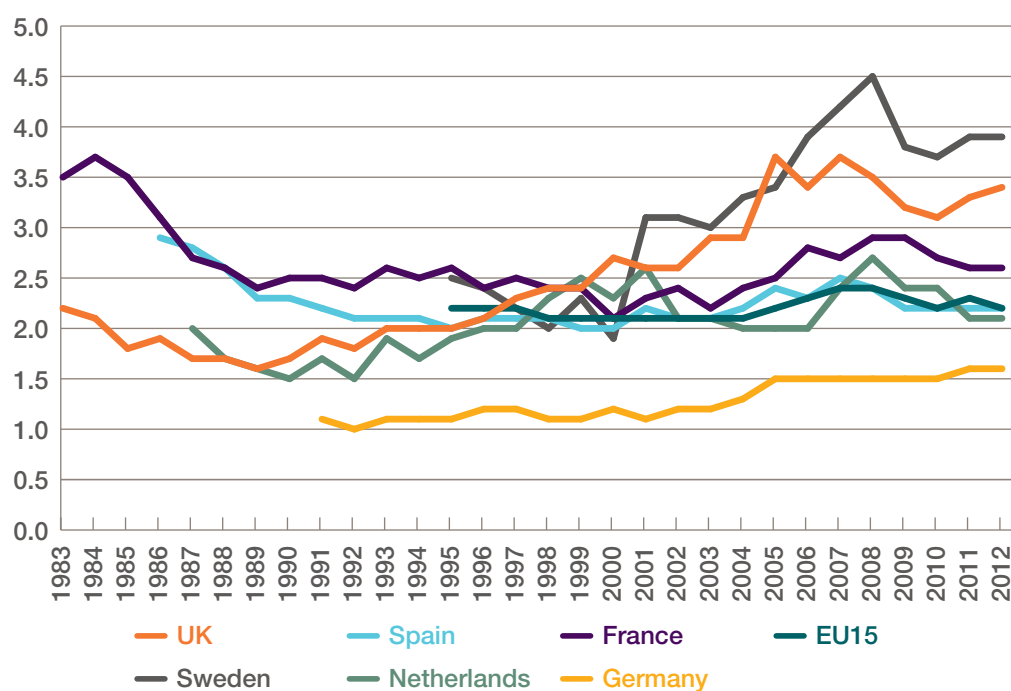
There are a number of factors which could, in theory, explain why some countries are better at supporting young people to make the transition from education to work. These include the structure of the economy and the type of jobs that are available; labour market regulations which might make it harder to employ a young person, such as the presence of a minimum wage; the ability of the education system to produce young people with the skills and attributes needed by employers; and the presence of systems which help to 'match' young people to employers. A comprehensive review of youth unemployment in Europe by Thompson (2013) found that three factors were particularly important for explaining why some countries perform better than others.

- *The design and content of vocational education systems.* Broadly speaking, some countries have designed vocational education systems that equip young people with a good mix of skills and then help ‘match’ them to employers. These typically give young people a set of skills that link clearly to an occupation and that foster a direct link with the workplace. The German dual-track apprenticeship is an example of this sort of programme.
- *The ability of young people to find part-time work alongside their studies.* Countries that have lots of young people combining ‘earning and learning’, for example by having a weekend or summer job, are generally better at helping people find work once they leave full-time education. This is largely a matter of whether there is a ‘culture’ of hiring young people in part-time work, although labour market regulations could also play a role in making it easier to hire young people.
- *Structural changes in the economy.* Structural changes in the type of jobs being created – for example a decline in manufacturing and growth in service sector jobs – have caused shrinkages in parts of the labour market that traditionally offered opportunities for young people to move from education in to work. These changes have affected some countries more than others (for example Germany has maintained a stronger manufacturing base than more liberal economies such as the UK).

**FIGURE 3.1**

**Young people fare better in the jobs market in certain European countries**

*Youth-to-adult unemployment ratio in selected EU countries and EU15 average, Q1 1983–Q1 2013 (youths aged 15–24 versus adults aged 25–64)*



Source: Thompson, *States of uncertainty* (Thompson 2013)

These factors appeared to be more important for explaining different levels of youth unemployment than other things included in the analysis, such as the presence of minimum wages or different levels of labour market regulation. The most successful countries tend to think in terms of creating a ‘youth transition system’ – by ensuring that education and labour market institutions are aligned to support people on the journey from education to work (Raffe 2008). This requires policymakers to consider how college programmes, welfare policies and employment policies work together to create more stable pathways for young people to enter the world of work.

### 3.2 FINDING THE RIGHT BALANCE BETWEEN EARNING AND LEARNING IN VOCATIONAL EDUCATION

The purpose and content of vocational education has been a longstanding debate over the centuries. On one hand, vocational education is designed to meet the skills needs of employers and train up the next generation of workers. This can include on-the-job training for specific skills as well as developing the wider skills and knowledge that are useful for a long-term career in a particular occupation. On the other hand, vocational education is also designed to help young people develop into responsible adults and citizens, and should therefore include an element of general or liberal education. Even in medieval and Tudor Britain, there were ‘moral, social and extra-economic expectations’ placed on apprentices (Fuller and Unwin 2011: 30).

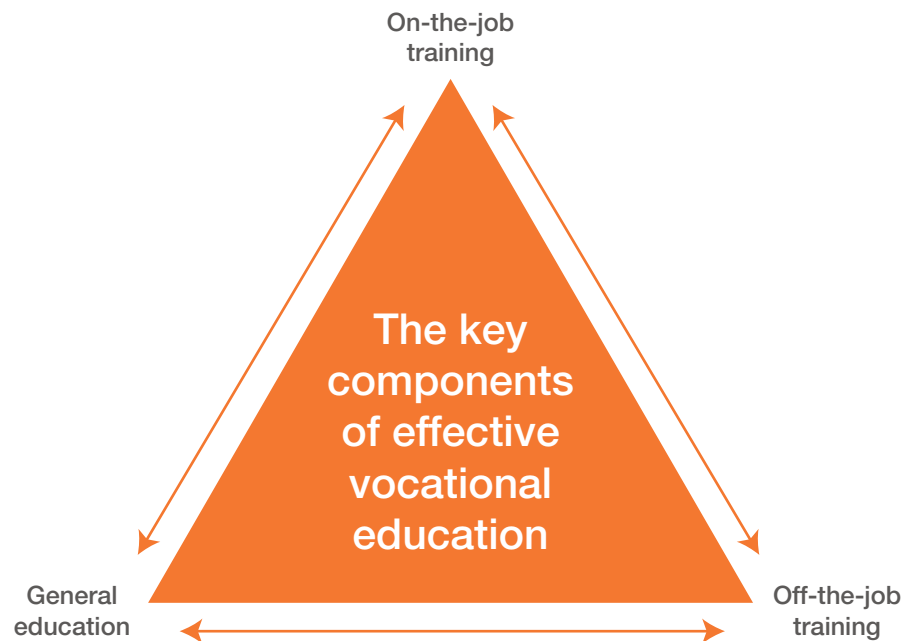
Vocational education has therefore always tried to find the right balance between three key components (as shown in figure 3.2).

