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Witnesses: Karen Price OBE, Maggie Philbin and Rachel Neaman

USE OF THE TRANSCRIPT

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Members present

Baroness Morgan of Huyton (Chairman)
 Lord Aberdare
 Earl of Courtown
 Baroness Garden of Frognal
 Lord Giddens
 Lord Haskel
 Lord Holmes of Richmond
 Lord Janvrin
 Lord Kirkwood of Kirkhope
 Lord Lucas
 Lord Macdonald of Tradeston
 Baroness O’Cathain

Examination of Witnesses

Rachel Neaman, Chief Executive Officer, Go ON UK, **Karen Price OBE**, on behalf of the Tech Partnership (Chief Executive, e-skills UK), and **Maggie Philbin**, Chair, UK Digital Skills Taskforce and CEO, TeenTech CIC

The Chairman: Thank you very much indeed for joining us today. We are all absolutely delighted to end up with three women in front of us because one of the themes that has consistently come out throughout our evidence sessions so far is the paucity of women in the sector. Now we have ended up with an all-woman panel, which is great.

Just a few housekeeping things while you are settling yourselves down. You have a list of interests in front of you that have been declared by the Committee; they were declared orally by Members in previous sessions and they can be found in the transcripts as well. This is a formal evidence-taking session of the Committee and a full shorthand note will be taken. It will be put on the public record in printed form and on the parliamentary website. You will be sent a copy of the transcript and will be able to revise it in terms of any minor errors that you see. The session is on the record. It is being webcast live and will be subsequently accessible via the parliamentary website. You are very welcome to submit written supplementary evidence after the session; in fact we would actively welcome that. I am advised to ask you to speak up. Actually the acoustics are not bad in here but please speak up reasonably clearly; we all need to do that. That is by way of introduction.

What I will get you to do is introduce yourselves and if you want to make any brief opening remarks that is fine. If you do not want to, we will go straight to the questions. Do not feel you all have to answer every question. It is much more flexible than that.

Karen Price: I am Karen Price and I am here today representing the Tech Partnership, which is thousands of companies working together, companies small and large and right across the economy, not just the tech sector itself but also financial services and retail. Those

employers are working together to create the skills for the digital economy, so I am delighted to have this opportunity today.

Rachel Neaman: I am Rachel Neaman and I am the chief executive of Go ON UK, the digital skills charity that works with a range of partners across all sectors to ensure that everybody has the basic online skills they need to survive in the digital world.

Maggie Philbin: I am Maggie Philbin and for the past 10 months I have chaired the UK Digital Skills Taskforce. We have taken a look at what is needed to help everyone in society make the very most of the great opportunity offered by digital and perhaps to gain the skills that are necessary for the 21st century.

Q113 The Chairman: Thank you very much indeed. I will start with a pretty broad question to kick us off. Can you help describe for us what you see as the differences between delivering the skills essential to the tech industry and delivering skills that are necessary for broader society and particularly going forwards?

Karen Price: I am going to start by saying that I think it is excellent that you establish the distinction because it is very important. Both skills are equally important to us as a nation and society, and for our economic future. Every company is increasingly becoming a tech company and it needs a digitally capable workforce. I am sure my colleagues have a lot more to say. I think the main difference to recognise is that it is really important that we train people with relevant courses and qualifications. I am not sure we are at the moment and one of the most significant differences is that training people for the tech industry tends to take a lot longer and costs a lot more money—but we should not shirk doing it.

Rachel Neaman: We very much welcome the focus on improving high-end technical skills. However, I think it is important to understand that at the moment there are 9.5 million adults in the UK who lack basic online skills. That is almost one in five adults and of those, just under half are of workforce age—and there is becoming less of a divide between high-end skills and the basic online skills that are required. What we are trying to do is to ensure that everybody reaches their digital potential because by starting with a level playing field in basic online skills it is easier for people to continue to get the skills that they require—Karen emphasised that relevance of the skills to what they are trying to do.

Maggie Philbin: I wonder whether it might be more helpful, when we talk about digital skills, perhaps not to make a sharp differentiation between the needs of the tech industries and the needs of other industries, and even the needs of digital citizens, because that can sometimes send the wrong message. Every company today should be a digital company and when it comes to messaging, to parents in particular and to teachers, they need to understand that it does not matter whether you work for Network Rail, Ocado, Google, a charity or a tiny SME, you need a level of digital skills. Within those companies, whether it is within an SME or a tech giant like IBM, there are going to be different levels of skills. I think sometimes the best way of looking at this is to ascertain how many people we need with the higher-level skills—we have described them in our report as the digital maker skills—how many people we need to have digital worker skills and then the digital citizen skills that we should all have. That is perhaps a more helpful way of looking at it.

The Chairman: Ms Neaman, the figure of how many people you think do not have presumably both the citizen and the employment skills is the 9.5 million, is it not?

Rachel Neaman: Indeed.

The Chairman: How would you break down the numbers of people in the categories you have just talked about?

