A key task of “work-based learning” (WBL) is to raise the skills levels of young people. WBL providers who deliver over 80% of work-based, vocational learning across the UK. However, the future of such providers is becoming very uncertain and already their numbers are declining as funding cuts and quality inspections begin to bite. The context of WBL is examined in relation to the notion of the skills gap. Based on a workshop with twelve providers, four scenarios are developed within which a range of future possibilities are considered. Of major concern is the persistence of the Low Skills Equilibrium in UK which will continue to affect the attitudes of learner and the decisions of employers.

Keywords: work-based learning, future scenarios, skills gap

It is now widely recognised that employees’ skills are the bedrock of success in the highly competitive business environments of the modern economy. However, there is continuing evidence that the UK has a skills problem of such persistence, that it seen as endemic, systemic and cultural (Bloom et al 2004). Particularly worrying is the gap between the old and the young where there are more older people with Level 2 and 3 skills and the growth in the proportion of the workforce with Level 2 skills lags most of the OECD countries (Campbell et al., 2001). Therefore it has become a precondition for success in removing the skills gap to raise the level of involvement among young people in the nation’s economic activities. The achievement of such involvement is the task of “work-based learning” (WBL).

In the UK, the White Paper Opportunity and Excellence (DfES 2003) bemoaned the apparently poor provision of vocational training for 14-19 year-olds, who may not have achieved satisfactory grades at school. This resulted in an expansion of WBL training provisions (DfES 2005) in an attempt to regenerate a golden pathway to intermediate skills in the form of Modern Apprenticeships, first introduced in the mid-1990’s, and Entry to Employment (E2E) which seeks to raise the aspirations of young people not yet able or ready for an Apprenticeship. Charged with the delivery of Modern Apprenticeships and E2E is a network of WBL providers. Sitting between the policy implementers and suppliers of variable funding of various government
agencies, and those who offer sites for workplace learning and training, are WBL providers who deliver over 80% of work-based, vocational learning across the UK. However, the future of such providers is becoming very uncertain and already their numbers are declining as funding cuts and quality inspections begin to bite.

The paper will present scenarios of the future of WBL in the UK. We will begin by considering a brief history of WBL in the UK. We will then set the context of WBL by examining the important notion of the so-called skills gap before explaining a scenario process that was used in a workshop with 12 providers in the Tees Valley. The paper will explore the development of four scenarios of their possible futures and suggest implications for their practice and policy for government agencies.

**Historical Context**

Prior to the 1960s, WBL was broadly equated with time-served apprenticeships, maintaining a connection to the Statute of Artificers of 1563, based on the idea of restriction of entry to a craft and requiring a minimum time to learn before qualification. Thus, even though the statute was abolished in 1814, its influence remained and apprenticeship was characterised by a combination of formal and informal training, comprising both on the job and off the job attendance in colleges, helping people acquire both City and Guilds and Business and Technology Education Council (BTEC) certificates (Steedman et al 1998).

By the 1980s, apprenticeship was in retreat along with the decline of traditional craft based manufacturing. In response to rising unemployment, especially among young workers, the government introduced the Youth Training Scheme, providing an allowance for training without being fully employed. Steedman et al (1998) maintain that the scheme was generally deemed to be of a low standard, never rising to the assumed quality of the apprentice system, giving it a bad reputation among employers. A notable aspect of the policy changes of the 1980s in the UK was a challenge to established thinking which was claimed to have neglected the needs of the users of publicly-provided services by an over-emphasis on the interests of providers (Konrad 1998).

The 1980s and 1990s saw a growth in graduate numbers without any corresponding growth in people with vocational qualifications, something that Steedman et al (1998) suggest is indicative of the low esteem that these qualifications hold. Hence, the writers saw changes within vocational qualifications as imperative due what they conceived of as inherent problems, including a narrow and generally low level content.

