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Plus ça change…? Innovation and continuity in UK youth employment policy in the Great Recession

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Abstract (English)

In response to rising youth unemployment in the context of the Great Recession, the UK introduced since 2010 numerous policy innovations in its youth transitional labour market policy, focusing especially on Active Labour Market Policies (ALMPs) and Vocational Education and Training (VET). But is the intense reform activity indicative of a significant path-shift in policy trajectory in a direction of greater social investment, when considered against the UK’s pre-crisis institutional legacy? Focusing on key measures implemented in England between 2010 and 2015, we draw on Hall (1993) ‘degrees of change’ conceptual framework to analyse the content of recent policy innovations and assess their relative degree of continuity with the UK’s characteristic features as a ‘liberal youth transitions’ regime (Pohl and Walther, 2007). We find that despite significant changes in policy instruments’ design, the UK’s policy goals and overall youth transition model exhibit striking continuity with the pre-crisis period. In the dimension of ALMPs, we find continued emphasis on supply-side policies aimed at encouraging young people’s early labour market entry, prioritising work experience and early activation. VET shows signs of potential paradigmatic change, with numerous measures seeking to significantly transform the VET status and level of employer involvement. However, the depth of institutional change is limited, as evidence suggests continued employer resistance to stronger coordination mechanisms and a more active role as VET providers rather than consumers.

Abstract (italiano)

In reazione alla crescita della disoccupazione giovanile nel contesto della Grande Recessione, il Regno Unito ha introdotto dal 2010 in poi numerose innovazioni nel campo delle politiche giovanili per l’impiego, focalizzandosi specialmente sulle politiche attive del mercato del lavoro e sull’istruzione e formazione professionale. Ma è possibile considerare tale intensa attività di riforma come segno di un cambiamento significativo di traiettoria nelle politiche giovanili per l’impiego, alla luce del retaggio instituzionale del Regno Unito nel contesto pre-crisi? Il paper si focalizza sulle principali misure introdotte in Inghilterra dal 2010 al 2015, e applica il framework concettuale di Hall (1993) sui ‘gradi di cambiamento’ per analizzare il contenuto delle recenti innovazioni e stabilire il loro grado di continuità con le caratteristiche distintive del modello di politiche giovanili per l’impiego del Regno Unito, caratterizzato da Pohl e Walther (2007) come un ‘youth transition regime’ tipicamente liberale. Nonostante significativi cambiamenti nel design degli strumenti di policy, l’analisi identifica sostanziale continuità negli obiettivi delle politiche per l’impiego inglesi con il periodo pre-crisi. Nel campo delle politiche attive, troiamo continua’ nel ruolo predominante attribuito a misure focalizzate sul lato dell’offerta, che danno priorità all’acquisizione di esperienza lavorativa e all’attivazione precoce dei giovani. Nel campo della formazione professionale, identichiamo segni di potenziale cambiamento paradigmatico, con diverse misure che mirano a trasformare significativamente lo status della formazione professionale e il grado di coinvolgimento dei datori di lavoro nel sistema. Ciononostante, la portata del cambiamento istituzionale è limitata, dato che l’evidenza empirica mostra resistenza da parte dei datori di lavoro verso la creazione di meccanismi di coordinazione più forti che incoraggino loro ad assumere un ruolo più attivo nel sistema dell’ istruzione e formazione professionale.
Keywords: Youth unemployment, labour market policy, Vocational Education and Training, Great Recession, United Kingdom

Introduction

Following the 2008 crisis and the ensuing increase in youth unemployment rates, various new youth-related policies were introduced in the UK. Especially since the election of the Conservative-Liberal Democrats Coalition Government in 2010, an intense activity of policy innovation took place, as the government set out to tackle the ‘scandal’ of high youth unemployment (BBC, 2011). In the political context of austerity, these interventions focused primarily on tackling the high rates of young people ‘Not in Employment, Education and Training’ (NEETs) through increased activation and provision of targeted support; increasing young people’s skills levels; and improving the quality and quantity of available VET. The government has framed these interventions as hailing in a new era in the British approach to tackling youth unemployment, claiming that “(...) the (new) measures differ from previous schemes over the last decade, as they are focused on equipping young people with the skills and opportunities to gain long-term sustainable employment in the private sector” (DWP, 2011). This potentially signals an intention to shift youth employment policy towards upskilling and enabling young people to attain long-term, quality employment rather than pushing them into ‘any job’. But is this discourse of far-reaching policy innovation warranted, when empirical developments are considered? Despite the large number of new policies introduced, to date there is little assessment about what these mean for the overall political economy of British youth employment policy. This article aims to address this gap, by examining the trajectory of evolution of UK’s youth employment policy post-crisis to test whether developments observed do actually amount to significant innovation, or path-shift, when considered against the pre-crisis UK institutional legacy; and if so, in which direction.

It is necessary to take stock of recent developments and evaluate analytically the substantive impact, if any, of the crisis and ensuing reforms in this policy field. In the literature on the Great Recession and the impact of the ensuing ‘age of austerity’ on national social policy models, the UK often serves as a clear example of austerity-led retrenchment and dismantlement of welfare state protective institutions (Farnsworth and Irving, 2015; Daguerre and Etherington, 2016). At the same time, authors have argued that the Great Recession may serve as a catalyst to introduce reforms aimed at welfare state recalibration (Van Kersbergen et al, 2014), potentially paving the way for introducing a new ‘social investment’ model, focused on a combination of human capital investment, activation and social inclusion and based on recasting social policies as a productive factor (Morel et al., 2012). In the field of youth employment policy, this would thus entail shifting the focus of existing policy interventions away from ‘remedial’ and residual actions towards a more preventative and inclusive approach; and, crucially, reconfiguring the labour market and skills formation system in a long-term perspective, to favour substantive human capital formation and acquisition of sustainable, high-quality employment rather than privileging labour market entry at all costs as the primary policy objective.