1. Developing a set of skills and vocational knowledge that enables a young person to perform in the workplace and start a career in a particular occupation: this will include a mixture of *job-specific* skills (such as plastering) as well as a broader set of skills, knowledge and theory that help somebody enter a wider occupation (such as the science or legal regulations behind different building materials).
2. Experience of a work environment that enables a young person to apply their vocational learning and practice in a *real-world* situation: this will include the chance to develop their expertise in particular tasks, as well as developing tacit knowledge and interpersonal skills that are best picked-up in the workplace (for example punctuality, negotiating with customers, and working constructively with colleagues). The soft skills are often raised as key concerns by employers looking to hire young people (CBI/Pearson 2015).
3. Developing the knowledge and general education that helps a young person to grow into a responsible adult able to progress in the jobs market: this will include *core functional* learning (such as literacy and numeracy) as well as a broader liberal education that develops social values and critical thinking. This liberal core is especially important for breaking down the class divides that can result from young people taking either an ‘academic’ or ‘vocational’ track, by giving everybody the shared foundational knowledge necessary to exercise effective citizenship (Hirsch 1987). Providing a general education component is arguably more important now than

ever – as jobs are created and made obsolete, and people have to cope in an age of ubiquitous information, data and technological advancement.<sup>10</sup> The importance of education for developing critical thinking skills – beyond simply being a tool of economic development – was also emphasised in the Nuffield review of 14–19 education and training (2009).

**FIGURE 3.2**

**Vocational education programmes have to find the right balance between three key components**



There is a lot of academic literature comparing the vocational education systems of different European countries (see for example Steedman 2010, Clarke et al 2013, Fuller and Unwin 2010). These studies find that England takes a restrictive approach to vocational education, focusing on developing job-specific skills linked to an organisation’s immediate need. Meanwhile, countries that have more effective youth transition systems (including Germany, Denmark and the Netherlands) all promote a more expansive view of vocational education, and place more emphasis on general education and vocational learning which help young people embark on a career in a particular occupation, alongside work experience or employment.<sup>11</sup> The following case studies demonstrate what this looks like in practice.

<sup>10</sup> See Abrams (2010) for a more detailed discussion of why the education system needs to foster skills and attitudes that are useful to the jobs market of the future.

<sup>11</sup> See Fuller and Unwin (2011) for a more detailed description of the difference between ‘expansive’ and ‘restrictive’ approaches.

### Case study: Bricklaying in Denmark

A bricklayer in Denmark covers many aspects not in the core curriculum in England, including: in terms of knowhow or practical skills, concreting, plastering, cladding, flooring and insulation; in terms of non-manual competences, communicating, dealing with waste, quality control, ordering and assessing materials; and, in terms of knowledge, a foreign language, sciences, technical drawing, citizenship, labour law, materials and environmental protection.

As in Belgium, the Netherlands, Germany, Austria and other Scandinavian countries, the Danish construction VET system is comprehensive, encompassing broadly defined occupations that embrace all activities in the industry, including groundworks, concreting, dry-lining and machine operation. In England, however, a major weakness is that the vast majority of construction trainees are still to be found in the traditional trades of carpentry and joinery, bricklaying, painting and decorating, plastering, heating and ventilating, plumbing and electrical work, even though these employ less than half the construction workforce. The remaining areas are relatively ‘no-go’ areas for the purpose of formal, regulated training.

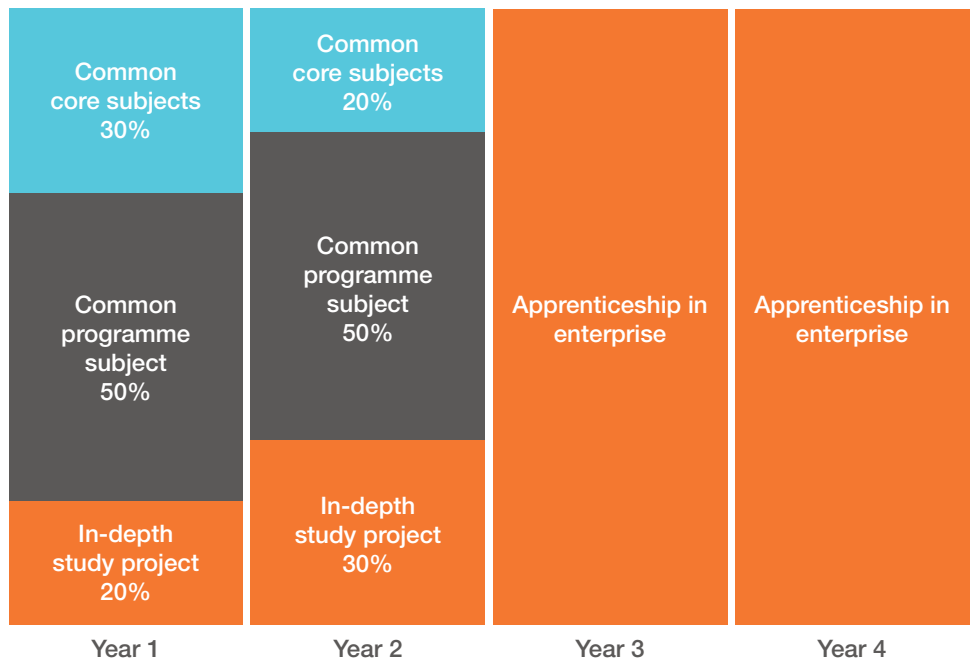
Source: Clarke and Winch (2016)

### Case study: Technical education in Norway

FIGURE 3.3

Norway’s upper secondary technical education is structured along the 2+2 model

*The 2+2 model with structure of subjects*



Source: Sainsbury review (2016) and Cedefop (2014)



In Norway, upper secondary technical education consists of two years training within a school environment, followed by two years in an apprenticeship. The first two years include general education (English, mathematics, Norwegian, physical education, natural sciences, social sciences); an introductory technical education programme for the student's chosen route; and an in-depth study project which usually involves a work experience placement. The final two years consist of a formal apprenticeship. During this phase the learner is employed and earns a salary, although the state makes a contribution of €15,000 to cover the cost of employing and training each apprentice. The balance of the different elements are set out in figure 3.3.

The whole programme is overseen by county authorities, and they set the curricula and number of teaching hours. The completion of the four-year vocational and technical programme in Norway results in a trade or journeyman's certificate. For learners who complete the first two years of this vocational option, but then decide they want to go into higher education, there is a bridging qualification. This is a common route, with 27 per cent of the 2013 cohort opting for the bridging qualification (Cedefop 2014), and it is widely recognised by universities.

Source: Sainsbury review (2016) and Cedefop (2014)

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### **Case study: MBO in the Netherlands**

The Netherlands operates a tracked education system from a very young age, although all students complete a reasonably broad general education between the ages of 12 and 16 regardless of which track they are on. After the age of 16, students have to move on to a more specific track. Over half of students follow the vocational education route, known as 'MBO'.

MBO training can be done at various levels of skill: from level 1 'assistant training' through to level 4, which equips students for higher education. MBO training can take place on two different pathways:

- college-based training (BOL): students typically spend four days a week in college and one day with an employer on work placement
- work-based training (BBL): students typically spend four days a week on work placement and one day at college. They have an employment contract with their employer and receive a minimum wage (more like an apprentice).