Maggie Philbin: We took a look at the ONS data with Chris Mairs who did a breakdown using our criteria—this is very much a broad ballpark figure—and ascertained that if you looked at all the jobs at the moment, we have a digital muggle category that was for people who think all technology happens rather like magic and have absolutely no digital skills at all, which is 2.2 million; digital citizens, 10.8 million; digital workers, 13.6 million; and digital makers, 2.9 million. I think there is a real opportunity for some detailed work here because this is very much a broad ballpark figure. We found it very hard to get exact figures about how many people were actually needed. We believe that is critical because when you are informing parents and students and universities about the kind of courses that should be in place then those figures need to be accurate, otherwise perhaps you are misleading people.

The Chairman: Can we move on to education?

Q114 Lord Giddens: Thanks very much for coming. It seems to me that we live in a slightly dazzling world of the creation of new skills and destruction of old ones and this is probably going to be faster and faster. How are we going to prepare children through the educational system to meet up with such a world when, for example, if you have an apprenticeship that trade can be knocked out overnight? I used to own a company in publishing and that happened; composers just disappeared within about 10 years. Everyone is doing things through computers. How should we best educate children in the schools and how should we retrain the existing labour force?

If I can add another question: what is it going to do to education itself? It seems to me completely obvious that in 10 to 15 years' time schools will not look how they look today. They probably will not have the same hierarchy or the same teacher-pupil system. How are we going to do all this bundle of changes?

Karen Price: I think very much involving employers in the design of courses and qualification makes a significant difference. Secondly, I think establishing a strong, relevant foundation rather than training being very occupation-specific is very important to avoid redundancy because we do want to encourage a joy for learning, self-learning and transferable skills—but we are still teaching our young people at the moment common Office applications that are not that relevant. The Committee here this morning is on iPads. I think you are so right about the transformation of education and we should seize it as an opportunity. With the introduction of the new computing curriculum, there is a lot of talk about how we train the teachers to teach the new curriculum. I think we should be looking at it in a different way. We should be providing them with the resources—and employers have a big role here—so that they can become the facilitators in the classroom, not the traditional font of all knowledge.

The Chairman: What is your experience of employers being involved in that?

Karen Price: It is patchy. There is a huge appetite from employers. They are frustrated by what they see coming out of school, college and university and they see it as a waste of money for the nation and a tragedy for young people and their parents who are investing in very expensive qualifications and education. I think they would like to do it, but to do it at scale is difficult.

Lord Haskel: Sticking with the question of employers, how then do you encourage employers to do this? At the moment a lot of the encouragement is by subsidising low pay, which actually does not do a lot for training people in digital skills.

Karen Price: Sorry, how do you encourage what?

Lord Haskel: How do you encourage employers to get people to adopt digital skills? You said that a lot depends on the employers.

Karen Price: I think there is an absolute business imperative behind it. Employers are at different levels of adopting technology to transform their business but increasingly a lot of companies are recognising that they need to become a digital business to survive and thrive. One of the most critical things they have to do is to take the workforce with them. Many are looking at investing in their workforce but when they look round into the training and development ecosystem it is not meeting their needs: it is off-site, long courses in Office applications when they actually want people to work off tablets and mobiles.

Q115 Baroness O’Cathain: I am really concerned about this because it looks as though there is a great mass of people who are just going to benefit from this and this is fine. But there are still an awful lot of people left out in the cold, and I am surprised by the numbers; I did not think they were as great as you have just indicated. Where is the emphasis being put on this and where are those people being looked after? Should it not come directly from local authorities or the Government?

I am going to tell you of two simple things that came to me last weekend, talking to people about digital skills. The first is that we have a highly contentious bypass problem in West Sussex. We have had it for years, ever since I have been there, which is 30 years, and now they seem to be getting to consultation. In the local rag there was an article this long, just one column, about the consultation on various parts of the bypass—that is fine—but the only way people could get on to the consultation was online. I think that is disgraceful and I am in the course of writing to West Sussex County Council about it, but it really is disgraceful that there is no alternative.

Secondly, a friend of mine wanted to cash some of her Premium Bonds and went to the post office to do this because she bought them there. She cannot cash them there. She has to do it only online. She does not have a clue what online means. It is the Government and it is the local authority, and I think what you are doing with employers is great—

The Chairman: I am going to come to Ms Neaman because in a sense that is what you are doing, is it not?

Rachel Neaman: Absolutely. Yes.

The Chairman: Describe the challenge honestly for us. We want to hear the truth as well as the good news, but I know you are trying to work on it.

Rachel Neaman: Of course. It is important to look at the focus that this Government currently has on digital-by-default public services, which is very much what we have just heard described. That is all very well and very good and fine, except if there are 9.5 million adults who cannot access that then we need to be investing equally in skills provision and in access—whether that is looking at the cost of devices or at infrastructure and connectivity, and also at motivation. There are number of people who say, “This is not for me: I do not

need this. Why should I do this?" So there is something about making clear to people what the benefits of the internet are for them. The fourth thing that we need to look at as well is people's concerns around security and staying safe online. Those are all areas that we, at Go ON, are trying to look at but I think what we need is a much more co-ordinated strategy right across the sectors.