In this respect, the Europe-wide youth unemployment crisis has also led to increased focus by EU institutions on the deficiencies of existing school-to-work (STW) transition systems and the introduction of initiatives such as the Youth Guarantee and the European Alliance for Apprenticeships. These aim at encouraging Member States to strengthen support measures to help young people make successful STW transitions, and increase take-up of Initial VET (IVET). Indeed, youth employment policy has been, more than other social policy areas, subject to a potential process of Europeanisation and experimentation. However, the degree to which substantive change has actually taken place in Member States remains a matter of empirical investigation.
There are thus good theoretical and empirical reasons to investigate, firstly, if the Great Recession has actually brought about a significant path-break in the UK’s youth employment policy – as claimed by the policy innovation rhetoric of UK government actors; and secondly, in what direction the recent policy reforms move. Is there a shift towards a ‘social investment’ trajectory in youth employment policy, characterised by greater emphasis on supportive activation and human capital investment, or do the recent reforms move in a trajectory of neoliberal retrenchment, characterised by residualism and strengthening of workfare? As an ideal-typical case of ‘workfarist’ activation, the UK makes for an analytically important case to examine the trajectory of policy evolution and potential institutional change in liberal, Anglo-Saxon welfare models.

To investigate this puzzle, we focus on policy innovations introduced between 2010 and 2015 – i.e. during the Coalition government term in office. Since education and training policy in the UK is devolved to the nations, in this paper we focus specifically on policy developments in England, although some of the policies discussed apply equally to Scotland, Wales and Northern Ireland. Our analysis focuses on crucial measures introduced in active labour market policies (ALMPs) and VET. Section 1 presents our analytical framework, methodology and sources. Section 2 provides an overview of the distinguishing features of the UK’s youth labour market and youth employment policy model. Section 3 outlines some of the main policy innovations introduced since 2010, and Section 4 analyses their content to assess their relative degree of continuity and change with the UK’s pre-existing institutional legacies, drawing on Hall’s (1993) theoretical framework on ‘degrees of change’. Finally, Section 5 concludes.

1. Analytical framework, methods and sources

The paper aims to trace the direction and extent of policy innovation in UK’s youth employment policy post-2010. To this end, it is necessary to sketch an appropriate analytical framework to define the key dimensions of youth employment policy models and operationalise empirically the notions of policy change and path-shift. To do so, we bring together two analytical frameworks: Pohl and Walther’s multi-dimensional ‘youth transition regimes’ concept (Pohl and Walther, 2007), which we use to define the key dimensions of interest in youth employment policy, and Hall’s (1993) policy change framework, that we use to assess degree and depth of change in the dimensions of interest.

Similarly to the comparative welfare regime literature (Esping-Andersen, 1990), Pohl and Walther consider how specific policy instruments designed to address youth unemployment are embedded within the wider socio-economic context and institutional structures, and influenced by underlying cultural values. Their ‘youth transition regimes’ concept encompasses various institutional and policy domains: the structure of education and training systems (and degree of stratification and standardisation); features of employment regimes (including labour market regulation and role of occupational profiles in structuring labour market entry); characteristics of social security systems; the dominant interpretative frames of concepts of youth and causes of labour market ‘disadvantage’; and the focus of youth transition policies, together with the activation type these promulgate (see Figure 1).
In this article, we focus primarily on analysing change in two dimensions of the framework, i.e. youth transition policies and associated activation model, and VET features— as these have attracted most reform activity in the crisis. However, considering these two policy areas as part of a broader, multi-dimensional analytical framework is helpful to highlight the inter-connections between distinct policy areas, often analysed in isolation, and emphasise what individual policy reforms may mean for the broader underpinning philosophy and architecture of the overall youth transition regime as a set of interlocking institutions.

Regarding activation, Pohl and Walther distinguish between ‘supportive’ and ‘workfare’ activation models – similar to other categorizations, e.g. the distinction between ‘enabling’ and ‘demanding’ activation (Dingledey, 2007) and between ‘workfare’ and ‘universalistic’ ALMPs (Lodemel and Trickey, 2000; Barbier and Mayerhofer, 2004). Other authors (Bonoli, 2012) have argued, however, that ALMPs are best categorised using two analytically-distinct dimensions: the extent to which they favour pro-market employment orientation, and the extent to which they focus on human capital investment. In our analysis, we adopt Bonoli’s (2012) more nuanced conceptualisation of different activation types, which we regard as consistent with Pohl and Walther’s original classification.

Another aspect that remains partly underdeveloped in Pohl and Walther’s framework is the VET status within the skills formation system - a central aspect of current policy discourses which, especially at European level, stress the importance of skills acquisition and of increasing linkages between training and the labour market to tackle unemployment (European Union, 2011; Heyes, 2014). Insights from the Varieties of Capitalism (VoC) literature can be incorporated to better account for the features of skills-formation systems, by distinguishing between models favouring general skills and relying on market-based mechanisms of coordination in skills formation (Liberal Market Economies) and models favouring firm- or sector-specific skills and relying on employer- and social partner-led strategic mechanisms of coordination, often in the form of mass apprenticeship systems (Coordinated Market Economies) (Estevez-Abe et al, 2001; Piopiunik and Ryan, 2012). In our
analysis, we will draw on insights from this body of literature to analyse the trajectory of change in this dimension.