The Netherlands has increasingly relied on the 'college-based' (BOL) programme as fewer employers are prepared to offer the work-based (BBL) route. The college-based (BOL) programme now accommodates about 80 per cent of MBO students. However, a key feature of the system is the coherence of the different pathways. Irrespective of the pathway taken, students must have a work placement that is quality-assured and accredited. Students also take the same qualification regardless of which pathway they are on. A key advantage of the MBO system is that it can be flexible depending on the state of the economy

and employer demand. In times of recession, more students can complete the school-based route, and when there is greater demand from employers more students can complete the work-based route.

Source: Evans (2014) drawing on Casey (2013)

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### **Case study: Construction in Germany**

An ‘apprenticeship’ in the German construction industry lasts for three years and is the equivalent of NVQ level 3 or above. It is carefully structured, usually in 26-week blocks, with half the year in the workplace, for the trainee to learn under productive and market conditions, and the remainder divided between the college (Berufsschule), concentrated on classroom education, and a training centre concerned with innovation and simulation in workshops. The system is known as Stufenausbildung, whereby the 12 occupations into which the construction industry is divided are covered by all trainees in a common first year, followed by gradual specialisation in the second year into either ‘building’, ‘finishing’ or ‘civil engineering’ and only specialising into a specific occupation such as bricklaying or dry assembly in the third year.

Source: Clarke and Winch (2016)

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These case studies show that the leading ‘youth transition systems’ have vocational education programmes that balance on-the-job training; off-the-job vocational education; and a general education component. They will often stipulate the precise balance of time that should be spent on these activities. All the programmes last a minimum of two years and typically help young people to progress beyond a level 2 qualification. In some cases, the notion of a level 2 vocational programme does not exist, as it is assumed that young people will study a longer course that results in a level 3 certificate. They also tend to have an explicit assumption that young people will start on a broad course that enables them to specialise into a specific occupation or career.

## 4.

# THE CURRENT STATE OF PLAY: BALANCING ‘EARNING AND LEARNING’ FOR 16–18-YEAR-OLDS IN ENGLAND

In England, teenagers completing level 2 qualifications after age 16 have a choice of two broad pathways. The majority will enrol on a ‘programme of study’ at a college or school. This will involve completing a mixture of classroom-based vocational qualifications and, in some cases, GCSEs, as well as some work experience and other activities. A smaller group will enrol on a level 2 apprenticeship, which means they will complete some formal education alongside being employed.<sup>12</sup>

This chapter examines these two pathways, and argues that neither of them has developed the right balance of ‘earning and learning’ seen in countries such as Germany, the Netherlands and Denmark. There are particular concerns around apprenticeships, which provide too much job-specific training and not enough off-the-job general education.

### 4.1 APPRENTICESHIPS FOR 16–18-YEAR-OLDS

While the majority of young people opt to enrol on a study programme in a school or college, a small but significant number of 16–18-year-olds choose to take the apprenticeship route. Nearly 90,000 16–18-year-olds (5 per cent of the total cohort) (DfE 2016a) are currently taking this route at level 2. Although there are comparatively few young people taking apprenticeships, the government has committed to expand this route over the coming years, promising to create 3 million apprenticeships (for young people and adults) by the end of the parliament. It is therefore likely to play a more significant role in future.

In theory, apprenticeships can be an effective vehicle to ensure that young people receive work experience alongside education, as they combine employment with off-the-job training. They have received a lot of attention from policymakers as a result. Next year a number of reforms to the apprenticeship system will come into effect, including the introduction of a levy on large employers, new ‘employer-led’ standards and assessments, and greater taxpayer funding for some apprenticeships.

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<sup>12</sup> A much smaller group may be studying solely towards GCSEs or completing a traineeship. We have not included them in our discussion as they are small groups of people with specific circumstances.

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## Employer contributions in the new apprenticeship system

### *Adult apprentices*

The current funding system requires the employer of an apprentice to pay their wages, as well as contribute up to 60 per cent of the costs of any off-the-job training. Under reforms to be introduced next year, the government will increase the level of state funding for off-the-job training for the majority of firms and apprenticeships. [There are, however two exceptions to this. First, it will decrease the level of support it gives to the largest 2 per cent of firms – who will be required to pay for the cost of apprenticeship training through a new levy. Second, it will vary the funding it provides for different types of apprenticeship – which will mean some apprenticeships attract less funding than at present (for example level 2 business administration) while the majority of apprenticeships will attract more government funding.]

### *16–18 apprentices*

The cost of hiring a 16–18-year-old apprentice is designed to be slightly cheaper for firms. The government currently pays 100 per cent of the off-the-job training costs, and employers can pay the apprentice a lower minimum wage – £3.30 per hour – for the first year of their apprenticeship. Employers are also expected to provide support in kind, usually through the use of equipment, time away from work, and supervisory time.

### *Administration costs*

As well as making a financial contribution, employers also incur some additional bureaucracy to administer an apprenticeship. Under the current system this is relatively light touch – as a lot of the administration falls on training providers rather than employers. (Training providers, for example, are responsible for drawing down government funding for an apprenticeship and following nationally regulated ‘apprenticeship frameworks’). This will change under the new apprenticeship system to be phased in next year, when employers will be responsible for a lot more administration around setting apprenticeship standards, drawing down funding, and procuring training providers.

Source: Pullen and Clifton (2016)

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IPPR’s previous report, *England’s apprenticeships*, provided a detailed description and an initial assessment of the new apprenticeship system (Pullen and Clifton 2016). It noted that there are some positive changes (such as the introduction of a levy on employers to help fund apprenticeships), but it also raised concerns that there could be a growth of low-quality and overly job-specific apprenticeships in sectors of the jobs market that do not have a commitment to training up the next generation of their workforce – such as retail, hospitality and business administration. There is also a risk that the new system will place too onerous a burden on small employers to administer the scheme.

While these concerns apply to the entire apprenticeship system (which includes young people and adult learners), they are particularly acute for 16–18-year-olds enrolled on a level 2 apprenticeship. There are four challenges that particularly affect this group of learners.

