HOUSE OF LORDS

Industry and Regulators Committee

Corrected oral evidence: Skills for the future: apprenticeships and training

Tuesday 30 April 2024

10.30 am

Watch the meeting

Members present: Baroness Taylor of Bolton (The Chair); Baroness Armstrong of Hill Top; Lord Best; Viscount Chandos; Lord Cromwell; Lord Gilbert of Panteg; Lord Jamieson; Baroness O'Grady of Upper Holloway; Viscount Thurso; Viscount Trenchard.

Evidence Session No. 2 Heard in Public Questions 17 - 23

Witnesses

I: Jennifer Coupland, Chief Executive, Institute for Apprenticeships and Technical Education; Jonathan Mitchell, Deputy Director for Future Skills and Innovation, Institute for Apprenticeships and Technical Education.

Examination of witnesses

Jennifer Coupland and Jonathan Mitchell.

Q17 **The Chair:** Good morning. This is the Industry and Regulators Committee. We have a public evidence session on our Skills inquiry. Our first witnesses today are Jennifer Coupland, chief executive of the Institute for Apprenticeships and Technical Education, and Jonathan Mitchell, deputy director for Future Skills and Innovation.

We will start with a general question about what your role is, how you play a role in looking at the broader skills system and how employers and others take their needs on board. Can you explain exactly what your role is?

Jennifer Coupland: Good morning, everyone. Thank you for inviting us to give evidence this morning. It is a privilege and an opportunity to appear here before you.

The role of IfATE in the skills system is a really important one. We were established in 2017. Our job, essentially, is to support employers to shape skills training in England. The way we do that is by working with thousands of different employers to set the standards that they require for training for the whole range of occupations across the 15 different routes across the economy.

That means that employers physically sit down and talk to us about their skills needs, with experts in their sector defining what competence looks like for a particular occupation. Those will be the skills and the knowledge that you require to do the job well. It is also the softer behaviours that you need to perform that job well.

We then turn that into what is called an occupational standard. That underpins apprenticeships across the piece. We have over 690 of those occupational standards underpinning apprenticeships now. Since 2019, IfATE's role has extended into technical qualifications. It is not just the work-based training delivered via apprenticeships but those technical qualifications delivered post-16 in FE colleges and independent training providers. We apply those same occupational standards to those technical qualifications to raise their quality and to make sure that people undertaking them in classrooms get the skills that employers need for their businesses to thrive.

The Chair: What are your main challenges? You are talking about a very wide range here. Employers, from very small to very large, need apprenticeships and people who have been trained. That is quite a challenge. How do you interact with that challenge? Presumably, you are getting feedback from employers as you continue this process. This is quite a wide spectrum if you have that many standards.

Jennifer Coupland: Yes. We have been given a huge opportunity in IfATE to build that coherent, integrated and simpler skills system. You will hear a lot from employers that they want a simple skills system that they

can understand and navigate. We think you need an organisation in the middle to deliver that. Using those standards that employers have developed is the foundation for all those products that come from it, such as the apprenticeships and the technical qualifications. Making sure that you have clear routes through the economy of high-quality training offers is key to building that simple system. I would say that is our big opportunity here.

In terms of challenges, we continue to have a challenge with employer understanding and engagement in the system. We work closely with thousands and thousands of employers, but we continue to work very hard on getting the messages out to the wider diaspora of employers about the quality of the skills system, the offer that we have and how they can engage.

We have quite a lot of evidence that, when employers know that other employers from their sector have been involved in designing the training, their confidence in that training goes up. Ninety per cent of employers will say, "Oh, if somebody from my sector has designed the standards, I think that's going to be a good standard". That floats the boats, if you see what I mean, in terms of the confidence in the whole skills system; but getting that message out to employers is a challenge.

We have also had feedback from employers, and others, on the interlinked challenge of SME engagement in the system and access for young people into high-quality skills training. We also have challenges about the need for adopting greater digital technology to improve our processes and to make sure that we are doing our work as efficiently and effectively as we possibly can, drawing in that wider diaspora of employers who might not want to come and sit in a room with us but want to engage in the skills system in different ways.

The final challenge that we bump up against, which will be an increasing one as we go forward, is the ability of the education and training sector to keep pace with the new requirements for emerging and future skills. I think they do a fantastic job—do not get me wrong. Our FE colleges are a massive asset to our system, but we need to continue to work on making sure that we have a system that enables them to keep pace with the latest requirements.