The Chairman: From the top.

Rachel Neaman: Absolutely—which joins up those elements, because at the moment it is quite siloed; individual people are looking at those individual elements but actually you cannot have one without the other.

The Chairman: We have heard this very strongly.

Maggie Philbin: I would agree with the point about incentivisation and the thought, "Why should I do this? Whether I am 82 or 52 or whatever age, why do I need to do this?" and helping people to see why they need to do it. This is a massive issue and, again, it needs massive investment. It would be well worth that investment because the cost of not doing it is going to be enormous going forward. It really has to be addressed. Other countries have addressed it.

The Chairman: Where would you suggest, because we are struggling to get good evidence on other countries? We have heard about Israel and Estonia.

Maggie Philbin: I have seen evidence from Norway? Norway has a really good track record, and it is not that there are no old people in Norway or people who have found it difficult but it has been addressed properly.

Q116 Lord Janvrin: In a sense you are talking about culture change, about lifelong learning. What is the experience of looking at Norway? Is it the Government who have led that or is it coming from industry? Who is going to lead culture change of this dimension?

Maggie Philbin: As we have heard, this needs to be a co-ordinated approach and there are a number of initiatives that could probably feed in with sometimes some quite simple ideas, because it is understanding the drivers that get people online. My dad is 87 and he has just managed to track down his great grandmother's grave in Ireland—and he did that online. That was a real incentive for my dad to do that.

Other things switch on other people. My sister works for an organisation in Leicestershire that has a befriending scheme and she thought for a long time that the thing about the befriending is that it's a short term solution. They have 30 people who go out and work with people in the community but they spend an hour with them a week and they leave them in the same state, if you see what I mean, still without friends. She said that the stumbling block to connecting those people is that they cannot see the value of spending, £100 or £200 a year on an internet connection. Perhaps we need this sponsoring because it would make a massive difference locally. So, make it easy, take away the barriers and then, as I say, approach the problem rather differently.

Q117 The Chairman: Ms Neaman, in an earlier evidence session we talked about what was the basic technical package and how much does it cost, because clearly there is a cultural issue—and there is also an infrastructure issue. It would be really useful—and you can write to us afterwards if necessary—to give us what you think is the absolute basic package that

enables people to go online and be comfortable with it. Is it a tablet and basic internet and, broadly, what is the cheapest way you can do that? We can have a picture in our heads of what the cost is to then deliver the cultural change for those people where the cost is an issue—and to what extent do you think the cost is an issue? We have had mixed evidence on that, I think.

Rachel Neaman: Yes.

The Chairman: Thank you. That would be really helpful.

Lord Lucas: I want to come back to a point made by Lord Giddens, which is essentially that you can improve education and that improves your supply in 10 years' time. What can we do about the people who are out there now who would like to change career? What can we do to enable someone who has not considered software as a career and is in their 30s to understand that maybe that is something they can do? How do we open that door? Then to come back to something Karen Price said, how do we get the short courses that will enable someone to give that a real try? What are the obstacles and how do we remove them?

Karen Price: You have almost answered your own question there, if I may say so. I think we need to look very seriously at the role of further education and what our further education colleges can contribute to this. Traditionally, 10 years ago, they were running programmes that were about basic digital literacy. There is less demand for that from the communities now and so they seem to have stepped out of the space. Universities are doing a lot with the high end; you can go and do a three-year degree in computer science and you can become a software engineer. But every business is an online business; every business wants to hire somebody with some online capability who can put together websites, can help with mobile apps and what have you. I think our further education colleges could step into that space; they are well connected in the community.

To cause that to happen I think you need industry-designed and endorsed courses that are relevant so people will have the confidence that if they study and get a certificate in it, at the end of the day it is going to lead to a job. Then you will need to support the FE colleges because they will have to hire in the staff with the capability and set up the courses, but I think that mass market penetration is needed in this space. Lord Lucas's comments are very pertinent: there is enormous growth here and you do not need to go to university for three years to develop the capability in software to support a business.

The Chairman: That is very clear.

Rachel Neaman: I would like to add to that. We probably need to start thinking and talking about technical and digital skills in a slightly different way. I think a lot of people are put off by the idea that software is highly technical, highly specialised and has a very narrow application; it is a very deep but narrow application. What is important now is for people to understand how digital and technology is permeating every aspect of life. Going back to the point about the culture change, I think it is very important that we start to present these skills, not as a specialist add-on that only a few people are skilled enough to take on but as something much more generic and something that has much more value to all aspects of life.

Maggie Philbin: That is really important, not only for the people gaining those skills but also for UK plc, because it means that you are going to be developing and creating completely different kinds of businesses because you are going to be engaging all of society rather than

ignoring the sector not currently online. Technology has the potential to be really democratic and at the moment it is perhaps not democratic because it is only being exploited and capitalised on by a few. We need to change that and we can change that through education at every single level.

