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**Learning and
Skills Council**

**Research Report
World-Class
Comparisons
Research**

July 2008

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Section 1: Background

The primary purpose of the research was to support the LSC's priority of **'transforming the FE system to meet demand'** and aimed to inform our priority 3 in 2007/08, to **'raise the performance of a world class system that is responsive, provides choice and is valued and recognised for excellence'**. In supporting this priority, the main aim of the project was to establish what has worked well in a number of countries other than England at specific policy levels. For this project the two policy areas are:

- 1) engagement of young people and
- 2) creating a market for adult learning

In examining policy in these areas the following factors were specified in the project brief as being of particular interest. The objectives of the research were to establish the role of these factors in achieving change and improved performance.

- Regulation
- Philosophy, political environment and ethos
- Terms and conditions
- Success measures
- Price competition
- Incentives
- Infrastructure
- Key features
- Timescales
- Procurement
- Leadership

While engagement of young people has been addressed in England by recent legislation to raise the Participation Age, the research is of value in commenting on continuing and timely issues such as learner achievement and relative value placed on vocational rather than academic qualifications.

Section 2: Methodology

The research design consisted of three phases. Phase one was concerned with selecting relevant countries to be studied. The selection was informed by a literature review and application of a Delphi Panel. The literature review adopted a focused and structured search strategy through use of key words, phrases and strings of relevant terms. Cambridge Scientific Abstracts, Social Science Citation Index, International Bibliography of Social Science plus the Idox information service and government and trans-government websites were utilised and the time parameters were 2002-2007.

The Delphi Panel responded to three iterations. The result was selection and agreement between the research team and LSC of the following cases.

- Australia (to include the state of New South Wales)
- Austria
- California (but not the USA as a whole)
- Czech Republic
- Sweden

The selection of cases was based on identification of countries which had achieved success in one or both of the two policy areas listed above, and/or which had implemented interesting policies in these areas.

Phase two of the project was individual country/state case study investigation. A member of the research team visited each country for between 3 and 5 days. Additional literature searches were undertaken for each of the selected countries prior to the visit. Each visit was guided by a case study protocol, which is included in the Appendix to this report. The main methods used were interviews with a range of stakeholders and collection and analysis of documentary evidence. Each visit resulted in a country/state report.

The third and final phase was concerned with identifying key lessons and implications for English policy. This phase consisted of two parts. The first part was a cross case analysis undertaken by the research team. The second part of the final phase was an Research Seminar, held at Leeds Metropolitan University in February 2008. The purpose of the seminar was to discuss and ratify the findings and conclusions in the draft report.

Members of the Delphi Panel used in Phase one, selected research informants from the European case study countries plus staff from LSC and their partners attended the seminar and considered the cross case analysis. A set of key questions were set for the seminar and research team members recorded written notes of the debate on each question. These notes of the discussions were utilised to refine, correct and confirm the draft findings.

Section 3: Key Findings across Countries

The findings presented below summarise the key factors affecting success in national policy in both areas; i.e. in relation to both engagement of young people and stimulating demand for adult learning. They were found to be relatively common and critical across the case countries and are supported by the cross case analysis and the research seminar.

- 1 There needs to be a strong political consensus on the importance of high quality vocational education and training. This is critical in ensuring that reforms are delivered successfully.
- 2 However, political consensus and state support are just one part of a wider 'social contract' between partners in the system. Success is more likely where government, employers and labour organisations co-operate effectively to develop and deliver reforms.
- 3 Countries that have achieved success are likely to demonstrate a relatively high degree of stability in their institutional structures, and adopt an incremental, rather than a radical approach to change. Where change or reform has been more substantial, the approach is to build on, rather than discard, existing infrastructures and to modify, rather than replace, overall policy direction.
- 4 Medium to long-term horizons for planning and implementing policy change are felt to be most effective - from three to seven years.
- 5 Countries that achieve success tend to display relatively high levels of regional autonomy – whether through the formal legislative and governance structure, or through less formal regional networks and regionally-directed projects. The role of central government and its agencies is to set an overall framework within which policy is implemented. Regions and local areas then have autonomy to vary and develop these policies, in order to meet more localised needs.
- 6 Whilst several of the countries researched have achieved high levels of *participation* of young people in post-compulsory education and training, high participation has not always led to *high achievement or completion*. There is a growing focus on completion, rather than participation, in vocational training and countries are placing more emphasis on counselling and guidance services for young people, in order to support their decision making.
- 7 Participation of young people is high in countries which have historically valued post-compulsory education. However, in European countries in particular, the increasing status of, and preference for, Higher Education and academic qualifications has led to vocational training being seen as a less attractive option.
- 8 Strategies to raise the status and desirability of vocational education include the introduction of higher-level technical and vocational qualifications, and increased opportunities for progression from vocational/FE courses into Higher Education.
- 9 However, several countries also acknowledge a need to *reduce the academic or theoretical content of vocational teaching and qualifications*, in order to

better meet the needs of employers. Therefore, there is an apparent tension between the drive to introduce higher-level/advanced vocational qualifications, and the need to focus more closely on work-based aspects of vocational learning and to make courses less academic.

- 10 In terms of adult skills training, the clear need for a 'demand-led system' was noted in all countries researched. The rate of change to occupational structure and the demand for labour is too fast to rely on supply-side interventions alone. However, there is less clarity around how a demand-led system might achieve its objectives – success is felt to depend on establishing close and effective links between employers and education and training providers. These links are not yet felt to exist to a sufficient extent, although Australia has achieved some success with a range of innovative policies.