In early 1990s, Modern Apprenticeships were introduced, within the overall National Vocational Qualification (NVQ) framework. This framework, based as it is on competence based qualifications, has been criticised for its lack of rigour, particularly in contrast with apprentice systems such that found in Germany which combines academic with vocational skills with guidance from workplace experience which results in workers of higher status and a ready supply of intermediate skills (Grugulis 2002). It is partly to counter such criticisms that the Government introduced a framework of work-based training that leads to apprenticeship status.
The Modern Apprenticeship system is currently composed of:

a. Entry to Employment - a programme for school leavers not yet ready to take up apprenticeship or employment.
b. Foundation (Modern) Apprenticeships - for school and college leavers from the age of 16 and with the ability to gain the skills and qualifications needed to start a career in industry and business.
c. Advanced (Modern) Apprenticeships - developed by employer-led partnerships and are the main work-based training options for those aged 19+.

There is growing expectation that this pathway to apprenticeship can resolve the difficulties of skills in the UK. In 2005, for example, an Apprenticeship Task Force (ATF 2005) argued that apprenticeship improved business performance and represented cost effectiveness in terms of training in that apprentices were more productive over time. Further, apprentices were more likely to stay with the organisation and reinforce company values. However, it is not clear whether this attempt to return to quality driven WBL has yet succeeded. There are concerns about completion rates and, as argued by Fuller and Unwin (2003), the quality of the learning depends on the culture of the organization including the learning opportunities made available, the degree to which there is breadth in the opportunities and how far apprentices are allowed to participate in skilled practices. This is a feature to which we now turn.

The Question of Skill

Countries with well-developed apprenticeship provisions generally fare better in ensuring that young people smoothly make the transition from school to work (OECD 2000). Thus, in the UK, there is a realisation that there is a need for people possessing intermediate skills. However, a precondition for the employment of such skills rests with an understanding of the labour market and the interpretation of the type of knowledge and skills required for successful performance (Avis 2004). The thrust of this second point is that mainstream education offered in schools, universities and colleges remains detached from the concerns of the real world. The urgency to improve the skills base of the country is further compounded by the recent statistics on the apparent shortage of skilled employees. For example, 20% of companies reported skills gaps in their workforce and 1.5 million workers were described by their employers as not being fully proficient, according to the national employers skills survey (LSC 2004). These gaps represent 7% of the total workforce. In general, skills critical to the UK economy are generally at par with other OECD countries in terms of NVQs 3 and graduate level skills, but lower in intermediate skills (Bloom et al 2004).

Some of the low skills in the UK have been attributed to the concept of ‘Low Skills Equilibrium’, which holds that the economy has been trapped in a cycle of low value added, low skills and wages, coupled with high employment (Wilson and Hogarth

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1 Now known simply as ‘Apprenticeships’ in England, but still as ‘Modern Apprenticeships’ in Scotland, Wales and Northern Ireland.
2003). The term, coined in the 1980s by Finegold and Soskice (1988), advances the notion that, since this kind of equilibrium maintains high levels of employment, it eventually becomes stabilised. A direct result and a contributing factor in the sustainability of a low skills equilibrium, it is said, is the prevalence of low specification with regards to products being produced in the UK, therefore making products possess lower number of characteristics attributable to them. Central to Wilson and Hogarth’s assertion is that higher specification denotes a more advanced level of production systems. Hence, they argue:

‘Other things being equal, the lower the specification, the lower the skill intensity of the production process – [and therefore] the lower demand for skill’

(p. viii).

Low skills equilibrium is linked with systems failure for the UK’s vocational education system and its regulatory and institutional framework. It is argued that as a nation, the UK’s failure to educate and train its workforce to the same level as its competitors is both a cause and a consequence of its relatively poor economic productivity – a cause because the absence of a well-educated and trained workforce restrains the response of UK organizations to changing world economic conditions, and a consequence because the production techniques of UK organizations for many years signals a demand for a low-skilled workforce.