The Chair: You say that we need, and employers want, a simple skills system, but we have an absolute multiplicity of routes and systems—everything from bootcamps to very senior and quite high-level apprenticeships. Is that not a bit of a difficulty?

Jennifer Coupland: It is just an inevitable consequence of the fact that the economy is a complicated beast. In his review, Lord Sainsbury was very good in classifying the economy into 15 different routes to try to make that simple—engineering, manufacturing, digital, creative, et cetera. That has helped to give a bit of a framework to what we are doing.

When you think about the variety of training needs and requirements that different people will have, you want a skills system that can train young people who might be far away from the labour market to get into the labour market, to get their first job and to upskill. You also need a training system that recognises that most people are already in the labour market, and if they are going to perform really well in future skills for the green economy, for example, they will need upskilling or retraining. You want to have opportunities for people who are already in work to move laterally or to take a different direction.

It is complicated, but trying to design something based on the same sort of foundations is a massive step forward. The work that we have done with apprenticeships and those classroom-based technical qualifications has taken us immeasurably further forward than we have ever been in this country in creating that simpler, integrated skills system. Where we have opportunities to do even better is in the coherence of the entry routes into that system. Bootcamps, traineeships and all that kind of pre-apprenticeship-type provision need to be thought about in a more integrated way with what we have already done on apprenticeships and technical qualifications.

The Chair: We will follow up on some of those.

Q18 **Lord Gilbert of Panteg:** You have spoken a lot about the system. You have said that there is a skills system. In answering my question, could you answer it in the round across the skills system and perhaps help convince me that there is one? It seems to me that there is just lots of stuff out there, but it does not amount to a system.

My question is in three parts. First, what type of skills do you think we need for the future of the economy? Are they skills that will be largely focused on ability to use judgment and analysis tools, or to have specific technical, digital or green skills? Is it about judgment and broad skills, or a series of specific skills that need to be acquired? To what degree do we need to train and retrain workers to provide these skills? The third part, coming back to the system, is whether the system is up to it.

Jennifer Coupland: I will start off, and Jonathan might want to pitch in. On your point about whether we have a system, if you have a series of apprenticeship training products and qualifications, a funding stream, an accountability system and providers, you have a system. Whether you think the system works or not, you have a system. It is operating and people are engaging with it. It could be better or it could be worse, but you have a system. It is important for policymakers to think about it as a system and how you want all those different bits of it to interact and reinforce itself to deliver the policy priorities that you might have.

As to specific skills, I might be reading too much into your question. There is a suite of priority technical skills areas that we see as critical for future productivity and growth in the economy—things like digital skills, the advancement of AI technologies and the green industries. Also

emerging are technologies in the advanced manufacturing industry. There is a group of technical skills.

Allied to that, we hear a lot from our employer base that the softer skills that you are alluding to—the ability to solve problems, to think on your feet, to draw on evidence, analysis and data, cross-cutting skills in communication and teamworking with an ability to adapt—will be important to employers. Do you want to add to that, Jonathan?

Jonathan Mitchell: One hundred per cent. It is a blend of the two. In slightly different ways, when we look at some of the transformations happening around the AI space, there will clearly be a need for developing those AI technologies, capabilities and things like that to evolve skills into new spaces.

We also see that it is about the users of some of those technologies. These are beginning to spread, as changing skills demand often does, across a much wider range of occupations. We will see firefighters, care workers and all sorts of people needing to handle and be skilful in the handling, interpretation and analysis of data, arising, for instance, from wearable medical care kit that people are wearing at home where they are being monitored remotely. I think it is both. It is up to us to try to detect what those sorts of changes are.

Jennifer mentioned that last year we ran an exercise where we had conversations with about 2,000 stakeholders with an interest in the skills landscape. They were largely employers, but there were also others. They were really clear that they want us to be ready for that. They want us to detect those things early. They are also very concerned about making sure that those transversal skills that individuals need to have to be effective entrants to the workforce are addressed through the sorts of things Jennifer was talking about, with the behaviours in our standards and things like that.

Lord Gilbert of Panteg: If it is both, and if we need a real step change in training for the future of the economy—it is a massive national training and retraining project—to equip people with both those analytical and softer skills, as well as the specific skills that you describe, is the system there yet? Is it up to it?