Coming back to one point about things that need to change, perhaps it is starting with young people already but that idea that the learning never stops. You do not stop learning, whether it is to GCSE, A-level, whatever level of apprenticeship. The learning has to go on otherwise your learning will become out of date or obsolete. That needs to be built into employers' thinking as well as with their own workforce so that they put things in place. I wonder whether there is not something—almost like an annual service—that everyone buys into and you check where your digital skills are. All of us could do with improving our digital skills. These things change weekly.

Rachel Neaman: I think that is an extremely important point. The lifetime between new technological developments is getting so much shorter that the idea of setting a curriculum that is going to last five to 10 years in the digital space is clearly no longer feasible.

Q118 Earl of Courtown: It is a great start. You have been talking about training and so on. Having had experience outside this House and managing SMEs employing 20 people, it is really difficult to do it because of the cost and the lost opportunity and lost profit of having somebody away on a course for a couple of days. That could be a loss of £3,000, for example. I am just making that statement. I do not know how this can be improved. Do you have any suggestions for the smaller SMEs who have this great difficulty of training on all aspects but in particular digital skills?

Karen Price: I recognise entirely what you are saying. Even if you go down to Tech City and talk to the small companies there, their instinct is always to hire experienced people. "I need somebody who can do this job on Monday. I will go to eastern Europe to get it because the idea of hiring in somebody and having to train them is something that I do not have the time to do". Also the training and education system, the ecosystem does not work. Of course, many of the large tech corporates use online blended learning and we certainly need to move into taking much more advantage of that. People talk a lot about MOOCs. I am not proposing that they are any sort of panacea for anything, but we have to somehow incentivise training companies and our FE colleges to offer blended learning solutions that work for the time-poor, cash-poor small company.

The Chairman: We also have to show them the economic benefit of doing it, which I think we are very good at measuring and proving to people.

Q119 Lord Macdonald of Tradeston: The further education sector always seems neglected in comparison with universities or schools. How would you solve that problem? Is it the fact that it is underfunded or that it lacks relevance? Is there a strong vested interest that is resisting change? How do we transform further education?

Karen Price: My colleagues will have views but I have quite strong views in this area. I do not think that FE colleges are at all resistant to stepping into this space and working there. I think the funding system currently works against it. We have a funding system—I know my colleagues feel strongly on this—and we have an enormous adult skills budget here. A lot of it is spent on IT but I am afraid it is the wrong sort of IT. It is qualifications that are 10 years old, very out of date. Of course the offer of colleges is driven by where they can access the

funding. The courses and qualifications need repurposing—it is not going to cost us any more money—and then the amount of the adult skills budget that is being spent on it currently can be spent on relevant material that the community and the market need. At the moment they cannot give it away.

Rachel Neaman: I totally agree with that. At the moment the adult skills budget is just over £2 billion and yet some of the qualifications are 10 years old. In terms of the relevance to today's digital world, those are not going to help us become a digital nation with digital businesses and digital people. We have to face the fact that digital literacy has become really the fourth pillar of literacy. You have reading, writing, arithmetic and digital skills. We need to ensure that from preschool right the way through to adult learning, seniors, over-75s and so on, that that continues to be the way we look at this. It is a basic pillar of education.

Maggie Philbin: For far too long FE has been the Cinderella of education and that needs to change. The colleges sit in the community and are ideally placed to understand the real needs of that community. One of the things that digital also offers is the ability for a business to be positioned anywhere, not necessarily in London or Manchester or Bristol but anywhere. We are only going to do this if we get the skills in those areas. The point was made very clearly and passionately in Plymouth that down there was a real potential to rebirth the career prospects of that part of the UK. So you need to develop the skills base at every level and to some extent keep it local. Also with digital skills, it is important that they are accessible. It feels to me that we have a rather rigid system of education but we need to be able to access training at any age, no matter what your background, gender or whatever, at any time. FE is ideally placed to do that.

The Chairman: Or it is potentially ideal. I want to bring in Lord Aberdare because in a sense we have strayed rather into your question. I do not know whether you want to pick up on some of this but I think what would be useful is to get some granularity about how it should be redesigned. I think you are describing how it should be but it would be very good for us to be very clear what it is that we could recommend about a redesign of FE.

Q120 Lord Aberdare: Thank you. Yes, the question does very much follow on from what we have been talking about. The question is: what does effective digital skills delivery look like? One of the things we have heard—including from you—is that the skills needed are much more generic than specific. They are to do with flexibility and learning to learn and things like that. Another of the things you mentioned is the use of new technologies in passing those skills, including MOOCs and tablets and what have you. We have heard about an enormous number of very good initiatives that are tackling part of this issue. I suppose the question there is: how do we identify which ones are worth scaling up and how do we scale them up?

The Chairman: How do you change the incentives within the FE structure so that it starts to deliver what you are talking about?

Lord Aberdare: To pick up some of those techniques.