Wilson and Hogarth (2003) provide alternative scenarios of low skills equilibrium as shown in Table 1. The table shows four combinations of employer demand for higher skills and skills surplus, with low skills equilibrium present when there are low skills shortages, a low skilled workforce who have little incentive to raise aspirations for higher qualifications.

<table>
<thead>
<tr>
<th>Employer demand for higher level skills</th>
<th>Skills shortage imbalance - mismatch caused by companies demanding higher qualifications than are available in the local workforce</th>
<th>Skills surplus imbalance - mismatch caused by a workforce which cannot find local employment to match their skills and aspirations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>High skill equilibrium – economy with a strong demand for high level skills, which has a positive effect throughout the supply chain on enhancing the aspirations and actions of individuals with respect to participation in education and training</td>
<td>Low skill equilibrium – employers face few skill shortages in a predominantly low skilled workforce, where there is little incentive to participate in education and training and raise qualification levels and aspirations</td>
</tr>
<tr>
<td>Low</td>
<td>Skills surplus high</td>
<td></td>
</tr>
</tbody>
</table>

Table 1: Low Skills Equilibrium (Wilson and Hogarth 2003, P. 4)
A key feature of the debate focuses on the meaning of the term ‘skill’. Felstead et al (2002), for example, highlight the different uses of the word ‘skill’:

- competence to carry out tasks successfully;
- the idea of there being hierarchical skill levels that are dependent on complexities and discretions involved;
- and the view that there are different types of skills, some generic and applicable in diverse work situations and some specific and vocational suitable for particular contexts.

In a sustained period of relatively full employment, many organisations report shortages of skills or a skills gap. Bloom et al (2003) define the latter as ‘deficiencies between the skills of the current workforce and those required to meet business objectives’ (p.12). However, even in such conditions, there remains continuing concern that the UK is not making an intelligent use of the workforce who in the future will be unable to rise the challenges of future demands (Stanfield et al 2004). Thus of greater concern is not skills gaps per se but what Bloom et al (2003) refer to as ‘latent skills gaps’ (p.12) where an organization accepts and adjusts to low skill requirements for production and loses awareness that this is holding them back. This highlights the definition of the firm-specific skills required for the specific production requirements of an organization. If tasks are designed to a low specification this requires lower level skills providing low value-added (Bloom et al 2003). As argued by Wilson and Hogarth (2003), this may be an entirely rational decision, reflecting the conditions of such factors as the structure of domestic markets, short term financial pressure, models of competitive advantage based on economies of scale, central control, cost containment, standardisation. This may also explain why even the notion or vision of high performance working may not necessarily be equated with high skills. Lloyd and Payne (2004) have suggested that there is still limited evidence of such a link and confusion between idealised views of high performance work and how work is actually performed. For example, production could still be organised around Neo-Fordist principles of job design, so even if worker have high skills, they may not be utilised. They argue that there remain many institutional limitations that prevent long-term investment in skills which have not been addressed by governments. While some organizations have been able to avoid such difficulties and take the high skills route, many do not with the consequence that the workforce is becoming ‘polarised’ (p.18) between extremes of high and low skill.

Meanwhile the White Paper, Opportunity and Excellence (DfES 2003) bemoans the apparently poor provision of vocational training for 14-19 year-olds, who may not have achieved satisfactory grades in their GCSEs. This resulted in an expansion of WBL training provisions (DfES 2005). At the same time there is discourse within government policies about globalisation and the need for knowledge workers characterised by high skills. This espoused position is of course in stark contrast to the low skill equilibrium.
Issues and Challenges

Given the complexities of the cultural/historical context and policy changes by successive governments, WBL in the UK seems to be full of contradictions and uncertainties for the apprentices and the providers. WBL for young people is underperforming in the areas of quality and participation. West (2004) links quality problems to the contents which are rigid, based on a one-size-fits-all philosophy and which precipitate the low completion rates. As for participation, it is a lack of flexibility in delivery, which fails to consider changes in the market and does not therefore meet the changing needs of employers. The latter causes a lack of opportunities if the employers do not see the benefit of bringing in an apprentice with skills. Even when employers acknowledge the benefits, they are likely to consider learners as short-term solutions to their resource pressures, especially since it is providers, not employers, who go through inspections to ascertain adherence to the national framework. Realising the value of active employer involvement, the DfES paper *Skills for Productivity* (2005) attempts to initiate an employer-led approach to training. This ‘demand-led’ initiative is seen as an attempt to bridge the mismatch between the training offered by the providers and the needs of the individual learner and employers. Other issues identified by the author (West 2004) include:

- Competition among providers who seek to guard the employers they work with and that may in effect undermine the possibility for learners to choose between employers. Providers are between the employers and learners, and have to fulfil a specific number of training places funded by the Learning and Skills Council. This shows the systemic and structural constraints with WBL that might affect the learner.
- LSC contracts with providers are exemplified by rolling, short-term commitments leaving no incentive to develop their capabilities and staff development. There is no guarantee that the contract will be renewed.
- The tradition of paying block grants in advance to providers encourages a tendency to be averse to spending on off-the-job-training for the apprentices

LSC contract format and the behaviour of providers to be conservative with their spending and commitment seem to feed into each other, again reifying the uncertain environment that providers operate in. It is against this background that a scenarios workshop was held, as part of a management and leadership programme for WBL providers in the Tees Valley.

Scenarios for WBL

The Tees Valley, in the North East of England, has seen significant change in its industrial landscape over the last 30 years with the effect of a poor skills infrastructure, a cause and a consequence of continuing difficulties for the area and its economic development. The area includes some of the most disadvantaged boroughs in England. There are low expectations among many young people in the area with respect to employment, which feeds a culture of low achievement. Several WBL providers had achieved poor ratings of their provision\(^2\). As a consequence, Tees

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\(^2\) WBL providers in England are subject to inspection by the Adult Learning Inspectorate.
Valley LSC commissioned a consultancy, NTP Ltd of Sheffield, to provide a two-year Provider Quality Improvement and Development Programme with aim of improving the quality of learning provision in 23 WBL providers, Adult and Community Learning (ACL) providers, colleges and employers within the LSC Tees Valley area. The rationale behind the project has been to maximise the general under-performance of learning providers in the area. To achieve this providers in the area have received tailor-made, close quarter support alongside group workshops and forums where they shared experiences and benefits of the programme. Towards the conclusion of the programme in 2005, it was decided to hold a scenarios workshop to consider the future of WBL/ACL provision for the next 10 years. The workshop was held in Stockton-on-Tees and was attended by 12 Chief Executives of a range of providers, including one FE college, one ACL provider and Middlesborough Education Authority.

Scenarios represent one of a number of methods that can be employed to create the condition for interested parties to engage in talk about the future. In scenario events, participants with a variety of views join a conversation and through their talk, create different stories of future possibilities. As suggested by de Geus (1988, p.70), scenarios ‘are the scenery into which actors walk’ through the creation of a number of ‘internally consistent stories of possible futures’. Participation in a scenarios workshop is an acceptance of the future as emerging, partially connected to the present and the past and discernable by considering trends, but also subject to the unknown and the unknowable of the future. But the future is also there to be made and to this extent, scenarios can provide prompt action (Mercer 1998).

Broadly, the approach to scenario development was adapted from a method explained by Ringland (1998) following the stages outlined below:

1. Identifying the major themes, issues and trends that face the learning & skills sector in the Tees Valley over the next 10 to 15 years
2. Clustering factors to provide broad themes
3. Agreeing key or ‘burning’ questions arising from the themes, providing dichotomous answers for each question to make the dimensions of the scenarios
4. Combining dimensions and developing scenario outlines
5. Development of scenarios
6. Testing and discussion

The participants were asked to consider the major themes, issues and trends two weeks prior to the workshop. These were produced, discussed and combined in the first stage of the workshop leading to the clustering of themes. From the themes, two crucial questions were developed to which the participants could not know the answer. The two questions posed were:

A. What will be the configuration of provision in the Learning and Skills Sector in 2015?
B. What will be the expectations of learners in 2015?