Section 4: Conclusions and Implications

The findings detailed in the previous section lead to a number of conclusions and implications across both policy areas. These are listed below. There are some additional and more specific points worthy of note in relating to each of the policy areas separately, and based on practice found in particular country or state cases. These points are detailed in the next and final section of the report.

- 1 In all of the five countries and regions visited, it is clear that the desire to improve the participation and/or achievement of young people in vocational education, and the need to ensure that the learning and skills system is responsive to employer and learner demand are both key issues for public policy.
- 2 There are no 'magic bullets', policies or practices that might be transferred to the English context, and make a significant difference, within a short period of time. However, there are a number of policies, initiatives and approaches that appear to have had some success in the case study countries. Elements of these might be applied in England in order to increase the chances of success in relation to youth participation and a 'demand-led' system.
- 3 The involvement of employers and other 'social partners' is crucial, particularly in respect to reform and redesign of vocational qualifications. Where possible, employers should be engaged at a *regional or local level*, playing a key role in deciding whether there is a labour market need for particular qualifications, programmes or initiatives.

Where employers and the education/training infrastructure have a shared focus, and an appreciation of a common problem (such as the need for better utilisation of skills in the workplace in the NSW manufacturing and engineering sectors or the need for higher quality vocational training in the Swedish care sector), then this can encourage collaboration on more innovative projects.

- 4 The difficulties in stimulating demand for training amongst SMEs is one of the most widespread and intractable concerns, even in countries that have a relatively good record of employer engagement in general. This may be one area in which countries should work together, in order to share good practice in models of engagement with SMEs.
- 5 Models of employer engagement that are consistent over time appear to have more success than those that change year-on-year.
- 6 Further, the research suggests that stability in the infrastructure for learning and skills can be helpful in ensuring that reforms are piloted, bedded in, monitored, evaluated and adjusted over a reasonable length of time – perhaps around 7 years for significant reforms.
- 7 Financial incentives can have a positive impact when offered to employers to encourage them to train their workforce. It is important to recognise that encouraging participation is very much the first step towards up-skilling the workforce, and that countries that have achieved some success in this first objective are now considering offering financial incentives to *encourage completion of training* – as the quality of outcomes is becoming ever more important.

- 8 Financial support can help to encourage young people to stay on in education, but does not appear to be a key deciding factor. However, financial support can be used to incentivise participation amongst *adults* who are most in need of skills training, such as those lacking formal qualifications, and older workers. Incentives to train (both financial and ‘study leave’) may be more effective than offering free courses, which may not meet individuals’ needs.
- 9 The Australian model of direct engagement with employers has proved to be effective in expanding the Apprenticeship programme. The presence of regional centres with staff whose sole focus is on employer engagement (the ‘shoe leathers’) is highly labour-intensive, but seems to provide an effective means of marketing and matching apprentices to employers.
- 10 Building in more flexible and modularised provision is key to both encouraging demand for learning amongst individuals, and meeting demand for skills in the labour market. For example, offering multiple course start points, intensive shorter vocational training and accreditation of prior learning will help to remove some barriers to learning for adults.

Offering advanced training modules is one approach to ensuring that learners are able to progress into higher-level skills training. The need to ensure a good supply of higher-skilled employees is recognised across all countries, and there is evidence of investment in higher-level vocational and technical qualifications.

- 11 The role of *informal learning* is also becoming more significant, especially in the context of Apprenticeships, and is well-established in the Austrian system, which is acknowledged to be one of the leading nations in terms of the provision of high quality vocational training.
- 12 Societal attitudes play a key role in influencing levels of participation in post-compulsory education. Early exposure to vocational education in schools is felt to be helpful in terms of encouraging young people to consider this route, and developing the skills base needed to meet future labour market needs. Intensive mentoring in the last year of compulsory education is one way of supporting those young people who are most at risk of dropping out of education and training, assisting them with the process of transition from school to further training and/or employment.
- 13 Efforts to increase youth participation should not be developed in isolation from a focus on completion or achievement. Several countries which have high levels of participation have experienced problems with non-completion, which in turn can lead to poor labour market outcomes for young people. Strategies to improve completion include incentives for employers in the work-based learning context, and opportunities to ‘fast track’ learners to ensure quicker completion. The relatively high academic content of some vocational courses is seen to be problematic in Sweden, in terms of making it harder for learners to achieve qualifications. This has led to a new emphasis on work-based learning, moving away from the classroom, teacher-led environment.
- 14 It is important to consider the spatial focus. Policies may be more likely to achieve success where clear and relatively stable national institutional and

policy frameworks co-exist with regional and local variations, designed to enable responsiveness to local conditions or specific occupations.

A clear national framework for policy is important, to set overall objectives and direction, against which progress can be measured and evaluated. Although regional autonomy is valued (especially around funding and programme development), stakeholders also want to buy into a coherent national vision for the priorities for vocational training.

Section 5: Practice and Lessons from the Case Countries

Participation and Achievement of Young People

Austria: Development of the highly successful work-based training system, to meet the needs of the ‘new economy’

Success achieved:

- High participation of young people in vocational education and training – about 80% of each cohort leaving secondary school
- Youth unemployment has risen in recent years, but remains relatively low in comparison with other EU countries (third lowest level of economic inactivity for young people in the EU)
- High status of vocational learning across Austrian society, underpinned by the concept of a Beruf. A Beruf has no precise equivalent in English, and is more than simply a job or occupation – it is seen to require exceptional skill, and therefore considerable training.

