HOUSE OF COMMONS

Public Accounts Committee

Oral evidence: Developing workforce skills for a strong economy, HC 685

Monday 17 October 2022

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Watch the meeting

Members present: Dame Meg Hillier (Chair); Olivia Blake; Sir Geoffrey CliftonBrown; Kate Green; Sarah Olney.

Gareth Davies, Comptroller and Auditor General, Adrian Jenner, Director of Parliamentary Relations, Laura Brackwell, Director, National Audit Office, and David Fairbrother, Treasury Officer of Accounts, HM Treasury, were in attendance

Questions 1-94

Witnesses

I: Susan Acland-Hood, Permanent Secretary, Department for Education, Carl Creswell, Director, Services, Department for Business, Energy and Industrial Strategy, and Paul Kett, Director General of Skills Group, Department for Education.

Report by the Comptroller and Auditor General

Developing workforce skills for a strong economy (HC 570, Session 2022-23)

Examination of witnesses

Witnesses: Susan Acland-Hood, Carl Creswell and Paul Kett.

Chair: Welcome to the Public Accounts Committee on Monday 17 October 2022. Today we have officials from the Department for Education and the Department for Business, Energy and Industrial Strategy, and we are talking about the important issue of their role in facilitating workforce skills development to deliver a strong economy. Obviously, the Government have recently been talking particularly about growth, and skills are vital to that. But we have seen some diminution in the number of adults in statefunded adult education and training, and obviously there is a bit of a mixed picture about what businesses are doing to skill people up. So we want to know

what is happening and what the plans are from Government to make sure that adults in work, as well as those coming through the education system, are getting skilled up.

I am delighted to welcome our witnesses today. From the Department for Education, we have the permanent secretary, Susan Acland-Hood. Welcome back; you were here only a couple of weeks ago—as a frequent flier, you will get your frequent flier points or whatever that brings you. You are joined by Paul Kett, the director general for skills. Welcome to you, Mr Kett. And, from the Department for Business, we have Carl Creswell, the director for services. Thank you very much indeed for coming.

Before we go into the main session, do any members of the Committee have any declarations of interest?

Kate Green: I need to declare a role as a member of the governing body of Manchester Metropolitan University.

Chair: Thank you. Now we have a quick question from Sarah Olney MP.

Q1 **Sarah Olney:** My local college have expressed some concern that T-levels, which are starting to roll out, will replace BTECs. Their particular concern is that the admission criteria for T-levels are harder: they require a higher level of GCSE attainment than BTECs. They worry about the extent to which that will close off opportunities for youngsters who have been unsuccessful, shall we say, in their GCSEs. Could you clarify what your thinking is about the relative role of T-levels and BTECs?

Susan Acland-Hood: I am really happy to, and I might draw Mr Kett in as well.

The starting point is that we have an extremely complex landscape of qualifications in the skills system. Before we started the latest process of simplification, there were about 12,000 qualifications across the skills landscape. If you look at high-performing systems that do really well in technical and vocational education, they tend to have a much simpler landscape of qualifications. So we are trying to do some rationalisation, and that is something that has been recommended by a whole series of independent reviews, going back to the Sainsbury review.

It is in that context that we are looking at trying to make sure that we do not have overlapping sets of qualifications. The first thing to say is that we think BTECs have a really important place in the system. It has sometimes been reported that we are in the business of removing all BTECs, and we absolutely are not, but we do want to get to the point where we don't have overlapping qualifications, so we have published a list of BTECs that heavily overlap with T-levels and sit in the same areas, and we have said that, over time, we are going to take those out of the system so that we have a much simpler landscape for people to navigate and understand.

I know that that has come with some concerns, because the other thing we are trying to do is make sure that we establish really high-quality, rigorous qualifications for vocational and technical education. Again, I think that in the past we have sometimes seen vocational and technical education as a sort of holding pen for people who haven't been able to be successful in other places, rather than as a thing that needs to be high quality in its own right. Those two things together have given rise to a bit of concern about whether there will be people who found it easy to access a BTEC but who will find it a little bit harder to access a T-level.

I think the key thing there is, first of all, we are seeing students really succeed in the early T-levels: 92% of learners passed their T-levels, of the over 1,000 who sat them this year for the first time. The second thing is that we are making sure there are other good routes and pathways if there are students who would have found it easier to access a particular BTEC. As I say, other BTECs will remain in the system.

We have a T-level transition programme for those who could access a Tlevel but need a little bit more support to get there, because it is a rigorous and demanding qualification, designed in partnership with employers to make sure that children really do get the progression that they need into jobs or universities. Of course, we are also strengthening and simplifying the whole level 2 landscape, so there may be some of those learners for whom it is more appropriate to do a level 2 qualification first and then progress.

Is there anything you want to add to that, Mr Kett?

Paul Kett: The only thing I would add is this. You have mentioned entry criteria, and we have not set any different entry criteria for the T-levels, but it is fair to say that some colleges have been a bit more selective with the first cohorts, as they were new qualifications. Certainly—from talking to those college principals—that was a decision they took in the early stage. On the GCSE point, the same condition of funding applies to a Tlevel as it does to any other level 3 qualification.

Q2 **Sir Geoffrey Clifton-Brown:** My local college, Cirencester College, was one of the pioneers of T-levels. It has been supremely successful: it has another few hundred students this year. But the constant problem is to get employers to match up to the college-based learning. Is there any more flexibility that the Government could give to encourage employers to do that—for example, a little flexibility on the apprenticeship levy that might apply to T-levels?

Susan Acland-Hood: There are definitely some options we could look at there. You are right that the work placements are a really important part of the T-level programme. They are one of the things that gets the best feedback, from students, colleges and employers themselves. Employers find them a good route to bring young people into the labour market, which is a point that is challenging for some employers.

We are doing a lot of work to encourage more employers to take work placements. There is still work to do to make sure employers know about T-levels and how to access them. Indeed, we have been doing quite a lot. Paul and I have been out on the road lately—it was T-levels week last week—talking to lots of employers about it. We ran some incentives for employers to make work placements. We are looking at the effect of those incentives as we start to think about the future and indeed about ideas like the one that you suggest.

Q3 **Sir Geoffrey Clifton-Brown:** I was talking the other day to the chief executive of my local authority, who, almost as if they had seen the light, said, "We are now starting to talk to Cirencester College about whether we might participate." That rather led me to think about whether on vocational training as a whole—not just T-levels—local authorities could do a lot more.

Susan Acland-Hood: That may well be the case. We have local authority partners who offer T-level placements. A few months ago, I was talking to a young man who has been learning to fit solar panels as part of his Tlevel. He spent his work placement fitting solar panels for his local authority. There are certainly opportunities there that we can build on.

Paul Kett: One of the things we have found is that those who offer apprenticeships are often the right place to start the T-level conversation, because they have been involved in the apprenticeship programme. Local authorities have been key adopters there, so we use our national account service to target those employers on T-levels to encourage those placements.

On your previous question, we have also introduced other flexibility into the T-level placements—for example, the ability to split the placement across two employers to try to reduce the burden. We are very mindful of making it work.

Q4 **Olivia Blake:** I want to ask briefly—I know that the Education Committee has looked at this as well—about the delay in BTEC results over the summer. At the time, the bodies that failed to deliver the results repeated that that affected only a small number of people. The work of that Committee showed that, actually, many thousands of people were impacted. Do you think that the Department did enough to provide support and to review what happened in that event? Are you assured that lessons have been learned and that it will not happen again?

Susan Acland-Hood: The first thing to say is that I am very sorry to any student who did not get a result when they needed one over the summer. There were also quite a lot of students who were not expecting to get a result but became very anxious as a result of some of the conversations about it. As a Department, we take that incredibly seriously, and we are working with Ofqual and others to look at what happened.

It is worth zooming out a little bit. One of the things that I am talking about and reflecting on with awarding organisations and Ofqual is real clarity about who is expecting what result when. That is what I worried about over the summer. VTQs are different from GCSEs and A-levels, and they are deliberately different. Students can take assessments at different times in the year. They effectively have to ask to draw down a result, and that is a good thing, because it means that they can, for example, choose to retake part of the assessment. As it were, you could bank a pass, or you could have another go at a bit of your assessment and draw down a merit if you do better. Unlike GCSEs and A-levels, which have a fixed results day, and everybody expects to get their results on results day, for VTQs, you—or your college—have to say in advance, "I want to draw my result down at this time."

What was difficult over the summer was that we did not have a clear enough picture of which results were expected on results day and had been asked for by the set deadline, and which either were not expected or had been asked for after the deadline. It was more complicated and more confusing than it should have been. Some of the numbers quoted were not for results expected by the day, but for all possible outstanding results in the system, including some that were not expected. I don't think that is good enough. All of us together across the system should have been much clearer about what should have been expected on the day and whether it had been delivered. The answer is not that every single result should be delivered on the day, because the flexibility is good and is there for a reason. What we are working on with Ofqual and the awarding organisations is having much more clarity about who has asked for a result and by when and, when it should be delivered, how many of those are being delivered, because all of those should be delivered on the day.

Q5 **Olivia Blake:** There seemed to be a breakdown in communication, because colleges were quite clear that they had provided the information, and there was a lot of to-ing and fro-ing. Is there an inquiry to see

exactly how true some of that was, so people can get answers? Also, what was the impact on students in terms of university places, and how has that played out?

Susan Acland-Hood: Yes. I agree there was quite a lot of to-ing and froing in the system. There is a piece of work going on to look at exactly what happened at each stage, including how clear people were, for example, at that 5 July date, by which people needed to notify if they wanted to draw their results down on results day. We quite quickly got to the point where the outstanding results were ones that had not been asked for by 5 July, but had been asked for between 5 July and results day, if that makes sense. To me, that says the system was not clear and simple enough for people and that we need to make it clearer and more straightforward in the future.

On the impact for students, because universities know this is part of the system for VTQs, they have traditionally kept flexibility until early September for students expecting to draw down vocational qualifications. We saw them continuing to offer that flexibility, and we saw students placed in institutions to a good extent. There is some flexibility in the system to deal with the fact that this is an aspect of those qualifications.

Q6 **Chair:** "To a good extent" is a bit vague. It would helpful—if you haven't already sent this information to our sister Committee, and I confess I am not up to speed with exactly where the Education Committee is at with this issue—if you could tell us what you mean by "to a good extent". You could write to us perhaps—not necessarily now—with how many students lost out on university places.

Paul Kett: I am not sure we know. To the extent that the deadline of 7 September, which is when the offers were kept open to, was met—

Q7 **Chair:** So existing offers were kept open—

Paul Kett: No, existing offers were kept open until 7 September.

Chair: But there would have been clearing. If they didn't make their existing offers, they would have lost clearing places.

Olivia Blake: The additional point for these students in particular is the cost of living and not having access to the accommodation, because that is first come, first served. That is another impact that should be taken into account.

Q8 **Chair:** That was an issue as a result of the problems in the first year of covid as well, so hopefully the Department is learning lessons on how it will provide guidance. You are nodding, Ms Acland-Hood. Can you give any comfort to students that if there is a problem again, there will be a better solution?

Susan Acland-Hood: You mean specifically on the VTQs?

