Submission to the Department of Education & Skills

On

Review of Apprenticeships in Ireland
This review is being undertaken at a time when there is strong interest in apprenticeship at a European level. These include the bilateral arrangements between Germany, Spain and a number of other countries, the formation of the European Alliance for Apprenticeship, and the study project being undertaken by the European Trade Union Confederation. In framing any proposed actions arising out of this review, the Government should devise a strategy which will allow the latest international experience to be taken on board. The way forward in this regard was signposted by the OECD Review undertaken in 2010, and will doubtlessly be further informed by the study of the VET sector being undertaken by NESC at the request of the Troika. All education and training systems should be dynamic institutions, capable of adapting to changing industrial structures and learning from national and international experience.

An apprenticeship is a fixed term contract of employment during which training and work are intermixed. The termination of an apprenticeship at its conclusion is not subject to the general law regulating dismissal. The apprentice accepts a relatively lower wage and in return has access to the higher earnings in the long term. The employer may also gain a level of productivity from the apprentice which is nearer to that of a fully skilled worker and chargeable as such to the client.

There is clear evidence that countries with a well functioning apprenticeship system have consistently lower rates of youth unemployment. Critics often respond that there is a lack of evidence that this lower rate is linked to the existence of an apprenticeship system. However the evidence is so widespread that it is beyond a matter of mere coincidence. It is now for critics to cite what other factors could be behind the lower youth unemployment rates in countries with dual type systems.

While this country has been within the Troika process over the last three years, the governance process in the EU has moved on. Under the open method of co-ordination, Member States make annual reports on aspects of their economies and labour markets and in turn receive country specific recommendations from the Commission. Programme countries such as Ireland have been exempt from this process but we will be part of it as soon as we exit the bailout. Given that we have an OECD report on
the Irish labour market, and given developments in other Member States, we can expect the Irish VET system to be the subject of country specific recommendations in the future.

Policy for VET must build on a strong base of a high standard of second level education. On a broader policy point, the current review of the transition from second level to higher education must also commence to address the changes that are needed to facilitate better transitions of almost 50% of the students who do not transfer to higher education. The policy context is now propitious with the introduction of the Youth Guarantee Scheme and the renewed focus on addressing the disturbing levels of youth unemployment.

This submission develops Congress’s recent research on this matter. The Congress publication, ‘New Skills Policy for a New Economy’ available online at:


This submission is divided into the following parts:

The Existing System

The existing system is associated with a narrow range of trades, with a strong emphasis on the construction sector. It is almost overwhelmingly male, despite sustained efforts by all stakeholders to change this. While these two aspects are shortcomings, this should not obscure the successes of the Irish system. These are set out in the academic literature by Dr. Paul Ryan.\(^1\) They are demonstrated by the high level of Irish achievement in international skill competitions, and more recently by the enthusiasm of Canadian and Australian employers to recruit Irish craft workers in preference to those coming from other jurisdictions, who have been impressed with the standards of Irish craft workers. This shows that successes in the international skill competitions is not a once off achievement by high flyers but is representative of the knowledge and skills base of the sector as a whole. Therefore, the approach of any change in this sector should therefore follow the medical maxim ‘first do no harm.’
Extension of Apprenticeships

While we may rightly be proud of our success in the area of designated trades, our track record in embedding work-based learning in our education system is less impressive. In the last two decades there have been two major reverses in this area, i.e.:

1. The recent and rapid decline of the CERT apprenticeship system, leading to a situation where employers are now complaining about a lack of skills;

   and

2. The failure, following the apprenticeship reform of the early nineties, to designate a significant number of additional trades.

A key element in any extension of work-based learning should be a candid examination of why these things happened.

There seems to be a clear case for reintroducing apprenticeships in the hospitality sector given the proposals advanced by some employer bodies. There is also a form of apprenticeship in the hairdressing sector and there would seem to be logic in trying to put the system on a more formal and structured basis. Lessons might also be learned from the operation of the FAS traineeship programme.

A prime candidate for a pilot scheme for the extension of apprenticeship is the childcare sector. This sector is facing a crisis of standards at the moment, and a FETAC level 5 qualification is becoming mandatory. The State exercises a predominant role in this sector through funding and through regulation. It would therefore seem to be ripe for the adoption of the apprenticeship approach, and for the trialling of progression options, as a level 7 FETAC qualification is becoming mandatory for managers in the sector.