Current challenges:

- Debate around the applicability of the Beruf in the new knowledge-based economy, with a need to further develop Apprenticeships in new occupational fields
- Progression from vocational education and training into higher education
- Concerns around the quality of training provided within the employer-based Apprenticeship system – what happens to those who are not offered a permanent job on completion of the apprenticeship period?
- Need for better connections between the training offered to young people and careers guidance, and active labour market interventions
- The large amount of Regional devolution does lead to concerns about the apparent lack of coherence at national level – although the system as a whole is felt to work well

Key features of the vocational education and training system for young people:

Young people have three main options at the age of 15:

- 1) Academic higher general education schools (AHS or Gymnasiums)
- 2) Vocational educational schools or colleges (college-based learning, involving a mix of occupational-related knowledge and general education)
- 3) Apprenticeship (‘Dual System’)

80% of school leavers go in to vocational learning, with equal numbers going to vocational schools/colleges and following the Apprenticeship system.

The Dual System:

- Structure: The young person spends between two and four years in work-based learning with an employer, attending courses at a vocational school/college at the same time.
- Achievement: The Dual System involves a considerable amount of *informal learning*. There is a final exam taken in front of professional experts, with a focus on practical skills.
- Progression: Learners in both the dual system, and the vocational school/college-based route have recently been given the option of progressing in to HE on

attainment of an appropriate qualification. There is much debate around how many learners will take up this opportunity.

- Funding for college-based learning: The cost of the vocational schools and colleges is equally split between the national government (Federal Ministry of Education, Science and Culture) and the regional government (nine Länder).
- Funding for work-based learning: The Federal Ministry of Economics and Labour is responsible for the Dual System. *Employers bear the costs of providing training to young people in the workplace, but this is subsidised through training bonuses and lowered social insurance contributions.*
- Development of vocational qualifications: The government issues the framework for vocational school/college based courses. *Social partners, including the Economic Chamber and the Labour Chamber, play a key role in the system, and submit proposals for revising Apprenticeship training through both Federal (national-level) and Regional (state-level) boards. Vocational school teachers are also involved in this process.*

Policies and practice:

The vocational education and training system in Austria is generally seen to work well.

A considerable element of this success is attributed to the *philosophy of continuous improvement*. The system evolves in response to changing labour market and economic conditions. Specific policy interventions are developed to help meet some of the current economic challenges – including:

- *Encouraging participation in Apprenticeships:* In order to increase the number of Apprenticeship places, the government is offering a financial incentive to employers. This is in response to an increase in the number of school leavers, and a decrease in the number of Apprenticeship places offered by employers.
- *Increasing the supply of higher-skilled young people:* Offering a certificate providing Apprenticeship ‘graduates’ with access to higher education. Higher-level vocational colleges (Fachhochschulen) were introduced in the mid 1990s, offering university-level vocational and technical qualifications. These are financed by the government, but often run privately with assistance from the social partners.

These higher-level vocational and technical schools are seen as a positive introduction to the system, which will help Austria to move towards a higher-skilled economy.

- *Tackling those most at risk of exclusion from the labour market:* An initial (entry) level of vocational education offered to young people with special educational needs, disabilities, or with no school qualifications.
- *More ‘modularisation’ of Apprenticeships, to allow for advanced vocational learning to meet the higher skills needs of the economy:* The Dual System has been reformed to comprise i) a basic module of at least two years, ii) a main module of one year and iii) a special module of six months to one year, involving additional knowledge and skills required for advanced production methods and services.

Australia & New South Wales: Successful expansion of Apprenticeship programme and effective employer engagement

Success achieved:

- The number of Apprenticeships and trainees across Australia has quadrupled since the 1990s
- Numbers of young people in training have increased in NSW from 98,900 in March 2002 to 127,300 in 2007, with increased participation amongst Aboriginal students, those with disabilities, and those living in more rural areas
- Successful expansion of vocational learning in schools
- Widespread acceptance of the importance of investing in skills training for young people across all stakeholders in the labour market, economy and government

Current challenges:

- The 'minerals boom' and expansion of the economy in Western Australia has led to skills shortages in other regions. Demographics and the ageing population is also contributing to a skills shortage, particularly in 'traditional' trades, although the economy of NSW has re-structured towards services.
- Concerns around completion rates in Apprenticeships.
- Relatively high level of non participation (15%) in education and training in NSW, particularly high amongst young people from Aboriginal or BME groups.

Key features of the vocational education and training system for young people:

The national training system comprises 80 Training Packages (TPs) – these TPs provide the basic framework for vocational qualifications, and are overseen by Industry Skills Councils (ISCs). ISCs involve unions, employer groups and Chambers of Commerce.

The infrastructure for delivering Apprenticeships involves three main types of organisations:

- 1) Australian Apprenticeship Centres (AACs) manage the contracts for delivering Apprenticeships
- 2) Registered Training Organisations (RTOs) deliver the actual training
- 3) Group Training Organisations (GTOs) provide a 'leasing service' in order to match apprenticeships to training vacancies in employers.

The three organisations listed above all employ field staff – colloquially known as 'shoe leathers' – to engage with employers and encourage them to take on Apprentices. They then effect the 'matching' of individuals to work-based training opportunities and set contracts with employers and trainees.

