ESF-supported apprenticeship schemes in EU member states

Kari Hadjivassiliou, IES Principal Research Fellow

The proven benefits of schemes which combine work and study and allow young people to acquire their first work experience have led to increased recent policy interest at both national and EU levels. As a result, apprenticeships and traineeships have become more prominent in the EU’s employment and youth policies, against the backdrop of increasing youth unemployment. IES has carried out a review of apprenticeship and traineeship schemes across the EU, which highlights the benefits of these schemes.

Promotion of work-based learning

The European Commission has been actively seeking to promote work-based learning through high-quality apprenticeships and traineeships as an effective tool for integrating young people into the labour market. For example, the Youth Opportunities Initiative, launched in 2011, and the Youth Employment Package, launched in December 2012, as well as the March 2013 Youth Employment Initiative, are seeking to increase both the supply and quality of apprenticeships across the EU, often with considerable financial support from the European Social Fund (ESF). In the same vein, on 2 July 2013, the European Commission launched the European Alliance for Apprenticeships, aimed at improving both the quality and availability of apprenticeships and changing mindsets towards this type of learning.

The overall aim of current EU policy is to increase this type of education, alongside other forms of vocational education and training (VET) such as traineeships, while significantly improving its quality and learning content. It also aims to link it more closely to labour market requirements, involve social partners in its design, provide the required support and resources and, in general, enhance its image and reputation.

Benefits of apprenticeships

Apprenticeships in particular can and do play a critical role in helping young people to make a smoother transition from school to work. A long-standing and robust body of evidence has consistently shown that countries with rigorous apprenticeship schemes, such as Germany, Austria, Denmark, Norway, the Netherlands and Switzerland, are the most successful in terms of facilitating school-to-work transitions. IES recently carried out a country overview across the EU, which was

continued on page 2
Apprenticeship and Traineeship Schemes
Advice on ESF Support to conducted as part of the EU-wide technical assistance project Advice on ESF Support to Apprenticeship and Traineeship Schemes1. Our review also shows that apprenticeships have consistently yielded positive employment outcomes, and not only in countries typically associated with the so-called dual training system, made up of a combination of work-based formal learning, such as Germany and Austria.

For most of the apprenticeship programmes reviewed in our study, the majority of apprentices secured employment immediately upon completion, with the average proportion being about 60–70 per cent, while in some cases this was as high as 90 per cent. In addition, within six months to a year after completing the scheme, the proportion of apprentices who secure employment increases even further and is often over 80 per cent. Indeed, the high effectiveness concerning the employment outcomes of apprenticeship programmes, especially those associated with the dual training system, has led a number of Member States to either introduce schemes akin to this system, or to embark upon major reforms of their apprenticeships. These countries include Belgium, Spain, Hungary, Italy and Sweden.

The positive impact of apprenticeships in easing the transition from school to work was borne out by the other strands of our analysis, including a review of existing evaluation literature, cross-country data analysis and case studies from Italy and the UK. For example, cross-country evidence shows that, in those European countries where the apprenticeship system is most developed, young people have better labour market outcomes than in other countries. Furthermore, national studies, based on individual data, provide evidence of the superiority of apprenticeships in smoothing the transition from school to work, with respect to vocational school-based education or to entering the labour market immediately after compulsory education. Overall, apprentices are found to achieve better job matches, higher wages, shorter periods of unemployment before finding a first job, and a longer duration of their first job compared to individuals with low educational attainment or school-based vocational education.

Renewed interested in vocational education and training
Interestingly, because of the enhanced employment outcomes of apprenticeships – and VET in general, compared to more academic forms of education – the perception of this type of education is changing in a number of countries, not least those currently characterised by high youth unemployment. As a result, our review identified renewed interest among young people in this type of education, as it tends to lead straight to employment, has regulated learning content, terms and conditions and remuneration, and typically helps to obtain a nationally-recognised qualification.

In addition, our analysis shows that a number of Member States, in an effort to either reduce the number of apprentice drop-outs and/or encourage young people at risk of early school leaving to stay in education or even attract those not in employment, education or training (NEETs) back to education, have introduced a range of apprenticeship-related measures and schemes. These include pre-vocational programmes and/or the provision of individualised vocational guidance, support and mentoring for the duration of the placement. Such countries include Austria, Finland, the Netherlands and Germany.

Moreover, in response to the recession of the late 2000s and its aftermath, many Member States have introduced a range of special measures, including increased funding, aimed at supporting apprenticeships and unemployed apprentices. Specifically, apprenticeship schemes have been reinforced in a number of Member States by offering apprenticeship-related higher subsidies, improving information to entrepreneurs and SMEs in order to encourage them to take on apprentices, and focusing on early school-leavers, disadvantaged young people and redundant apprentices.