Rachel Neaman: Looking at the skills sector in general, so slightly broader than simply looking at the FE area, as we have already said, there needs to be a much more strategic approach that focuses much less on individual activities and inputs but actually measures the impact of that. At the moment that is something that we are not always as good at as we should be. It is getting some common metrics and common understanding of what good

looks like and what success measures we need, then identifying what interventions work, because there are a plethora of interventions out there from face to face, using basic digital as well, digital champions, resources tools—the lot. A lot of money is spent on this but we do not know what exactly works.

Maggie Philbin: That is critical. I think many people would welcome having some sort of common set of measurements that people fed honestly into, just to help shape what good ought to look like, because it is very difficult at the moment. Obviously some people do measure but they are not always consistent and they are not always done in the same way.

The Chairman: Who could do that? Where would the measurement come from?

Rachel Neaman: It is something that we at Go ON UK are looking to do, working with government and partners right across the sectors to try to find what is the right measurement. Some of that is based on work that we have done before to define what basic online skills are. We want to move on a little bit from that now to look at digital potential because simply focusing on basic skills is not going to solve the problem. What we need to do is ensure that everybody has the skills relevant to what they need to do in their society or in their workplace, and some of that will be very high end and some will be quite basic.

Karen Price: I want to ensure that we do not lose the focus on the urgent need for developing deeply technical skills as well, if I may. Economic growth is going to flourish if the UK has the talent to be a global leader in data analytics, mobile, e-commerce, cloud, cyber, the opportunities are enormous, and getting ahead of the game—I would include the internet on that as well—in defining what that capability is and building it into courses. I would like to make an enormous plea to try to strengthen the role of apprenticeships in developing that capability.

A revolution has taken place across the tech sector, which has finally decided that apprenticeships are not just for bricklayers. They are finding that they are able to access, train and develop the talent they want much more quickly. Many of the companies are switching their recruitment profile from the traditional graduate entry into taking on apprentices. That is working very well for the big companies. It is working much less well for the small companies because there is not the local affordable provision of training that they need. If you want just one apprenticeship, no trade body is—

The Chairman: So it works where you have a big HR department who can organise it all?

Karen Price: If you are taking on 40 or 50. If you want one or two, nobody wants to work with you.

The Chairman: So it is back to Lord Courtown's point actually.

Karen Price: Yes.

Maggie Philbin: Building a community of SMEs that could work together would certainly be one way forward. I absolutely endorse the strengthening of the apprenticeship programme, because I think there has been an overfocus on a university degree being a passport to the future for everybody. It does not always work like that. Also, an apprenticeship does not necessarily preclude taking a university degree. But for those who are already in the university system, I think it is important that universities should be very much encouraged to have a computing for non-specialists module as part of any degree, no matter what it is,

whether you are doing a degree in physics or in geography. It is just so important. It would get so many students off to a head start and make them more employable.

The Chairman: Yes. That is very helpful.

Q121 Baroness Garden of Frognal: My question is very much about what you have been discussing already: how can education in skills delivery be effectively partnered with industry? You have touched on a lot of that. In previous incarnations I have been a teacher and I have worked for an awarding body. I recognise that there are both assessment skills and teaching and learning skills that could be very useful to employers if they are delivered appropriately. I wonder how you see working with teaching, and I very much welcome what Karen has been saying about FE colleges. I think they are an under-utilised resource in many cases. They are often very willing to adapt to local issues. But how do you see those partnerships working with employers to try to raise the profile of digital skills?

Maggie Philbin: There are a number of opportunities. If we look at schools at the moment and look at the access to experiences that broaden the experiences of particular students, I think it is very much weighted in favour of the parents who are able to fix up fantastic work experiences for their own students. It would be very sensible to measure schools on taking a rather more intelligent approach to work experience, whereby they actually looked at students and it was done in a slightly more scientific fashion. For instance, we know that a much lower number of girls will take a work experience opportunity in a STEM company. That is something that you could measure within schools and encourage them to improve the balance.

One of our recommendations was to have a website. It constantly came up at all of the regional meetings we set up for a kind of dating agency, whereby it was much easier for schools and companies to make connections of all kinds, both for work experience and for people coming into the schools. At the moment what happens is that some schools are amazing at getting all sorts of support from companies—they have a raft of companies up on their walls—and others have nothing. This simply is not fair. There are those moments where a student has direct interaction with a company and the company can often be the one who goes, “Actually, do you know what, you would be amazing as a project manager” and no one has ever told the student that. Those kinds of people are very much needed within the whole technology and digital space. It is not just about technical knowledge, and those people within industry are best placed to help students understand their own potential.

Rachel Neaman: There is also something about companies and organisations taking more responsibility in their local communities, to enable schools to produce people with the right skills or to put forward more apprentices and apprenticeships. Role modelling is very important in getting people into schools to demonstrate, “This is what it really means and this is what it means in practice”, again not always focusing down on, “This is a highly technical, specialised thing”. That is critically important but it is not the only thing. So I think role models, working in local communities and companies getting out there and spreading the message is important.