GTOs play a key role in ensuring the successful expansion of the Australian Apprenticeship system, by recruiting and employing apprentices and then finding 'host' employers in the private and public sectors. These employers are often SMEs. This is a fairly labour-intensive route, involving many one-to-one visits, but is viewed as a model for successful engagement with employers.

Policies and practice

The Australian system makes good use of incentives – the government funds incentives for employers to take on Apprenticeships, and has recently introduced

incentives for *completion*, targeted in occupational areas where non-completion rates are particularly high.

Whilst the number of young people receiving training through the Australian Apprenticeship system has increased significantly in NSW, many challenges remain in terms of ensuring the quality of vocational training. Specific interventions have been introduced to meet these challenges:

- *Improving completion rates for Apprenticeships:* In addition to financial incentives for completion, NSW is also introducing a programme to speed up training. This pre-apprenticeship programme will enable young people to do an intensive 16 week training course *before they start their work-based training*. The full apprenticeship programme should therefore be completed earlier.
- *Ensuring the skills of young people meet the needs of the labour market:* Vocational training modules can now be included in the Higher School Leaving Certificate in NSW. Over 150 courses are accredited, involving a minimum of 70 hours in a work placement.

The NSW government also plans to offer School-based Apprenticeships, in partnership with local industry. This would enable school pupils to follow an apprenticeship programme in their last two years of school, and spend at least 100 days in on-the-job training during this time.

- *Improving participation amongst groups more likely to be 'disengaged' (the Australian 'NEETs')*. Examples of recent programmes to improve participation include:
 - The Pathways project for Indigenous People in Vocational Education, Training, Employment and Business – trial of integrating training for indigenous people with employment opportunities in local businesses, involving mentorship and a new Indigenous Business Enterprise service.
 - The Way Ahead – Apprenticeship and Traineeship Program for Aboriginal People – aims to improve participation and completion of apprenticeships amongst NSW's Aboriginal young people. There was a 230% increase in participation from 2004 to 2006, and mentoring support was a key feature of the programme.
 - Plan-it Youth model to target young people who are at risk of 'dropping out' after school – they are matched with a community volunteer (often a retiree) who meets with the young person once a week for ten weeks, to assist them with the transition to work, further education or training.

Sweden: Collaborative system with increasing focus on work-based learning for young people

Success achieved:

- High rate of participation for young people – around 97% stay on in academic or vocational education beyond the statutory school-leaving age
- Well-funded post-compulsory education for young people, with an integrated approach in which learners follow a combination of core subjects (Swedish, Maths, English) and either an academic or a vocational programme in the ‘6th form’

Current challenges:

- Whilst participation levels are very good, a relatively high proportion of young people fail to complete their vocational programme.
- The government intended that young people should be able to progress from vocational programmes into higher education, but in reality few people do this.
- Employers and trade unions feel that young people who have followed a vocational programme in the 6th form lack practical, work-related skills. This skills gap is attributed to the fact that the vocational programmes are taught by academically-orientated teachers.

Key features of the vocational education and training system for young people:

At present, young people have the choice of two routes in post-compulsory schooling: 2 academic or 15 vocational programmes (which are both school-based and involve study of the three core subjects).

The high rate of youth participation in post-compulsory education is in part due to cultural and labour market factors – young people tend to live at home with their parents until they are at least 19, and enter employment in their mid-20s, following a period at university or further study. Furthermore, there are very few job opportunities for unqualified young people.

However, the government is considering offering young people a third vocational route, based on an apprenticeship model. This move is in response to concerns around the high rates of non-completion in the ‘traditional’ vocational learning programmes. Young people who fail to complete these programmes have poor labour market outcomes, so there is a need to offer a route that has a greater potential for successful completion and progression into employment.

The new ‘third route’ would be highly dependent on collaboration between educational institutions, employers and trade unions. Young people will follow a traditional work-based learning route, for a specific trade or vocation. At the end of the programme, they will be able to enter the labour market or progress into further education and obtain the core qualifications necessary to enter university.

The role of the national government in the Swedish system is to set broad frameworks for delivery, and to fund programmes. Local authorities and individual schools have considerable autonomy to provide vocational education and training within this overall national framework.

Furthermore, the ‘social contract’ model has been in place for 70 years in Sweden – in which powerful employers and trade unions co-operate on a wide range of issues including vocational education and training. *In spite of this model of co-operation,*

there is a widespread view that employers are insufficiently involved in the system, particularly at local and regional level where schools and local authorities are more influential. This raises concerns about the extent to which the system can produce outcomes that meet employers' needs.

Policy and practice

Three recent initiatives provide examples of how the Swedish system has the potential to respond to the requirements of the labour market.

- *Engaging employers to ensure a good supply of higher-level skills:* The Advanced Vocational Education Initiative involves employers in developing higher-level vocational programmes to meet identified skills shortages. This initiative was favourably reviewed by the EU.
- *Collaboration between training providers and employers to meet key social needs:* The Steps to Skills programme funds local authorities to provide training for care workers – with the objective of meeting society's need for high quality care for the elderly. Pilot programmes involved a mentoring model to bring vocational providers closer to the actual delivery of care, for example by taking teachers out of the classroom and giving them workplace experience.
- *Reducing skills shortages in manufacturing:* Engineering employers and trade unions are co-operating to develop a 'critical mass' of training for young people in technical occupations. This initiative will encourage local authorities to group together and work jointly with employers across regions, in order to develop more cost-effective training provision.

The three initiatives described above were not primarily driven by central government. Employers, unions and other key stakeholders (including local authorities and universities) played a role in identifying the policy need, developing and implementing the resulting initiatives.