Jennifer Coupland: I think the system is getting there. The point I was trying to make at the top of the session was thinking about the range of different training vehicles that you need. One of the challenges with apprenticeships is that there is a risk that they try to do everything in the system, when actually they are a particular kind of training vehicle for a particular set of needs.

You need to have other things like short, sharp bootcamps to upskill on digital. You need to have additional specialist qualifications that people could take to learn how to become competent, from welding in the oil and gas industry to welding on wind turbines, for example. You do not need to do an entire apprenticeship for that. You could just do a short

qualification. Trying to think about the things that you need to put together to do that is the challenge over the next couple of years.

We have the building blocks for that. We just need to do the next stage. Thinking about it in terms of that range of different provision will be really important.

Lord Gilbert of Panteg: Finally, who is the conductor of the orchestra in your mind? Who brings all this together to create a proper and comprehensive system that everybody understands and knows their part in?

Jennifer Coupland: We would always want to see employers having a leading role in the system. We know in the period pre-2012, where that was not the case, that we had a relationship flowing between government as a commissioner of every kind of skill directly down to providers, and the funding stream flowing in that direction, with employers sitting over to one side. What came out of that system was failing to meet the needs of the economy and the needs of employers. We would always want to have employers in there.

Of course, government will want to have a set of priorities in what it wants the sphere to achieve with the economy and the emphasis that you might put on a skills system that is delivering high skills for advanced manufacturing versus one that is about social mobility, with the policy choices that you put around that. It is obviously the role of government to make those sorts of choices.

Jonathan Mitchell: We have worked with employers. We worked quite quickly at the beginning to make sure that we had these 600-odd apprenticeships in place. That was a pretty rapid piece of work.

We have seen lately that the advancement of technologies and the ability to use big data to inform us about where we might need to look for change, how we might detect it and how that might flow into the system is enabling us to strengthen what employers can bring to the system. We have spent quite a lot of time extracting from employers' heads their requirements. We have also increasingly recognised that there are ways for us to evolve our support to those employers, such that we are informing them as well about those kinds of labour market trends and things like that, which we can sometimes spot quite easily from the centre and where they might need our support.

It is a partnership, powerfully, perhaps with a conductor. Perhaps that is employers at large. I see it as a collaboration, where we can each bring the best that we have.

Jennifer Coupland: I have recently come back from a study visit to Germany. An interesting feature of their system is how it is built on consensus. One of the things that we have done in IfATE—Jonathan has been instrumental in this—is to build our apprenticeship panel. We have a panel of apprentices who feed into the work that we are doing with

employers to make sure that the apprentice voice is heard in the system and that they can influence things like the quality and standards of training, what their experience should be like and what they think "good" looks like. It is trying to make sure that you have a system that gets that into the conversation as well.

Baroness Armstrong of Hill Top: Why, then, has the employer contribution to training, and employer training itself, declined so heavily?

Jennifer Coupland: We have had a structural issue in this country for a long time with employer investment in skills training. We have not had as much of a culture of investing in skills training in the UK as some of our competitor countries in Germany, Switzerland and Austria—those kinds of places.

The introduction of the levy has been successful in very many ways. One of them is that it has massively increased the amount of money that can go into apprenticeship training—from £1.2 billion to £2.8 billion now.[1] That means we can have longer apprenticeships, of higher quality and have more technological skills gained in them. They are better-quality training products within the swim of that programme.

Baroness Armstrong of Hill Top: But they are not doing training themselves as much, and only 2% of employers contribute to the levy.

Jennifer Coupland: It is 3%.[2] That is a big cultural issue in the extent to which employers, who contribute to the levy, see it as a way for them to get their levy contributions back and fund beneficial training for their sectors versus being beneficial for the wider economy. We note that in the system as well.

Jonathan Mitchell: For quite a long period employers were not as able to influence and participate in the evolution and development of that system as perhaps we would all have liked. Certainly, that is the work that we think we are here, in part, to do. In some ways, over time, that has robbed employers of some of the expectations and capacities to engage in the ways we would like.

We are at a very early stage, if you think about T-levels or indeed reformed apprenticeships, of maturing a quite different system. It endows employers with quite a lot of levers and things like that. We are working with them to build confidence in, and engagement with, that system, but there is undoubtedly a maturing process.