Lord Lucas: I will pick up a point from the last question. Do we need to extend apprenticeships to older people so that we can make it easier? If that is working for the tech sector, would it work for older people who already have established positions in the

community and perhaps children to look after and other things that make them a less flexible employee at that sort of level? Secondly, if we need to have much more input from industry on keeping qualifications up to date and making that flexible, how is that best organised? Is that the Tech Partnership and, if so, how does it get funded to do it?

Karen Price: I think apprenticeships for returners in this sector—returners to work or people wanting to enter the workforce—would be an excellent idea. I will not comment on the terminology and whether somebody in mid-life would suddenly want to become an apprentice, although I do think it is starting tonight on the television. The tech sector would welcome and benefit from people who bring business experience and then get trained in technology, because technology is about solving business problems.

The Chairman: Do they know that they would benefit from that?

Karen Price: Yes, they do. In retail quite often they will take somebody from the supermarket floor and train them in technology because they need that knowledge to solve the problem using technology.

To answer your second question, I am a great believer—and I think there is a lot of evidence behind a sectoral approach—that employers will tend to cluster around sectors. That is not saying that it cannot be sectoral and local. I do not think there is this dynamic that if we have that it is either/or; I think it is both. But employers need to come together collectively and take responsibility for supporting and partnering, to ensure that there is an ecosystem of training and education that meets the needs of not only their own employees but everybody else's employees as well. This needs to be done for the nation and it is an economic imperative. The cost of supporting that needs to be funded centrally from government, but it is miniscule compared to the savings that would be made from what is currently wasted on the wrong sort of training for the wrong sort of skills.

Q122 Baroness O'Cathain: I want to go back to something more basic than anything else we have discussed, and that is the kids themselves, the children—well, the teenagers and young adults who are still at school. You ask them, "Are you computer literate?" Of course they say they are and they have iPads and they have tablets. But an analysis that I read about said that young people use tablets and digital skills 65% for networking, 25% for games and the rest is whatever. They think digital skills means social networking and games. So what are you going to do? How can you convince them that their future is actually to get much wider than this?

Maggie Philbin: I think it might be worth saying that by using those social networks, and it being so embedded in them, they are developing certain digital skills. The problem is that often that is not acknowledged and they do not even realise that they have a skill that is valuable to a company that they could take to it. So I think that is worth saying.

We had a lovely day at Buckingham Palace yesterday with the winners of the TeenTech awards. Among them were the winners of the program category. These boys had written 35,000 lines of code for a game, which was very impressive. However, they had been told off by a teacher at their school for mucking about on a computer. So there was that lack of understanding about what they were actually doing and the skills that they were building up. Students do need to be encouraged to see where they can go and also, because of the way that digital skills and the tech industry is positioned sometimes, they do not necessarily see themselves as being part of it. Helping them see that they belong is really important.

Obviously there is a real issue with girls in the tech sector but I am willing to bet that if you did a bit of a survey on the social background of people currently working in, say, Tech City, that might be quite revealing as well, and we need to change that.

Q123 Lord Aberdare: One of the things that comes across to me is the apparently dire state of careers advice and guidance. Do you have any thoughts about what is the right approach? Who should get stuck into this and what is the way to improve it from what appears to be such a low base? You would have thought it should be quite straightforward.

Karen Price: I agree. I think it is absolutely shocking, and traditional careers advice is not working for any sector or for any company at the moment, particularly this one, because it is very difficult for those giving the advice to have any experience of it. I think we should turn this on its head. At times experience of the world of work needs to be the basis of the careers of the future. We absolutely need to revolutionise what experience of the world of work is from a full week in work, a work-shadowing opportunity. I think we could even do an awful lot digitally. We can start sharing it and we should do something transformational there to help young people.

If I may just come back to this digital capability of young people, I think there is enormous raw capability in young people that, unless it is trained up and polished, could cause a business a lot of damage. However, I believe that every business that wants an online presence would benefit from that capability if we could polish it up. If we could introduce that into our school system, where everybody came out being able to explicitly say, "I am coming to work in your restaurant or I am coming to work in your company, but I can also put content on your website and I can help with your social media profile", that would transform productivity of businesses.

The Chairman: That is very helpful.

Maggie Philbin: It is critical that we help teachers and parents in this space because it is shown that they are massively influential. They are the ones who the teenagers will turn to, so all the inspiration in the world goes to one side if a parent goes, "No, you ought to be a lawyer". We have to do something to reach the parents and the teachers. In that you get what you measure. I think it does come back to putting something in place to measure the way careers advice is being delivered, the access that students have. It does not matter who is doing the delivery, whether it is teachers or it is coming from companies, but those students do need to have access to it.

At the moment teachers seem to be so focused on getting that number of A to C grades. I am not blaming the teachers. If that was the thing I was measured by, that would be what I was doing, not taking that deeper breath and thinking, "Well, where does this lead?" We had a teacher who came to an event where we had someone talking about 7,000 jobs that were going to be created on the Here East site, talking about the kinds of skills that were going to be needed, the opportunities for start-ups and also people to work or lead these companies. A design and technology teacher came up to me afterwards and said, "I could not see the point of that. Why is that relevant to me?" It was not relevant to her because that is not what she is being measured on, but it should be relevant.