In summary, the following factors combine to ensure that Sweden achieves world-class levels of youth participation in vocational education, and delivers training to meet labour market needs:

- A culture that values and supports learning in general
- The social contract model
- High degree of regional and local autonomy in shaping and delivering initiatives and policies to meet local needs
- A generous level of state funding (until recently)
- Stability in institutional structures

Creating a Demand-Led System for Adult Learning and Skills

Austria: Focus on raising demand amongst employers and individuals through flexible provision and financial incentives

Success achieved:

- Supply and demand for adult learning are felt to be aligned effectively
- OECD observes that the adult education system in Austria provides for ‘vast amounts of training for workers who want to upgrade their skills’
- Unemployment is well below OECD and EU average

Current challenges:

- Over-reliance on traditional teaching methods, which are not always effective at meeting the needs of adult learners. Innovation in pedagogy and curriculum design is required.
- The lack of a coherent *national policy* on Lifelong Learning is seen to be a weakness in the system.
- The major political focus is on other parts of the wider education system (pre-school and secondary school), meaning that adult skills training and Lifelong Learning are receiving less attention.
- Tensions between the two parties in the coalition government mean that there is difficulty in achieving consensus on the desired direction for policy in Lifelong Learning.

Key features of the vocational education and training system for adults:

No single agency is responsible for policy in adult education. The Ministry of Education, Science and Culture is responsible for schools, colleges and ‘Fachhochschulen’ (higher-level vocational and technical colleges), which are open to adult learners to varying extents. Other training for adults is offered through the Public Employment Service, which is run by the Ministry of Economics and Labour.

The nine Lander (regions) have considerable autonomy in developing and funding adult learning policy. In addition, the main Social Partners (Chamber of Labour and Economic Chamber) are also influential in the design and delivery of adult learning at regional, local and national level. The system is therefore characterised by a high level of social partner involvement. The Labour and Economic Chambers in particular are active participants and play an important role in delivery of training (via their training institutes) – these chambers will include employers and employees.

The system is seen as effective in terms of aligning the supply of, and demand for, learning. Local and regional stakeholders and employers are all actively engaged in designing and delivering provision, and the high level of regional devolution in the political system means that policies can be developed to meet specific regional needs.

There are, however, concerns that the substantial variations in policy and funding, both between and within the nine regions, mean that it is difficult to discern a *coherent national policy*.

The government subsidises adult learning and vocational training that is delivered through schools, colleges and Fachhochschulen – which means that course fees are generally low or waived. However, *a very small proportion of the total education*

budget in Austria is spent on adult learning. This means that, essentially, both individuals and employers are the main contributors to the funding of skills training.

Policies and practice

A number of reforms have been introduced, which aim to *open up opportunities in adult learning* through more flexible programmes.

The focus is on both *increasing the base of highly-skilled adults* and *widening participation in learning amongst more disadvantaged groups*.

- *Strengthening the skills base:* Encouraging adults to attend academic secondary schools, to undertake lengthy and demanding programmes – flexibility of provision is important, as multiple entry and exit points are offered, including progression to universities or Fachhochschulen.
- *Improving adult skills via training that better fits with adult learners' needs:* Intensive apprenticeship programmes are run over one year, involving both college and work-based learning, and offering an equivalent qualification to the traditional longer apprenticeship programme. The average age of participants is 33. Part-time vocational training courses are also offered in vocational colleges and Fachhochschulen.
- *Widening participation:* Adult Learning Action Programme introduced to promote second-chance education and education counselling for those most at risk of social exclusion.

In addition, several recent initiatives aim to facilitate choice and overcome financial barriers to participation in learning:

- *Creating demand amongst employers:* Federal tax incentives for employer training (20% tax deduction allowance).
- *Creating demand amongst key groups of workers:* The Employment Service offers grants which subsidise 66% of training costs for women and older employees (the minimum age for subsidised training differs according to programme, but is usually either over 45 or over 50 years old).
- *Creating demand amongst adults:* Individual learning vouchers are offered by most regions, but the amount and conditions vary between regions.

Individuals are also offered 'training leave' – a leave of absence from their employers for 3 to 12 months, in order to take part in training. Employees are not paid during this period, but they may receive a modest training stipend (similar amount to unemployment benefit) from the Employment Service.

Australia & New South Wales: Success in embedding training in the workplace

Success achieved:

- Good level of take-up of skills training amongst employers, with 28% employing Apprentices and an additional 24% accessing other publicly-managed training
- Relatively high level of adults involved in work-based learning via the Australian Apprenticeship programme. 28% of Apprentices are aged 25-44 and 12% are aged 45+.
- Long-established and successful language, literacy and numeracy skills programme in the workplace (WELL). This has proven benefits to employers and has been shown to improve attitudes towards skills training in the workplace.
- Development of several innovative projects in NSW to address issues around skills shortages and the need for vocational training programmes to better meet labour market needs.

Current challenges:

- Need to re-skill and up-skill older workers in order to move towards a high-skilled, high-productivity economy
- The ageing population is putting further pressure on the system to train highly-skilled younger workers
- Ongoing skills shortages, especially in the traditional trades in NSW
- Lower engagement in training by SMEs
- Need to improve access to training amongst disadvantaged groups of adults – indigenous people, those with disabilities, those lacking basic skills and living in more remote areas

Key features of the vocational education and training system for adults:

As discussed in the youth participation section, the main features of the vocational training infrastructure in Australia are the 80 accredited Training Packages (TPs), which are safeguarded and developed by ten Industry Skills Councils (ISCs).