Success factors of apprenticeship schemes
Our review and analysis of the main apprenticeship programmes in 27 EU Member States also identified a number of factors which most often contribute to their success. These include a robust institutional and regulatory framework and strong social partner and employer involvement. Further success factors include the creation of close partnerships between employers and educational institutions and a close alignment of schemes with labour market needs. Funding is also an important factor, including employer incentives, as is robust quality assurance.

There also needs to be appropriate matching of apprentice to host organisation and the provision of a combination of theoretical, school-based training with structured, practical work-related experience. Apprenticeships need to be underpinned by an apprenticeship agreement or contract, and apprentices themselves need to be offered high-quality guidance, support and mentoring, with the opportunity to gain certification of acquired knowledge, skills and competences, leading to a nationally-recognised qualification.

Finally, it is vital to ensure tailored and flexible approaches to the needs of vulnerable young people undertaking an apprenticeship.

1 The IES research findings will be included in the forthcoming guidebook, Apprenticeship and Traineeship Schemes in EU27: Key Success Factors – A Guidebook for Policy Planners and Practitioners
### National Strategic Skills Audit for Wales 2012

This audit provides a detailed evidence base and key intelligence on Wales’ existing and future skills needs. It will help to supply the analysis and evidence required to develop Wales’ skills base so that it meets the immediate and longer-term needs of the economy.

The audit is a synthesis of evidence on existing and emerging demand for, and supply of, skills in Wales. It will identify important sectors for future growth and their future skills needs.

**Understanding Occupational Regulation**

Occupational regulation is a policy mechanism which can raise skill levels via the introduction of minimum prescribed skills standards into an occupation or an aspect of it. Previous research published by the UK Commission for Employment and Skills suggests that occupational regulation, in certain forms, is one means by which workforce skills in the UK can be improved. It can do this by providing incentives for individuals or firms to invest in human capital, specific to the occupation they operate in, thereby raising skill levels.

The effect which occupational regulation can have on skill levels, however, is not necessarily consistent. Forth et. al (2012) report that it is heavily contingent on the particular occupation, the type of occupational regulation established and its subsequent design, implementation and governance. Whilst there is evidence of the positive effects of introducing occupational regulation (which increase in likelihood, the stricter the form of regulation applied) there is little information on schema design or the motivations for their introduction or amendment. This report addresses some of these gaps.

### The use of social media in the recruitment process

Building on previous work for Acas (see report 11/11 Workplaces and Social Networking), this research project considers how and why employers use social media tools for recruitment, the risks and opportunities and the implications for provision of advice to managers, workers and employer and employee representative bodies. It also looks at the policies and strategies employers can put in place to manage legal and reputational risks. A comprehensive literature review is supplemented with case studies of three leading UK organisations that have used social media for the purposes of recruitment, plus the results of an exclusive poll of HR decision-makers undertaken on behalf of Acas in March 2013.

### Employment, Partnership and Skills

This report (also published by the Department for Business, Innovation and Skills as Research Report 107) evaluates how well new skills and employment policies and systems were being implemented by Jobcentre Plus, National Careers Service, and skills providers such as colleges and training organisations. In particular it looks at:

- how aligned the employment and skills systems were
- how well local partnerships were working
- the claimant experience
- how mandating claimants to skill development was working in practice.

The study was based on two rounds of interviews and other qualitative research with Jobcentre and National Careers Service staff, and also skills providers, employers and claimants. In all, 389 interviews were undertaken.

---

**Research into delivery of English language learning for migrants in low paid employment in London**

The Greater London Authority (GLA) has commissioned IES to examine the ways in which English language learning provision in London can be improved to better support migrants to learn and improve their English. The work will explore the ways in which immigrants access English language learning and the barriers to obtaining appropriate learning provision. Recommendations for improvements will be made to the GLA based on this.

IES contact: Linda Miller

**Review of the Higher Education Performance Indicators**

This work for the four UK higher education funding bodies is to undertake a fundamental review of the UK Higher Education Performance Indicators (PIs) to assess whether they are still fit for purpose given the great changes in nature of the HE population and provision since they were launched in 1999. The research will review the policy drivers for the higher education PIs, the usage of the PIs and the users of the PIs across the UK in order to inform the future direction of the PIs. It involves tiered interviews with stakeholders, online consultations with current and potential users and deliberative group discussions.