Q9 **Chair:** Particularly on clearing. It is all very well saying places were left open, and that was probably the best that could be done in those

circumstances, but that does mean all those students who perhaps dipped by one grade or got a better grade could not go through clearing and use their grades accordingly. Is that something you recognise?

Susan Acland-Hood: It is. I hesitate because, to some extent, it is the nature of the system as it operates that if you dip by a grade and you go through clearing, you are a bit later on things like accommodation than people who get their offer grade.

Q10 **Chair:** But you would not have known. That was the point. The places were left open on the basis of the grades they were predicted to get, but if a student dropped a grade or, indeed, enhanced their grade, they would not have been able to go through clearing in that year—this year— would they?

Susan Acland-Hood: There were still places available through clearing all the way through.

Chair: A lot less choice.

Susan Acland-Hood: Potentially.

Q11 **Olivia Blake:** Also, the accommodation point is about places that were held. The places for the accommodation were not held, so that is the issue with the cost of living.

Chair: We are getting a bit off our subject here.

Susan Acland-Hood: What it comes back to is we need to be clear who is expecting a grade on results day and make sure those people get a grade on results day. Part of the challenge this year was students who were expecting a grade on that day and had asked for one, and their college had done that in good time, not getting that. Part of it was a whole group of students for whom that ask had not been made, who then became very anxious and asked late, and then added to the challenge. It is about trying to disentangle that and ensure that if a grade is asked for, it is got, but also that the flexibility is retained.

Q12 **Chair:** I think we got the message. We are like the second Education Select Committee, but we are not them, so we will let our sister Committee pick this up. Ms Blake may want to follow up in writing on some of those points.

We want to move on to our main session, about skills for a strong economy; thank you to the National Audit Office for their Report. I should just add that we have had, I think, one of the largest submissions of evidence that we have had for some time—I have lost count again, but many, many organisations have put in evidence, so it is obviously an issue that is exercising people out there, as well as us here in this room and in Parliament. What is really noticeable, Ms Acland-Hood, is that the NAO Report highlights that adult participation in Government-funded training for further education and skills declined by nearly 50% from 2010-11 to 2020-21. Why do you think that is?

Susan Acland-Hood: There were a couple of drivers, but one of the central drivers was the reduction in funding that we were able to put into the system over that period. In that context, a lot of effort was put into trying to retain the highest value training; you can see that, for example, training above level 4 in FE went up over that period rather than down, but the volumes are very small, and the value added per learner over that period increased rather than decreased. Indeed, we have very recently seen an uptick in our overall FE and skills index, which looks at a combination of total participation and the value added per learner. It is trying to look not just at volumes, but at whether that skills training is doing something that helps the learner.

Q13 **Chair:** But if you put that in bare numbers, that is 3.2 million in 2010-11 and 1.6 million in 2020-21. That is a lot of adults not going through further education and not getting the skills that they need. Perhaps if I turn to Mr Creswell, what impact do you think that has had on employers' ability to employ the right people, and on growth and productivity in the British economy?

Carl Creswell: I agree with you that it is a very important issue. Businesses talk to us, normally on a sector-by-sector basis, about what they need for the future. The distinction I would draw is that DfE owns the overall system and is responsible for improving it, but we have a very important role to perform in influencing DfE to ensure that that view on the future is heard and that changes happen as a result. I agree with what the permanent secretary said about the issues, but also, we are trying to play an important role in influencing the structure for the future.

Q14 **Chair:** One of the challenges is that there can be a gap between what employers want and whether you can get the tutors to train in that. Ms Acland-Hood has been very honest and said that the reduction in funding has been the major driver, but perhaps between you, you could answer how much you think there has been an impact from not being able to get the right skills to do the teaching.

Susan Acland-Hood: I will start on this, and I might pass to Mr Kett. As I say, there was clearly an impact from the reduction of funding over that period, but over that period we have also seen an increase in the value added per learner. That effectively looks at whether we are training people in skills that have value in the labour market, which is not a bad proxy for what employers want. There are some signals of hope in that.

The other thing I would say is that the decline has largely been driven by a decline in classroom-based learning, but certainly from 2010 to 2017 apprenticeships were growing. There is a bit of discontinuity in that, because we moved from apprenticeship frameworks to standards, which are tighter, better quality, and again show better value added—better outcomes—for learners. The focus on trying to make sure that what is trained is what employers value and want has been a theme through the work, both over that period and more recently since the White Paper. We are starting to see

the fruits of that focus and investment in the increase in value added per learner in that ticking up of the skills index.

Chair:

Q15 What you seem to be saying—okay, it is perhaps a bit of a paraphrase of what you are saying—is that we have fewer, but they are getting better skills.

Susan Acland-Hood: Yes.

Q16 **Chair:** But do you think that is a justification for the massive drop?

Susan Acland-Hood: I would rather see volumes going up and skill levels going up, but given that volumes have declined and that there was that challenge through the period of austerity, it is good that in that squeeze, we sought to safeguard the highest value learning as best we could. That has given us a platform on which, as we start to try and grow again, we can try and grow really high-quality, good-value training, and that is what we are seeking to do.

Q17 **Chair:** We are talking about level 4 and everything. I have been to my own fantastic FE college—Hackney College, as was; it is now part of New City College—meeting young people who are, for example, learning maths and English as they are going through, including a chef who learned maths. It made sense because they were a chef, and it was the same with a decorator—learning both the skill and the maths. Those basic maths and English skills are really important. If you are talking about the higher level end, they do not really count, but they are pretty critical to a very large percentage of the population. What is your take on that? Is there enough focus, or indeed enough funding, for people to get basic skills support?

Susan Acland-Hood: You are right to highlight it. Those basic skills are incredibly important. Indeed, they are part of what employers regularly tell us they want the system to provide: both people who have highquality technical skills that are focused on a particular occupational area, and those underpinning basic skills. It is for exactly that reason that, for example, if you come in to study at a higher level and you do not have your level 2 in English and maths, we now fund and require that you continue to study that alongside your occupational specialism. Your chef doing that will be counted in the figures as a higher level learner, but they are also required to continue to do English and maths.

Q18 **Chair:** That is people continuing up to 18, isn't it? We all have adults in our constituencies who have very poor literacy and numeracy, or who are illiterate and innumerate in many cases. With the diminution of places, how easy is it for them, and are you content that we are tackling that basic literacy backlog?

Susan Acland-Hood: I will hand on to Mr Kett, but there is always more that we can do. If you will forgive me, Chair—I do not know how many people will be watching, because there are quite a lot of other things going on—but I will use this platform to make sure that people know that if you do not have those qualifications, you can study them for free in any college in the country. There is a demand-led bit of this, but the offer is there for

Chair:
anybody who needs to upskill in those areas, and that is part of our free offer.

We will be making sure that we alert our constituents to that, so thank you for that.

Paul Kett: The other free offer now is the level 3 offer for those who do not have their first level 3. That also includes qualifications like core maths for those who want to go further. In relation to the workforce dependency of that, I do not think that we know the direct impact of workforce availability on those basic skills programmes in particular.

What we do know—we have only recently started collecting information on workforce as part of the skills reforms that are the subject of this Report—is that in a number of different subject areas we see higher vacancy rates, and they equate to areas where there are those skill shortages that we are most worried about in the wider economy and those that are most in demand from a wage premium perspective. It is the higher level skills. We have a number of programmes that are designed to try to target those particular areas. In mathematics, we now offer bursaries to encourage people to do maths teaching in further education. The first 91 of those were last year. We are also, as part of the roll-out of T-levels—

Q19 **Chair:** That is 91 nationally—in England.

Paul Kett: Yes, 91 in England last year.

Q20 **Chair:** This is graduates going into maths teaching in further education.

Paul Kett: Into further education—not necessarily straight as graduates. They could come at later points in their career. Indeed, more generally we are also trying to promote FE teaching as a positive career. It particularly applies to people mid-career, because we want people with industry experience in those wider areas. As part of the T-levels programme, we are also rolling out something called the Taking Teaching Further programme, which is particularly targeting industry experts to bring them into key T-level subjects.

Q21 **Chair:** This takes me back to my point at the beginning. If you have a shortage of skills, trying to get some of those people to go into teaching is going to be increasingly challenging, and it has been that way for some years. You have talked about 91 maths teachers, a few specialists from the sector coming into teach, and trying to entice people in, but in my own FE college very few people are now ever recruited on permanent contracts because the funding streams are so up and down. It is very difficult to get somebody in on a permanent contract, and they are often sessional, which rather dilutes attempts to recruit.

Paul Kett: That is why we are trying to direct more funding into the system, and the last spending review saw that happen. As we scale up Tlevels, that

Chair:
will also give more certainty of funding to colleges. The programme is investing in those workforces that we know are in the harder-to-recruit-to areas. Fundamentally, pay in the FE college sector will often not compete with pay in the relevant industries. We think there is a strong case in terms of wider public service attracting people in more generally, but that pay differential is a significant challenge.

Q22 So what are you going to do about it?

Paul Kett: That is why we are trying to promote the wider benefits of the FE sector.

Q23 **Chair:** Just to pause there, by the wider benefits of the FE sector, presumably you mean the public sector, so past pension and certain conditions of service. But what if you cannot get a permanent job in that sector, because there is not the money flowing through in the right way? We have done a lot on FE funding, and we all know a lot from our local colleges, but it is not easy to create a stable, regular, permanent job; very often there are redundancies coming down the line every time there is another funding round. If you are a plumber or an electrician, to give that up and come teach in a college is not that enticing, is it?

Susan Acland-Hood: It is a really challenging context. We did put £2.8 billion of extra funding into skills at the last SR. We take it seriously. Part of it is about continuing to put the investment in that allows more flexibility in choice and colleges to make longer term decisions. We are also looking really hard as part of the review of funding and accountability at how we can give more future funding certainty, which will give those options. There are real positives in some of the options that we have been working with the sector on about supporting people who want to teach part time and stay in industry part time. Not only does that help with funding from the college's point of view and income from the individual's point of view, it also helps ensure that the skills that are being trained remain current and are routed in industry practice. We continue to work with the sector to try and support those kinds of models. We have done a big campaign over the last six months to encourage people to do that; we have seen quite high levels of interest. We are at the stage of the campaign where we can see the early interest, but we cannot quite see the flow through.

Q24 **Chair:** It would be helpful if you kept us posted on that.

Susan Acland-Hood: The early indications from that are positive. Indeed, the college I was in on Friday said that they welcomed the work that we had done nationally.

Q25 **Chair:** To be a bit of a cynic, as I have been around the block a few times and have seen this happen before, it does not always last. We would be interested in keeping in touch with that. Ms Acland-Hood—and maybe Mr Creswell—we have seen this drop in numbers, so how many people do you

Chair:
think need to be undertaking further education and skills training in order to meet the needs of the country? Obviously, with Brexit we lost a route in through freedom of movement. There is a lot of discussion about immigration policy, and I am not going to draw you on that, but if we turn that tap off—or turn it down a bit—how many homegrown people do we need to get skilled up?

Carl Creswell: I do not have a precise number to give you.