Take-up of TPs is felt to be higher than expected, and they had also resulted in some additionality – i.e. some employees are being trained through TPs who would not otherwise have received training. However, there is a need to improve take-up of training amongst SMEs. The development of TPs by the ISCs is a collaborative process, and this is also felt to be effective in terms of ensuring 'ownership' of training packages by sectors.

Targets for adult learning and training have focussed on participation, but the Commonwealth government is also now looking at how best to ensure the *quality of outcomes from the training system, and alleviating skills shortages*.

The workplace basic skills programme (WELL) is popular with employers and evaluations of the programme have shown that it has had a positive impact in many areas, including: improved productivity and reduced skills shortages, reduced staff turnover and health and safety incidents. In addition, the programme has contributed to better team working, a more flexible workplace and improved career pathways for participants. It is also felt to have embedded training into the workplace culture.

Policies and practice

Recent policy initiatives in adult learning in Australia and New South Wales have aimed to address skills shortages, particularly relating to the ageing workforce, and to improving the ways in which skills are utilised in the workplace.

Some of the key initiatives are as follows:

- *Addressing skills shortages amongst adults:* One of the key objectives here is to facilitate participation in vocational training via the recognition of prior informal learning.

Grants are provided by the Commonwealth government to improve the recognition of the existing skills of both employees and job seekers in occupational fields where skills shortages are particularly acute. Financial incentives are also provided for employers of older workers and those wanting to follow Apprentices later in life – for example:

- a. *The Mature Aged Worker Incentive* – allows an employer of a disadvantaged worker (aged 45 years or older) to attract a special \$750 Mature Aged Worker Commencement Incentive and a \$750 Mature Aged Worker Completion Incentive.
 - b. *Mid-Career Apprentices* – from July 2007 there is financial support for mid-career workers (aged 30 years or older) to upgrade their skills through an apprenticeship in a trade occupation in high demand. The payment is made to either the employer or the apprentice (depending on award arrangements) and will be set at \$150 per week (\$7,800 per annum) in the first year and \$100 per week (\$5,200 per annum) in the second year.
- *Recognition of prior learning in New South Wales:* Includes a strategy to promote RPL, and a Professional Development strategy to improve practice and support the capacity of the system to deliver RPL.

A specific project was launched in the construction sector in 2001 – ‘Skills Express’ is targeted at existing workers without formal qualifications, but with at least four years relevant experience. The programme helps them to achieve a nationally-recognised qualification.

A further project – ‘Partnering-Training for Older Workers’ – is a partnership of employers, training providers and community organisations, which delivers training and work experience to more mature job seekers (age 40+), to help them find work or improve their skills.

- *Improving the utilisation of skills in the workplace.* Whilst efforts have been made to increase the number of employees being trained, skills shortages persist in the Australian/NSW economy. The State government has therefore focussed on strategies to ensure that employers are making the best use of their employees’ skills and training opportunities, to try to reduce skills shortages.

One of the most interesting features of the vocational education and training system in Australia is the willingness to explore and experiment with new ideas, in order to address issues around skills shortages.

A project in the manufacturing and engineering sector in NSW – ‘Brokering Partnerships for Workforce Development in the new Manufacturing Sector’ – provided funding for pilot projects which aimed to co-ordinate networks for workforce development and to encourage active brokering of partnerships. One of the networks implemented a new training package, and firms that have used this package have shown measurable improvements in productivity and require more training.

A second project – ‘The Skill Ecosystem Project’ – aimed to analyse a range of interconnected factors that shape skills formation within a business ecosystem. Funding was provided by central government for nine demonstration projects across Australia. Although there are some difficulties in engendering the critical thinking and analysis skills necessary to define the problems and solutions in the ecosystems, all of the projects were able to report tangible benefits such as changed job roles, redesigned training courses, greater organisational commitment to training and usage of new technology. A further round of projects is now in development.

Czech Republic and California: Lessons from transitions to a demand-led system

Czech Republic

There is a very high level of youth participation in post-compulsory education in the Czech Republic – official estimates of the rate vary, but all put it at above 90% (and as high as 96%), well above the EU average.

Participation was at high levels during the Communist era, and has remained at high levels since then, due to the long history of support for the value of education in Czech society. The case research conducted in the Czech Republic revealed that high participation of young people resulted from cultural factors, rather than from specific policy initiatives.

The wider education system in the Czech Republic is undergoing change, which is centrally designed and driven but rely on local implementation. The need for reform is driven by the requirement to better align the vocational training system with labour market needs – particularly foreign-owned businesses locating in the Czech Republic – and to increase the supply of skilled workers. The Czech economy currently relies heavily on immigrant labour.

Several reforms have been introduced, which have been modelled on lessons learned and policies adopted in other EU member states, particularly the UK. These reforms therefore bear some resemblance to features of the English post-16 education and training landscape:

- Vocational curriculum reform – focussing more on delivering skills and outcomes relevant to the labour market, including transferable skills
- Introduction of a National Qualifications Framework to specify standards of qualification and assessment. This will involve partial as well as full qualifications.
- Introduction of a National Career Framework, which will indicate employers’ skills needs across different job roles
- ‘Sector Councils’ to be established, involving employers and other organisations in the design of new curricula

- Introduction of approved assessors to separate training provision and assessment/verification of qualifications
- Establishment of Human Resource Development Advisory Councils in each region

These reforms have been designed and implemented mainly through EU funding. There is little political will to commit state funds to education, with the Czech Republic allocating a relatively low proportion of its GDP to the education budget.