The search for path-shifting policy change is operationalised in terms of whether the defining features of the UK’s youth transition regime, outlined in Section 2, are fundamentally altered by the reviewed reforms, marking thus a break away from its characteristic ‘liberal’ features. Hall’s (1993) theoretical framework on first, second and third-order policy change is employed to assess degree and depth of change in each policy area: first-order change concerns adjustments to policy instruments settings; second-order change concerns techniques or instruments used to attain policy goals; and third-order change relates to overarching goals guiding a particular policy, and their hierarchy (‘paradigmatic change’). If third-order change was identified in one or more of the constitutive dimensions of the youth transition regime, this would be considered indicative of a potential path-shift. In the context of the UK, which has historically been characterised by a strong emphasis on welfare activation in its youth employment policy model, with little attention paid to long-term skills acquisition, path-shift would consist, in our framework, of paradigmatic policy changes that would alter significantly the type of activation pursued – towards greater emphasis on human capital acquisition and reinforcement of positive incentives towards employment orientation; and that would increase the centrality afforded to VET in skills formation. We would consider this kind of change to correspond broadly to the ‘social investment’ logic of welfare state transformation which we have outlined above. On the other hand, a reinforcement of the UK’s existing institutional labour market policy features in a direction of market-based coordination mechanisms and strong pro-employment activation orientation would be interpreted as a case of policy continuity.

The differentiation between degrees of change does not necessarily mean that ‘smaller’ changes are less significant, as even minor changes can gradually result in significant path-shifting trajectories (Streeck and Thelen, 2005; Mahoney and Thelen, 2010). However, by applying Hall’s framework, we can obtain a more nuanced appreciation of the significance of the different measures considered.

Methodologically, the policy change content examined is assessed for its nature and significance, and for what reveals about government policy aims regarding the role of different actors and instruments in addressing skills formation issues and young people’s labour market integration. Our analysis draws on documentary analysis of governmental policy documents and legislation and primary interview sources. The research was conducted between December 2014 and April 2015; thirteen semi-structured interviews were conducted with policy-makers, stakeholders and experts across the UK. These included representatives of government departments, trade unions and employers’ organisations, and third sector organisations.

2. The youth labour market and youth transition regime in the UK

Over the last decade, the UK’s youth unemployment rate has been consistently below the EU-28 average (see Figure 1). Yet, the UK youth labour market’s relatively positive comparative performance masks a number of structural features which adversely impact STW transitions. This became apparent in the recent crisis, as young people were disproportionately affected by the economic downturn. Indeed, the UK in 2013 had the highest youth-to-adult unemployment ratio in the EU-28, reflecting the particularly strong age-related unemployment imbalance (Gregg, 2015).
Figure 2  EU-28 and UK youth and adult unemployment rates, 2007 - 2014


Figure 2 charts the evolution of the UK’s youth unemployment ratio compared to the EU-28 average in 2007-2014, alongside the evolution of NEET rates, where the UK has also been persistently above the EU-28 average.

Figure 3  EU-28 and UK youth unemployment ratio and NEET rates, 2007 - 2014
Whilst youth unemployment levels have declined since 2013, largely due to the recovery of UK’s GDP growth, historic trends suggest that the UK’s relatively poor record vis-á-vis youth unemployment is not only related to the economic downturn, but also to structural factors making young people’s labour market position vulnerable. Compared to other Member States, the UK is characterised by fast but unstable STW transitions. The vast majority (80%) of young people flow off unemployment benefits within six months (House of Lords, 2014), but STW transitions have become more extended and uncertain (Keep, 2012). This is related to structural trends, such as growing competition for entry-level positions due to the UK’s labour market progressive skills polarisation; the great young people’s vulnerability to macro-economic fluctuations due to low levels of employment protection; and lack of structured transition mechanisms to help young people make a successful labour market entry.

Regarding its youth employment policy model, the UK exemplifies what Pohl and Walther (2007) call a ‘liberal youth transitions regime’ characterised by a largely de-standardised education system with a predominance of general over vocational education; light touch labour market regulation and high employment flexibility; a focus on workfare (coercive activation) and incentive reinforcement regarding ALMPs, with strong pro-market employment orientation and low investment in human capital (Bonoli, 2012); and on increasing youth employability and acquisition of work experience as the main focus of transition policies (‘work first’ approach) (Walther and Pohl, 2005). Pohl and Walther (2007) link these institutional features to dominant cultural narratives and interpretations of ‘youth’ – which in the UK, is largely conceived of as a transitional phase to be ‘overcome’ to achieve early economic independence from family (Wallace and Bendit, 2009); and of the causes of youth disadvantage, which is interpreted as a largely individualised rather than structural phenomenon.

This conception is reflected in the targeting of interventions towards specific groups facing the greatest labour market barriers, notably NEETs. This is due not only to the need to target resources vis-á-vis budgetary constraints, but also to the conviction that most young people are able to make smooth STW transitions on their own with no access to structured forms of support (Sissons and Jones, 2012). This individualisation of responsibility for navigating the STW transition, including achieving the required level of skills and qualifications and making the right career and training choices (Keep, 2012), is linked to what Pohl and Walther (2007) identify as a ‘deficit’ narrative of youth unemployment, which underpins the UK’s policy approach and ascribes young people’s weak labour market position to their lack of relevant skills, qualifications and experience. This view tends to sideline the impact of transition policies (‘work first’ approach) (Walther and Pohl, 2005). Pohl and Walther (2007) link these institutional features to dominant cultural narratives and interpretations of ‘youth’ – which in the UK, is largely conceived of as a transitional phase to be ‘overcome’ to achieve early economic independence from family (Wallace and Bendit, 2009); and of the causes of youth disadvantage, which is interpreted as a largely individualised rather than structural phenomenon.

In the VoC framework, the UK is identified as an ideal-typical liberal market economy (LME), giving prevalence to generic skills over firm- or sector-specific ones, favouring general over vocational education. The predominance of market-based mechanisms of coordination between the skills and the production systems leads to low levels of employer involvement and investment in VET (Estevez-Abe et al, 2001). These aspects are indeed reflected in the UK’s VET features, such as young people’s low transition rates to VET after compulsory education, and limited employer involvement in VET (Piopiunik and Ryan, 2012). It has been argued (Keep, 2012; Sisson and Jones, 2012) that UK employers see themselves primarily as ‘consumers’ of the education system as opposed to key actors with a direct stake in young people’s skills development.
The UK’s youth labour market policy has also tended to focus almost exclusively on supply-side policies, with a strong focus on activation to increase labour market participation rates and reduce inactivity or permanence in unemployment (Walker and Wiseman, 2003; Dingledey, 2007). Successive reforms, especially since the late 1990s, have sought to promote the ‘mutual obligation’ principle and re-balance the relationship between rights and responsibilities for benefits claimants; prioritising a ‘work first’ approach together with placing strong emphasis on acquiring ‘real work’ experience (regardless of its quality). Various work experience schemes have thus been an integral part of ALMPs targeted at unemployed young people since the 1980s.