IES contact: Emma Pollard

**Enhancing the potential for ‘Assistant Practitioner’ roles in Wales**

This project for Skills for Health will explore the reasons why assistant practitioner roles have been introduced to a lesser extent in Wales than in England and Scotland. Through interviews with Board and health sector managers we will examine the reasons for their adoption along with the reasons why some health care organisations have not made use of these roles. Focus groups with healthcare support workers will explore the potential for these roles to offer career development opportunities.

IES contact: Linda Miller
The research

In 2012, researchers at the University of Ballarat, Australia, were asked by the ILO to review apprenticeship systems around the world to provide ideas that could be used to inform a future revision of the Indian apprenticeship system. Ten countries’ apprenticeship systems were reviewed: Turkey, Indonesia, Egypt, South Africa, Australia, Canada, USA, England, Germany and France. These were grouped into countries with ‘more developed’ apprenticeship systems – Australia, Canada, England, France, Germany and the United States – and those with ‘less developed’ systems – Egypt, Indonesia, India, South Africa and Turkey. IES provided the case studies of apprenticeships in England and Canada.

As with many apprenticeship systems, the Indian approach had been introduced in the mid-20th century when work requirements were very different from those today. Therefore, the research was aimed at identifying the features of successful apprenticeship systems and drawing out the various options available to India, should it decide to modernise and expand its apprenticeship system.

The case studies consisted of a literature review and interviews with key personnel in the case study countries. They aimed to highlight the main characteristics of the apprenticeship models and examine trends regarding the range of different systems’ features. The final report identifies examples of good practice.

Common features of change across countries

Looking at the two countries studied by IES, while England’s system has seen large-scale change over the past three decades, the Canadian approach to apprenticeship has remained relatively unchanged, with just some minor alterations. Nevertheless, the report identifies some common features of change across all countries, in particular:

- Increasing participation of employers;
- Increasing participation of individuals, including targeting specific learner groups such as women and ethnic minorities;
- Aligning with national and/or international qualifications frameworks;
- Addressing youth unemployment with specific youth-targeted initiatives under the umbrella of apprenticeships;
- Increasing the range of occupations in which apprenticeships can be undertaken; and
- Harmonisation across state or provincial boundaries.

In England, one of the issues that had been the focus of attention by several governments in past decades is that of the status of apprenticeships. For years, apprenticeships have been seen as a second-class alternative to higher education. While this does appear to be changing in England – with the increase in university fees, the introduction of the Specification of Apprenticeship Standards for England (SASE) and higher apprenticeships all being credited as factors responsible for changing people’s perceptions – it is interesting to see that this is an issue in other countries too, including India.

One of the other key changes in England has been the extension of apprenticeships to adults (in England, defined as those aged over 24). Apprenticeship systems in other countries vary in respect of the age restrictions: in Egypt, France, Germany, India and Turkey, apprenticeships remain the domain of younger people. In Australia, Indonesia and South Africa, the situation is the same as in England: apprenticeships are seen as the province of both young and older adult workers. By contrast, in both Canada and the United States, apprenticeships are seen as a qualification to be undertaken by adults, once they have gained extensive experience.

Expanding apprenticeships in Canada and England

The Canadian approach has some interesting parallels with the English apprenticeship system. Like England, Canada has a long history of apprenticeships in traditionally male-dominated occupations but is now introducing apprenticeships in new areas of work, such as early childhood educators and personal support workers – note, however, that these newer apprenticeship areas have not been introduced across all of Canada – these two
examples had only been introduced in Ontario at the time the research was conducted.

Encouraging women and minority groups into apprenticeships is also a priority for Canada, as in England. In general, Canadian apprenticeships consist both of periods of work ‘on-the-job’ and periods of ‘in class’ instruction, but unlike in England, in most Canadian jurisdictions, these periods alternate. Again, as in England’s approach to apprenticeships, the Canadian system requires apprentices to find employment as an apprentice and the employer then acts as a ‘sponsor’, providing the workplace portion of the training and sponsoring the off-the-job training component. As in England, some colleges and training institutions offer ‘pre-apprenticeship programs’, designed to equip apprentices with the skills or preparation needed for apprenticeship training. Some Canadian provinces and territories require a probationary period before an individual enters an apprenticeship.

Quality and transferability across the jurisdictions in Canada is assured by the Interprovincial Standards ‘Red Seal’ Program. This develops national occupational standards, which are then used by all the provinces and territories to ensure effective harmonisation of apprenticeship training and assessment in each province and territory.