Some of the drops that we have seen, it is fair to say, have been drops partly by design in the reforms that we have had. Before the reformed apprenticeships system, for instance, a lot of apprentices did not even know they were on apprenticeships. That was not an ideal situation. Although, perhaps, the way you measure employer engagement made

[1] Correction by the witness: From £1.2 billion in 2010/11 to £2.5 billion in 2022/23.
[2] Correction by the witness: It is 2%.

the numbers look quite solid, in the end the quality of what was being delivered was sometimes quite questionable.

We have succeeded in shifting the balance into apprentices and participants in technical education doing things that we are much more confident have quality. That is what we hear from employers. Their confidence is growing. That is what they are telling us.

Jennifer Coupland: Finally, we have really great engagement from employers in apprenticeships and we have really floated the boats on the esteem in which apprenticeships are now seen. We have household names such as Google, British Airways, Guinness and whoever else investing in apprenticeships. That has been great for the image of technical training. It has been great as a mechanism for opening up opportunities to people to work in those blue-chip companies.

Where we have a huge opportunity to do more is in employers engaging directly with FE colleges and others on those classroom-based technical qualifications and using those, now that they are based on the same set of employer-defined standards, to upskill and retrain their workforce outwith the apprenticeship levy. There is lots of potential for growth in that space.

Lord Cromwell: While we are at the scene-setting stage, just to get it straight, are employers obliged to work with you, or can they go their own sweet way?

Jennifer Coupland: No. They are not obliged to work with us at all.

Lord Cromwell: What percentage do?

Jennifer Coupland: Directly—

Jonathan Mitchell: As a percentage, I would not like to pluck that out. We have about 400 trailblazer groups, typically with about 10 members. They are the groups of occupational experts who specify the knowledge skills and behaviours for a particular occupation. We have a large number of route panels, who are part of what help us to set the strategy in particular areas of the labour market.

We are working with a huge range of other employer representative bodies. We have an employer directory organisation, for instance, which represents about 70,000 employers among its membership. So we are working with a lot of employers.

The other thing that we are trying to do at the moment is this. I mentioned large language models and big data. It is now possible for us to do what we could not have done seven years ago, which is to take enormous datasets about job vacancy data or other information, from the LSIPs, for example, that you will be hearing about later, and look at that data and think, "What are we detecting here that is changing in the labour market?" In the end, that will be representative of probably millions of employers.

There is the ability to use that to spot trends and have a sense of when we expect change to happen, and to be ready more quickly for that change so that employers are not left trying to catch up on skills. We are working on that right now. It would not have been possible before. Our ability to extend our reach is quite significant.

Lord Cromwell: I am just wondering at what point you get to a critical mass where you represent the majority of employers, and how often they push back and say, "We don't need some quango telling us what to do. We know how we're doing our training". I am not saying they are right, but I just wonder where you are at. Is it that big or almost all-embracing?

Jonathan Mitchell: We would like inputs from as many employers as we can possibly get. That is really valuable to us. We want the best possible picture of the labour market's demands. Of course, there are times when we have to work with employers on complex questions that have no obvious right answer. That is sometimes difficult. What employers would ideally like is a training provision tailored to their specific organisation in their specific town. Sometimes we have to work to make sure that the training that the apprentices are getting, or that the technical qualification students are getting, is transferable for them and enables them to take their certificate and use it elsewhere.

That is just part of the diplomatic balance of our role. What has been nice is that over the last few years—I have been at IfATE since the first day of its existence—we have found quite effective ways of having those conversations with employers. Sometimes we have to disappoint people kindly, but we must not lose sight of the most important thing for us, which is that we end up with these qualifications that deliver on the skills that the nation needs.

Q19 **Viscount Thurso:** Good morning. My question is really a follow-on from Lord Gilbert's and, indeed, the other two questions, but it is much more around the process side, which is what I want to ask about. I have a question for Ms Coupland to start with and then a follow-up for Mr Mitchell, so you both get your chance. You do not have to come in straightaway on everything.

In your opening remarks you said that you are there to support employers by setting standards. My question is about the process of how you set standards. How does the institute decide what types of occupations are subject to the standards, and, within that, how does encouraging the development of emerging and future skills fit into your standard-setting work?

Jennifer Coupland: We confine ourselves to looking at the standards for skilled occupations. We start from level 2, which is the equivalent of a GCSE-type level. That would be where we would start in occupations for which we would be interested in developing standards.