3. Innovations in the crisis

The UK’s poor performance with regard to youth unemployment in the crisis aftermath instigated a range of policy innovations, largely centred on two key dimensions of its youth transitions regime: strengthening ALMPs aimed at young people, and improving VET quality. Governmental rhetoric has emphasised the ground-breaking character of the innovations introduced in both, stressing a newly-found emphasis on skills acquisition and facilitating young people’s entry into sustainable, long-term employment. But what type of policy change do we actually observe? And do these policy innovations significantly alter the institutional features of the UK’s youth transitions regime, as outlined above, in a direction of greater social investment?

This section discusses some of the main developments in these two policy areas in England since 2010, as the UK’s response to the crisis shifted from reactive to structural and the Coalition government was elected. Four flagship programmes with particular relevance to England – two in ALMPs and two in VET - are discussed. For each we describe the main features and innovations introduced. In the following section, drawing on Hall’s (1993) framework, we then analyse the extent and significance of policy change implemented in each of the two dimensions post-crisis, and assess how these affect the overall political economy of the UK’s youth transition regime.

Active Labour Market Policies (ALMPs)

Like most of the EU, the strengthening of ALMPs has been a distinctive element of the UK’s government’s policy response to high youth unemployment in the crisis aftermath. UK employment policy has been long characterised by a concerted effort to address and speed up the STW transition through strong supply-side, labour market activation with growing levels of compulsion and conditionality. The balance between the supportive and the punitive elements of existing policy measures is, however, a matter of empirical investigation. In line with our theoretical framework, we are concerned with establishing whether the new policy measures regarding ALMPs shift the balance away from a model of negative ‘incentive reinforcement’ towards more comprehensive support and greater human capital investment (Bonoli, 2012). Two main new programmes are analysed: the Youth Contract, targeting particularly disadvantaged youth, and the Work Programme, aimed at increasing labour market participation of unemployed claimants more broadly.

Youth Contract

The Youth Contract (YC), introduced in 2012 and presented as the government’s ‘flagship initiative’ to address the youth unemployment crisis in England, was a £1 billion three-year government-funded programme which provided different forms of support to unemployed people aged 16-24 to help them re-engage in education, employment or training. It comprised a targeted element for the most-disadvantaged 16-17 year-olds to avoid long-term permanence into NEET status, and a main element
for unemployed 18-24 year-olds. The YC’s policy design included a range of different instruments. Some were supply-side focused, and included provision of work experience and sector-specific employment training. Others were demand-side focused, such as grants to subsidise wage and training costs for employers who had not previously taken on apprentices (AGE 16-24), and wage incentives to employers hiring a long-term unemployed young person. The element targeted at disengaged 16-17 year-olds offered targeted support, including mentoring, to instigate re-engagement in the form of participation in education, an apprenticeship or a job with training. The arrangements for the delivery of the various elements were varied, and overall the programme was characterised by a number of innovative elements in institutional arrangements or policy instruments.

Parts of the programme were delivered by the Public Employment Service, Jobcentre Plus (JCP), which was granted greater flexibility to tailor provision at local level, including more intensive support to young claimants through weekly job search interviews (HM Government, 2011). JCP was also responsible for administering the Work Experience Programme (part of YC) which aimed to help young jobseekers gain work-related experience, through a short (2-8 weeks) unpaid work placement in companies whilst receiving unemployment benefits (Higgins and Newton, 2012). The company had no obligation to offer the participant anything at the end. The measure attracted negative publicity, as in its original design, claimants could be sanctioned if they did not participate. In February 2012, in reaction to negative media coverage and public pressure the government withdrew the benefit sanctions threat for young people (Dar and Watson, 2015). With YC funding, JCP was also able to refer claimants to ‘Sector-Based Work Academies’ (SBWAs), which included up to six weeks of pre-employment training, a company-based work experience placement and a guaranteed interview for a job or apprenticeship. Another YC element was an employer wage incentive of up to £2,275 for hiring a long-term unemployed youth for at least 26 weeks. This was criticised because of low employer take-up, high risk of deadweight loss, and lack of data about sustained labour market outcomes (DWP, 2014a), and eventually withdrawn in 2014.

The YC element targeting 16- and 17- year olds was delivered differently, through a prime provider-subcontractor approach and featured payment-by-results (PbR) with a focus on sustained outcomes, defined as participation in education or training for five out of six months following initial re-engagement. It was subject to strict eligibility targeting only low-qualified young people, care leavers and young offenders who were NEETs (DfE, 2014). The introduction of a PbR model, giving providers incentives to devise whatever strategies they think are most effective to re-engage young people in their locality (thus supposedly encouraging innovation and sharing of best practice), was one of the most innovative elements introduced by the YC – although not void of criticism, as it was said to also foster competition between providers and encourage cream-skimming (stakeholder interview). Local authorities were given a duty to track NEETs aged 16-17 and support them to find a suitable opportunity to participate in education or training (HM Government, 2014).