Q26 **Chair:** Talk us through what you are thinking on that. At the Department for Business, Energy and Industrial Strategy you are dealing with every

sector; you know what their demands are. Give us an example of a sector with a demand, and how you are trying to work with DfE to get that delivered.

Carl Creswell: I am happy to do that. In some areas we look across the economy, but, as you have said, in other areas we look more sector by sector. A couple of the areas that we are responsible for in BEIS, where we are a skills delivery lead, include construction and manufacturing. We have Government structures, which we can talk about, through which we discuss the skills needs. They are very clear that there are skills that they need, which are related to future growth and future skills needs around digital, off-site manufacturing and tech—in construction but also in retrofitting residential and other buildings. Those are examples that the construction sector has talked to us about. We then sit down with DfE to discuss whether the existing skills system fully meets those needs. We clearly know that there are gaps in the technical education side of things, especially around level 4 and 5.

Q27 **Chair:** Ms Olney will come in later on sectors specifically, but could you talk through one of those areas? If you hear from a sector that there is a problem, how would you then work with the DfE down to FE colleges to try to plug those gaps, including regionally? Can you talk us through that process? If there is a success story you can point to, by all means share it. We always like to hear good news.

Carl Creswell: I will make a start and then pass over to you, permanent secretary. We are plugged in with the DfE on lots of different levels and frequencies. There are fixed structures that we are a part of, such as the labour market steering group, and underneath that there are more sectorspecific boards in which DfE plays a role. We have those formal four alongside day-to-day contact about different areas. The labour market steering group, for example, has discussed issues around HGV drivers—something that we and the DfT have a key interest in, because of the impact on our sectors. I work a lot with retail and hospitality, and we are really clear about the difficulties that have been experienced in those sectors. Using that as a worked example, we had conversations with the labour market steering group based upon intelligence we were hearing within BEIS about those challenges, then discussed potential solutions with the Department for Education.

Q28 **Chair:** And then what? You found people to train HGV drivers? How quickly did you work to deliver that?

Susan Acland-Hood: When we looked through the sector lens, the first question was, "What are the drivers of the labour shortage?" Sometimes it is skills; sometimes it is other things. HGV drivers are a really interesting example. There are some skills challenges, but also some challenges around the image of the job and the ways of working, for example.

Q29 **Chair:** Well rehearsed at the time of crisis.

Susan Acland-Hood: But on HGVs, we set up a set of skills boot camps at pace and have taken a large number of people through them. We continue to have active conversations with—

Q30 **Chair:** So these skills boot camps were in FE colleges?

Susan Acland-Hood: No. They are typically run by independent training providers. They can be bid for by FE colleges, but we tend to see more boot camps being run by—

Q31 **Chair:** But it is in Government-funded further education, to be clear?

Susan Acland-Hood: Yes. It is Government-funded adult education.

Q32 **Chair:** I will not go further down the sectors, because I know Ms Olney will want to come in on some of those. I want to pick out figure 8 in the report, which highlights quite a shocking disparity in the drop in the total number of learners in the most disadvantaged areas. That fell in the period from 2015-16 to 2021-22—a shorter period than the one I described earlier—by 39%. To give the numbers, that is a fall from 726,800 to 446,700. The graph speaks for itself. Why do you think that is? Given there has been a lot of talk about levelling up, why is there such a challenge in more disadvantaged areas?

Susan Acland-Hood: There are a couple of drivers. Again, I might call on Paul in a minute. As I said earlier, the first is that we saw bigger drops in lower levels of study than in higher levels, and unfortunately those are still disproportionately more likely to be engaged in in disadvantaged areas and by more disadvantaged learners. The second is that the decline was largely driven by a decline in classroom-based learning and much less in apprenticeships. Again, an apprenticeship is a job, so we tend to see that disproportionately affecting areas where it is harder to get employers to sponsor apprenticeships and jobs. The third is outside apprenticeships; if you look at employer investment in skills and training, which can sometimes be effectively employer delivered, and sometimes is delivered in partnership with FE colleges and training providers, you again tend to see more of that happening in areas where you have more large employers. There are three lenses on why we have seen that decline.

On levelling up, we are acutely conscious of that challenge and really keen to work to try and address it. You have some signs of hope—for example, recognising that picture on apprenticeship training, the apprenticeship incentives we offered during the pandemic shifted the balance a bit between large employers and smaller employers, which also affects the balance across the country.

Paul Kett: The only thing I would add is linked to the previous part of your question, about how you do the bottom up in terms of skills demand. One of the things missing in the system was having the view from a local area of what the skills demand was and how that linked to skill supply in the area, but also what jobs were coming up and where the skills shortages were.

One of the reforms we have introduced is the local skills improvement plans, which are basically a simple planning process to try and bring together providers, employers and other actors, including the local authority—the mayoral combined authority—to come up with a joint plan on what the shortages are that providers then respond to. In areas where there are lower skills, the providers can respond by increasing the provision to meet the needs of those learners. That is the idea of the process—to get that bottom up bit of the system—but it equally goes to some of those sector shortages points about what the particular challenges are in different areas.

You asked earlier for some examples of success. In the early roll-out, we saw two big themes coming through around electrification, particularly around vehicles and retrofit of areas of demand, and we were able to invest in the new facilities to enable that provision to be scaled up in a number of local areas—I think it was 19. Those kinds of things are how we get the bottom-up and the top-down coming together, but also take account of where there are particular challenges in terms of skills levels in different places.

Q33 **Chair:** How are you evaluating how well that is delivering? I remember our last session on evaluation. Have you built that in?

Paul Kett: There are two elements to that. First, on those eight trailblazers that we used, we have done a process evaluation and are using that to inform the next phase, and then we will continue to evaluate each of the plans on an annual basis as we go through.

Q34 **Chair:** Will you be measuring through how many of those people actually get jobs and stay in jobs long term?

Paul Kett: Absolutely. We will be doing that by the individual programmes, not by the LSIP plans.

Q35 **Chair:** But you will be able to track: if I went to an FE college and got a job, you would be able to track me six months, one year or two years later.

Paul Kett: We are ensuring that the LEO data, which I think the Committee is familiar with—the longitudinal education outcomes—covers our full range of programmes.

Q36 **Chair:** And that will catch all adult learners going in.

Paul Kett: It will. I would hesitate on—

Chair: I know there is a unique reference number for young people up to the age of 18 or 19.

Paul Kett: In terms of the formal programmes, it certainly would. The reason I hesitate is that there is some flexibility for colleges around the provision they put on. It would not capture those, but it would capture the formal programmes.

Q37 **Chair:** The over-50s, according to this chart, went down—there was more than a 50% drop in over-50s in deprived areas engaging. Are you tracking that? We hear that we have a big need for over-50s—it is heartening for those of us over 50—to get back into jobs and the economy. What are you doing about that age group?

Paul Kett: On that age group, it is certainly one that we have been focused on, particularly through working with DWP and a range of others in terms of understanding the link to the growth in economic inactivity in that cohort. By working with ONS and others, one of things we have found is that it is not actually skills that is a significant part of that challenge. Often health and other lifestyle reasons, such as caring responsibilities, are the ones that come into play first. Although there are a number of DfE initiatives—I can come on to those in a second—as a first port of call, it has actually been the work that DWP do. They have been scaling up, through their mid-life MOT programme, the number of job coaches who specialise in supporting older workers.

Q38 **Chair:** Are you saying that you are not so worried about this drop because you can get the over-50s in through other routes?

Paul Kett: I am saying we do not think that skills shortages are the primary problem. However, we have made sure that our skills provision is not excluding older workers, so those skills boot camps—

Q39 **Chair:** It is still a significant drop in deprived areas, but I think others will pick up on that. This is pretty much the final point from me. You have highlighted it and we have discussed around it, but perhaps you could be a bit more precise about the particular economic and social challenges on getting the numbers up and getting people into further education so they get the right skills. We have heard very candidly that money is one the problems. But other than that, what are the other things? The deprived areas point throws it up rather importantly, I think.

Susan Acland-Hood: From a demand point of view, I would highlight a couple of things; again, others might want to come in. There are certainly some things that are about people's understanding of what is on offer and what the benefits might be. That goes back to some of the points about the complexities of the system that I was making earlier, and to our attempt to briefly advertise our various free offers. They are getting a bit better known, and we are doing a lot of work with DWP to make sure that there is really good-quality signposting.

I went and sat beside a Jobcentre Plus advisor who was talking to someone who was really excited to hear about the free courses for jobs offer at level 3, because she had previously been told there was not an offer for her because she already had level 2 qualifications. It is about having that kind of signposting and people knowing what is available, because a lot of these programmes are demand-led. All of those free offers—if people turn up, they will be put on and the money then flows to the learner. There is work we can do with MCAs and others to help generate that understanding and then

the demand as well. We are actually doing work precisely on that point about LEO and people understanding what the benefits of doing the training are, including through the unit for future skills. Again, it is about people understanding what difference it might make to get qualified to the next level.

Q40 **Chair:** When you say "difference", are you highlighting income?

Susan Acland-Hood: Yes, income and job opportunity—so the kind of jobs for which it might skill you. The local skills improvement plan, which Paul has talked about, is important because, as I said earlier, there were some challenges about employer and employment profiles in some of those disadvantaged areas. We tend to find that large employers who want training put on that can pull people through for the skills they need tend to find it relatively easy to go and create a bilateral relationship with a college and get stuff done. It is much, much harder for a constellation of small employers, all of whom want marginally different things but have some interests in common. The local skills improvement plan is there to help them effectively pool their requirements and get that to pull on what the local college is offering.

Q41 **Chair:** That is the strategic process stuff, but are there particular groups you are worried are losing out for the societal reasons I was hinting at? Or was I perhaps not clear enough?

Paul Kett: The group I would particularly highlight—this is where we are working very much in partnership with DWP—is those who are in low-paid work. So, can we increase their opportunity to progress? A really good example of this is boot camps. The DWP has been referring those in lowpaid work and their employers to the boot camps. Those boot camps have a mix of unemployed and employed people. Employed people do a boot camp so they can progress with their employer. Their employer has skin in the game; they put money into the process. We have seen that prove to be quite a popular model. Certainly, it is one of the reasons why we have decided to scale it up. There is demand there, both from employers and individuals. I would highlight that work with the DWP with that lower paid group. I think that is the crucial group.

Chair: Yes, and it is life-changing for them if they can get some real benefits. I think we will come back to this, but I will turn now to Kate Green.

Q42 **Kate Green:** Putting employers and an employer-led model at the heart of the skills system is not a new idea, but it is very much central to the Government's strategy. In designing that system, what did you learn from looking at what other countries do, and how much of that was applicable to the way you have designed the model in this country?

Paul Kett: We certainly looked at a number of countries. The obvious comparison, which I am sure colleagues will have heard of before, would be Germany. Germany has a very strong employer-led model. We have also looked at the Netherlands, Australia and Canada. I think the first thing to

say is that the wider context in those countries is quite different to our own. Although there were learnings, we were cautious about wholesale importing those models. We also looked at the learning from our own programmes. Actually, a really important part of what drove us was what we saw through the apprenticeship reforms and the role of employers in the design of apprenticeships and in supporting apprentices. We saw high levels of satisfaction from employers and employees through the apprenticeship programme.