In law, we have a convening power. We could demand that employers come together to work with us on a particular thing. We have very rarely

had to do that. We are a responsive organisation. We will be contacted by employers who will say, "We want to run an apprenticeship in X, and we cannot see it in your occupational maps", or, "We have an apprenticeship in X, but we want to be able to train in this domain. It is a new thing in our industry, and we want to add it into the existing apprenticeship". We will work with those employers to establish the trailblazer group to develop those standards.

Viscount Thurso: You said there are certain occupations that require a skill. There is quite a long list. As a matter of interest, can you tell me something that you think does not need it? Is there anything that you would say no to? That is what I am asking.

Jennifer Coupland: If you want to have something that you call an apprenticeship, you have to decide what your criteria are for that. You have to put some boundaries around it. The sort of thing that we would be looking at is an occupation where you would not reasonably be expected to become competent in that occupation without having 12 months' sustained and substantial training. That would be an example of the sort of thing.

Viscount Thurso: It is a bit more than, "Pick up that shovel and dig that hole".

Jennifer Coupland: It is a bit more than something that you could pick up in a couple of months by shadowing somebody in the workplace. There needs to be a degree of skills gain. That would be the sort of thing that we would be looking for.

Viscount Thurso: Mr Mitchell, looking at the institute's innovation strategy, in the introduction it says that the introduction or revision of standards and qualifications to meet emerging and future skills needs to take between two and five years. Does changing standards over such a timeframe provide sufficient flexibility? Does it work? Indeed, could you do it more quickly, and should you do it more quickly?

Jonathan Mitchell: I am really pleased that you have read our innovation strategy. That is great. First, although that is the wording in the strategy, we very often do manage to do that a lot more quickly. We can, and do, sometimes make quite small changes to standards where it clearly makes sense to do so, and it is not that controversial. We can do that, for instance, in as little as three weeks.

When it comes to more fundamental shifts, we are typically finding that we can do that in the space of about six months. In fact, that is our median performance on that basis. With new occupations, our median performance is about 15 months. Some take longer, especially where they are in extremely complex, often highly regulated and very difficult environments to get consensus and achieve what we need to do.

The other point I would make is that it is certainly true that the labour market is changing at a pace that we have not seen before. We expect

the pace to quicken at which some of those skills that I described earlier will transfer from quite specialist domains across a range of occupations. We are not, by any means, the only country facing the significant challenge of making sure that our skills system can keep up with that.

In that context, it is probably worth mentioning that in some of the skills systems that we hold in high esteem—and very rightly, I have to say—we are by no means an outlier in how long it takes us to do the work. In fact, partly because we came in for quite a bit of criticism in the early days for not being as fast as we would have liked to have been, in some ways we are probably quicker. For instance, in Switzerland, they say it takes about three years to update one of the equivalents of their standards, and, in Germany, it is at least a couple of years. Very often we are doing that much more quickly.

Last year, we revised 131 of our occupational standards, which was a big push. In Switzerland, at the same time, they revised 50. We are moving as quickly as we can, but we still have this really important desire to protect quality at all costs. The moment confidence is lost in the quality of our products, they will stop having any value to employers at all or, indeed, to the certificate holders who have pursued them.

Jennifer Coupland: The wording in the innovation strategy relates to the foundational occupational standards and changing those occupational standards. It does not relate to the creation of a new skills product in the system that is reflective of an emerging skills need.

I was at Liverpool John Moores University the other day. It is doing some exciting work on the use of robotics in the laboratories. That is happening in that small area for that particular field. It would not be appropriate just now to put that into the national occupational standards, because you would expect everybody to do it across the country at every college everywhere, but we want to work with them to create a new product so that we can grow that knowledge and understanding. We can test whether it will become something that needs to be nationally delivered. Once we have done that, we can put that into the national occupational standards. That is the sort of transmission mechanism, if that makes sense.

Q20 **Viscount Chandos:** We have already gone quite far into the role of employers. You said that they should have a leading role. I guess they often ask themselves, "What are we? Are we a consumer, a trainer, a funder or a co-designer?" Again, you have touched on the increased confidence that comes where the company or the industry thinks that they are a co-designer.

Can you enlarge a bit on how you would define the employer's role, and whether that is how employers generally, as far as you can make a consensus, see what their role is, and should be?

Jennifer Coupland: From our perspective, we would see them shaping skills training in England. That is the key role in the skills system. If they can articulate their skills needs and we can put that into the skills system

so that our colleges and universities all point in that direction, that is a massively important signal to make sure that the funding we are putting into that system is directed in the right way to support businesses and public sector organisations to get the skills that they need to grow their businesses or to function really well. That is the key relationship for us.