The YC for NEETs aged 16-17 offered personalised and sustained support for young people over a period of 12 months, as opposed to previous programmes which had usually run for 3 months. This longer duration of support, personalised around the young person’s individual needs, was shown to increase the likelihood of successful transition into further education, training or employment (DfE, 2014; Mascherini et al, 2014). In this case, pre-existing programmes already delivered locally were combined or re-structured to be aligned with the new policy design.
Work Programme

The Work Programme (WP), introduced in 2011, is the UK’s primary welfare-to-work scheme. Jobseekers aged 18-24 are referred after nine months of claiming benefits, reduced to three if a claimant has been NEET for six months. The overarching aim is to combine the efforts of public, private, and third sector actors to support the long-term unemployed into work, by tasking contracted providers to offer support to jobseekers through a variety of means, funded through PbR. Similarly to the YC, providers have the freedom to adopt whatever support measure they deem best for the claimant. Young claimants referred to the WP could access some financial support via YC’s Wage Incentive, but uptake was minimal, largely due to the very limited engagement of WP providers with employers. WP participation was compulsory under threat of benefits sanctions for non-engagement.

WP implementation involved regional suppliers being awarded contracts to provide the support necessary for the unemployed to find work, eliciting input from diverse organisations from various sectors. The WP design and implementation attracted criticism for promoting conflicts of interest and competition between providers and for various inefficiencies in contracting processes (DWP, 2012b; DWP, 2014b). Whilst the WP had some positive early effects regarding jobseekers’ labour market transition (DWP, 2012), further analysis noted extensive “creaming and parking” effects, whereby the PbR model encourages providers to prioritise more job-ready claimants (Rees et al, 2014). These negative effects remained pervasive despite the introduction of a ‘differential payment’ system, whereby the payment level for providers upon sustained employment outcomes were differentiated between different claimant groups according to their expected support needs (Rees et al, 2014). More generally, the scheme has been accused for promoting workfare – as claimants must work for benefits – and poor quality work experience for participants.

Vocational Education and Training (VET)

The UK’s institutional features as a LME, favouring general skills over firm- or sector-specific ones, have meant that historically, VET has been perceived as an option for low-achieving students, characterised by fragmentation, low employer recognition and limited transferability and quality of qualifications (Lanning and Rudiger, 2012). The Coalition government of 2010-2015 made, however, a concerted effort to improve VET quality and image, increase the relevance of skills and qualifications acquired and improve potential progression routes. The general aim is to increase VET uptake amongst young people – an objective that may signal a greater attention towards investment in human capital accumulation as a core feature of the UK’s youth transition model. Here, the thrust of government’s interventions have focused especially on expanding numbers and improving the quality of apprenticeships, seen as the ‘silver bullet’ to facilitate STW transitions and young people’s entry into sustained employment for young people (Hadjivassiliou et al, 2015). This section considers two major policy measures implemented in the crisis aftermath in apprenticeships and VET (relevant to England only) which can be regarded as particularly innovative: the Apprenticeship Trailblazers reforms and the Traineeship scheme.

Apprenticeship reforms

Despite their long history, apprenticeships in the UK are often considered a poor relation of more ‘academic’ qualifications, due to their variable quality. For the last decade, apprenticeships in England have been regulated by so-called ‘frameworks’, which outline their training content, defined by training providers and Sectoral Skills Councils (SSCs) with relatively limited direct employer involvement (Heyes, 2014). Apprenticeships can be studied at different levels (Intermediate,
Advanced and Higher) and the government provides funding to employers covering a proportion of training costs depending on the apprentice’s age.

In 2010, the ‘Skills for Sustainable Growth’ Strategy (BIS, 2010) committed the UK government to the radical improvement of apprenticeship standards. A major reform was launched which included the re-design of apprenticeships’ institutional framework, aimed at improving their learning content, breadth and quality and increasing employer demand, especially in relation to young people. The reforms responded to the recommendations of the 2012 Richard Review of apprenticeships which noted that employers are ‘best placed to judge the quality and relevance of training and demand the highest possible standards from training organisations’ (Richard, 2012).

To increase ‘employer ownership’, the reforms constituted so-called “Apprenticeship Trailblazers”, designed to transfer ownership of apprenticeships, including definition of learning content, training and assessment methods, to employers. Groups of employers (the ‘Trailblazers’) were, therefore, set up and tasked with developing occupational standards and assessment models for apprenticeships in their sector, that would, over time, replace existing frameworks characterised in many cases by fragmentation and variable quality. The groups were phased in, starting in 2013 with eight employer groups that ‘trialled’ the model in their sectors, and then expanded over time. From 2017/18, all apprenticeships are expected to be run through new standards developed via the Trailblazers networks.

The objective is to increase appeal and transferability of apprenticeships, as well as reduce sectoral fragmentation in terms of value and standing of qualifications. The reforms also included changes to apprenticeship-related quality standards, increasing minimum length to 12 months, and minimum number of apprentices’ guided learning hours; the requirement was also introduced to offer training to Level 2 (ISCED Level 3) in English and Maths for apprentices lacking these qualifications, to strengthen transferable skills. Changes to the apprenticeship-related funding model were also introduced giving employers greater control over training-related spending. Under the previous model, government apprenticeship-related funding was routed via training providers, whilst now employers are given direct funding control (through a digital voucher system to be rolled out in 2017). For every £1 spent by an employer on training, the Government will contribute £2 up to a maximum cap (contingent on sector and apprenticeship level).

The Trailblazers’ evaluation (BIS, 2015) suggests that, overall, the scheme has been positive so far. Whilst still new and small-scale, employers involved have responded well to increased engagement. However, several caveats emerge from the evaluation and from the stakeholders’ interviews conducted. Firstly, the employer groups involved so far in the new standards development have been self-selecting, and there are doubts whether this model of increased employer ownership will reach ‘steady state’ and become sustainable over time without state support (financial and organisational), especially considering the historically low levels of coordination amongst UK’s employers. This is a particular concern for lower value-added sectors without an established apprenticeship culture, and may lead to persistence in sectoral variance in training quality. The reforms also envisage a move towards greater levels of employer investment in training costs. However, in practice, many employers might be unwilling to shoulder the additional costs, thus potentially jeopardising the planned expansion of apprenticeships (BIS, 2015a).