As in England, the largest areas of apprenticeship remain the traditional craft areas, and demand is set to grow, with skills gaps predicted in construction, oil and gas, nursing, trucking, the hotel industry and in the steel trades over the coming decade. Possibly as a consequence of these anticipated shortfalls, there have been some attempts to facilitate the direct transfer from high school to apprenticeship programmes, but these are limited at the moment.

The report to the ILO contains details of all 10 case study countries and an analysis of the issues currently confronting apprenticeship systems. It points to England as an example of a country in which new occupations can be added to the pool of existing apprenticeship occupational areas with relative ease, which has an effect on both the credibility of the apprenticeship system and the flow of skilled and trained labour into new and emerging industries.

The full report from the ILO is expected to be published in Autumn 2013.

The development of apprentice wages and the impact of the new apprentice rate of the National Minimum Wage

Stefan Speckesser, IES Principal Economist

Background

Pay for apprentices in the first year of their apprenticeship, or generally for apprentices under the age of 19, had been exempt from the UK’s National Minimum Wage (NMW) regulation when this was first introduced in 1999. This exemption remained in place when a NMW was introduced for 16-17 year olds in 2004. While some recommendations for minimum weekly earnings levels for apprentices existed in England, a single hourly rate regulated within the NMW framework was only introduced on 1 October 2010. The introduction of this rate marked an important regulatory change on apprentice pay as it specified what counts as minimum wage and provided clear guidance on the treatment of benefits-in-kind and of hours of work which must be paid. In addition, the NMW compliance and enforcement regime was extended to cover apprentices.

IES was commissioned by the Low Pay Commission to estimate the impact of the introduction of the apprentice rate on wage levels with descriptive methods and by carrying out an econometric impact assessment. We used large-scale data from two apprentice pay surveys of the time before and after the introduction of the apprentice rate, provided by the Department for Business, Innovation and Skills, and further individual-level data from the Labour Force Survey.

Changes in apprenticeship wages

Our descriptive analysis compares the distribution of hourly gross wages of apprentices in 2007 and 2011 using histograms (Figure 1), which show the size of groups reported in the surveys, with hourly wages in intervals between a minimum of £0-£1 and a maximum of £29 and over. In addition, we show kernel density estimates of the wage distribution as a blue curve. Compared to the discrete nature of the histogram, the aggregated kernel density estimates smooth out the contribution of each observed wage relative to other data points and converge faster to the true density for continuous variables such as wages.

The results show some interesting changes in the wage distribution: while median hourly wages of apprentices in England increased from £4.18 (2007) to £5.87 (2011), the distribution has become increasingly bimodal and shows that relatively more people were earning the wages close to the apprentice rate of the NMW of £2.50. However, the longer right side tail also points to many apprentices earning higher wages, particularly in 2011. The distribution widened between 2007 and 2011 and skewness increased, which suggests that there was considerable growth of high earnings until 2011.

These changes in the distribution of apprentice wages originate primarily from the increase in mature apprenticeships in England. While apprenticeships started by 16-18 year olds grew moderately by about 22,000 between the academic years 2007/08 and 2010/11, apprenticeships started by those older than 25 increased from 27,200 to 229,300 and their share of all apprentices increased from 12 to 44 per cent. As mature apprentices have more work experience, wages for this group tend to be higher when undertaking apprenticeships than for young people, which affects the observed distribution.

This is confirmed when describing the distribution by age groups:

- For the youngest, the lower quartile stagnated, while wages fell at median and upper quartile. The median wage of £2.75 for 16-18 year olds is close to the NMW apprentice rate of £2.50, and the lower quartile of £2.38 is below. The ratio of the hourly statutory pay of £2.50 as percentage of median earnings, known as the bite of the minimum wage, is very high (91 per cent).

- Apprentice wages also decreased for 18 year olds, although levels are higher at the different points of the distribution.

- By contrast, hourly wages increased for apprentices aged 19+ at all points of the distribution.

The impact of the introduction of the apprentice rate of the NMW

We estimated the impact of introducing the apprentice rate on hourly apprentice wages using a difference-in-differences estimator, which subtracted the mean difference in observed wages between apprentices affected by the introduction of the apprentice rate and a control group prior to its introduction in 2007 from the differences between both groups after the introduction in 2010. Implemented in linear regression models, we additionally controlled for demographic variables and sector/framework and estimated impacts separately for young and mature apprentices.

Our findings show that mature apprentices (aged 25+) were not affected by the
introduction of the apprentice rate. By contrast, we found a negative impact of introducing the rate on wages of young apprentices. This finding is surprising because the introduction of a minimum wage should unambiguously increase average wages as those below the level would have to be lifted. However, it is not impossible in a situation of generally decreasing apprentice wages: introducing the minimum wage could have prevented apprenticeship wages from decreasing even further. Nonetheless, an estimated impact could be negative without controlling for such specific trends in apprentice wages, which was not possible because data was only available for 2007 and 2011.