The other element I would pick up on is that even when we looked around the world, when it comes to retraining in particular—indeed, I was with colleagues from the OECD at the end of last week—there is nowhere in the world that does this really well. One of the things we are trying to do is make sure we are keeping that conversation going. Everyone is wrestling with this challenge, and we need to keep learning from one another. The boot camps model that we are pursuing is one that a number of other nations are interested in. Some US states have a slightly different but quite similar version of the boot camp model. They call it a "learn and earn" model, where the start of a job is a training programme, and then people go into the job. We are trying to learn, and we are keeping dialogue open internationally, but there is a consistent theme that employer skin in the game is critical because of that retraining challenge.

Q43 **Kate Green:** We touched on this in relation to some of the questions the Chair was asking a moment ago. Of course, employers are a very, very diverse group. Ms Acland-Hood, you said that the LSIP was a mechanism, if you like, to make sure that the whole range of employer experiences was reflected. Could you say a bit more about how that model serves to articulate the needs of SMEs, the self-employed and public sector employers?

Susan Acland-Hood: What we have done through the LSIP model is effectively compete for an employer representative body for every area, which is responsible then for pulling together the voices of other employers in that area. We saw in the pilots the work they did to draw in a really wide range of employer voices—large and small, both public and private sector.

The key thing we ask them to do is help translate that into an ask that has meaning and traction for the providers in an area who are then planning their provision. That sounds technocratic, but what I mean is that it is quite easy to get a group of employers together to say, "We want more digital skills"—indeed, I predict that if you get any group of employers together one of the things they will say is that. But somebody who can take that and do a little more of the next level of questioning—"What kind of digital skills and at what level?"—will provide what the college needs to know to plan provision that is genuinely going to meet employer need.

That is what we have asked the employer representative bodies to do, through that kind of conversation, and then to articulate it in the plan. In that way, a college can really understand that if they put on that kind of

provision it is highly likely that their students will end up well placed in jobs—which is, after all, good for the college, good for the students and good for the employer.

Again, we have given a bit of structure to say, "This is the sort of thing you should have in your plan," but the critical thing is that we have genuinely employer-led voices that can bring groups of employers together to have those conversations and help them articulate that.

Q44 **Kate Green:** Who is actually taking on this role? You talk about the employer representative body, but I think about Greater Manchester, where there are thousands and thousands of employers. Who is brigading the voice of all those employers and how do we know for sure that they have both the capacity to brigade that voice and that they will truly be representative of that multiplicity of voices?

Susan Acland-Hood: I think I am right in saying that in Greater Manchester the chamber of commerce is the employer representative body.

Kate Green: It is, yes.

Susan Acland-Hood: We are seeing chambers of commerce come through the competition in quite a few areas, but not in all. We have Federation of Small Businesses local branches—

Paul Kett: Derbyshire and Nottinghamshire, and Greater Lincolnshire—there are two examples.

Susan Acland-Hood: We went through a competitive process, effectively—again, this is a good example of learning from abroad. In Germany, chambers of commerce have held that role and sort of hold it as of right, but they also have an incredibly long history of doing this and capability and capacity in doing it that we are at the beginning of trying to build. So we did not go down a model in which a particular organisation had it as of right, but down a competed route, where we said, "Show us you can do it and demonstrate how you will bring those voices in." In Greater Manchester, for example, we said that they have to work with the MCA. We stopped short of saying that the MCA could do it because we thought it was important that it should be actually employer owned.

Again, this is a new activity so one of the things we have been doing through the pilots is thinking about and testing how effectively people have been able to do that and trying to feed that learning back into the next stages of the programme. But the feedback from the first pilot programmes has been positive.

Paul Kett: It has.

On your question about how to ensure that it is representative, one of the interesting things is that in some of the areas—in Kent, I think—they were finding they were able to engage with some of the national sector bodies as well, to inform that.

That is often one of the best ways to get the SME voice—they are often better able to articulate SME concerns for those sectors. That is playing through. We are trying to share practice across the different LSIP areas as part of the programme. It is fair to say that a number of provider leads were a little sceptical about its being employer led when we first started the conversation, but actually in practice it is convening local leaders to have a sensible planning conversation. Their ask of us is, "Could you not muck around with it but keep it the same because we think we now have a model that works?"

Q45 **Kate Green:** How confident are you that this will give you a really futurefocused statement of skills needs? It may just be anecdotal evidence, but there is some concern that employers talk about what we need tomorrow; they are not thinking very much about what they or their local economy might need in five or 10 years' time. How are you addressing that concern?

Susan Acland-Hood: We are smiling because that is a conversation we have in the Department as well.

Kate Green: You have had it with me before as well, possibly.

Susan Acland-Hood: It is that kind of balance between now and the future. When we look at some of the trailblazers, we can see people really thinking about both now and the future. The Tees Valley LSIP trailblazer, which was led by the North East England chamber of commerce, really focused on both current and future and did some interesting work on the needs of local businesses transitioning to low-carbon technologies, for example.

I think that focus actually helped some businesses to think about their future needs in a way that, particularly for SMEs, can be difficult to get the kind of bandwidth and space to do. That is one of the reasons why we have put on some requirements in the areas with them engaging with MCAs. One of the points that MCAs made to us was that sometimes they felt that they were well placed to think about future skills needs, so we have given them a route to feed that in as well.

Finally, we are really trying to create that kind of—it creates a plan, but whoever said "Plans are important; planning is better"? The conversation that you create with the providers is also really important. They can sometimes also help to shape and challenge, and ask people, "Well, what comes next after the needs that you are articulating today?"

Paul Kett: I would add a couple of points to that. First, this goes back to the plan point; one must always be very cautious about the idea that you can predict the future around some of these trends. What I think we can do is get better at sharing data and intelligence more quickly, in a timely way. The unit for future skills, for example, will be able to provide more up-to-date information around current vacancies and trends, which will definitely be more meaningful than what you tend to get, with, "Well, I can't find Joe Bloggs to do x." So, we will get a bit of that forward looking.

I think there are areas where a certain kind of economic restructuring— and I think the net zero is a good example of that. We certainly see it in retrofit and electric vehicles; there is a demand signal that you can work towards, in a way that you cannot in other areas.

Secondly, the way that employers are engaging in the skills system is changing. I think it is one of the upsides of a very tight labour market. Previously, employers could just go to recruitment and find someone. Now that they cannot, it is forcing them to think more about, "Actually, do I need to retrain? Do I need to think more about what I need in the future?" I think that is the challenge of the next 10 to 20 years.

Again, it comes back to that net zero point. Various different figures have been quoted in different reports, but in all, something in the order of 20% of jobs will be affected by that transition quite profoundly. We know that 80% of the labour market of 2030 are already in the labour market, so the scale of that retraining is changing. That is getting employers to engage in a different way, and I think that is a positive.

Q46 **Kate Green:** There is certainly, if you look at some of the written evidence we have had, quite a lot of enthusiasm from employers for what I might call less high-value courses, or bite sized, and a lot of, "We'd rather not spend the apprenticeship levy on apprentices"—that kind of a thing. How confident are you that the employer voice is actually a sufficient, and the best, way of ensuring that we design a skills system that meets the economic needs of the country and puts us in the best possible place competitively?

Susan Acland-Hood: I think we are pretty confident that having an employer-led system is the right direction of travel. Again, that is both on the basis of quite a lot of international evidence and a whole string of incredibly thorough and thoughtful reports about our system—Sainsbury, Wolf, Ney, Augar—which all have this strong and consistent theme.

The challenge of how we make the employer voice come through effectively, and give good effect to it, is exactly the one we are trying to meet through the things we are putting in place. I think that is harder than the in-principle question of "Should we have a good employer voice in the skills system?"

I think that there is a real distinction between bite-size and lower value. So, what we try to measure through things like the value added index and LEO is this: "Is this intervention, or this piece of training, having the effect of helping people to be more valuable and more sought-after? Is it making the difference that it said it would?"

I think that can equally be true of shorter and more bite-sized interventions, and indeed skills boot camps are exactly that.

We sometimes talk about it being a short fat piece of training rather than a long thin piece of training. Quite a lot of our qualifications programmes are a bit more of a long thin thing that you do over a period measured in years,

but skills boot camp is a short fat thing you do over a period measured in weeks. And skills boot camp is intended either to get you ready for a job or to upskill you in your role.

We are definitely hearing from employers that there is more appetite for more of those kind of short fat models in the system. We are thinking about that really hard, including thinking about how we bring that more into the kind of fabric of some of the rest of the system.

Q47 **Kate Green:** How well, for example, are FE colleges able to cope with that bite-sized boot camp? By the way, I hate the term "boot camp"; there is quite a lot of personal prejudice against it and it is so macho. But how easy is it for colleges to manage that kind of funding landscape, with an increasing element of very short-term—short and fat, as you said—courses?

Susan Acland-Hood: I think there is a real distinction. If you do it through the boot camp programme, and you have bid for it and you are running it, it is relatively straightforward, because that is how it is designed.

It's true that a lot of the rest of our funding is less easily set up to do that. We hear that some of our more entrepreneurial colleges make it work, because they are quite good at thinking their way through that process. However, one of the things that we are looking at as part of the funding and accountability work that we are doing is how we can make that easier, because that is certainly something we hear.

Paul Kett: I will say two things. First, there is a link to what employers are demanding. Actually, the best colleges aren't worried about what Government badge provision there is; they are being responsive to employers in their area and putting on some of that provision. Bridgwater & Taunton College is a great example of that, and City College Norwich and KLM UK Engineering. There are examples of that.

The initial wave of boot camps tended to go to independent providers. I think that is partly because it was new and it was easier as an independent provider to respond to that kind of provision. As they scale up, I very much hope that we see more colleges move into that kind of provision, in the same way that I would like to see more colleges do more on apprenticeships, because I think that helps to strengthen the connection with employers.

So it is harder to plan for, in terms of the cyclical nature of the funding, but as it gets to scale it is easier. And actually when you look at the best colleges, they are responding to employer needs, irrespective of particular Government programmes. I would say that part of it is this: "Where do we as Government just need to create the conditions where there is a good connection between local providers and employers?" And let them do that.

Q48 **Kate Green:** May I ask Mr Creswell a bit about how BEIS is involved in getting employers to participate in this new model of employer-led and employer definition of skills needs? Also, what is BEIS able to do to influence

employers themselves to invest more in skilling their current workforce and indeed their future workforce?

Carl Creswell: I think that is very important. Linking in with the previous conversation, I find in my conversations with businesses that they are very forward-looking in the main, certainly at that cross-sector level where we have specific sector councils set up to discuss the biggest challenges that they face in the sector.

As an example, I work closely with the Professional & Business Services Council, which is a sector council that has a sub-group that looks at skills issues and they discuss how they are experiencing the existing skills system, with a view to influencing it. And in some cases, we have linked up individuals from that working group with the Institute for Apprenticeships & Technical Education, or IFATE, to try to feed through the sector perspective into the design of standards that are relevant for that sector.

There is a bit about using the channel from the sector councils through to the Department for Education directly. And as I said earlier, it is not as if all communications with business happen through BEIS—of course not. In this case, DfE and IFATE and others have a lot of links there.