EU funding is finite, so one of the critical factors in the case of the Czech Republic is the extent to which the country will be prepared to sustain funding for the reforms when the EU investment comes to an end.

The Czech Republic has not yet made consistent use of financial incentives to encourage participation of either individuals or employers in training, although there is some evidence of incentives being offered to employers in regions with high levels of unemployment and support for large foreign companies. Other measures designed to stimulate demand have had a limited impact to date, even when subsidised training is offered.

For example, the central government funded re-training courses for people who are unemployed and looking for work, or in employment and seeking to change jobs. Take up of these courses is very low, with only around 10% of the target groups participating. Interviewees in the Czech Republic felt that this was due to barriers relating to wider social and employment policies, which are now being addressed.

The limited impact of such policies therefore illustrates the importance of *ensuring that measures to stimulate demand for learning are effectively aligned with employment and social policies.*

California

The Californian vocational and education training system is 'demand-led' to a large extent, as many individuals are participating in learning and training, often at their own expense, and many companies fund in-house training of their own employees.

Policy reform in the education and training sector in California has been driven by the twin factors of the 'New Economy' and 'New California' – as well as by demographic issues such as high levels of immigration and an ageing population:

- 'New Economy': Globalisation, technological change and the need to compete in a knowledge economy are all placing a premium on high-skilled jobs and will require lifelong learning. Skills shortages are experienced in sectors including services, nursing and construction.
- 'New California': The population is becoming increasingly diverse through immigration, with a 70% increase in the Latino population from 2000-2020, and likely to become a majority of the population by 2040. Levels of qualification and literacy have tended to be lower amongst this population.

Responsibility for setting direction and funding adult education and skills training is fragmented across the State, and across the wider Federal structure in the USA, with several different departments involved.

The 1998 Federal Workforce Investment Act established a State Workforce Investment Board (WIB) and 50 local boards across California to oversee, coordinate

and develop a strategy for workforce development. These Boards comprise elected officials, as well as a minimum of 50% business representation, and are responsible for identification of training providers, monitoring effectiveness of training and analysis of the labour market. They have also established 'One Stop Career Centres', which provide access to IAG, career counselling and funding for training and support.

Whilst there is felt to be widespread commitment to the need for skills training, there are concerns around the lack of coherence in the adult education system as a whole, as there is no single agency responsible for directing policy at either the Federal or State level. Moreover, within California, there is considerable variation of provision and funding by local area.

There is a great diversity of different types of provision of vocational training in California, including:

- California Community Colleges
- Adult Schools, funded by both the State and Federal governments. These are governed by local school districts, and provide Basic Skills learning to a large number (1.3 million) of adults who wish to complete high-school level education in a 'second chance' setting.
- Target groups for Adult Schools include those with low/no qualifications, adults with disabilities, older adults, the unemployed and those on State benefits, the homeless, parents, offenders and employees requiring skills training.
- Regional vocational schools (ROCPs) offer career-preparation courses and technical training to both school students and adult learners, across 74 locations.
- California also offers Apprenticeships to adults, in both Adult Schools and Community Colleges, across 800 different occupations (mainly trades). The Community Colleges offer part-time apprentice instruction in the evenings and at weekends. Employers, community organisations and unions are all involved in the provision of Apprenticeships.

Targeted funding is available for employees in organisations that face out-of-state and global competition, which is intended to support the skills base of Californian business. This is called the Employment Training Panel, and has been in operation since 1983. The training itself is provided through a range of public, private and not-for-profit organisations and delivered to 55,000 employees across 189 businesses in 2006. This programme is funded through an Employment Training Tax paid by employers, and is intended to benefit threatened firms, although in practice it may not always be used this way.

In summary, California can be seen to offer a wide range of vocational and skills training to adults, and the system is felt to benefit from good levels of demand for learning from both employers and employees. A large amount of 'second chance' or skills upgrade training is available, with funding directed at both at risk groups of individuals (e.g. those lacking qualifications) and at risk organisations (those facing considerable competition from businesses outside California).

The extent to which the system is able to meet this demand is debated – with concerns around the lack of coherent policy across the State, particularly in terms of setting priorities and monitoring targets. Assessment of the quality of training, and completion rates, is not always available, so the effectiveness of programmes and interventions cannot be evidenced in all cases.

California therefore demonstrates the risks of a demand-led, market driven, system which lacks an overall direction. As no single agency or department is responsible for setting priorities for funding and targets, there is little coherence in planning or evaluating the overall effectiveness of the system.

Appendix 1: Case Study Protocol (interview discussion guide)

Section One: Background Data

Country/State:

Name of Investigator:

Date:

Name of Interviewee:

Category:

Name of Organisation:

Job/Role/Position in Organisation:

Role in Policy Formulation/Implementation:

Policy Focus: (Delete as applicable)

- Engaging Young People in FE
- Creating a market for Adult Learning
- Both

Section Two: Context

1) Please describe the context prior to current policies and the reasons for change

2) Did current policy build on and connect with the previous situation? In what way(s)?

3) What were the major reasons for and drivers of change?

Prompts

- Philosophical
- Political
- Vision
- Purpose
- Economic (e.g. Leitch-type emphasis on importance of raising skills to ensure future economic prosperity)

Were the main drivers political, economic or both?