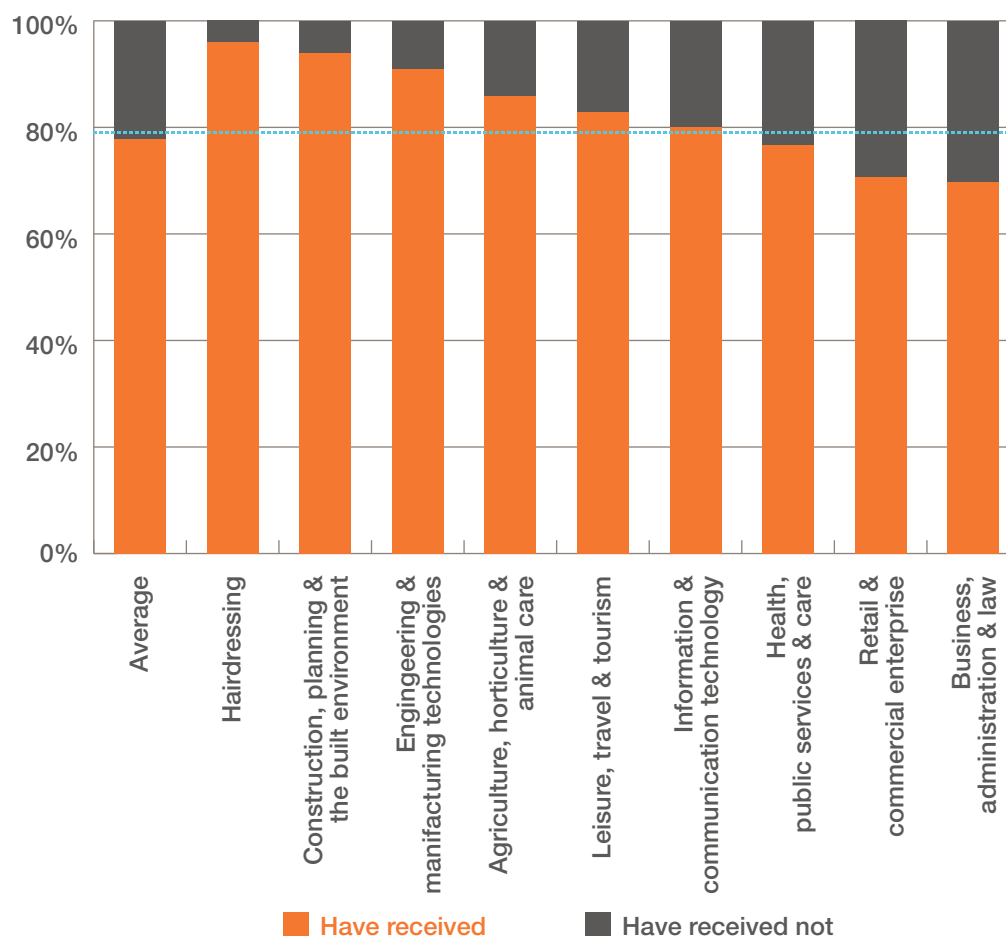
### There is insufficient off-the-job training

Off-the-job training is an important component of vocational education, because it allows learners to develop the foundational skills and knowledge which they can go on to practise in the workplace.

In England, however, relatively little time is dedicated to off-the-job training for apprenticeships. Existing apprenticeship frameworks (and the new standards which will replace them in 2017) only require apprentices to spend 20 per cent of their time in off-the-job training. This is significantly less than the leading European systems described in chapter 3, which typically involve at least half of the apprentices' time being spent in a college in the first few years of a programme.

**FIGURE 4.1**

**More than 1 in 5 apprentices receive no formal off-the-job training**  
*Proportion of apprentices reporting that they received formal training as part of their apprenticeship, 2013*



Source: BIS, 'Apprenticeship Evaluation: Learners', (BIS 2013)

Note: Formal training is defined as either off-the-job training at a college or external training provider, or formal training sessions delivered in the workplace but away from usual work activities.

What's more, an evaluation conducted by the Department for Business, Innovation and Skills suggests that even this modest requirement for formal training is not consistently provided in England. As figure 4.1 shows, over one-fifth of apprenticeships in 2013 provided no formal training at all. The lowest amounts of formal training were provided in 'retail and commercial enterprise' and 'business, administration and law' (BIS 2013). The situation is slightly better for younger apprentices – 13 per cent of 16–18 apprentices received no formal training at all. Assuming that this pattern holds true for the current cohort of level 2 apprentices, there could be 11,700 16–18-year-old apprentices receiving no formal training at all.

The low levels of formal off-the-job training in England's apprenticeship system are particularly problematic for 16–18-year-olds, to help them develop the broad underlying theory and knowledge that will help them start a career. Having a broad curriculum at level 2 enables, for example, a plasterer to understand how their work relates to electricians, joiners and other construction trades. Having a broad understanding of children's development means a childcare worker will be able to cover the 1- and 2-year-olds' room at a nursery, even if they usually work with 4-year-olds. The Sainsbury review proposed a core content to all 15 of the technical pathways, stating: 'The best international technical education systems begin with a broad curriculum, then increasingly specialise' (Sainsbury review 2016). Starting with a broad theoretical understanding of related technical roles makes it easier to work, and easier to progress to a level 3 apprenticeship.

The government is in the process of phasing in new apprenticeship standards. These have explicitly been designed to fit with employer expectations of specific roles. As a result, many of the new standards are very narrow and are not designed to help young people progress to higher levels. For example, a Bakery level 2 standard would train a young person to be a baker,<sup>13</sup> but there is no progression from the level 2, nor any additional training. For a young person to have a more sustainable start to their technical pathway, it would be more beneficial for them to learn about different kinds of cookery, as well as some hospitality and serving skills, and some knowledge of retail and business. Without these technical core skills, it would be difficult for them to move into other areas, for example, as a chef, or running a bakery or cafe. The new, narrower, apprenticeship standards should be combined into technical pathways, as recommended in the Sainsbury review, with core content knowledge in each pathway, to ensure learners are able to progress within their selected pathway.

### **There is insufficient general education**

A college environment is also where the general education component of an apprenticeship can take place. A number of studies have shown that general education is hugely important for making an effective transition from education to work. As the Wolf Report (2011) noted:

*'English and mathematics skills are extremely important for labour market entry, and continue to have a significant impact on career progression and pay. Individuals with very low literacy and numeracy are severely disadvantaged in the*

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13 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/454985/FOOD\\_DRINK\\_Bakery.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/454985/FOOD_DRINK_Bakery.pdf) This standard has not yet been approved for delivery.

*labour market. English and Maths GCSE (A\*–C) are of critical importance for employment. Employers use them as a signal and sifting device and they are also of critical importance for entry into selective programmes post-16, and HE. As Professor Lorna Unwin told the review, “There is only one real level 2. Maths and English A\*–C”.*

England’s apprenticeships have a very narrow (or non-existent) general education component. The only formal requirement is for apprenticeships to include maths and English GCSE or functional skills – but this only applies to those who have not already achieved a level 2 in these subjects. In many cases, those offering apprenticeships require all applicants to have maths and English already, in order to avoid the need to provide them with this formal education.<sup>14</sup> Unlike the successful European vocational programmes described in chapter 3, in England there are no requirements for apprenticeships to have a general education component that goes beyond basic skills in English and maths, for example by continuing to study science, social science, or any sort of civic education.

### **Apprenticeships do not result in a qualification**

One of the key changes to the apprenticeship system is to remove the requirement for apprenticeships to include regulated qualifications. The new standards are developed by employers to their specifications, with support from any appropriate professional bodies. While they can include regulated qualifications, there is no requirement to do so (except in the case of English and maths, where the apprentice has not already achieved a specific level).

In some sectors, apprenticeships are being developed that include qualifications or membership of a professional body. For example, the Associate Housing/Property Management Assistant level 2 apprenticeship<sup>15</sup> includes membership of a range of professional bodies and the potential to progress to a level 3 or 4 qualification.

In sectors where there are no credible or recognised professional bodies, however, the picture is more concerning. Under the new system, many apprentices could complete their course without a qualification to help them secure further study or progression in the workplace. Retail is a clear example of this, as the industry has produced an apprenticeship standard at level 2 with no professional body membership and no qualification. Retail is one of the most popular apprenticeship sectors, making up 18 per cent of all apprenticeships started in 2014/15 (BIS 2016b).<sup>16</sup> For young people taking this kind of apprenticeship, although there should be an end-point assessment, it is not clear that there will be significant difference from working in retail for a year and doing a level 2 apprenticeship in retail for a year, except that the employer can pay the apprentice less. It is not clear, in many cases, what a young person will achieve from an apprenticeship that they would not achieve through simply working in an industry.