However, we also recognise that, as well as our responsibility for influencing the system, we have a responsibility to promote parts of the skills system that can help with the challenges that those sectors have. In the hospitality sector, which is another sector I work with a lot, we have a subgroup for that sector council that looks at how the skills offer can work for them. And part of what that sector council does through that subgroup is to promote what is available within the hospitality sector, as well as seeking to influence the boot camps, the free courses for jobs and the other offers from DfE.

It goes in both directions—the promotion of the DfE system and, from our point of view, the influencing of the DfE system. We would concur that there are areas where ongoing improvements are necessary.

Q49 **Kate Green:** We certainly had some written evidence pointing to a decline in employer investment and skills, with employees saying that they had not been offered the opportunity to upskill and employers saying that that was because they did not see the need for it. It is easy to work with the willing, but how are you reaching the unwilling or the uninvolved? Is there scope for you to do more there?

Carl Creswell: The group that worries us the most is SMEs, who frequently tell us that they do not have the resources, especially over the last few years when they have often been struggling with a lot of external challenges. They do not have the resources to engage with the skills system, or, back to the permanent secretary's earlier points, they find it difficult to navigate. It is quite hard for us to help them with the resources point, but on the navigation, we in BEIS have a lot to do to help them. If the system can be simplified—in some cases you are looking at flexibilities around apprenticeships and so on—we can, hopefully, help.

Q50 **Chair:** To chip in, there is a really important issue about communication.

There are five routes into teaching, some of which are paid for and some that you have to pay for. I had a constituent who did not realise. They had to pay for a course, and they would not get universal credit to support their family while they were going through it. I almost wept because they could have gone for free teacher training, but they did not know, so the signposting about what is available and what is free needs to be so much clearer. You say you have plans, Mr Creswell.

Carl Creswell: I would agree that quite a lot can be done through the sector councils, because that is a good route through; I think Mr Kett said that earlier. It is a good route through to the SMEs, but it also comes to the strength of the career provision through organisations—

Q51 **Chair:** It is actually the individuals as well, isn't it, not just the SMEs? We are focusing a lot on the businesses driving it, but if one of us around this table wanted to go and get a skill, where would we go to find out? We would not think about going to the skills councils, because we would not know what they were. Most people would not know. We will be talking in technocratic jargon if we are not careful. Do you think you have got that nut cracked yet?

Carl Creswell: I suppose that from the sector perspective, using hospitality as a bit of a worked example, what they did was run an apprenticeship week aimed at people who might work in the sector. Hospitality companies know the great aspects of working in that sector and can use that as a way to say, "These are the routes in. This is how you can come and work for us. These are the benefits."

From the perspective of how to help the individual learner, there is a big bit of the DfE machinery that has to be focused on careers advice, whether that is in schools promoting the vocational and technical pathways that are available or the national careers service, which can help people change jobs. DfE colleagues might want to say a bit more about that.

Paul Kett: I am happy to say a brief word on the national careers service that is available to everyone. The level of the offer varies according to different priority groups. Going back to the over-50s example, that is one of the priority groups that gets additional levels of support. There is online provision that guides you towards the different offers that are available. That is one of the routes.

There is another thing I want to pick up on. You are absolutely right, Chair, that there are the good employers and we should celebrate that, but one of the things we ask of the good employers is that they act as advocates within their sectors. That is something we have been doing with things like T-levels and apprentices. We have been using them to be the voice to encourage other employers to play a stronger role. We have had, for example, employers who are more proactive in the financial services industry, convening groups of employers in the financial services industry to promote

the T-level and apprenticeships. We work with employers in that way as well.

Q52 **Kate Green:** A final question from me in this section. Again, from some of the written evidence we received, an issue was raised around an employer-led system being the best way of meeting the needs of a diversity of learners. How do you see the new landscape ensuring that there are really good learning and training opportunities for, for example, people with caring responsibilities, shift workers, seasonal workers, and people who might have atypical study and employment patterns?

Susan Acland-Hood: When we talk about an employer-led system, we are not necessarily talking about employers designing every aspect of everything about the way the system is delivered. It is particularly focused on employers helping to shape, identify and articulate the skills they need that the system can then provide. This is something that is really close to the heart of a huge number of people who work in FE colleges.

You cannot go into an FE college without hearing from people about the mission that drives them in lots of cases, which is about giving opportunity to those who have not necessarily had access to it before. I was in a college on Friday and we were talking to one of the students, who said that for nearly her first year in college she did not really speak because she had a range of complicated challenges, including some neurodiversity and learning challenges that meant that it was extremely difficult for her to interact with people. She felt that the support and help the college wrapped around her as part of her learning had not just massively increased her skills but changed her life.

Holding on to that mission and sense of purpose that you see and feel when you step into FE colleges is absolutely critical. However, having an employer voice in ensuring the skills you require are skills that will go on and help you in life and help you to progress is completely compatible with continuing to do that really important work to ensure that the way you are delivering those skills also helps people to realise their potential to, for example, study at different times and in different modes. It is employer voice in the "what" and lots of flexibility in the "how" that allows you to marry those two things.

If you flip it around, if you are not getting enough of the employer voice in the system, there is a risk that you take people through an experience that feels positive as you go through it but that does not lead you anywhere at the end. We want to avoid that risk of leaving people dry at the end of their experience.

Q53 **Kate Green:** So it might be helpful to talk of a co-production system, rather than an employer-led system?

Susan Acland-Hood: Maybe, although there is something quite important about the shift we are trying to make. You talked to Mr Creswell about this, but we are trying to make employers feel that this is something they both own and get something from, and have some accountability for and some

responsibility to articulate. Sometimes really clearly articulating the shift you want to see is helpful.

Carl Creswell: Could I also quickly add that the employers we talk to often talk about inclusion and skills at the same time? The Professional & Business Services Council, which I mentioned, has this group that talks about skills, but they link that to inclusion and focus on aspects such as socioeconomic diversity. They feel the moral and right thing to do is to make the sectors more open to a wider group of people, but it also makes good business sense for them to do that, so they can draw on a broader range of people to incorporate them into the workforce.

Kate Green: We have heavy underemployment of certain ethnic groups, of disabled workers and of older workers, so what employers say and what we actually see in the workplace are two different things.

Chair: The right training skills placement can help to potentially bridge that gap.

Q54 **Sarah Olney:** I want to ask about the LSIPs, the local skills improvement plans. Why do you think this new approach to local engagement on skills is going to be better than previous arrangements?

Susan Acland-Hood: Thank you. I am always conscious when we talk about this—others have alluded to this before—because this is not the first time we have sought to engage employers more in the system, and it is not the first time we have had some version of local partnership arrangements. There are a couple of things I would highlight. The first is that we have put this on a statutory footing—we have put a little bit more around it. It is genuinely employer-led; it is not a body seeking to speak on behalf of a collection of employers.

The second thing I would draw out—I hesitate to say this, and need to say it quite carefully—is that some of the challenges in the current context are also our friends; Mr Kett talked about this earlier. We have a very tight labour market that is really incentivising people to think hard about this at this moment. I am a great believer in ensuring that if you are in difficult circumstances you do everything you can to try and turn that into change and improvement for the future.

There are some things about the way we have set them up; some things about the learning we have taken from other places as we have designed them; and some really promising things from the early stages of the pathfinders, but we are also at a moment in time when lots of people are deeply invested in this working, including lots of the employers that are part of them.

Q55 **Sarah Olney:** You think the current workforce challenges are encouraging employers to engage with this?

Susan Acland-Hood: Yes. Again, I have to be very careful in how I speak about this, but I am really keen that we take that opportunity and make

something of it. We can then establish something that has a long life and can be a really positive feature of the system for the future.

Q56 **Sarah Olney:** Thank you. Mr Kett, how do you think the work of the LSIPs complements, and does not duplicate, the work of the local enterprise partnerships and other local authorities?

Paul Kett: There will always be various forums that bring people together at a local level. On LSIPs, we would expect them to take inputs from those other forums. That is why we ask the leaders in the LSIPs, the ERB—the employer representative body that leads that process—to work with all of the other stakeholders in the local landscape. We particularly see that with the new business boards, which have in effect replaced the LEPs in the MCA areas. They are really an example of that—about how the ERB works with them.

The difference—as well as what the permanent secretary alluded to, the operating environment creating an incentive—is that these LSIPs also have teeth in the sense that they are on a statutory footing and providers have to have regard for their findings. That pushes people together and so the LEPs will bring in the MCAs and others because the providers then need to respond to the outputs from the LSIP.

Q57 **Sarah Olney:** By MCAs, do you mean mayoral combined authorities and the work that they are doing?

Paul Kett: Yes.

Q58 **Sarah Olney:** What have you found from the pilots, and what actions will you take as a result?

Paul Kett: I alluded earlier to two of the themes that came through from the pilots around particular areas of growth provision: e-vehicles and retrofitting. What we were seeing was employers coming together and being clear that this was a growth area where they needed more skills. We then saw providers putting together propositions that said, "We could scale up our provision", and then asking for money from the strategic development fund from the Government. We then met that, funding those additional bits of kit and so on, so that they could then increase their provision to meet that need. Examples such as that are coming through.

The other examples are the breadth of engagement that those ERBs have had. It comes back to the conversation that we have been having about reaching SMEs and a wider number of employers than have perhaps traditionally been engaged because one of the challenges with LEPs was often that it depended who was on the board rather than it being the responsibility of that board to go out and seeks inputs. That is the other shift that I have observed from the LSIPs: it has forced a much more active going-out and getting more engagement from a wider group of businesses.

Q59 **Sarah Olney:** When do you expect to have robust evidence on the effectiveness of LSIPs, compared to what you had before?

Paul Kett: We have evidence, although I would not describe it as robust. From the eight trailblazers, we definitely took a lot of learning, and they showed promise. We are rolling out to all the other LSIP areas; they will have their first plans in place by the end of March next year, so I would expect that we will be able to see whether it is having an effect in terms of the provision shift from the autumn. However, I would say it will be a year or two before we have robust evidence in terms of that then translating into outcomes for learners. I think there are a number of steps along that way, which will show us if we are on the right course.

Q60 **Kate Green:** I will ask a bit more about the programmes that we were discussing earlier. First, we touched on the fact that there is a multiplicity of programmes out there and some of them feel quite disjointed. The Local Government Association identified 49 employment programmes, nine Government Departments and agencies. That, I guess, does not include all the things that are going on at a local level, and in the community and so on, that you do not know about, or are not responsible for, in central Government. Do you think that complexity deters employers from participating in the skills system?

Susan Acland-Hood: Yes, it can do. It is something we have been working on. I talked a little bit earlier about the rationalisation of the qualifications, but we are also working really hard to try and rationalise skills programmes. We may be coming on to this later when we talk about sectors, but we are increasingly trying, for example, to work with other Government Departments that are leads for particular sectors so that, rather than designing additional programmes, what they do is work with us to articulate needs and then we design through the main suite of programmes.

It is sometimes a little bit misleading. You can list long lists of programmes, but if you look at where the funding goes, we are already in a place where the vast bulk of the funding goes through a relatively small number of quite big pipes but there is a still a tail of lots of little pipes at the end of that, if that makes sense.