Table 1: Apprentice pay (£/h) and bite by age groups

<table>
<thead>
<tr>
<th>Age groups</th>
<th>25%</th>
<th>50%</th>
<th>75%</th>
<th>Bite</th>
</tr>
</thead>
<tbody>
<tr>
<td>All</td>
<td>2007*</td>
<td>2011</td>
<td>2007*</td>
<td>2011</td>
</tr>
<tr>
<td></td>
<td>25%</td>
<td>50%</td>
<td>75%</td>
<td>Bite</td>
</tr>
<tr>
<td>16-17 year olds</td>
<td>25% 2.38</td>
<td>50% 3.46</td>
<td>75% 4.57</td>
<td>44%</td>
</tr>
<tr>
<td>18 year olds</td>
<td>25% 2.75</td>
<td>50% 4.19</td>
<td>75% 5.13</td>
<td>91%</td>
</tr>
<tr>
<td>19+ year olds</td>
<td>25% 3.96</td>
<td>50% 4.94</td>
<td>75% 6.24</td>
<td>40%</td>
</tr>
</tbody>
</table>

Figure 1: Apprentice pay 2007 (England) and 2011 (UK)

Source: DIUS 2007/BIS 2011 Surveys on apprentice pay, own calculations

Impact in sectors with low apprenticeship wages

In our view, our research points towards the great methodological difficulty of estimating the average impact of introducing the minimum wage with available data and evaluation methods because apprenticeships are expanding and transforming at the same time. Although our econometric models capture sector effects with dummy variables, they cannot fully control for compositional changes in apprenticeships, in particular the growth of apprentices in non-traditional sectors such as retail, heath and childcare, which had further impacts on average wages in addition to the introduction of the rate. Therefore, we estimated further impacts at sector level. These show insignificant impacts of the introduction of the rate for most sectors, but also a positive impact increasing the wages of hairdressing apprentices younger than 25. This is some evidence that the introduction of the rate increased apprentice wages where they are traditionally very low, which should be further investigated.


2 This depends on the distance between point x(i) and x subject to a kernel function (we assume a normal kernel on each of the data points) and a bandwidth parameter. The estimated density at any point x is

\[ \hat{f}(x) = \frac{1}{N} \sum_{i=1}^{N} K \left( \frac{x - x(i)}{h} \right) \]

with kernel function K and bandwidth h. Estimated \( \hat{f}(x) \) integrate to one and depend both on bandwidth and shape of the kernel function. While the latter is less, the choice of the bandwidth clearly matters as a too low bandwidth would result in very spiky kernel densities.


4 Control groups were obtained from the Labour Force Survey microdata (employed people aiming to achieve similar vocational qualifications outside apprenticeship contracts) and the apprentice pay surveys (apprentices earning above the apprentice rate).
The Healthy Youth Centre pilot: promoting healthy lifestyles in a youth centre setting

Sally Wilson, IES Research Fellow

Youth centres can provide a successful setting for supporting young people in making decisions about many aspects of their health and well-being, according to an evaluation conducted by IES health and well-being researchers. The evaluation looked at a pilot project that promoted health and well-being in four youth centres, resulting in an improvement in young people’s access to advice and information on a range of topics.

The pilot

In a joint local authority and PCT pilot initiative, four young, part-time youth workers or health ‘leads’ were tasked with promoting health and well-being at four youth centres; each centre differed widely in terms of membership (eg gender and age composition) and existing health and well-being provision.

As well as healthy eating and physical fitness, the project addressed potentially sensitive issues such as sex and relationships, emotional health and well-being, drugs and alcohol misuse, and smoking. Central to the project was a holistic approach that considered each young person’s well-being as a whole, rather than as a set of unrelated and separate health elements. This helped to ensure, for example, that factors that can compromise good decision-making about relationships, such as alcohol or low self-esteem, were properly addressed, as well as information needs about safer sex.

As well as looking for outcomes that could potentially have an impact on young peoples’ health, the evaluation examined the process of equipping the leads with the necessary skills for their new roles. The research also sought to understand the nature and level of support the leads required from youth centre managers and other relevant professionals.

The process

The health leads were given specialist training in communicating and influencing skills and were also provided with opportunities to update and boost their knowledge base in the four main health areas. Refresher training on local specialist referral pathways and safeguarding policies and procedures was also provided where needed.