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<sup>14</sup> While data is not routinely reported for 16–18-year-olds, among over-19s, most (80 per cent) apprentices starting an apprenticeship at level 2 already had a full level 2 qualification, and of those, 64 per cent had 5 GCSEs grade A\*–C (BIS 2016a).

<sup>15</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/455082/HOUSING\\_Housing\\_Property\\_Management\\_Assistant.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/455082/HOUSING_Housing_Property_Management_Assistant.pdf)

<sup>16</sup> 89,570 apprenticeships were started in retail and commercial enterprise in 2014/15 (BIS 2016b).

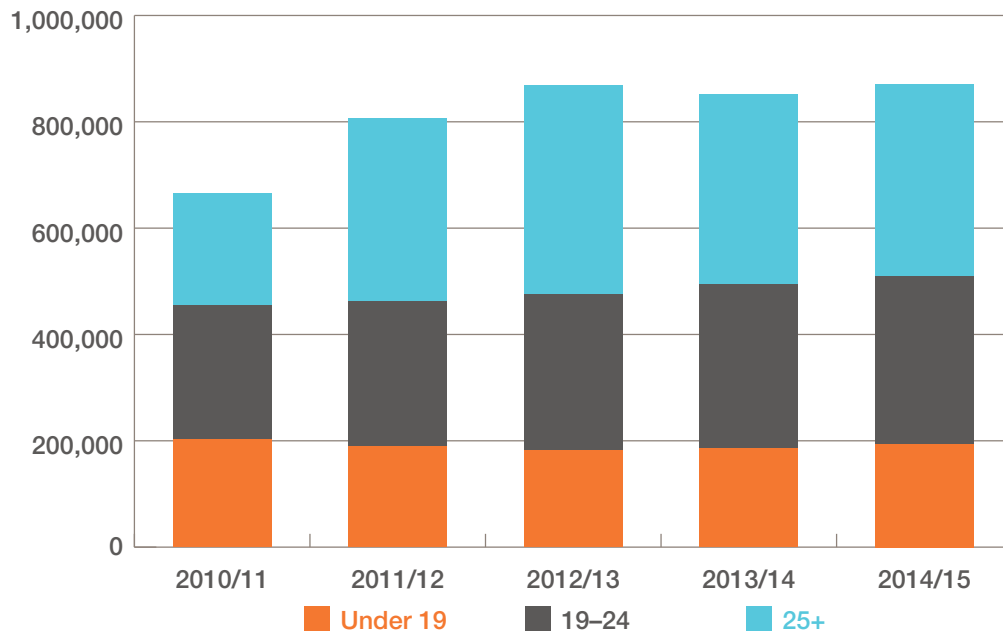
### Employers do not want to hire young apprentices

A final challenge facing the apprenticeship system is securing enough employers to take part. Over recent decades there has been a decline in the number of employers offering substantive training to their workers (Green et al 2013). The government has tried to counteract this by subsidising training programmes in order to incentivise employers to take part, for example through the Train to Gain programme and, most recently, through the expansion of apprenticeships. While this has led to a large expansion in the number of adult apprenticeships, employers have been more reluctant to take on 16–18-year-olds. As figure 4.2 shows, the number of apprenticeships available for under-19s has changed very little in the last five years.

This reflects a wider pattern in the jobs market, where younger workers find it increasingly hard to secure jobs compared to older workers. Over the past 20 years, the proportion of young people with a job has fallen dramatically, from 49 per cent of 16–17-year-olds in 1992, to 24 per cent in 2016 (see chapter 1 for a full description of this pattern). It now appears that virtually all young people who are not in full-time education and are employed, are employed as apprentices.<sup>17</sup>

**FIGURE 4.2**

**Under-19s have not benefited from the growth in apprenticeships**  
*Apprenticeship participation by age*



Source: BIS, 'Statistical first release – learner participation outcomes and level of highest qualification held' (BIS 2016a)

17 This conclusion is arrived at from a comparison of data from Department for Education (DfE) and the Labour Force Survey (LFS). The number of 16–17-year-olds not in full-time education but employed is 87,000 according to the Labour Force Survey while the number of 16-17-year-olds on apprenticeships is 71,600 according to DfE. However, the two population estimates vary by around 13 per cent, with the DfE estimate being smaller than the LFS, suggesting that almost all of the young people identified by the LFS as not in full-time education but employed are on apprenticeships.



There is a particular challenge for small businesses. A recent survey of small businesses revealed that only 7 per cent currently had a 16-year-old school leaver in their business, and the majority (69 per cent) had never employed anyone from this age group (FSB 2015).

It is not clear why employers are choosing not to hire young people. Part of the trend will be driven by changes to the nature of work and a decline in the number of ‘entry level’ jobs. Surveys have revealed, however, that employers believe young people lack a number of key skills including general attitude to work, communication and self-management skills (ibid). A further key finding is that firms value work experience very highly when making recruitment decisions, which inevitably places young people at a disadvantage to older workers (see table 4.1). Young people find themselves in a catch-22 situation – where they need work experience in order to secure work, but can’t find employers willing to give them any experience to help them get a foot on the jobs ladder.

**TABLE 4.1**

**Survey of small businesses: what do you value the most when making recruitment decisions?**

Qualification/experience	‘Very important/ Somewhat important’
Work experience	86%
Practical/vocational education	67%
Academic qualifications	56%
Professional qualifications	86%

Source: FSB, ‘Education and Skills Survey, May 2015’ (FSB 2015)

In this context, securing employer involvement in apprenticeships for 16–18-year-olds will not be easy, especially for lower-skilled ‘level 2’ learners who might provide less immediate value to the employer. Under the current system, employers have to pay the wage of a young apprentice and give them time off for classroom study (see the box at the beginning of this chapter for a more detailed description of employer contribution). The cost of hiring an apprentice is often raised as a barrier to securing employer involvement. Cost–benefit analyses show that for some prestigious long-term apprenticeships, notably in Switzerland (Muehleemann and Wolter 2014), there is a net benefit to firms, even if firms pay the majority of the training costs. However, in England, research from Warwick’s Institute for Employment Research (Hasluck et al 2008) shows that there is a net cost to training, particularly for young people and short-term apprenticeships. There appears to be a particularly large barrier for small employers, with 1 in 3 small and medium-sized enterprises reporting cost as a major concern for hiring apprentices (FSB 2015).

Previous experience suggests that employers need to be heavily incentivised to hire young people who have not yet achieved a full level 2 qualification. Following the 2009 financial crash, for example, the government introduced a Future Jobs Fund which subsidised employers to hire young people who would otherwise have been at risk of entering long-term unemployment. Subsequent evaluations showed that it helped to create

around 200,000 jobs for young people (mainly in the 18–24 age group). The programme was shown to bring considerable benefits to the young people taking part (who were more likely to go on to unsubsidised employment) and to the exchequer (which made a net saving on benefit payments) (DWP 2012). A similar principle lies behind the current government’s traineeship programme – which subsidises employers to offer unpaid work experience placements. The key conclusion from these programmes is that employers can be persuaded to train and hire 16–18-year-olds who do not have level 2 qualifications – but it requires considerable government subsidy.