Regarding uptake, despite efforts to expand apprenticeships amongst young people, data indicate that, in recent years, there has been a step-change in growth for those aged 25+, with only a moderate increase in apprenticeships’ take-up among those aged 19-24 and, crucially, a fall in number of
apprenticeships available to 16-18 year-olds (Mizra-Davies, 2014; Clegg, 2015). This expansion of apprenticeships so far has thus, arguably, been more focused on formalising adult workers’ skills than meeting the youth-related policy objective.

**Traineeships**

Complementing apprenticeship reforms, the Government introduced in 2013 the Traineeship programme. Aimed at 16-24 year-olds lacking a Level 2 qualification (ISCED Level 3), or sufficient work experience to compete successfully for apprenticeship placements or jobs, this offers a preceding phase to an apprenticeship or a job for low-skilled young people. A traineeship consists of three aspects: a work placement; work preparation training; and English and maths support. Lasting between six weeks and six months, traineeships are government funded, with bursaries available to trainees. Benefits can still be claimed by trainees over 18, since traineeships are unpaid. Its first year process evaluation shows generally positive findings in terms of labour market progression of participants (BIS, 2015b). However, the quality and relevance of the available training was disputed, and uptake remained so far very low. There were only around 10,000 starts in the first year, which whilst encouraging, remains very small scale (DfE, 2015). Take-up from providers has also remained limited; of 459 eligible training providers only 200 were offering traineeships at the end of the first year (Whittaker, 2014).

**4. Assessment of innovations**

We now evaluate the depth of policy change in the two dimensions of the UK youth transition regime examined—ALMPs and VET—to assess whether either exhibit paradigmatic change, and the relevant implications for the overall UK’s youth transition regime orientation. If paradigmatic change was found, this might indicate a potential path-shift in the UK’s youth transitions regime features, operationalised following Pohl and Walther’s model.

According to our analysis, in ALMPs the innovations introduced in the crisis have been characterised by a mix of first- and second-order changes at the level of policy output. However, no paradigmatic change is detected, due to the continued emphasis on work-first, supply-side policies focused on favouring young people’s early labour market entry, with an emphasis on ‘employability’, work experience and early activation, at the expense of demand side or more significant human capital accumulation policies; and with a continued lack of attention towards employment quality and sustainability (see Table 1). Coupled with a strengthening of conditionality principles for the receipt of benefits and a weakening of protection levels, this suggests that the UK model of activation continues to fall short of the ‘social investment model’ benchmark (Morel et al, 2012), as it emphasises a strong pro-market employment orientation at the expense of substantial human capital accumulation and social inclusion policies.

<table>
<thead>
<tr>
<th>Policy Area</th>
<th>1st order</th>
<th>2nd order</th>
<th>3rd order</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALMPs</td>
<td>Targeting of support: specific focus on very low-skilled young people / long-term unemployed</td>
<td>Work Experience scheme</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td>Duration of support: longer duration (up to 12 months) under YC</td>
<td>Sector Based Work Academies (SBWAs)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Intensity of support (increased)</td>
<td>Wage Incentive scheme</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>AGE grant</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Payment-by-results implementation method (YC)</td>
<td></td>
</tr>
</tbody>
</table>
frequency of job search interviews under YC)  
- Strengthened conditionalities (WP)  

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</tr>
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<tbody>
<tr>
<td><strong>Differential and longer sustained payments (WP)</strong></td>
<td><strong>Black-box approach (WP)</strong></td>
</tr>
</tbody>
</table>

Regarding the YC, many policy changes consisted in modifying the ‘settings’ of existing instruments, and thus can be considered as cases of first-order change. Indeed, most of the policy instruments feeding into the YC were not new, but based on a re-organisation of pre-existing aspects of provision, with some changes in the targeting and intensity of support available (see Table 1). One of the WP’s defining features, the strengthened degree of conditionality for benefit claimants and heightened severity of sanctions in cases of non-participation, can also be classified as instances of first-order change, as it was in continuity with pre-existing instruments but just made these more severe.

Our analysis also identifies examples of second-order change in this policy area such as the Work Experience scheme and the SBWAs. These are both new instruments, but aligned with the objectives of pre-existing similar schemes focused on increasing young people’s employability and labour market exposure. The introduction of the AGE Grant 16-24 to promote apprenticeships’ uptake by employers and the creation of the Wage Incentive scheme could be regarded as examples of more paradigmatic change, as they focus on the demand-side rather than purely on supply via activation. However, the underlying objectives and focus of the policies are not necessarily altered – as both focus on creating opportunities for a first labour market experience for young people, rather than upskilling; and they still rely on a high degree of voluntarism from employers regarding uptake. Lastly, they still have a short-termist attitude, focused on stimulating demand mainly via the (low) wage subsidisation, with little attention to employment quality and sustainability. In this sense, neither of these initiatives (especially the Wage Incentive scheme) aimed to alter fundamentally the structure of UK’s youth labour market whose entry points tend to be in sectors characterised by a high degree of casual, low-skilled and low paid work.

Further second-order level types of change can be identified in implementation, e.g. the differential PbR, prime-subcontractor arrangements for the delivery of the WP and for certain YC elements (especially for those aged 16-17). The involvement of third sector providers in the delivery of ALMPs in the UK is not new, especially in youth policy; however, regarding the YC, this marked a considerable change in the centrality of the Local Authorities’ role, while regarding the WP it gave providers an unprecedented degree of freedom in devising support strategies (whilst, however, also creating perverse incentives for ‘creaming’ and ‘parking’).