In USA and Australia, explain whether change originated and was driven through at a state and/or federal level?

4) Identify the individual, department(s) or agency(ies) who provided leadership

Who had responsibility for driving through the change?

How was the need for change, and the route to change, disseminated – to the providers, policy makers etc?

What evidence was produced and disseminated to support the need for change – e.g. cost/benefit analyses, cross-country comparisons of levels of skills, productivity etc.

5) Who/what supported the change in policy, and why?

6) Who/what resisted the change in policy, and why?

- 7) What resources were applied to achieve the change (financial and people resources)?
- 8) What plans and programmes were devised to implement the change in policy – e.g. setting up new agencies or delivery organisations, introducing new legislation?
- 9) What objectives were set for the policy? Were any specific targets set?
- 10) Were specific timescales set and how well were they achieved?

Section Three: Current Practice

- 1) Please describe the broad design features of current policy and programmes
 - Explain the key policy features for increasing participation of young people and/or creating a market for adult learning
- 2) How do these differ from previous policy and programmes?
- 3) What specific new initiatives were introduced?

How were these initiatives communicated to the target audiences? (Young people, potential Adult learners, providers, employers)

- 4) To what extent were policies adapted to fit specific regional needs within the countries?
- 5) What involvement did stakeholders have designing the policies?
To what extent were current/potential learners and employers consulted?
Prompts
 - Government
 - Employers
 - Educationalists
 - Social partners (trades unions, student bodies)
 - Others

- 6) What involvement do stakeholders have in implementation of the design?
NB Same prompts as above

- 7) What incentives are used to achieve objectives? Discuss incentives for:
 - Individuals to participate
 - Employers to train their employees
 - Providers to change delivery/curriculum etc
 Were penalties a feature of the policies?

- 8) How are programmes procured and delivered?

- 9) What role, if any, does price competition play in procurement?

- 10) What infrastructure features have been developed to deliver policy and programmes? Discuss both:
 - Provider infrastructure
 - Qualifications infrastructure

What changes were made to the infrastructure? How were these changes put in place?

- 11) What, if any, regulations were put in place to deliver policy and programmes?
Was there more or less regulation than previously?
- 12) What specific and particular regulations were formulated to support implementation and achievement of objectives?
- 13) Provider-specific policies:
 - What terms and conditions were placed upon providers?
 - Workforce development initiatives?
 - Quality control / evaluation of delivery (e.g. auditing, inspection)
- 13) What are the key critical success factors set for the policy and programmes?
How are the success measures collected?
What evidence is most commonly cited as evidence of success?

Section Four: Lessons Learned

- 1) Please describe the current level of success of the policy and programmes
- 2) How currently is success measured and assessed?
- 3) What was the initial experience of the policy and programme? Early success/failure?
- 4) What setbacks have been experienced?
- 5) What were the main causes of setbacks?
- 6) How did initial plans and programmes work in practice?
- 7) Were initial plans relevant? What changes have been made in the light of experience?
- 8) Has the overall vision changed in any way over time? If yes, what factors have contributed to this change (e.g. changes in government / economic factors)
- 9) What, if any, unforeseen consequences have been experienced?
- 10) What has facilitated successful achievement of objectives set? What has inhibited achievement of objectives?
- 11) What could and should have been done differently to achieve greater or earlier success? What advice might you give to policy makers in England?
- 12) What are the main challenges ahead? How might policies change in the future?

Section Five: Closing

- 1) Are there any official and published documents you think will be helpful?
- 2) Are there any official unpublished documents you think will be helpful? Can I access these?

- 3) Is there any other person you think will be valuable to talk to, e.g. to help fill in any missing information?
- 4) Is there any other organisation which would be helpful to contact?
- 5) Is there any other information you think will be useful?

THANKS ETC.

Appendix 2: Participants in Delphi Study and Research Seminar

Delphi Study

Clare Boden, formerly LSC – Director of Planning, Performance and Research

Charlotte Beckford, LSC – Research Manager

Professor Paul Hagar, University of Technology Sydney, Australia

Professor Phil Hodgkinson, Leeds University, UK

Professor Ewart Keep, Cardiff University, UK

Professor Joseph Kessels, University of Twente, Netherlands

Dr. Sabine Manning, WiFO, Germany

Professor Gary McLean, University of Minnesota, USA

Dr. Barry Nyhan, CEDEFOP, Europe

Professor Andy Smith, Charles Sturt University, Australia

Professor Erica Smith, Charles Sturt University, Australia

Professor Jonathan Winterton, Groupe ESC Toulouse, France

Research Seminar

Charlotte Beckford, LSC – Research Manager

Paula Chapman, LSC – Apprenticeship Director

Tracy Mitchell, LSC – Research Support Manager

Kathy Murphy, DIUS – Analysis and Research (Employers and Skills)

Matilda Gosling, City & Guilds Centre for Skills Development – Head of Research and Policy

Jeff Gold, Leeds Metropolitan University

Paul Iles, Leeds Metropolitan University

Steve Johnson, Leeds Metropolitan University

Jim Stewart, Leeds Metropolitan University

Hanne Randle, Karlstads University, Sweden

Vera Czesana, National Training Fund, Czech Republic

Jitka Pohankova, National Institute of Technical and Vocational Education, Czech Republic

Kurt Schmid, Institute for Research on Training and Qualifications in the Austrian Economy, Austria

Barry Nyhan, University of Bremen, Germany (formerly CEDEFOP)