Currently the majority of apprenticeships, including those for 16–18-year-olds, are delivered by private, for-profit training providers. The government pays 100 per cent of the cost of the training to the training provider, with employers responsible only for the apprentice’s wages, and for providing support in kind.

The role of state-funded, for-profit private providers in delivering apprenticeships is analogous to other areas of the 16–18 education sector. For-profit companies are not allowed to run schools or colleges. On introducing free schools in the last parliament, the government explicitly ruled out allowing them to be run for a profit, as is permitted in Sweden.

The current system does not seem to have sufficient incentives for apprenticeship providers to deliver high-quality training. There is a risk in this case that private, for-profit providers will be incentivised to compete on the basis of cost, rather than on quality. The Wolf report highlighted the risk of perverse incentives, whereby institutions are encouraged ‘to put together bundles of qualifications on a “profit maximisation” basis rather than by conceptualising programmes for students in a holistic way’ (Wolf 2011). There has been evidence of poor practice among private providers of apprenticeships, with the Business, Innovation and Skills select committee raising concerns about the value for money and performance of Elmfield Training, for example (BIS Committee 2012). Having for-profit companies in the sector also puts students at risk of their training being interrupted if providers fail.

This led the Sainsbury review to argue that ideally, all publicly subsidised technical education, including the off-the-job training in apprenticeships, ‘should be delivered under not-for-profit arrangements’ (Sainsbury et al 2016).

#### **4.2 COLLEGE-BASED VOCATIONAL STUDY**

In England, the majority of 16–18-year-olds studying towards level 2 qualifications will enrol on a ‘study programme’ at a college. Around 180,000 16–18-year-olds (9.4 per cent of the total cohort) are currently taking this pathway, making it more popular than the apprenticeship route (DfE 2016a).

Study programmes were introduced by the Coalition government in 2013 in response to concerns that too many 16–18-year-olds were placed on a cycle of short qualifications that did not help them to progress into further study or work. The previous funding and accountability systems were particularly criticised for incentivising schools and colleges to enrol 16–18-year-olds on lots of low-level qualifications, rather than putting

them on more stretching or balanced courses (Wolf 2011). The principle behind study programmes is that colleges will receive a fixed amount of money for an individual learner, and then design the appropriate mix of stretching vocational qualifications, English and maths, and work experience, which can be tailored to their needs.

The precise content of a study programme will vary depending on an individual learner's circumstances, but government guidance requires that they involve three key elements:

- a substantial vocational qualification
- some form of English and maths (if the learner has not already achieved a grade C at GCSE)
- a work experience placement (where appropriate).

The introduction of study programmes was a welcome move, and it appears to have been successful at achieving its primary aim of reducing the number of learners placed on short and low-level courses, with over 3,000 qualifications having been removed from the system. The number of 16- and 17-year-olds being entered for GCSE English and maths has also increased rapidly.

### **Are study programmes delivering a balanced curriculum offer?**

While study programmes have been successful at reducing the number of short qualifications taken by 16–18-year-olds, they are still a far cry from the blend of 'earning and learning' seen in many European countries. As the case studies in chapter 3 demonstrated, countries with effective youth transition systems tend to provide a good balance of general education, off-the-job vocational education and on-the-job training, with at least one day per week spent on the latter.

There are two areas of particular concern where study programmes do not yet mirror the kind of effective vocational programmes seen elsewhere. First, the general education component of study programmes remains relatively modest. For most it simply involves retaking an English or maths GCSE until they achieve a grade C, alongside a vocational qualification. This is much less ambitious than the general education component of vocational courses in other countries, which explicitly try to prepare young people for employment *and* citizenship, and often include some form of science, social science or civic education as a result (Bynner 2011). What's more, there are concerns about the capacity of colleges in England to effectively deliver the relatively modest English and maths requirements under the current system. Recent data shows that less than one-third of 16–18-year-olds entered to retake these subjects go on to achieve a grade C or above, prompting fears that young people are caught on a 'treadmill' of retakes after age 16 (Allen 2016).<sup>18</sup>

Second, there are signs that colleges are struggling to deliver a high-quality work experience placement for many young people. Unfortunately, there is a lack of data on the number and type of work experience placements for 16–18-year-olds, and the government should urgently commission more research to better understand this problem. The last survey of colleges to

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18 For a detailed investigation into ways to improve English and maths in post-16 education, see the project run by Education Endowment Foundation and the JP Morgan Chase Foundation (see Maughan et al 2016). [https://educationendowmentfoundation.org.uk/public/files/Publications/16-18\\_Literature\\_Review.pdf](https://educationendowmentfoundation.org.uk/public/files/Publications/16-18_Literature_Review.pdf)

ask about work experience, conducted in 2013, revealed that 90 per cent of colleges planned to offer some form of work experience for those on level 2 study programmes, but the survey did not ask about the length and quality of placements on offer (AoC 2013). Many colleges in the survey reported that a lack of willing employers, coupled with capacity issues, was making it difficult to offer quality work experience placements and many were relying on ‘simulated’ work environments as a result.<sup>19</sup> While it is not possible to provide a definitive estimate of the amount of time spent on work experience, for many people on level 2 college programmes it will – at best – involve a few weeks of experience. This is substantially less than the programmes in many successful European countries.

These concerns were reflected in the recent Sainsbury review (2016) which emphasised the distinction between ‘work experience’ and ‘work placements’. It defined ‘work experience’ as the opportunity for a young person to spend a short amount of time (one or two weeks) with an employer that is not necessarily related to their field of study. This is important for familiarising young people with the world of work, but it is not sufficient for young people completing a vocational programme. It therefore called for an expansion of structured ‘work placements’ that last much longer and are related to a young person’s study programme.

Study programmes were a welcome innovation in the English education system. The evidence presented above, however, suggests that they have not yet delivered the right balance of off-the-job training, on-the-job training and general education.

### Sainsbury Review and apprenticeships

The Independent Panel on Technical Education was chaired by Lord David Sainsbury, and its members were Simon Blagden, Bev Robinson, Steven West, and Baroness Alison Wolf. The report, published in July 2016 (Sainsbury review 2016), made a series of recommendations designed to simplify the over-complex field of technical education in England. While the recommendations from the Sainsbury review have been widely welcomed, there are inherent tensions between its proposals and the recent reforms to apprenticeships.

Sainsbury review recommendation	Apprenticeship policy
Technical education should have a single, common framework of standards covering both apprenticeships and college-based provision.	Apprenticeship standards are employer-led, with no requirement to align with college-based provision.
There should be 15 technical pathways that encompass all employment-based and college-based technical education at levels 2–5.	Apprenticeship standards can be developed for any job role from level 2 upwards. There are no frameworks, pathways or even sectors to work within.
For both employment-based and college-based technical education at levels 2 and 3, there should be a single, nationally recognised certificate for each technical education route.	Apprenticeship standards involve professional bodies, but there is no requirement for a nationally recognised qualification.
All technical-college-based routes should start with a two-year programme for 16–18-year-olds, including a ‘common core’ of knowledge and skills for each pathway.	Level 2 apprenticeships only last for one year, and have very limited requirements for core knowledge (typically just involving maths and English, with the remaining content specific to one job).

<sup>19</sup> Many colleges provide ‘simulated’ work experience: for example in salons or restaurants on the college campus. While this can provide a good training environment for young people, it demonstrates that it is hard for colleges to secure enough employers to offer real-world placements.