The leads liaised with their project coordinator and managers at their site to build a programme of interventions to match the needs of young people at their respective sites. Activities at youth centres ranged from interactive sessions aimed at small groups (such as making healthy meals in the youth centre kitchen area) to large events led by local stakeholders (such as an anti-bullying presentation). The leads also improved access to health and well-being information at the centres more generally and let members know that they were a contact point for conversations for any well-being-related concerns.

What youth centres have to offer

The project capitalised on what youth centres have to offer as a setting, most of all their informality and sociability. Young people described their youth centre to researchers as ‘friendly’, ‘fun’, as a place with ‘a positive atmosphere’ where ‘it’s hard to get bored’—arguably very different to the descriptions they might have applied to their school.

The age of the leads seemed to be a key reason for the young peoples’ inclination to talk to them about their health concerns. Young people described them as ‘role models’ and leads were seen as sources of advice on issues ranging from personal and social problems to difficult homework.

Building on the rapport they had already established with members prior to the intervention, the leads felt that they had been able to make a significant impact with regard to all of the issues addressed by the pilot, especially through working with young people on a one-to-one basis. Because the leads were seen as a source of information on many subjects, young people felt comfortable talking to them about personal issues such as their relationships or bullying. This offered an advantage over, for example, arranging for a medical professional to visit the sites as young people could be seen approaching the leads without their peers assuming they were seeking information about a health-related matter.

Examples of what worked

Having one lead at each site worked well in terms of responding to young people’s specific needs. The broad remit of the intervention allowed leads to be reactive rather than prescriptive and the leads felt they had been able to help their respective centres to respond to emerging local issues that might otherwise have been overlooked. Given the extent to which young people are influenced by their peers, it was viewed as very important that the pilot had enabled staff to provide information and advice quickly before potentially negative behaviours (such as self body piercing and negative influences of gang culture on young women) became more widespread.

Mainstream youth centre events were used imaginatively to promote health issues. For example, a rave attended by more than 250
senior youth club members was used as an opportunity to provide information about safer sex and offer STI tests. Relevant calendar events were also used as opportunities to raise awareness of health-related topics. An International Women’s Day event provided a platform to raise well-being issues alongside careers, make-up and fashion. In this case, the female-only environment facilitated more open discussion of concerns around emotional health, friendships and relationships.

Conclusions

IES’s research shows that the pilot has made a tangible difference to young people’s access to advice and information. Senior youth centre staff believed that young people are better informed as a direct result of the pilot and reported a positive shift in culture at all of the sites. In addition, the leads felt confident in their ability to respond to the health and well-being needs of young people and felt that their potential to influence the choices that young people made around health issues was much greater. The research also highlighted the ability of the leads to reach young members who are not engaging with their school environment, arguably those who are most at risk.

The success of the pilot reveals that the traditional school setting is not the only place to deliver health interventions and that less formal settings can work well, especially in matters that can be difficult for young people to talk about. However, youth centre-based interventions like these are dependent on support from training providers and other local stakeholders. A challenge for the future will be ensuring that wider local government cuts and changes in the way public health services are organised do not limit access to health-related services in environments where young people feel at ease.

Reading this on paper?

Would you prefer to receive an email when this newsletter is published online instead?

If so, let us know by emailing gwen.leeming@employment-studies.co.uk or amend your news preferences here: http://bit.ly/S8Q3jp

Why switch to online?

- You decide how frequently to receive updates
- Read it online on the move – less paper to carry
- Save paper and help the environment
- Our news is updated more regularly online
- Easily forward or tweet articles of interest to colleagues
- Get the news as soon as it is published – no wait for your issue to arrive
- Easily jump to related research reports for further reading
- One click to contact us with questions, to book events or to find out more

International Briefings

Feasibility Study: Online occupational safety and health tools

IES was commissioned by the European Agency for Safety and Health at Work (EU-OSHA) to examine and systematically document online occupational safety and health (OSH) tools offered across EU member states and, in doing this, provide a typology of tools. The study will also propose a number of tools for support/adoption by EU-OSHA and will help the Agency define the role it should play in supporting/developing them.

IES contact: Sally Wilson

Analytical paper on Public Employment Services and green jobs

IES has been commissioned by the European Commission to prepare an expert paper on Public Employment Services (PES) service delivery and policy implementation in relation to:

- supporting job seekers to move into work requiring green skills
- identification of pros and cons of different approaches
- identification of transferable core elements covering recent developments and current practices
- what works and recommendations for PES organisational development and service delivery.