Our analysis did not, however, identify significant elements of paradigmatic change in this dimension, with the defining features of the youth transition regime remaining largely unaltered regarding policy objectives. Firstly, the main focus of youth transition policy remains the acquisition of first work experience, with labour market entry or exposure/attachment being the main mechanism to address difficult STW transitions, rather than human capital accumulation. There is also strong continuity in the important role of ‘incentive reinforcement’ played by sanctions and conditionality for young claimants, and continuing emphasis on workfare as the ALMPs’s defining element—like in previous programmes aimed at young people and the long-term unemployed (such as the various ‘New Deal’ programmes) which were underpinned by a ‘mutual obligations’ philosophy between claimants and the state centred around the notion of conditionality (Dwyer and Ellison, 2009). Whilst elements of support and mentoring were strengthened in the YC especially for those aged 16-17, this did not extend to the entire youth population, and, hence, cannot be considered a paradigmatic change in the underpinning philosophy of the UK’s youth-related ALMPs.
The UK’s VET shows more significant signs of substantial change in policy design. Both initiatives discussed above are fairly innovative in the UK context as they seek to transform the VET status and intervene to increase employer involvement in its provision. However, evidence suggests continued employer resistance to assuming a more active role as providers rather than consumers of VET – hence resisting a paradigmatic shift in the principles guiding operations in this institutional field; and a continued reliance on market-based mechanisms of coordination, in continuity with the UK institutional legacy. Even though our analytical framework does not consider explicitly the issue of magnitude of change, the fact that both initiatives are still very small scale in practice implies that, at least for the moment, substantive paradigmatic change in this field may be still some way off.

The ongoing apprenticeship reforms have introduced a number of ‘first-order’ changes at the level of policy output (see Table 2). The numerical expansion of apprenticeships is only based on increased available funding and greater promotion of apprenticeships to employers, rather than on new instruments. The same applies to changes introduced to quality and content of apprenticeship standards. This does not imply that these changes are insignificant, as they have the potential to alter the quality, portability and labour market recognition of future apprenticeships, and lead to a reconfiguration of the type of skills and competences developed via this route.

Table 2 Policy innovations in VET analysed using Hall’s policy change framework

<table>
<thead>
<tr>
<th>Policy Area</th>
<th>Type of change</th>
</tr>
</thead>
<tbody>
<tr>
<td>VET</td>
<td>1st order</td>
</tr>
<tr>
<td></td>
<td>2nd order</td>
</tr>
<tr>
<td></td>
<td>3rd order</td>
</tr>
<tr>
<td>• Numerical expansion of apprenticeship places</td>
<td></td>
</tr>
<tr>
<td>• Changes in assessment methods and definition of skills and competences for apprenticeship standards</td>
<td></td>
</tr>
<tr>
<td>• Move away from compulsory qualifications as part of apprenticeships</td>
<td></td>
</tr>
<tr>
<td>• Introduction of compulsory Maths and English Level 2 training as part of Apprenticeship standards</td>
<td></td>
</tr>
<tr>
<td>• Greater levels of employer contribution to costs of apprenticeship training</td>
<td></td>
</tr>
<tr>
<td>• Expansion of ‘Higher’ level apprenticeships</td>
<td>• Creation of Traineeship programme aimed at low-skilled young people</td>
</tr>
<tr>
<td></td>
<td>• Creation of Apprenticeship Trailblazer groups for development of new Apprenticeship standards</td>
</tr>
<tr>
<td></td>
<td>• New employer-routed funding model</td>
</tr>
<tr>
<td></td>
<td>• (Greater level of employer coordination, increased role of employers in the VET system)</td>
</tr>
<tr>
<td></td>
<td>• (Employers as ‘producers’ rather than just ‘consumers’ of VET)</td>
</tr>
<tr>
<td></td>
<td>• (Focus on ‘upskilling’ rather than ‘work-first’ for low-qualified young people)</td>
</tr>
</tbody>
</table>

Some of the innovations introduced by the Apprenticeship reforms can be considered examples of second-order policy change, as they introduced new policy instruments and delivery models. The constitution of employers’ Trailblazers groups for the development of new apprenticeship standards is a clear example of this, as is the establishment of new mechanisms of employer-routed funding for apprenticeship training. Likewise, the new Traineeship programme of pre-vocational training is also a clear case of introducing a new policy instrument.

The crucial analytical question is, however, whether the introduction of new instruments is underpinned by a ‘paradigmatic’ change in the underlying policy goals guiding VET and skills policy. It could be argued that in the UK context, the Apprenticeship Trailblazers represent a radical departure from the past when the VET arena was dominated by training providers (stakeholder
In contrast, the Trailblazers are expected to put employers at the centre of the VET system design, as they are in other EU countries with stable and smooth STW transitions (and strong dual training/apprenticeship systems). This could amount, in principle, to a paradigmatic policy change, as it could radically alter the UK’s institutional youth transition regime features regarding employers’ role in the skills system, shifting it away from a purely market-based mechanism of coordination. By putting employers directly ‘in the driving seat’, it appears that the government is attempting to create infrastructure and networks that will allow employers a greater role as VET ‘producers’ rather than merely ‘consumers’. The extensive focus on apprenticeship expansion signals an increased attention towards VET more generally that might change the distinguishing features of the UK training system, traditionally characterised by a low VET predominance. Furthermore, the Traineeship Programme’s explicit aim of improving young people’s basic skills to help them secure an apprenticeship placement and/or job is quite novel for the UK and, according to stakeholders interviewed, can be characterised as a rather radical change, as is focused on upskilling young people rather than simply pushing them in the labour market via activation mechanisms – thus potentially indicating a change in the orientation of the overall policy model.

However, the extent to which these reforms will actually result in a paradigmatic shift in the English apprenticeship system is debatable. First, evidence from interviews with employer organisations suggests that employers are somewhat resistant to assume this new, heightened responsibility as VET designers and guardians. Whilst the first Trailblazer groups of employers were characterised by strong momentum, they still required much Government support and guidance in developing standards. Indeed, the process evaluation (BIS, 2015) has highlighted concerns for ‘employer fatigue’ related to the high amount of work associated with new standards development. Employers object to being required to get involved with the details of devising assessment models, and appear to still prefer delegating such responsibilities to other bodies such as training providers or SSCs. This signals continuity in employers’ tendency to see themselves primarily as ‘customers’ of VET, rather than key players with central responsibilities for its effective functioning. Developments over the next two years will be crucial to assess whether a ‘steady state’ can be reached in this respect and whether the new institutional frameworks that the Government is attempting to build can sustain themselves simply via mechanisms of employer coordination operated on a voluntary basis, or whether they will require continued Government intervention. The evidence so far suggests that the latter might be the case, and that weak mechanisms of employer coordination will continue to prevail (stakeholder interview).