Clearly some of the Sainsbury review's recommendations run counter to the current direction of apprenticeship reform. (The review implicitly acknowledged this tension, and recommending that the Institute for Apprenticeships immediately reviews all existing apprenticeship standards to avoid overlap and ensure that there is sufficient technical content). The tension is particularly acute for young people aged 16–18, who, under the current direction of travel, will find themselves on two very different tracks. That is, they will either take a college-based course, reflecting the recommendations of the Sainsbury review (with its focus on two years of broad training in a technical pathway); or they will enrol on an apprenticeship (with a focus on training for a particular job and relatively limited core knowledge). In the final chapter, we explore how these diverging tracks could be brought closer together by replacing 16–18 apprenticeships with a distinct pre-apprenticeship offer.

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### **4.3 SUMMARY**

Students studying on level 2 vocational programmes in England have two broad routes available to them: college-based study programmes or work-based apprenticeships. Neither of these routes reflects the right balance between off-the-job training, on-the-job training and general education seen in successful European countries. The key differences are summarised in the table below.

**TABLE 4.2**

**England’s post-16 vocational education systems for level 2 learners do not match the best in the world**

<b>International best practice</b>	<b>Current college-based route in England (study programmes)</b>	<b>Current apprenticeship route in England</b>
A substantial amount of college-based provision (over half the time)	A substantial amount of college-based provision (vast majority of time)	Very limited college-based provision (20 per cent of time)
A significant amount of work experience (at least 1 day per week)	Very little time on work experience	A large amount of on-the-job experience (80 per cent of time)
A broad general education component that goes beyond literacy and numeracy	A narrow general education component focused on GCSE maths and English at grade C	A narrow general education component
A long programme that leads to a level 3 qualification (typically two years or longer)	Courses can last 1 or 2 years with relatively low progression rates to level 3	Courses typically last 1 or 2 years with relatively low progression rates to level 3
Programme results in a recognised qualification which enables progression (or a ‘licence to practise’ in particular occupations)	Programme results in a recognised qualification, although these are not always valued in the jobs market*	Under the new system, there are no nationally recognised qualifications**
Enable a young person to enter a wider occupation, as opposed to training for specific tasks or jobs	Courses are not tied to a clear occupational pathway*	Courses are often job specific
Employers engage heavily in the system, including by providing work placements	Employers do not engage much in the system, and relatively few offer work placements	Very few employers offer apprenticeships for 16–18-year-olds

\*The government is in the process of reforming the qualifications available to post-16 learners and is trying to introduce a system of clearer vocational pathways linked to occupations. There is therefore a ‘moving picture’ for this part of the system and the situation may change in the coming years.

\*\*Although there will be no nationally recognised qualifications under the new apprenticeship system, employers will be involved in setting the content and it is hoped they will therefore value an apprenticeship without needing a formal qualification.

Note: This table is a summary of ‘typical’ routes through the English system. There will, of course, be examples of very good practice on specific courses or apprenticeships that do not fit the description here.

# 5. RECOMMENDATIONS

## 5.1 DEVELOPING A PRE-APPRENTICESHIP PROGRAMME FOR 16–18-YEAR-OLDS IN ENGLAND

A central challenge facing England’s policymakers, employers and colleges is to design a vocational education and training system that enables young people to successfully transition from education to work. A core part of this task will involve improving the retention and progression rates for the 20 per cent of 16–18-year-olds who are completing a level 2 programme. International best practice suggests that this will require a better mix of ‘earning and learning’.

This is not a new challenge. Policymakers and employers in England have long struggled to define the right content of vocational education and to ensure sufficient work placements and apprenticeships. Examples over recent decades include the creation of NVQs, 14–19 diplomas, and the Technical and Vocational Education Initiative of the 1980s and 1990s.

The current government has acknowledged the need to find a better balance between ‘earning and learning’ for young people. The Coalition government made a number of positive changes to the college-based vocational education route, including introducing study programmes and reducing the number of short qualifications available. Its recent skills plan identifies a number of further areas for reform, including the need to make work placements mandatory for study programmes and the creation of 15 ‘technical pathways’ (DfE 2016b). The government is also in the process of making a number of changes to the apprenticeship system. While there are some positive elements to the apprenticeship reforms (such as the decision to introduce a levy on large employers), questions remain about the impact they will have on improving the quantity and quality of apprenticeships available for 16–18-year-olds (Pullen and Clifton 2016, Lanning 2016).

Given this context, we believe that the government should pursue a process of ‘evolution not revolution’ when it comes to vocational education for 16–18-year-olds. There has already been a substantial amount of policy change in this area and it would be sensible to build on these reforms in an incremental way.

We therefore recommend that the government improves the level 2 apprenticeship system for 16–18-year-olds, so that it reflects international best practice and becomes a more attractive pathway. The current apprenticeship system is not well designed for this group of learners, who require a greater amount of off-the-job training and general education than the current system provides, as well as needing recognised qualifications that will help them to progress to further study or a level 3 apprenticeship. The distinct needs of this group mean they

would be better served by a form of ‘pre-apprenticeship’ programme that has a better blend of classroom study and work-based training. This would set them on the path to progress to a level 3 apprenticeship (or vocational programme) at age 18.

### **How would a pre-apprenticeship programme work?**

**We recommend that the government abolishes level 2 apprenticeships for 16–18-year-olds and replaces them with a distinct pre-apprenticeship programme.** This programme could evolve out of the current apprenticeship system, but it would have a number of different design features to ensure that it is more suitable for supporting 16–18-year-olds to progress into higher-level training.

The key differences between our proposed pre-apprenticeship programme and the current apprenticeship system would be:

- **Pre-apprenticeships would contain more off-the-job training.** There would be a requirement that at least 50 per cent of time is spent in off-the-job training (compared to 20 per cent under the current apprenticeship system). This would ensure there is more time for general education, and for developing the vocational skills and knowledge required for a broader occupational field.
- **Pre-apprenticeships would result in a transferable qualification.** There would be a requirement that participants work towards a recognised level 2 vocational qualification, in addition to maths and English (compared to the new apprenticeship standards which do not require a formal qualification). This would ensure that participants have a transferable qualification that will help them to progress to higher levels of study. The qualifications would be regulated by Ofqual, which is consistent with all qualifications for this age group.
- **Employers would be subsidised for hiring ‘pre-apprentices’ – giving them a clear financial incentive to take part in the programme.** The government currently only pays for the off-the-job training element of a 16–18 apprenticeship, with employers required to pay their wage. This is a major barrier to employers taking on a young apprentice. Given employers will receive less time and immediate ‘value’ from taking on a pre-apprentice under our proposals, we recommend that they should be allowed to access their levy payments to cover the wages of a 16–18-year-old on a ‘pre-apprenticeship’ programme.<sup>20, 21</sup>
- **There would be one ‘pre-apprenticeship’ programme for each of the 15 technical pathways identified by the Sainsbury review.** This would ensure that the pre-apprenticeship programmes are suitably broad and link to a clear progression pathway (unlike the current system, where there are hundreds of different apprenticeships available which are often very job-specific). Having 15 programmes would also make it easier for colleges to design

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20 At present the levy only applies to a small number of employers, but over time we would hope and expect this to be expanded to cover a larger share of employers. This recommendation will therefore have a bigger impact once the levy has been expanded.