For each question, possible outcomes were considered – referred to as the flip/flop process.
For configuration of provision, the flip outcome was:

*There are no clear boundaries between providers, employers and other learning stakeholders. All are fully engaged in specifying and designing learning programmes. Provision is flexible, highly adaptable and comprehensive in meeting the needs of individuals, employers and society.*

Some of the successful aspects of the traditional German apprenticeship system could be viewed as representing this situation, although the Tees Valley scenarios clearly envisaged such effectiveness extending to lifelong learning in general.

The flop outcome:

*A wide variety of different learning agencies exist, frequently in direct competition. They offer a varying range of quality and curricula, largely being determined by the availability of funding. There is little cohesion between different organisations and activities. Priorities are determined by the short term demands of the market – that is what makes money for providers – not by the needs of learners.*

Many of the Tees Valley providers felt that the status quo of the English WBL system was closer to the negative position than the positive one. This is supported by many academic assessments of the inherent weaknesses of the British NVQ system such as by Grugulis (2002). Although some recent initiatives, such as the development of Apprenticeships, have had success in moving provision in the positive direction, the Tees Valley group remained sceptical of often politically-driven, short-term initiatives. More recent writers have concluded, however, that ‘we are close to reaching the limits of what can be achieved through simply boosting skills supply’ (Keep, 2004), and others that academic criticism of the British NVQ system may be only partially justified (Roe *et al*., 2006).

For expectations of learners, the flip outcome was:

*Social conditions (housing, health, crime, income, employment, equality) are conducive to a belief in the value of learning and skills, which stimulates a demand for them. Quality learning is seen as being relevant to and indeed empowering in people’s lives, and is valued accordingly.*

The flop outcome:

*Social expectations of the value of learning are low, and so therefore is demand. Many people have limited experience of appropriate learning, except as imposed on them by institutionalised powers, and see this as irrelevant to their lives.*

The many views of the UK as being in a ‘Low Skills Equilibrium’ would suggest that the UK is generally closer to the negative position, although some recent initiatives (such as the successful marketing of Apprenticeships in 2004) do seem to have generated greater interest (and demand) for skills.
The Tees Valley group saw ‘social conditions’ (including cultural factors) as being the key to increasing expectations and demand, although they did suggest that enhanced Connexions and IAG services might have an important role. Others have suggested that the UK had to ‘do much better on R&D, innovation, capital investment, and people management and work organisation’ (Keep, 2004).

These expressions were then summarised to produce the following dimensions, which could be combined to produce four alternative combinations, from which each could be developed into a scenario, the names of which are shown in Figure 1

![Figure 1 – Scenario dimensions for WBL 2015](image)

Each scenario was then developed more fully – outlining a plausible progression from now to the scenario, including the necessary ‘critical points’. These are explained below:

**Scenario 1 - “Blue Sky”**

This was envisaged (for the Tees Valley area) as being formed around a centre of excellence in each borough (termed a ‘one stop shop’, although some felt it was better seen as a ‘village’). This would be composed of a true partnership/federation of providers and stakeholders, supported through a single funding body, but driven by a vision for the good of the people of each borough. This comprehensive service would be ‘open all hours’ and accessible for all, providing a full range of stimulating, motivational learning environments, to offer choice and meet and extend the aspirations of learners. This requires the full involvement of all stakeholders (including employers) in the design and delivery of learning. This scenario can be seen as a successful ‘High Skills’ situation.
There is some evidence that the English system for skills provision is beginning to take steps to a more positive situation, and that addressing the demand-side of this scenario is likely to present the bigger challenge (Wilson et al., 2003; Keep, 2004). On the other hand, the Tees Valley group clearly felt that fundamental changes would also be required to the supply-side, as suggested by Mason (2004): “develop new strands of education, training and industrial policy”.