Rachel Neaman: I think there is a lot in how we reframe the debate around all of this because, again going back to the example of kids networking and playing games, that is demonstrating creativity and problem solving and those are the things that are needed in

the workplace. There is something about how we change the language around this so that we actually start from the end point: what is it that we want people to achieve? Then having digital skills and using technology is a way to achieve that. It is as valuable to know how to network online as it is to know how to code because you will need that in whatever role you take on.

Q124 Lord Haskel: You emphasise how important it is to form a partnership with industry. How do you get to industry? Do you do it through chambers of commerce, trade organisations, employer organisations, LEPs? What is your experience of trying to get to employers?

The Chairman: That is a very worthwhile question because that is one where we have had a lot of not great evidence in some ways.

Maggie Philbin: Of course I have a marvellous organisation called TeenTech—which I will shamelessly mention at the moment—that forges those connections. But you do raise a very interesting point because there is a level of frustration. I think there is a great willingness on behalf of employers who want to engage with schools. They do not always quite know the best way of doing it. They sometimes have the opposite effect and go in and turn a whole load of young students off because they do not understand how to do it well. There are schools who are dying to engage with local employers and perhaps, because they only reach out to a few who always get asked, do not get them to come. So I think you are absolutely right: it has to be on a very local level that there is an ability to connect so that those connections can be made, and those keen people who want to participate, who want to help shape and enthuse and also, quite frankly, to spot potential talent are able to do so because it does need to be nurtured quite early.

The Chairman: We are going to have to move on because otherwise we will not get through our questions, but anything further that you could contribute afterwards on that particular question would be very helpful to us because it is something that has come up repeatedly.

Q125 Lord Janvrin: I want to take you to a slightly different area, the contribution of the third sector in all of this and whether this is crucial in addressing some of the issues about the excluded 9.5 million, but also—I think, Maggie, this came out in your report—as a way of experimenting with some of the things that we have been talking about. If there is time, could each of you say something about the role of the third sector in addressing some of these issues that we have been discussing?

Rachel Neaman: I think that the third sector is unique in being close to the end users. A lot of the interventions that we see from third sector organisations are at local, hyper-local or community level, which is important because without knowing and understanding the specifics of the local community, trying to deliver a “one size fits all” solution is not going to work. So I think that is the unique strength of a lot of these third sector networks.

Going back to the point we made earlier that there does need to be greater investment in a joined-up strategy that enables those organisations to deliver on the ground, based on common metrics, common purpose, common outcomes and a shared understanding of the problems, we do not have a clear enough evidence base yet. We do not have enough stats on exactly who is online and offline, who has basic skills, who does not have basic skills, what the cost to the economy is and so on. We really need to have that.

The Chairman: Perhaps I can push you a tiny bit. When you talk about a strategic approach, which you all have, are you talking about that being national or are you saying that we need local digital strategies joining everybody up—or both?

Rachel Neaman: I think it has to work at both levels. There absolutely needs to be a national strategy for how to deliver on this agenda and then I think the local organisations need to identify what works for them in their local community, based on the framework that is put in place nationally.

Maggie Philbin: What the third sector can do is always be slightly ahead of the curve because it is more agile and it has that ability to start understanding what is coming up on the horizon and then developing programmes that engage young people, so it can help in that way. I absolutely agree that there is a need to have some common form of measurement so that we can understand what is going on. I also think that we need to have a way of understanding who is doing what, and where, because I suspect that there are certain areas of the UK that get a lot of interventions from organisations and others who do not benefit. Understanding that would be very helpful also.

Karen Price: There are third sector organisations that are doing absolutely fabulous jobs, and I am sure you have come across many as part of your work with this Committee. We lack a conductor, a co-ordinator. There is confusion in the marketplace; every school is bewildered, employers are bewildered, and we could get so much better value if it could sit within a national framework.

The Chairman: That is very clear. Thank you. That is really helpful.

Maggie Philbin: One point—and this is just before I forget it—is that time and time again students, schools and employers have said how much they value project-based learning, that that helps to deepen digital skills because you are applying your knowledge rather than just being taught the theory or principals. It also develops the other skills that we have mentioned: the leadership qualities, the ability to collaborate, work in a team. We need to make space within the curriculum for this because at the moment teachers are finding time and money and resourcing those projects themselves, and we need to be a little bit cleverer.

Q126 Lord Haskel: Perhaps we can move on to the impact on society. We have heard a lot recently about inequality and what that is doing to society. This is due in no small way to the awareness of the benefits of digital skills. What can the Government do to make growth more inclusive by using digital skills?

The Chairman: Clearly, as well as the social impact, we are very aware of the economic impact of the exclusion.