21 As with the present system, employers would only be expected to pay the wage for the 50 per cent of time that a pre-apprentice spends in the workplace.



the off-the-job training element in a more standardised way. The content of pre-apprenticeships would therefore be regulated by the new Institute of Apprenticeships, which has been tasked with developing these technical pathways.

- **Pre-apprenticeship programmes would only be offered by FE colleges or not-for-profit training providers.** Given that pre-apprenticeships will have a much greater educational component and will be targeted at young people under the age of 18, they should only be offered by not-for-profit education and training institutions. This is consistent with England’s approach to the rest of the education system for under-18s, where profit-making companies are not allowed to run schools or colleges.<sup>22</sup> It is in-keeping with the preference expressed in the Sainsbury review for not-for-profit provision. This would ensure that competition in the sector is based on quality, not on cost. This is a departure from the current apprenticeship system, in which the majority of apprenticeships are offered by private for-profit training providers.
- **Pre-apprenticeships would be explicitly designed to help young people move onto a full level 3 apprenticeship at age 18 or 19.** The content of the training, and the relationship with employers, would be designed with the assumption that the participants will move on to a level 3 apprenticeship when they complete the programme (compared to the current system in which relatively few people progress). This means that each of the 15 ‘pre-apprenticeship’ programmes would contain the core foundational knowledge set out in the Sainsbury review, which will set them on a pathway to specialise in particular areas later in life.

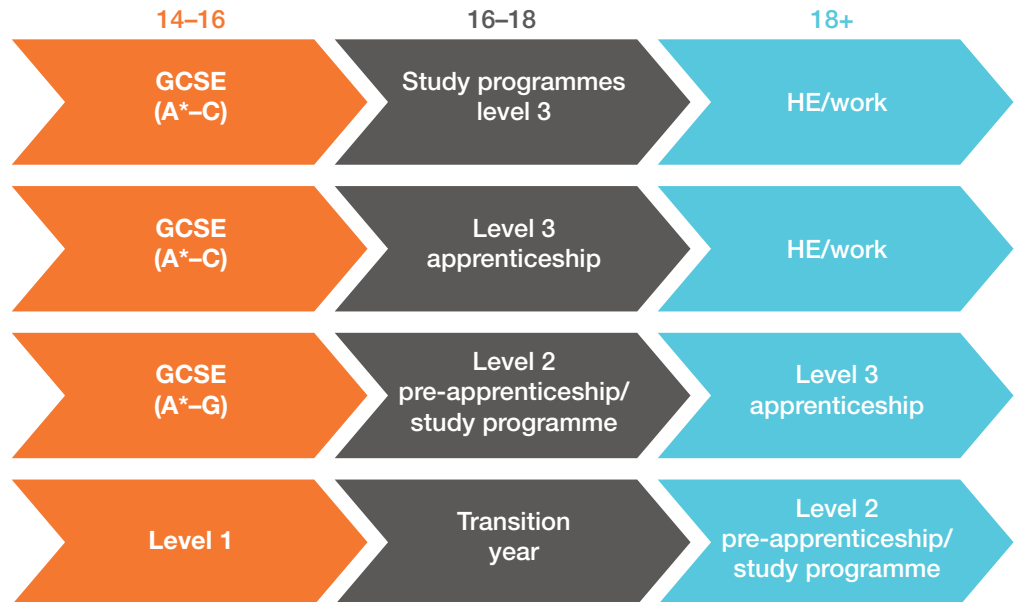
Under our proposed model, the fundamental principles of an apprenticeship would not change. Participants would still have a job contract with their employer and be released for further study and training alongside this. However, the regulatory framework surrounding apprenticeships would change for the 16–18-year-old age group, to ensure that they match international best practice and foster a better blend of ‘earning and learning’. We believe that they should therefore be treated as a ‘pre-apprenticeship’ in order to make this distinction with the rest of the apprenticeship system clear. It would also provide a clear signal that the intention for level 2 programmes is to enable young people to progress on to level 3 vocational study. This recommendation has been designed to fit with the recent proposals of the Sainsbury review (2016) and the subsequent government’s skills plan (DfE 2016b), which both called for the creation of more clearly defined pathways for those studying vocational or technical programmes. If our recommendations were incorporated into the government’s existing plans, they would help to create an important pathway for those who are studying level 2 vocational courses and are poorly served by the current system. The result would be four clear options for the post-16 phase of education.

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22 See Muir (2012) for an explanation of why for-profit companies should not be allowed to run schools.

**FIGURE 5.1**

How a pre-apprenticeship programme would fit with other pathways in the post-16 phase



Note: The level 1 transition year was proposed in the Sainsbury review (2016)

## 5.2 WHERE NEXT FOR ADULT APPRENTICESHIPS?

This report has focused on the issue of 16–18-year-olds studying level 2 vocational courses, which is the stage where a smooth ‘transition’ into the workplace can start to break down for many young people. It has argued that the current apprenticeship system is not well designed for this group of learners – and they should therefore be treated differently from the rest of the apprenticeship system. Their distinct needs require a different balance of ‘earning and learning’.

Many of the challenges facing the apprenticeship system are particularly acute for young people – who require more support and general education to help them get a good start in life. That is why we have recommended that the government starts by addressing the problems for this group.

In reality, however, many of the problems identified in this report also apply to the rest of the apprenticeship system, albeit with less dramatic consequences. For example, many adult apprentices also struggle to access sufficient off-the-job training, or to progress into higher levels of study. This is a particular problem in those sectors of the jobs market that don’t have a tradition of training up the next generation of their workforce, or who rely on ‘low-skill, low-pay’ business models. IPPR’s earlier report, *England’s apprenticeships*, provided a more detailed assessment of these wider issues (see Pullen and Clifton 2016).

In this sense, focusing on 16–18-year-olds provides a useful ‘lens’ through which to view the wider challenges faced by the apprenticeship system. The government should therefore treat the introduction of a

pre-apprenticeship programme for 16–18-year-olds as the first step on a wider journey of reform. If the pre-apprenticeships recommended in this report prove successful, the government could consider applying elements of the programme to the adult apprenticeship system as well. For example, it could consider increasing the length of time that all apprentices are required to spend in off-the-job training, or introducing a qualification for all apprenticeships.

There will clearly be substantial practical hurdles to implementing these reforms. The pre-apprenticeship programme recommended above would require FE colleges to deliver a greater amount of college-based provision for those young people completing a level 2 apprenticeship than at present, including a broader general education component. Colleges are already struggling to deliver the requirements for study programmes to include English, maths and work experience. Any move to introduce a pre-apprenticeship programme would therefore need to be accompanied by significant capacity-building in the college sector, including a commitment to train and pay more teaching staff. We believe that restricting pre-apprenticeships to one of the 15 technical pathways outlined in the Sainsbury review would significantly ease this pressure, as it would mean that colleges could design and deliver the classroom-based provision at scale. They could also insist on common ‘points of entry’ throughout the year. Nevertheless, it is clear that more resources are required to actually implement the ambition the Sainsbury review sets out for all technical education – regardless of whether it is college-based or employer-based – to include a substantial ‘common core’ of knowledge and skills linked to clear occupational pathways.

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