IES contact: Annette Cox

Ex-post evaluation of EU-OSHA’S Healthy Workplaces Campaign 2012-13 “Working together for risk prevention”

IES has been commissioned to carry out an evaluation of the EU-OSHA Healthy Workplaces Campaign 2012-2013. The evaluation will aim to assess the effectiveness and impact of the campaign and its activities at EU and national level. It will provide conclusions and recommendations to help develop and further increase the effectiveness and impact of future campaigns.

IES contact: Andrea Broughton
Fit note study indicates rise of mental health disorders

Jim Hillage, Director of Research

The Statement of Fitness for Work (known as a ‘fit note’), was introduced on 6 April 2010 across England, Wales and Scotland, replacing the previous ‘sick note’. Its aim was to improve communication between individuals, doctors and employers on what a patient could do at work, thereby reducing sickness absence levels. Fit notes are issued by doctors as evidence of their advice about an individual’s fitness for work. They introduced the option to assess whether their patient ‘may be fit for work’ or is ‘not fit for work’. If a patient ‘may be fit for work’, the doctor should provide advice on return-to-work approaches to help their patient.

The Department for Work and Pensions (DWP) commissioned IES and the University of Liverpool to conduct a quantitative assessment of the fit note. To achieve this, we worked with 49 GP practices in five areas of Great Britain to collect data from fit notes for 12 consecutive months, between October 2011 and January 2013. This resulted in a database of 58,700 fit notes distributed to 25,000 patients.

Mild-to-moderate mental health disorders most common

By far the largest proportion of all fit notes in the database (35 per cent) was issued to patients for mild-to-moderate mental health disorders (M-MMDs), including depression, anxiety and stress. Specific back problems were cited on nine per cent of notes. M-MMDs were the most common diagnosis given in all fit notes across the country, accounting for over 41 per cent of fit notes issued to patients living in the most deprived areas and less than 31 per cent of fit notes issued to those in the least deprived areas.

Women were more likely than men to receive a fit note for an M-MMD, while men were more likely to be diagnosed with a back problem. Younger people were more likely than older patients to be diagnosed with an M-MMD.
Fit notes issued to patients with an M-MMD living in the most deprived areas were most likely to be for depression (40 per cent of all M-MMD fit notes issued). However, fit notes issued to patients with an M-MMD in the least deprived areas were more likely to be issued for stress (34 per cent of all fit notes issued for an M-MMD). Fit notes issued for alcohol/drug addiction were more common in the most deprived areas.

**Average length of a fit note episode is four weeks**

Around 22 per cent of the individual fit notes issued were for a period of one week or less, 50 per cent were for between one and four weeks, 24 per cent for between one and three months and four per cent for longer than three months.

The length of time covered by the fit note varied by the diagnosis. Severe health problems, such as neoplasm and severe mental health disorders, were the most likely to lead to a fit note lasting over four weeks. Over 43 per cent of fit notes issued to patients suffering from a musculoskeletal disorder, other than a back problem, were for over four weeks. Conversely, 63 per cent of fit notes issued for a respiratory problem were for one week or less.

Patients may need more than one fit note to cover a period of sickness absence. Fit notes relating to the same incidence of ill health were grouped together into discrete episodes. Overall there were 31,000 separate episodes identified in the fit note database. Four out of five (79 per cent) of patients had only one episode of ill health during the course of the study. The median episode length was four weeks, although 18 per cent lasted over 12 weeks and four per cent lasted over 28 weeks.

The diagnoses most likely to lead to a long-term sickness absence episode (i.e. of at least 12 weeks) were neoplasm, severe mental health disorder, a musculoskeletal condition other than a back problem, a circulatory problem or an M-MMD.

Males were 29 per cent more likely than females to have an episode of over 12 weeks. Episodes experienced by patients living in the most socially deprived areas were over twice as likely to be longer than 12 weeks, compared to those in the least deprived areas.

‘May be fit for work’ advice given to 12 per cent of patients

Nearly 12 per cent of all patients received at least one fit note which advised that they ‘may be fit for work’. A quarter of these patients received more than one fit note.

In most cases, where the ‘may be fit for work’ box had been used, GPs also provided advice that could help the patient return to work, either by ticking one or more of the structured options on the fit note and/or writing comments in the space provided. However on seven per cent of fit notes with a ‘may be fit for work’ assessment, the GP provided no structured or free-text advice.