We see a lot of funding going through the apprenticeships programme, with investment rising to £2.7 billion by 2024-25, a lot going through free courses for jobs and that core set of qualification-based programmes, which are typically delivered in FE college settings, and a big chunk of funding going through the adult education budget. Those are three quite big pieces of the puzzle.

I think it is incumbent on us to keep trying to make the system simpler for people. The challenge in a vocational and technical qualification system is that you have these two countervailing forces: people want the system to be simple and intelligible, but they also want courses available that relatively precisely meet their need. So we are trying to create a system that has a

simple and intelligible mechanism, but also allows for a bit of tailoring within it, so that people can get something that meets their need.

Again, you see that in the conversations around apprenticeships. For example, with apprenticeship standards, when you are trying to design standards that collectively meet the needs of a group of employers, you sometimes get these pools of employers who say, "We want something that is much more tailored and specific to us." You are trying to hold the balance between making sure you have something that gives people transferable skills, which they can move around with, and keeps the system intelligible, and the desire for something that is very tailored.

There is lots more we can do. We need to keep working on the simplification. We have removed 5,000 of the 12,000 qualifications I described earlier, which is a good start, but it is not complicated just because we are all idiots. It is also complicated because there is a deep desire for really precise and tailored training. We have to design a system that allows tailoring within an intelligible framework.

Paul Kett: As well as what the landscape looks like, we must make sure we have the right dialogue, and we have touched on two ways of doing that. At the local level, we are having that conversation with employers about their demands. They don't need to articulate exactly what kind of programme it is; they need to articulate what the skills need is, and then the providers can worry about which programme is best suited to meet that need.

At the national level, we are trying to use the very rich source of intelligence and understanding about employer need through the apprenticeship service for broader purposes. I alluded to that in terms of promoting other programmes, but it has given us a dialogue with employers that we, as a Department, did not have previously. We are able to use that to understand and involve employers, so that rather than them going off and trying to commission their own thing that looks like a skills boot camp, they engage with the skills boot camp that is on offer, because we can point them towards that.

Q61 **Kate Green:** How worried are you about some of the incentives being out of kilter? For example, why would an employer want to fund an apprenticeship or a traineeship when they could get a kickstart worker for nothing? How do you see boot camps sitting alongside the Jobcentre Plus restart scheme? How do you address those almost competing programmes?

Susan Acland-Hood: An apprenticeship is quite different from a traineeship or kickstart. If I am honest, I think there was some overlap between traineeships and kickstart, which was partly a product of everybody moving rather rapidly in the middle of a pandemic. Kickstart has now wound down and we have a concerted position with the DWP on how we feed people into the right routes for the right things.

Typically, we try to get the incentives right so that employers are investing in things that have obvious value for them, and therefore there is a sense

to them investing. We think apprenticeships are in that category. There are more incentives or free offers given in places where we are asking employers to take a bit of a risk in order to try to get somebody into the labour market for the first time. It is a really good question. Again, there is a real distinction between skills boot camps and the restart programme in terms of the type of learner and purpose.

Paul Kett: This is an area where we have done an awful lot of work to join up DfE and DWP. Kickstart is one example where it was not as perfect as it could have been, but we are working together both at national level and, far more importantly, at the local level in terms of the way in which jobcentres that are directing to skills programmes are aware of the skills offer. Indeed, we provide the skills component of the sector-based work academies. It is all interlinked. The way in which employers should interact with Government should be—I'm not going to say it always is— more seamless than it has been in the past.

Q62 **Kate Green:** Can I ask you about Multiply? How does that sit alongside functional skills?

Susan Acland-Hood: Multiply is, to some extent, a kind of wrapper for a set of things that we are trying to do to improve numeracy skills across the country, and some extra funding that is coming with a link to the UKSPF. The bulk of what we have done in the first stage of Multiply is a set of allocations to local areas, with a reasonable amount of flexibility in there. We want new activity for the new money—we would, wouldn't we? We all would, I think. We have tried to create some flexibility in there that allows people to build on successful existing programmes through the Multiply route.

Paul Kett: We put out a prospectus to local areas, which have used that to inform their own investment plans for Multiply. They now have that money—a small number that did not get it last month will get it this month. A lot of those interventions are ultimately about building the pathway to those basic qualifications. The Multiply spend does not have to be for a qualification; it is about trying to get that re-engagement with learning, to build up knowledge of numeracy. You can then signpost on to getting the qualifications. It is designed to build bridges or climbing frames— or whatever analogy you want to use is—to get people up to that level.

Kate Green: So it may add to the confusion.

Q63 **Chair:** On following through, are you tracking when someone gets those basic skills, gets engaged and then gets a job? How are you following that through?

Paul Kett: We have a programme evaluation, for which there is a separate bidding process, which will look at evaluating the programme across the piece. We are not tracking the individual learners and what they do, because it is hugely varied according to the investment plans in those local areas, but we will be doing an evaluation of the programme.

Susan Acland-Hood: If they get to a qualification outcome, we will see that. Alongside the programme evaluation we also have a systematic review being done by Alma Economics, looking at the best available evidence on what works to improve numeracy, including around barriers to participation. There is still real challenge in how you get people engaged in that early stage in a way that really works, and bringing them through to improving their skills. If you think all the way back to the adult basic skills gremlins campaign, which I think you might remember—

Chair: I am old enough, if that is what you were politely trying to say.

Susan Acland-Hood: It was hugely successful in getting people to click and engage, but much less successful in seeing progress in learning. Really understanding what works is important. We are also doing some RCTs and experimental trials based on some of the more innovative work that local areas have proposed as part of their plans. We are really trying to use this to build an even better evidence base on what works, because there are still some gaps there. We are trying to use the money both to do things and to learn more.

Q64 **Kate Green:** The National Audit Office identified that you lack evidence about the value for money of some of the newer programmes and that you are going to adopt a test-and-learn approach. Could you say a bit more about how you are designing that?

Susan Acland-Hood: Yes, we can. I was going to make the potentially slightly obvious point that we definitely do have more evidence for our longer-standing programmes than we do for our newer ones, but we are incredibly committed to making sure that, as we put those newer ones in place, we are basing them on as much evidence as we can when doing something new. In other words, they are built from components that have well-tested parts. We are continuing to learn and evaluate as we go along. Paul, do you want to talk a bit more about the evaluation work?

Paul Kett: It varies by the individual programme. The first thing I would say, taking a step back, is that the data infrastructure that we have put in place with things like LEO is a key enabler for us and enables us to track it in a way that we have not previously. That means we know that, almost regardless of the programme, where we have good evidence that we have managed to get someone to a particular level, that has a positive return to the economy. We have a sound economic underpinning for the investment in the individual programmes and the approach to doing it.

On the individual programmes, it varies. We just talked about Multiply, where a mix of RCTs and so on will inform the evaluation. For boot camps, it is a contract model, so we are able to track the outcomes for each of those contracts. We also have an element of—I hesitate to say payment by results, because it is not quite that, but there is an incentive payment on completion and successful outcome for each of those programmes. We are able to track

that, and we will evaluate that, in terms of continued performance in the labour market.

On each of those areas, we will build up an evidence base and evaluate by each of the programme areas. We want to use that to inform where we want to scale up and put in more investment in the future, versus where programmes are working less effectively or should be targeted to particular cohorts or areas. We have plans for each bit of the portfolio.

Q65 **Kate Green:** It sounds like you have a lot of data and a lot of ambition to look at that data in a way that will tell you what is effective, what programmes are effective and what contributes to the economic success and productivity of the country. Could we look forward to a system-level metric for success? What would that look like and when might we see it?

Susan Acland-Hood: To some extent, we have got that. We are looking hesitantly at each other slightly, because whenever you try to measure a whole system by a single metric, it is almost axiomatically true that it is not telling you everything and that you need to look more broadly.

The FE skills index looks at a combination of how many people are doing things and how far those things are adding value to what they can expect to see as the result of the course that they have done. That is a really critical measure for us, because it helps us look not just at numbers per programme but at whether we are, roughly speaking, getting a balance between programmes that looks like it is doing a set of sensible things. It helps us avoid being delighted that we have got several thousand people through one particular route, when putting them through a different route would have given us a better set of outcomes for them.

To give you a bit of a flavour, if you look at—again, this is based on wage returns, and I always feel the need to say that we know wage returns do not tell you the whole story of people's rich experience of life and satisfaction, but they sometimes tell you something about—

Q66 **Chair:** They are a proxy for progression.

Susan Acland-Hood: Yes. For example, correcting for people's average starting point in these programmes, the three to five-year wage premium for a below level 2 classroom-based FE course is about 5%, for a full level 2 it is about 9% and for a full level 3 it is 16%. For apprenticeships, at level 2 it is 14%, at level 3 it is 17% and at levels 4 and 5 it is 22%. That gives you a sense both of the significantly increasing wage premium you get at slightly higher skill levels and of the difference between classroombased and the more employer-linked, job-based study, even at the same level. That helps us look not just at whether we are improving participation, which we definitely want to do, but at whether we are driving participation in the things that are most likely to give people the best outcomes and life chances.

Q67 **Kate Green:** You are now replacing the Skills and Productivity Board, which was set up only relatively recently. What is in its place now to ensure the programmes DfE are running, and the wider skills and employer participation offer, are contributing to an improvement in productivity?

Susan Acland-Hood: The Unit for Future Skills has effectively replaced the Skills and Productivity Board, and indeed has taken on quite a lot of its work. To some extent, it is an upgrade rather than—

Paul Kett: Very much.

Susan Acland-Hood: We have tried not to collapse and cease work and then start a whole new programme, but rather to build on what we were doing and try to take it to the next level. That is about trying to make sure that we are being data and evidence-driven in what we do, and also that we are focusing on producing outputs that have real-world impact.

Why did we bother making the change? What's the difference? I think the Skills and Productivity Board was doing a whole set of good and important things that helped to track and take account of the impact on productivity, but it was—again, our fault, not theirs—a bit inward-facing; it was quite focused on people in the know who are interested in the system, all gazing at each other and thinking deep thoughts about how it was working. That is important, and that is a right thing to do, but the Unit for Future Skills is more about trying to ensure that we are taking that outside our walls and making it more available to people who are making choices in the real world. It is trying to make sure that we are not just talking to each other about what is valuable, but we are also trying to put that information into people's hands as they make choices. That goes back to your point, Chair, about how we help people make decisions in the system in the real world.

Q68 **Kate Green:** I think it was experiencing staffing pressures. Have those been resolved now?

Paul Kett: We were experiencing some of the challenges recruiting highly skilled analysts that I think others have experienced. The team has struggled to recruit to its full complement, but we will get there. It is not at the moment affecting the work that it is doing. It is a growing unit, and we will continue to make sure that we secure the right people in that team.

The Unit for Future Skills is particularly trying to put more data out there, transparently, so that others who are interested can access it. We have already published a career pathways dashboard and a graduate outcomes dashboard, and we have published, but have not promoted, a local level dashboard. That is particularly designed for the LSIPs, so that it supports those at the local level. The unit has published a set of reports, which were originally commissioned by the Skills and Productivity Board. We are also ensuring that some of the external expertise of the Skills and Productivity Board is there. We have an external advisory board, chaired by Sir Ian Diamond, which brings a mix of sector representatives, a West Midlands Combined Authority representative, academics and others.