Scenario 2 – “White Elephant”

This was envisaged by the participants as being an attempt to create the same ‘centre of excellence’ partnership system seen in Scenario 1, but that a lack of true engagement with stakeholders (perhaps because the system was imposed with insufficient consultation) meant that their involvement was limited. This means that a Low Skills Equilibrium is merely maintained – as the skills delivered in the “nice shiny new buildings” remain ineffective at addressing fundamental economic needs.

It was felt by the participants that this was a realistic possible response to a major investment and restructuring of the supply-side of the skills sector. This mirrors Wilson et al. (2003) who strongly suggested that “supply is not the problem” and Philpott who envisaged “skilled people…performing tasks for which they are overqualified” (quoted in Keep, 2004). The fact that there is an apparent oversupply of intermediate-level skills (Felstead et al., 2002) is almost certainly more to do with this sort of deficiency of demand.

Scenario 3 – “Pride and Prejudice”

This scenario reflected a supposed success (or social change) in stimulating higher expectation of skills, and of the learning experience in general, but that the supply of learning was ill-equipped to meet this demand, and remained disjointed, inflexible and reactive.

It was felt by the participants that higher expectations could result from improvements in the Connexions and IAG services, and rising expectations of parents, teachers and employers. The local, regional or national marketing of training initiatives, such as the success of 2004’s Apprenticeships re-branding, was also seen as an example of how marketing could raise expectations beyond the capacity of the supply-side to keep up.

Some writers maintain that the British NVQ system itself is not suited to breaking out of the Low Skills Equilibrium (Grugulis, 2002), and the unresponsiveness of such a system could act as a serious barrier to meeting higher skill demands. The Tees Valley providers expressed some resonance with this scenario, and pointed to the highly reactive (rather than proactive) nature of the supply system – where providers are driven by often annual changes in funding, rather than by a shared, consistent vision of learning provision.
Scenario 4 – “The Titanic”

In terms of each dimension this is close to what many participants felt to be the status quo of the Low Skills Equilibrium: with provision being market-driven to meet simply the limited, low-skills expectations of learners and employers. But as a future scenario, it was suggested that a consistent failure to meet real economic and social needs will ultimately lead to a total disillusionment and disengagement with the entire Learning and Skills system.

The scenario suggests that stakeholders may have begun with a recognition of some of the key issues, and with the best intentions for addressing them, although possibly over-optimistic and idealistic. However, inconsistent approaches, limited experience, poor planning and management, and inadequate leadership (at all levels) would lead to inadequate action being taken.

Poor performance and low demand might lead to restrictions on funding (either to penalise locally poor provision) or more widely as government support is transferred away from skills training. This might exacerbate the inability of providers to keep up with the pace of change required, and ultimately, this would lead to the total collapse of the learning and skills system in the Tees Valley.

Although not suggested in the scenario, the idea of the collapse of the skills system might include a decision to focus instead on apparently successful areas, such as Higher Education, and thereby to accept a deep division between ‘high skill’ and ‘low skill’ parts of the economy and population – i.e. to accept the continuation of a Low Skills Equilibrium, at least for large parts of the economy.

Summary

The scenarios presented, developed by the group of WBL/ACL training providers, without consideration of the academic background, show some notable similarities with previous work, despite the narrower, local focus of the scenarios. In particular, there is similarity with the Low Skills Equilibrium scenarios developed by Wilson and Hogarth (2003), which is an important ‘field’ validation for such previous work.

The scenario planning process itself can provide insight into the relationship between the micro-level issues of training decisions in employers and the likely success or otherwise of major initiatives in the UK WBL system. The process can help illustrate and contextualise major policy developments, and help providers, employers and local policy-makers (such as local and regional LSCs) work together to address skills issues with a clearer understanding of the possible repercussions of planning decisions. It was clear from the scenarios workshop that these different perspectives can be reconciled and that if so providers themselves agree on the need for radically different operating paradigms. This means that the scenario planning process is itself a valuable approach for the development of WBL strategies in the UK.
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