Moving towards a dual type system will present challenges. Central to its success will be the willingness of employers in a given sector to coalesce around the demand for a new apprenticeship system. However, the fact that there are a number of initiatives in
this area at EU level, combined with the EU initiative on a youth guarantee, and the fact that we are moving into a new phase of the ESF, allows a unique opportunity to fund innovation in this area.

The essence of apprenticeship is a contract of employment. The State provides machinery for the resolution of disputes regarding contracts of employment on an individual or collective basis. We suggest that if there is agreement in principle to extend work-based learning to a new sector that the labour relations commission should assist the process and help the parties to devise the new model.

Costings

How should we evaluate the costs of apprenticeship? The costings provided to date conceal as much as they reveal. Irish apprenticeship programme costs are presented and compared in an international framework. Three issues arise in this context:

1. All existing apprenticeships are technical intensive and therefore require expensive instructional facilities. The same might not be said for new apprenticeships. This mirrors the debate in the university sector on the different costs of humanities and business courses compared to courses in science and engineering.

2. The costs of apprenticeship will vary in accordance with the level of economic activity. Costs will be higher in a number of circumstances. During the boom period summer courses were run to clear the backlog which increased cost. Conversely, at present, the very low numbers in some trades will inflate unit costs. Neither extreme should be seen as a typical cost.

3. The most valid way of analysing apprenticeship costs is by evaluating the cost per completion and comparing it with the cost per completion in other areas in the VET sector. In this way the costings capture the efficiency element as well as the crude accountancy element.

Most of the infrastructure for the Irish VET system came from the EU, which funded the network of twenty ANCO/FÁS centres, and part funded programmes in RTCs and
VECs through the European Social Fund. The National Training Fund was established by diverting an element of employers’ PRSI contribution to the NTF; we suggest that a similar proportion of the employees’ contribution should be allocated to an enlarged fund, which could be used to fund an agreed expansion of the system of apprenticeships. This suggestion of the re-allocation of a small element of employer and employee PRSI, away from the social insurance fund to an enlarged training fund would serve the purpose of the social insurance fund, as all the evidence is that increased skills and knowledge will decrease the likelihood of unemployment.

**Governance and Quality**

Governance is not an end in itself - it serves a purpose. Societies design governance systems which achieve a purpose such as deliberation, information sharing or providing feedback. This argument is advanced in detail in the work of Hall and Soskice. There is ample evidence that the governance of VET systems works best when it is structured on a tripartite basis. This governance system is a means to ensuring the relevance of training offered, as well as anchoring the training system to the enterprise stakeholders. These strong links are pointed out as one of the strong points in Victoria Kís’s 2010 study undertaken for the OECD.ii Robust governance systems keep the courses offered close to the labour market and act as a check and balance on the power of providers.

**Delivery Mechanisms**

If we look at the operational issues which affected FAS in the period prior to 2011, it is clear that many of those issues arose out of work done by private sector providers. Similar problems arose in Skillnets where a major breach involving both FETAC and HETAC providers was uncovered in the audit process. These lapses are detailed in the report of the Comptroller and Auditor General. One lesson to be drawn from this is that both FETAC and HETAC adopted a ‘light touch’ model of regulation which proved inadequate to deal with the risks posed by a small number of unscrupulous private providers. There is a strong logic therefore for the education and training institutions of the State to play the predominant role in providing the education and training element of any widened apprenticeship system.
**Equity**

Despite many efforts undertaken over the last two decades by the State authorities, employers, and unions, most apprenticeships remain strongly male dominated. This is partly due to the fact that construction, engineering and vehicle maintenance industries are themselves strongly male dominated. Comparative statistics on these industries in a European context are scarce. An obvious way of broadening the gender participation in apprenticeships would be to broaden the range of apprenticeships as detailed elsewhere the document. However, we should not lose sight of the fact that the most significant gender issue in the Irish education and training sector is the under-achievement of young boys. The apprenticeship system as currently structured goes some way to address this.

Entry requirements will vary from sector to sector. In the event of a broader range of occupations being designated, they will vary even further. The stakeholders in the sector set the minimum entry requirements. It would be up to Solas to ensure that these requirements meet the needs of the occupation concerned, and are not disguised barriers to entry. Youthreach providers are mandated to ensure that participants secure the leaving certificate and given ESF funding accordingly. Youthreach participants who have successfully completed the programme are therefore eligible to apply for apprenticeships in the normal manner. However, there might be scope for a debate on a pre-apprenticeship course being available in certain specific circumstances. It should be noted that providers within the National Framework of Qualifications are required to pay particular attention to progression. A duty therefore falls on these providers to ensure that their students are capable of progression to apprenticeship.