Q69 **Kate Green:** With all this information that you are gathering and assessing, who is defining what success looks like?

Paul Kett: I go back to the conversation we were having on the FE skills index. We are ultimately trying to increase the value of all Governmentfunded provision and to better meet the needs of the labour market in terms of the skills that we have. We are ultimately reliant on pay as a proxy for identifying some of the impact of that, and we are trying to get a

stronger understanding of meeting sectoral needs. One of the things the Unit for Future Skills has done in that regard is work with HMRC on the recent consultation to get better occupation data as part of the HMRC system, which would help us understand that.

Q70 **Kate Green:** Are other Departments taking an interest in this? Mr Creswell, is BEIS taking an interest in this DfE metric and what it might tell you about how it could improve business and economic performance?

Carl Creswell: We are, and we regard the new unit as very much a crossGovernment function. We feed through our own intelligence from the sector side of things, as well as data, where we have it. We regard ourselves as customers for what comes out of the unit, too.

Q71 **Kate Green:** Are other Departments? Ms Acland-Hood, are you seeing widespread interest across Government, for example from Levelling Up or the Treasury?

Susan Acland-Hood: Yes. Exactly as Carl said, we see this as a crossGovernment unit that happens to be located in DfE, not as a DfE-only activity. We have seen both ends, as it were: we have seen people incredibly willing to put their data in to help us ensure we have a full and rich picture, and people really interested in pulling the outputs and using them to help understand.

Q72 **Kate Green:** It sounds really interesting and helpful. How can you draw attention to it and really give it a profile, so that it actually has a meaningful impact on cross-Government policy development and then local design and practice?

Susan Acland-Hood: We can keep talking about it, and I think it comes down to really usable products that lots of people can pull in and use really easily. Some of the dashboards that Paul has talked about are very much in the category of things that, once people have seen them, they are easy to self-serve on; you can find lots of things out from them relatively readily by playing with them. I think getting more of that into more people's hands will drive interest.

Paul Kett: Part of the function of the external advisory group is both to shape the agenda, so that we are prioritising the right things, and to act as advocates for the work of the unit. I mentioned some of the attendees of

that, but it includes, for example, the CEO of Unifrog, which is one of the big providers of data to students. We think that will help drive that.

On your cross-Government point, I should acknowledge two departments that have played a huge role in supporting the establishment: ONS, who lent us staff to help get it going, and DWP, whose local skills information has been a key early input that has informed the dashboards.

Q73 **Kate Green:** How many staff are in the unit now?

Paul Kett: I think we are at 18.

Q74 **Kate Green:** It is quite small, then.

Paul Kett: It is a small unit, but we also commission research from academics and others as part of the work programme—small, but drawing on expertise outside of Government.

Q75 **Chair:** As Ms Green touched on productivity and growth, what metrics are you using—perhaps this is for Mr Creswell—to see what interventions actually lead to growth? That is much harder to measure. Do you have any way of measuring that?

Carl Creswell: It is not something about which I have any evidence to share, I am afraid.

Susan Acland-Hood: I can say a little bit about that. We estimate that skills directly explain about 20% of our productivity gap with international competitors, and we talk to the Treasury about that a lot. I used to lead on productivity in the Treasury, and looking at the contribution skills can make to closing the productivity gap—

Q76 **Chair:** We know the theory. You can get somebody who theoretically ticks a box, has a skill and goes somewhere, but do you have any way of tracking whether that business or organisation is then delivering better because it has a cohort of better skilled workers?

Susan Acland-Hood: We don't tend to track at the enterprise level.

Chair: It is difficult to do, but I just wondered whether—

Susan Acland-Hood: We know that apprenticeship employers report that they believe they have increased productivity as a result of their engagement with the apprenticeship programme. When we survey apprenticeship employers, they give good accounts of that. The wage return stuff plays quite directly into productivity measurement: most of our national productivity measurement uses wage as part of the proxy measure for productivity, so if we are increasing wage returns, traditional productivity measures would count that, if you see what I mean.

Q77 **Chair:** Not necessarily. We have a shortage of people in the workforce; we are seeing inflationary pressures on pay, but we are also seeing a demand

pressure on pay, so you could see pay going up just to stand still at the moment.

Susan Acland-Hood: But the wage return work we do effectively normalises for your qualification level before you did the thing that you are doing. If wages in the economy in general rise—

Chair: Okay. So those are the figures you were talking about, with the 16% uplift—

Susan Acland-Hood: Yes. We are talking about wage premia from doing particular activities.

Chair: Okay, we will take that as a proxy for now.

Q78 **Sarah Olney:** I want to ask about apprenticeships. The Report found that apprenticeship achievements are 15% below the planned trajectory, and traineeship starts are 26% below. How concerned are you that they are so much lower than planned?

Susan Acland-Hood: I would disentangle those two things. Apprenticeship start numbers are recovering reasonably encouragingly post pandemic, whereas traineeship start numbers have not risen so much. I think that is because, as I said earlier, the traineeship programme is quite different from the apprenticeship programme. The traineeship programme is fundamentally a programme for helping people who might be struggling to get into the labour market to have a first experience of work, and we have a labour market in which that is not the problem. Typically, the problem is employers desperately trying to find a warm body to put into a job.

I think this may shift a little in the next numbers, but in the last set of numbers we saw, we had the lowest NEET rate that we have had since the time series began, so there aren't as many young people in the position of needing a traineeship as we thought there would be when we designed the scheme and set some of those trajectories. There is a question about whether having traineeships is the right programme for the challenges that we are seeing in the labour market. It was designed during covid, when we thought there might be really significant numbers of young people struggling to get into the labour market, and that is not quite what we are seeing.

On apprenticeships, while the numbers of starts have held up, you are quite right to say there is a challenge on completions. Again, in the most recent figures, it has started to move in the right direction, but we saw a significant shift in completion rates when we moved from apprenticeship frameworks to apprenticeship standards. In general, the employer feedback on standards has been that they are much better; they better meet employers' needs, and they are a more effective qualification, but they are a bit harder to complete and to finish, and they require a much more developed final end-point assessment.

We think we are seeing a few things on completion. We think there are still some things for us to look at and learn about that end-point assessment,

where we can improve and understand why people find it hard to do. We think there are quite a lot of apprentices who get the learning they need through the apprenticeship and secure a better job, either in their own company or elsewhere, before they quite get to the finish point. We would rather that those young people were finishing their apprenticeship but, to some extent, they have got quite a lot of the benefit of the apprenticeship even without finishing it.

Q79 **Sarah Olney:** I did think we were going to be seeing more of that because of the tightening of the labour market that you have talked about.

Susan Acland-Hood: There is a bit of that going on, yes. Effectively, once you are skilled—even if you have not quite finished the qualification— there are a lot of people getting in contact for the skills that you have. I think there are some young people who are not finishing and some employers who are not supporting people through the final stages, and there is a lot of work going on with employers who have higher success rates to help understand what drives those higher success rates and help to share that with other employers. But the completion rates for apprenticeships are something we focus on and think about a lot.

Paul Kett: We have a particular programme of work, because we are concerned that that number should be higher. We are focused on how we ensure that the provider workforce understands what it needs to do, and what works and what doesn't, to support the apprentice. We are also providing more targeted information and support to employers, so that they can be more demanding as a customer of that apprenticeship provider, and we are ensuring that apprentices should know what to expect and what to demand. One of the concerns we had when we started doing some deep dives into this was that apprentices were not aware of what they needed to do to complete their apprenticeship, so we are trying to do a number of things to target that.

The last thing we are trying to do is better understand what sits behind those numbers of non-completions by doing an exit interview-type quick data collection, so that the apprentice tells us what the cause is. At the moment, from talking to some employers and some apprentices, we certainly know the reason that the permanent secretary talked about, which is apprentices getting promoted within a company or something like that and not completing. But we do not collect that systematically at the moment, and this new data collection, which launches this month, will collect that for us.

Q80 **Sarah Olney:** We reported on apprenticeships programmes in May 2019, and we did find a large proportion of apprentices being trained by substandard providers. Can you give us an update on what you have been doing since then to make sure that that situation improves?

Susan Acland-Hood: Again, the shift from the frameworks to the standards has helped on quality of provision. Paul has spoken a bit about some of the work we are doing on training for providers, but it is something that we continue to put attention on. But we are still operating in a mixed economy,

so there are still quite a lot of people finishing off framework-type apprenticeships as the standards ones grow. We did have more quality concerns under the frameworks than we do now, having moved to the standards, because they are just tighter requirements, fundamentally.

Paul Kett: The only thing I would add is that we have been more challenging on some of those providers. Some of the consequence of that, as you may have seen, is some of those providers now exiting the market. That is not what we intended, but if those providers are not able to meet the quality of the provision, we would rather ensure that learners are transitioned to providers who are better able to do that. I think we have tightened up and toughened up.

Q81 **Sarah Olney:** A lot of our written evidence, particularly from employers, was about the apprenticeship levy and its inflexibility. When I have spoken to individual businesses or business groups, I have heard they find there is a shortage of courses on which they can use the apprenticeship levy, the courses are not appropriate, or the ways in which they would like to deliver the learning are simply not covered by the levy. Is that being looked at in Government? As I say, there is a lot of feedback about this. Is it something that is on the agenda?

Susan Acland-Hood: The first thing to say is that the levy itself is Treasury policy rather than DfE policy, so I have to be slightly careful in how much I roam across their territory, but we are obviously part of these conversations and we hear that. Sometimes you hear from employers that they would like to be able to spend the levy on any type of training. We would be a bit cautious about that; the extreme example is mandatory health and safety training for making sure people are kitted up to go on a building site. We think that is something that employers should be investing in from their own budget, and it does not provide the same value to the system and the learner.

At the other end, there are some incredibly reasonable asks around making sure that the apprenticeship system is properly responsive to the kinds of things that employers want to do. As part of the conversations that we have with employers, we have introduced a whole series of flexibilities to help respond to those things. I was talking to one of our apprenticeship award winners. We have lots of paramedic apprentices, and lots of the big paramedic services now train very large numbers of people through paramedic apprenticeships. Originally, they found that quite challenging because the off-the-job weekly training requirement does not work very well if you are working shifts. One of the changes we made was to allow a model where you do much more block training and then block time on the job, which works much better for those paramedic apprenticeship employers and has allowed them to invest much more heavily and use the model.

There are flexibilities around the patterns between on-the-job and off-thejob training that have definitely been helpful to people. There are some flexibilities around use of levy for other linked employers, including through

the supply chain, which we know have been really welcome. There are some flexibilities around the flexi-job apprenticeships, which effectively allow industries in which people quite often train through multiple employers to use the levy in that way. We continue to work with employers to listen to what other flexibilities would be helpful to them in trying to make sure that they can meet needs through the levy. Paul, is there anything you want to add on that?