**Mental health disorders on the increase**

In seven practices in this study, comparative ‘sick note’ data had been collected in a previous study by the Mersey Primary Care R&D Consortium in 2001-02 using a similar methodology. Comparisons between the two studies need to be treated with caution as the composition of GPs and patients will have changed in the period between studies. That said, comparing the two sets of data:

- M-MMDs have increased in importance as a cause of certified sickness absence and respiratory-related sickness absence has become less prevalent.
- The proportion of sick/fit notes with durations over four weeks issued to patients has decreased. At five of the practices, the likelihood of a long-term sickness certificate being issued in the fit note evaluation was significantly reduced, compared to the sick note study, after controlling for patient and diagnostic factors.
- In three of the practices, the use of the fit note was independently associated with a reduction in sickness absence episodes of longer than 12 weeks.

When can we expect some light at the end of the UK jobs tunnel?

We last looked at the state of the UK labour market in this column just over two years ago. We noted then that there was little sign of a return to pre-recession unemployment levels. Two years on, we can perhaps be forgiven a certain Groundhog Day feeling.

The jobs market has been stuck in a state of prolonged demand-deficiency for over four years. The graph below shows what has happened to two key indicators of labour demand – unemployment and unfilled vacancies – since the start of the recession in early 2008. Although commentators and journalists get excited about month-to-month movements in the employment and unemployment figures, the graph shows clearly that not much has happened to the tightness of the labour market since spring 2009. In the first year of the recession, unemployment shot up by just over 50 per cent (from around 1.6m to nearly 2.5m), and with relatively small fluctuations, that’s where it’s still stuck now (just over 2.5m). Similarly, unfilled vacancies, movements in which are a key indicator of trends in the demand for labour, fell by nearly 40 per cent over the first year of the recession, and have more or less stuck there ever since (the slight upward trend in the last few months not withstanding).

None of this is surprising, given the prolonged downturn in GDP since the financial crisis of late 2007. This economic performance is unprecedentedly dire. In both of the previous two recessions, GDP recovered to its pre-recession level within three years. This time it’s different: we are five and a half years into the downturn, and although GDP has started to pick up, it’s still an astonishing 3.2 percentage points below its 2008 level. It is telling that the anaemic and faltering GDP growth in the past two quarters is being talked of by some politicians and commentators in glowing terms. While we should remember that government policy weakness did not cause the initial crisis (that was entirely down to the behaviour of the banks), it is likely that the subsequent five-plus ‘lost years’ of economic downturn will in time come to be seen as a failure in macro-economic policy of historic proportions.

What does all this mean for the prospects of the UK labour market? Although our graph shows little change in the last couple of years, we have nevertheless during those two years learnt a bit more about the unusual recent behaviour of employment. It’s unusual because, given what’s been happening in the macro-economy, we would have expected the unemployment situation (bad though it is) to have been much, much worse. Rather than stabilising and then chugging along at around 2.5 million, if the relationship between GDP and unemployment had been similar to that seen in previous recessions, it would have continued to soar to well above 3 million, probably higher. There are several reasons for the labour market performing less badly than we might have expected. First, to give credit where credit is due, this is one area where government policy has made a positive difference; the more ‘active’ approach to engaging with the unemployed, introduced in the 1990s and extended by more recent administrations, has clearly helped to keep many unemployed people closer to the labour market, and get them back to work more quickly than was the case in earlier periods. Even more important, however, is the role played by the UK’s much vaunted ‘flexible labour market’. In the most recent recession, to a much greater extent than in previous downturns, employers and employees have agreed deals on wage levels and working time which have made it possible for more people to remain in work than would otherwise be the case. This has been partly facilitated by a shifting balance of power in the labour market; one indicator of this is the historically low level of union membership and coverage of collective bargaining. How positive this is overall is a matter of perspective: on the one hand employment is higher and unemployment lower than they would be otherwise; on the other hand there’s been an unprecedented downward squeeze on real wages, and there are record levels of involuntary part-time workers (who’d prefer to be working for longer hours if the work were available). The recent outcry over ‘zero-hours contracts’ is a symptom of this trend.

Looking ahead, the sting in the tail is that as national output growth continues to pick up, it may take some time for this to cause unemployment to drop to pre-recession levels. Many employers have considerable scope to respond to increased demand without a proportional increase in the number of people employed, simply by increasing the working hours of their existing workforces, many of whom (the survey evidence suggests) are keen or desperate to increase their working time. It is of interest to note that the latest labour market statistics published by ONS in August 2013 show that whereas during the past year employment has increased by one percent, total hours worked in the economy have increased twice as fast (by two percent). An additional factor may come from pent-up pressure for increased wages; as economic growth resumes, employers may find it harder to resist this pressure, and any inevitable real wage catch-up will further dampen any positive impact of growth on employment levels. The new Bank of England Governor, Mark Carney, recently announced that interest rates will remain at their current low levels until the unemployment rate falls back below 7 per cent. This may take a while.