Secondly, as highlighted by Piopiunik and Ryan (2012), the current reforms also do not appear to alter significantly the apprenticeship ‘status’ in the political economy of the training and skills system. Currently, apprenticeships still remain clearly distinct from regular employment (also in virtue of apprentices’ markedly lower wages) but also from the mainstream learning and education system, and in this sense resemble more closely the logic of ALMP programmes. The current simultaneous push for the numerical expansion of apprenticeships and the improvement in their level and quality (including the push for higher level apprenticeships as quality alternatives to Higher Education) reveals a potential unresolved tension between a conceptualisation of apprenticeships as a route towards greater social inclusion and labour market integration (i.e. closer to an ALMP in its functioning), or as a high skills, high productivity route clearly rooted in employer skills requirements (expert interview). The design of the Traineeship scheme also resembles more closely an ALMP rather than a new VET route (Heyes, 2014). In any case, the fact that both these routes remain numerically marginal indicates that, to date, the ‘upskilling’ dimension remains residual to the activation one.
Thirdly, the principle of ‘employer ownership of skills’ predicated by the current apprenticeship reforms still appears to be underpinned by an idea of ‘ownership’ exercised via mechanisms of market-based choice (i.e. the freedom of employers to use public funding to choose whatever training provider they prefer to ‘buy’ the training for their apprentices). Indeed, one of the side-objectives of the reforms is to create a more competitive and responsive market amongst training providers that better meets VET needs of employers. In this respect, it is hard to see a radical departure from the previous policy paradigm and from the UK’s distinctive features as a largely market based skills system, characterised by continued predominance of decentralised coordination mechanisms and high flexibility (but highly varied quality) in its training system. Stakeholders interviewed also highlighted that both the Apprenticeship Trailblazers and the Traineeship programme were still very small scale and expressed very serious doubts about the Government agenda’s capacity to deliver far-reaching change at the level of actual policy outcomes.

5. Discussion and conclusions

In contrast to the Government’s discourse of major innovative reform implemented in the context of the crisis to address the UK’s youth unemployment problem, our analysis suggests that, despite significant incidence of change in policy instruments’ design, the aims and logic of UK youth transitions regime as it is being reconfigured by recent policy initiatives exhibit a high degree of continuity with the pre-crisis period. Our analysis has focused on two key dimensions of Pohl and Walther’s youth transitions regime conceptualisation, ALMPs and VET, where most UK government’s reform activity was focused. Regarding these two dimensions, we have found that, the numerous policy reforms notwithstanding, UK youth labour market policy still exhibits the distinctive features of an Anglo-Saxon liberal welfare model or ‘youth transition regime’ (Walther and Pohl, 2007), characterised by a strong focus on activation and a predominance of work-first approaches, at the expense of human capital accumulation, and a relatively marginal role for VET in skills formation.

This is especially the case for the ALMP dimension, where pro-market employment orientation (Bonoli, 2012) remains particularly strong and not matched by a corresponding increased emphasis on upskilling, envisaged in a ‘social investment’ logic (Morel et al, 2012). Recent ALMP-related reforms have focused on designing new instruments and delivery models, but the philosophy and policy goals of the activation model remain largely unaltered, and so do the underpinning conceptions of youth and disadvantage. VET through the Traineeship programme and the phasing-in of the new Apprenticeship Trailblazers shows more significant signs of potential paradigmatic change. Both are fairly innovative in the UK context as they seek to transform the VET status and increase employer involvement in its provision, signalling an increased attention towards upskilling and greater emphasis on standardisation and coordination. However, the depth of change is not sufficiently far-reaching to alter the overall orientation of the youth transition regime, as both these initiatives are still small scale and thus unlikely to shift the overall balance of the policy model away from strong activation towards an inclusive upskilling focus. Furthermore, evidence suggests continued employer resistance for a more active role as VET providers rather than consumers. Although the Government’s intention may be to try and bring about a paradigmatic shift in its skills policy’s underlying objectives– with a much greater role for employer coordination in VET provision and organisation– this is still at its embryonic stage, and still predicated upon principles of market-based choice and flexibility that, at heart, perpetuate the UK’s defining ‘liberal’ employment regime features. Overall, therefore, our analysis has highlighted numerous examples of first- and second-order policy change in both dimensions reviewed, but evidence for paradigmatic policy change which would indicate a potential path-shift in
the UK’s youth transitions regime towards greater social investment and coordination remains so far limited.

VET in the UK represents nonetheless an interesting example to observe over the coming years, to assess how attempts to introduce greater employer coordination and involvement in the system will play out in the medium-term in an ideal-typical LME. It is our expectation that such attempts to introduce paradigmatic change in the UK’s VET system via structural reforms will remain superficial, as it appears that current policy thinking which identifies apprenticeships as the ‘golden standard’ for STW transitions has not paid sufficient attention to understanding the institutional framework required for the successful implementation and functioning of a dual training system akin to those of Continental countries. In the absence of institutional foundations such as well-organised and representative employers’ associations and without active social partner involvement, it is hard to see how the UK system will shift away from its liberal model towards one involving greater employer coordination. This points, above all, to the superficial character of policy learning and policy borrowing processes in the UK policy-making community, which amidst its concerns to identify ‘best practice’ models from other countries to apply to the British system often ends up disregarding the necessary pre-conditions for success and effectiveness of policy innovations (Hadjivassiliou et al., 2015b).

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