A more broadly based system of apprenticeship would help to minimise the waste in dropout rates. It would also address the under achievement of young men in the education system which is a common phenomenon in Europe. In Ireland unemployment rates for young men are higher than for young women by about thirteen percentage points. One Irish commentator has pointed out that the country that finds a solution to this problem will derive competitive advantage from it. This brings us back to the issue of workplace learning. At the moment we may be wasting effort trying to retain, in the general education system, young boys who don’t want to be there. The alternative
is to adopt – or to adapt – the workplace learning model of the apprenticeship system to provide an increasing amount of our intermediate skills.

While existing apprenticeships are at level six with some level seven outcomes, this need not universally be the case. Some level eight degrees could be delivered with a stronger element of work-based learning. The broad consensus developing in favour of a more widespread adoption of work-based learning can be seen in the OECD Review and more recently in the Hunt Report on Higher Education, which advocates more work placements for students. However, the Hunt Report warned about the capacity of many employers to manage work placements, especially given the high numbers of second level students already seeking placements. It may well be the case that a price to pay for a broadly based dual system would be the elimination of pressure on employers by removing other work experienced elements in the education system.

An essential characteristic of all apprenticeship systems is that the apprentice undergoes a period of training at a low wage, in exchange for which they receive and perfect a skill. The employer imparts the skill in exchange for which they receive quality labour – almost equivalent to that of a fully trained worker in the latter part of the apprenticeship. This approach underlies the agreement by the social partners that apprentices should be exempted from the minimum wage legislation.

Given the asymmetric nature of the power relationship between apprentice and employers, the apprenticeship system has a statutory underpinning. The most recent evidence on this question comes from the Indecon evaluation of JobBridge, which shows that seven per cent of private sector employers sampled would have filled the vacancy with a regular job had JobBridge not existed. This is directly contrary to the rules of the scheme, and is thus classifiable as ‘fraud and error’ within the DSP reporting framework. The figure of seven per cent is double the figure of fraud and error attributable to jobseekers’ schemes. Although attributable to a small number of employers, it highlights the need for a statutory basis and for a tripartite governance arrangement. Anyone arguing for light regulation of a new apprenticeship system has failed to learn the lessons of the banking crash.
An issue which has arisen over the years was the issue of the master craftsman, based on the German Meister model. This concept which is present in section 8, 1999 Education and Qualifications Act, refers to opportunities for transfer and progression. This objective might be pursued further in the context of a review by establishing a framework for continuing professional development within existing and future apprenticeships.

International comparisons show a continuum of practice ranging from the Austrian system, which is very similar to general practice, through two Scandinavian models with their greater involvement of the State, to the Dutch model with a greater emphasis on a market driven approach. What all these models have in common is a strong involvement of employers and unions in VET institutions. Ireland’s system is not directly comparable with the UK. A recent review by the UK national audit office found that, 'Most apprenticeships in England are at a lower level than those offered by other countries. For example, only 33 per cent of apprenticeships are at an advanced level (equivalent to two A-levels), compared with 60 per cent in France'. The group should avoid the temptation of concentrating too much on the UK experience.

Conclusion

The existing Irish apprenticeship system is highly regarded internationally. This fact should be taken into account when proposing any changes. Actions arising from this review should be truly evidenced based, in that they compare apprenticeship outcomes with the outcomes of other programmes at levels 5, 6 and 7, taking into account completion rates.

Arising from this review, the opportunity should be taken to broaden the scope of apprenticeship into other areas. The active commitment of employers is highly desirable in this process. The EU funded youth guarantee and the new phase of ESF give an unrivalled opportunity to fund innovation in this area. The childcare sector would be an ideal sector for a pilot programme for an extended apprenticeship, given the predominant role of the State in the childcare area through regulation and through funding.
Finally, the outcome of this review should be structured to be compatible with the recent recommendations made to us by the OECD, and, if possible with the initiatives currently under way in Europe such as the Alliance for Apprenticeship. In considering comparators with other countries, the review should avoid following an exclusively Anglophone path and should seek comparators with other small countries. A successful extension of the apprenticeship system should give Ireland the means to develop new skills for the new economy.

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An example of disconnect between course provision and the labour market can be seen in a recent HEA study, which in commenting on the declining number of level six courses provided in the Irish tertiary sector goes on to remark: ‘These changes have occurred without evidence from the labour market that skills at these levels are no longer required.’