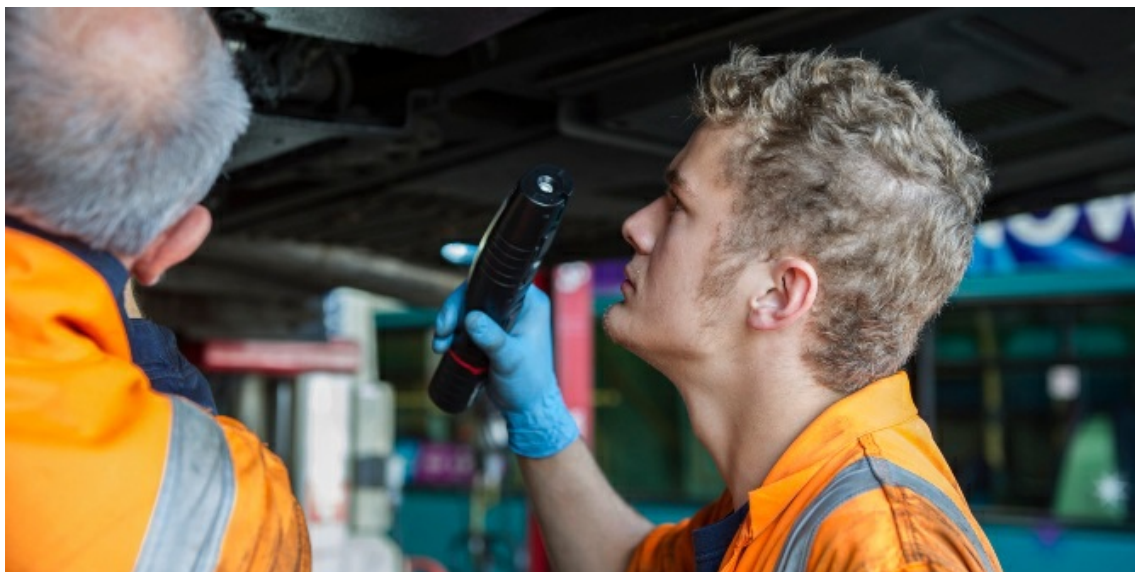


# The future of apprenticeships is in the balance



The unprecedented economic upheaval brought by the Covid-19 pandemic raises several concerns for the functioning of the English apprenticeship system, particularly in the medium-term as economic and social activity resumes.

Even in normal times, firms with apprentices may fail: usually disruption is minimised by reallocating apprentices to other firms. But economy-wide downturns exacerbate this problem because of the risk that many firms will go out of business simultaneously – and the surviving ones will shun investment (including in workforce training). [Empirical evidence](#) from the past confirms that apprenticeship training is procyclical, with provision going up when the economy does well, and falling in times of recession.

Many apprenticeships are [currently suspended](#) as learners are furloughed or prevented from travelling to training and working facilities. Unlike other forms of learning, most apprenticeships cannot effectively be moved online. Yet, as apprenticeships follow a flexible examination calendar, an interruption of a few weeks or even months would, in principle, only delay apprenticeship completion and accreditation, without irreversibly disrupting it.

The real challenge is that once the emergency is over and training can resume, firms and training providers may not be there to train apprentices. Imagine the school term finally starting again only for children to have no school, no whiteboards and no teachers to go back to: apprentices may soon wake up to an equivalent situation if many cash-strapped firms and training providers don't get to see the other side of the emergency.

## Employers at risk in the coronavirus crisis

Private training providers risk running out of cash as the Department for Education (according to its latest guidance on 6 April) will suspend payments for apprenticeships that need to be interrupted. A [survey](#) from the Association of Employment and Learning Providers warns that only 38 of 279 polled providers are confident of surviving the crisis without closing or downscaling. Training providers have been advised to apply for the emergency support offered to businesses by the Treasury, but in order to safeguard future provision, the Department for Education should review its decision to suspend payments.

Similarly, there are mounting concerns that, despite the stimulus package offered by the government, many small and medium-sized businesses will not be able to weather the emergency. While the government priority must be to prevent otherwise financially viable firms going bankrupt as a result of the Covid-19 pandemic (including training providers), the Department for Education should adopt a strategy to minimise the inevitable disruption to the apprenticeship system in the aftermath of the emergency. It would be highly desirable to include a training guarantee for all existing apprentices and measures to ensure that enough high-quality apprenticeships will remain available in the immediate future. [CVER research](#) has shown that apprenticeships yield good average returns in the medium-run, especially for young men.

A training guarantee would ensure that every apprentice whose firm or training provider is no longer in business is relocated to a different firm or training provider. This may be needed on a much bigger scale than previously experienced. Moving apprenticeship positions to other firms will be particularly challenging as lingering economic uncertainty may discourage firms from investing in training.

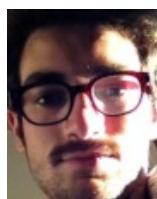
To make this happen, the government would need to step up support for firms who consider taking on apprentices. For example, funds raised through the [apprenticeship levy](#) could be made exceptionally available for levy-payers (and firms in their supply-chain) to cover more costs than normally possible. As a last resort measure, as part of this guarantee, apprentices who cannot be relocated to new firms should be offered a classroom or workshop-based course counting towards a similar accreditation.

Apprenticeships, crucially, rely on firms' availability to employ and train apprentices. This crisis comes at a time when the apprenticeship system was starting to grow in credibility and popularity. Not letting learners complete their apprenticeships would not only directly harm their labour market prospects but may damage the reputation of apprenticeships and reduce their attractiveness for future school-leavers.



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