Paul Kett: There are two broad themes. The permanent secretary has talked about one, which is how we can ensure there is flexibility in how apprenticeships are provided—so flexi-jobs. The example I would give is on the construction side, where, because construction workers often work for multiple employers, being able to move around as an apprentice is a key part of that. That came out of our sector delivery lead's work on construction to address that problem.

The second area I would highlight is, if employers can't find the standards, making sure we are more fleet of foot about developing new standards in priority areas. We have been working closely on that with IfATE. It has created an accelerated model, which we used for some of the areas that were identified as part of the green skills taskforce. We can ensure that those standards are produced more quickly so employers can access a standard that meets their need.

Q82 **Sarah Olney:** I was going to ask you about the priority sectors, so that is a nice segue. What progress has been made to address the challenges in your five priority sectors? I understand that there is a sector delivery lead and they meet regularly as a cross-Government board with the Prime Minister's delivery unit.

Susan Acland-Hood: Yes, all of that is true.

Sarah Olney: I am sure that is working very hard at the moment.

Chair: That adds a bit of instability to that whole process.

Q83 **Sarah Olney:** Beyond the current—perhaps—disruption within the Prime Minister's delivery unit, how is all that going?

Susan Acland-Hood: We are still working very well and constructively with the Prime Minister's delivery unit and it certainly helps to bring people together. I could talk through a couple of the sectors and give you some examples. There are five priority sectors: construction; digital and tech; haulage and logistics; health and social care, and manufacturing. We also have work going on on science, creative industries and the green sectors that follows a similar shape and pattern.

We will work with a lead Department that owns the problem, as it were; for digital and tech, for example, that is DCMS. It is a bit like a national version of what I described in the LSIPS: they help articulate the need and we help make sure that the need gets met through the mainstream skills

programmes, which helps to avoid a proliferation of random initiatives and means that we can be fleet and responsive.

On digital, we made digital skills boot camps available in the first wave of the programme, and they are now available across every region of England. We have increased the number of apprenticeship standards for digital occupations; we now have 26, with six more in development. We prioritised digital for the first set of T-levels; we have three digital Tlevels, which were among the first available from September 2020. We have also worked with them to identify the right courses to be available through the free courses for jobs offer, so there are 37 free level 3 qualifications in digital subjects that you can do. Again, using this briefly as a moment of advertising: if you don't have a level 3 qualification or you are earning minimum wage and you want to get trained—

Chair: Okay, we know that bit.

Susan Acland-Hood: —then there are 37 digital courses you can do for free. Similarly, we have prioritised digital for the first set of higher technical qualifications.

What we are trying to do is take each of these priority areas and put them front and centre of the core programmes that we are running. We are trying to bring them to the front of the queue and put volume through them. I could give you a very similar set of examples across each of the five priority sectors and, indeed, for creative industries, science and green jobs. I won't do that unless you ask me to, because it could take a while.

Q84 **Sarah Olney:** That's fine, thank you. I do want to ask about green jobs, though. Why is that not one of your five big priority areas, given the commitment to net zero and that one of the challenges to transitioning to net zero is the shortage of skills in areas such as home insulation and electric car maintenance? All those things are critical and will obviously provide lots of jobs in the future, but they all require an essential set of skills, so I wonder why green jobs is not—to use your expression—at the front of the queue.

Paul Kett: In one sense, it was. That is partly why we already had a green jobs taskforce, which was a joint ministerial initiative between BEIS and DfE Ministers working with industry and training providers, which produced a report a couple of years ago—I hesitate to say exactly when it was. There is now a green jobs delivery group, which is also headed up jointly by Ministers and business leaders to drive that forwards.

Part of the reason for not having it as a sector of delivery in its own right is that it is cross-cutting by its very nature. We should almost be asking, "What job isn't a green job?" for the future. We have a number of initiatives that are very similar to those the permanent secretary was talking about but in relation to green jobs.

Actually, some of the early work on green jobs gave us a bit of a playbook for those other sectors. I mentioned accelerating particular apprenticeship standards; that was because one of the things we discovered was that a number of standards needed to be updated more quickly because they were changing as a result of the transition to net zero, and we needed a new model to enable us to do that.

The other area I would highlight is our T-level programmes. In the design of the individual T-levels, we are ensuring that they will underpin the green sectors of the future. The engineering and manufacturing ones are teaching the green skills of the future needed in engineering and manufacturing, rather than how we have traditionally undertaken those subjects. That is the key element to it.

Q85 **Olivia Blake:** I just have one question. I was interested in what you were saying, Ms Acland-Hood, about the NEETs being the lowest. Do you have any more demographic data about the people who are left in that category? Is anything that can be done to help those furthest from the job market?

Susan Acland-Hood: Yes. To give you detailed demographics, I might need to follow up, but we continue to worry about, for example, young people with learning difficulties and disabilities and with wider disabilities. And we continue to work really hard to make sure that we are investing in skills provision for young people with special educational needs, and in programmes like supported internships, in order to try to address some of those challenges. That is just to give an example. We do look at the demographics, but I couldn't produce very much beyond that for you now.

Q86 **Olivia Blake:** I am interested to know about children with care experiences. Are they over-represented in that group as well?

Susan Acland-Hood: Yes, certainly.

Q87 **Chair:** The big elephant in the room is that on 23 June 2016 this country voted to leave the European Union. That is now six years ago and we knew then that there was going to be a challenge when the agreements all finally kicked in: free movement would stop and there would be a turning off of the tap of what is often very skilled labour from the European Union. Yet we still have gaps and problems. Obviously, we could not have predicted exactly what was going to happen over the next few years. Do you think that the Department, the Government, has been on the back foot in trying to tackle the skills gaps that have arisen partly as a result of Brexit?

Susan Acland-Hood: We have been working hard, not just since 2016 but before that, to try to make sure that we invest more heavily in meeting skills gaps. We talked right at the beginning of the hearing about the sorts of challenges of doing that in a period of austerity. Those certainly exist. We continue to need to work really hard both to understand the skills gaps and to think about where it is right to meet them through relatively short-term action and where you need to make a longer-term plan.

Q88 **Chair:** A lot of what we have talked about today has been quite short term. Boot camps are for 12 weeks? Well, it varies a bit, I guess.

Susan Acland-Hood: Twelve to 16—

Paul Kett: Twelve to 16.

Q89 **Chair:** That's quite short and sharp. If you have a shortage here, it can be quite quick to train—you can do it. But the longer-term thinking needed to be in place way back in 2016 or perhaps even before that—well, I think there wasn't much preparation before 2016 for leaving. Certainly by the time we voted in 2019 and 2020 for the movement out, work had been done, but the long-term gaps are there. This involves everything from nursing training to—we have looked at this and could bore you ad infinitum with everything across every Department where there are skill shortages. It just begs the question why this is still the case, given that we knew that this was going to be a likely outcome of leaving the European Union. Money, you have acknowledged, is one problem.

Susan Acland-Hood: Yes. I would also pick up on the point that Mr Kett made earlier about his conversations with people around the world about the challenges of retraining existing workforces, which exist across the world, irrespective of countries' other circumstances. There is actually a global challenge on some of the things around pace of change and demand that mean that all of us have to up our game on skills training.

Q90 **Chair:** Take, for example, some of the high-level skilled jobs like plumbing and carpentry. We have known for a long time that there is a shortage there. Then, the European Union helped plug the gap, but even then there was still a shortage of people. Yet we haven't had the people coming through in training, have we? It's been a long—it's not just down to your tenure; it has gone across many Governments.

Paul Kett: The availability of skills provision is one part of it. The demand from young people and older people who want to go into those professions is another part of it. Take the HGV example. It was partly a skills response to that. It was partly, also, industry committing to a number of improvements in working practices to try to encourage people to—

Q91 **Chair:** Absolutely. We agree—industry clearly has a part to play. But you have the strategic oversight, so do you not think that there is an issue there and you perhaps were not helping put young people in front of the right people at a point in their school career, perhaps, when they make those decisions? Careers advice is a bit patchy.

Paul Kett: We have been investing significantly in careers advice and rolling out the new careers hub with the far greater involvement of industry. While it is independent advice and guidance, rather than promoting particular things, it is targeting those areas where we know that people have misconceptions—particularly to address some people who are put off STEM careers and things like that. We have focused on ensuring that our careers provision is a much higher quality than it was previously.

Q92 **Chair:** We have looked a lot at the financial sustainability of FE colleges. The challenges in areas like London, where we have lots of FE colleges, are different from having one FE college as the predominant provider in a small town. The more we see the reduction in core funding and independent providers providing boot camps or whatever, the greater the challenge is for FE colleges' long-term sustainability. How much is that part of your thinking, that especially in those areas where FE is the main training provider, you are making sure that there is a sustainable element to its funding?

Susan Acland-Hood: We are certainly really interested in making sure that there is good sustainable provision in local areas. We work closely with them. We spoke about this last time we had a hearing, but the work that we have done has helped—particularly some of the consolidations of FE providers into larger groups—

Q93 **Chair:** That is my point—that is why I phrased the question as I did. Larger groups might work in a city as big as London, or in Manchester— we are probably not the most representative group around this table—but what about a small town? Let us take the Black Country, for example—to be clear, that is not Birmingham—where an FE college would be pretty pivotal to that community. They will not travel as much, because to cross the Thames is quicker than it is to travel in other parts of the country.

Susan Acland-Hood: For sure, but that college can still successfully be part of a broader FE provision group, which can often give more resilience and sustainability. Again, the college that I was in on Friday is part of the Chichester College Group, which operates across a large area, including lots of individual towns. They were talking a lot about the work that they have done. Let me be clear: they definitely still face challenges and they did not tell me that all the funding was plentiful and everything was fine. However, they did tell me a lot about what they had done to help make sure that, for example, they could get economies of scale across the group and do very specialist things once in one place, in a way that could be accessed and pulled on by other parts of the group. I don't think that you have to be deeply geographically concentrated in order to get some of those benefits from operating as part of a larger group.

Q94 **Chair:** We are in danger of opening up a whole thing about FE colleges. My final point is about the growth plan, which has been published, but in 40 pages has only four mentions of skills. We have talked about growth, productivity and skills, but there seems to be a bit of a mismatch there. Why?

Susan Acland-Hood: The growth plan talks about the importance of skills—

Chair: It mentions it four times—

Susan Acland-Hood: It was principally focused on new and significant changes of direction. We work closely with the Treasury, and I think that one of the biggest shifts in recent times has been the Treasury starting not

just to understand, but to invest in the importance of skills at all levels, including FE. Historically, the Treasury invested quite heavily in HE and was a bit more suspicious about the value of FE, but we have seen that shift. You can see and literally track it through spending review periods. I think that the Treasury would say that the current direction of travel on skills is right and that it wants to continue to back it and drive it. There was not a big change of direction to signal in the growth plan, rather than the Treasury not thinking that skills were important.

Chair: Okay. We will pause on that positive point, that the Treasury wants to invest in something at the moment. We will see what happens over the next few weeks on that point. Certainly, if the Government want to see growth, they have to invest in skills.

I thank our witnesses very much for their time. The transcript of the sitting will be published on our website—thank you to our good colleagues at *Hansard*—in the next couple of days, uncorrected. We will produce a report hopefully by Christmas, if not before.