Rachel Neaman: Some of this goes back to what I said earlier about identifying what the barriers are to taking up additional services online. It is about the Government becoming more joined-up in dealing with those barriers. As we said, the infrastructure and the access point are very critical. Skills are absolutely essential: motivation and awareness. The question, “What is in it for me? Why should I do this?” is really important. That goes back to a lot of what we have discussed about how we change how we talk about this so that it becomes a more attractive and much more compelling narrative. Finally, it is the issues around security and safety that put a lot of people off. So I think we need a much more co-ordinated digital strategy looking at all of those bits rather than looking at them individually.

Alongside that, the third sector and private sector can also do an awful lot to support all of those areas. We work with a lot of partners in all sectors to deliver those sorts of interventions in regional areas. It is not just for government or the third sector or the private sector to do it; we need that joint investment. We need everyone to understand what their role is in it and to work together collectively and in a co-ordinated fashion.

Q127 Lord Kirkwood of Kirkhope: Perhaps I can follow up on that. Your evidence is very welcome and very compelling about all the potential, but we are hearing evidence that there are some real risks about your one-in-five disconnected individuals, and it is getting worse because they are more deeply left behind and there are more of them because they do not have internet access. It is a foreseeable risk and it is a worrying risk. If you think about the next five years from a political point of view, austerity is everywhere and it is going to be very hard to fight to win funds to do any of this stuff. If I gave you £100 of public money to spend on the digital agenda, what percentage of that £100 would you spend on dealing with disadvantage?

Rachel Neaman: That is an interesting point. I firmly believe that digital is an equaliser and not a divider and that it should be a democratising agent for all sorts of reasons, but at the moment it simply is not. We need to invest in that baseline to reduce the number of 9.5 million adults who lack basic online skills so that we can start to invest in a lot of the higher-end activities that we have talked about, but until we really crack those people who are excluded and are left out—

Lord Kirkwood of Kirkhope: I will ask the question another way. What is your manifesto bullet point for the political parties in the May election next year to deal with digital exclusion?

The Chairman: You are asking Lord Macdonald's question, but that is fine.

Lord Kirkwood of Kirkhope: Am I? He has a more strategic general question. This is about exclusion.

The Chairman: That is fine. Actually, why do you not come in on it now and then you can answer it all together?

Q128 Lord Macdonald of Tradeston: I think a hard-nosed Government would say that improving competitiveness is the first-order issue; whether it is dealt with equally in the fallout from that is a second-order issue. So if you had to say to the Government, "Here is what you do to improve your competitiveness through improvement of digital skills", what would that single suggestion be? And perhaps, Lord Kirkwood, you could persuade them to put it in the manifesto.

The Chairman: Or if you want, since we have asked you two questions, you can give us one and a half answers each. Who wants to kick off?

Karen Price: I will kick off. I do not have a lot of expertise in digital inclusion but I have been to visit transformational projects locally on the ground that have made such a difference, and I think we ought to find the best of those and try to scale it. It is not as expensive as you think. If you go to India they just put the kit in the hands of the people and it is transforming lives without teaching and skills and what have you.

On the manifesto point, I realise I have sat here for a whole hour and I have not droned on about the gender divide. I have not had that opportunity but, believe me, it is very important: 16% of the tech workforce is female. That is a national tragedy. But my election point is—

The Chairman: Do not worry; we are on that gender point.

Karen Price: I will write in.

The Chairman: That is fine. We have had lots of evidence and we are having another session on that, but do not worry, we will not forget that. So you have a chance for your other point.

Karen Price: My suggestion is that we commission an employer-led review of public spending on education and training in the IT space or the digital space, at school, college and university and across the publicly funded private training providers. The objective would be to improve the relevance of what is on offer. Are the courses and qualifications relevant and do they remove the duplication and enormous waste that is going on? People are being trained in the wrong things or the same things twice. We should try to reduce the fragmentation and get some sort of national framework in place. Then I would come up with a series of certificates that individuals can gain, at school, college, university and in the workplace, so that employers know exactly what they are getting when they hire somebody from school, college or university. They know what they can do in this online world and where they can make best use of that talent. They also know where to train the people who are already on their payroll. If they, as a company, want to go digital or if an individual says, “I see a further career opportunity for me by acquiring digital skills”, they know where to go.

The Chairman: Yes, very helpful. Thank you very much indeed.

Rachel Neaman: I completely endorse everything that Karen has said and I think she has put it extremely accurately and clearly. I am not sure that the rest of us can add to that, but I still want to say that I think a key role for government is to facilitate this joined-up strategy and to focus on that. If they are promoting the digital-by-default way of working and way of living, they should ensure that inclusion is included within that properly.

The Chairman: Thank you very much indeed.

Maggie Philbin: There are some very compelling figures that show why it is worthwhile investing in this and why it is so important, leaving aside the massive social value that it would ensure. Perhaps making that very clear in the press so that people understand why an investment is being made would be very important. There are some fairly simple things that can be done. I still do not quite understand why we do not share our wi-fi more so that people do not have to pay huge amounts. Why can we not do that and just make it easier? Things do not necessarily have to be expensive, but I think it does have to be addressed.

The Chairman: Thank you very much indeed. That has been an incredibly useful session this morning. Thank you very much.