Viscount Chandos: I am quite struck by the fact that the language tends to be quite passive. You get the feeling that a lot of employers think, "This is imposed on us", rather than, "This is something that we want and need to do for our own self-interest". Is that fair?

Jennifer Coupland: It comes back to my point earlier that some of the inherent challenges are about the awareness and understanding of how employers can influence the skills system. Our door is open to employers to come and work with us. If they are not happy with the quality of a standard, they can request a revision at any point, and we will obviously look at that. That is important.

On the imposition of standards, as Jonathan was saying, the Government will always want to make sure that the system works for people as well as employers. There will be policy priorities in that. It could be choices around whether you want to prioritise particular sectors or particular regions, whether it is a young person or an older person, or whether it is about entry-level training or upskilling and retraining. There are policy choices in there. Employers will obviously be operating in an environment where policy choices are being made that might not be the ones that they would have liked, if you see what I mean.

Q21 **Viscount Chandos:** How do you engage with other institutions and plans in this respect—people like the local skills improvement plans?

Jennifer Coupland: I think my colleagues from BCC are sitting behind us here. They are involved in 38[3] of the local skills improvement plans. We think that the LSIPs are an important development. They have been very successful in many ways in drawing in employers at a local level who might not have engaged with an organisation like us.

There is a lot of skills information in those individual plans. We have work going on at the moment with BCC colleagues and others to try to draw that material out of those plans, so that we can build a mechanism that enables it to connect more directly with the national standards- setting process. That does not exist at the moment. We have that tier happening locally, which is influencing local provision. Then we have our national standards-setting activity. One of the innovations I would like to see would be better connective tissue between those two things, to make sure that we get the signals right.

We are also doing a lot of work with the Unit for Future Skills, which is doing a project on the skills classification index. It sounds very technical, but it is how you talk about skills. That will be important for the next

[3] Correction by the witness: 32 out of 38 of the local skills improvement plans.

evolution of LSIPs in the language used to describe skills needs in a local area and sending the right kinds of signals to the centre so that we all understand that we are talking about the same thing and there is no room for confusion.

We are also doing a lot of work with Innovate UK and its foresighting hub, making sure that we are tapped into its latest work on gathering data, insight and evidence on future and emerging skills. There is a lot of partnership working in this space to build consensus and draw in all the talents across the system.

Jonathan Mitchell: We are choosing to be extremely judicious about where we build those really quite active partnerships. They are with a lot of mayoral combined authorities, various professional bodies, former sector skills councils and all sorts of bodies like that. They are with UCAS, for instance, which is doing fascinating work on explaining the system to the wider world, including engagement with employers and, as Jennifer said, with innovative organisations like that. We are trying to select where that collaboration between us and whatever organisation it is can have real impact.

We have achieved some great things in the UCAS collaboration, getting our occupational maps to be the engine behind some of what they are putting out there and making sure we can strike the right balance with mayoral combined authorities. For instance, where they have devolved budgets, powers and skills but we have a national skills system, how can we marry up those two things in a coherent way? We absolutely want to focus on those areas where we can deliver a bit of impact.

Q22 **Baroness O'Grady of Upper Holloway:** Building on the previous questions about investment, I have two quick questions. Over decades we have talked about employer engagement, employer-led and collaboration. For all the good work that has happened, we still have a long-term decline in employer investment in training and skills. Do you see one of the reasons for that being a labour market characterised by flexibility, insecure contracts and low pay, where the reward for investment in skills and training is not high enough, and the perverse incentive to poach other people is too high? That is my first question.

My second question is, again, that, over decades, apprenticeships have been characterised by very acute gender segregation. Indeed, in many cases it is race segregation as to who gets the premium apprenticeships that lead to the best-paying jobs. When we think about the skills for the future, as you have described—tech, green skills and so on—how optimistic are you that we can disrupt that gender segregation and get a step change in representation in those opportunities for the future to get towards a better-paid job?

Jennifer Coupland: Gosh. As to the investment in skills, I do not have any evidence on the impact that that increase in flexibility, zero hours and all that kind of stuff has had on perceptions about the need to invest in skills.

Investment in skills is a bit like investment in research and development. Employers need to put in up front with a view to getting something back in the longer term. We have lots of evidence of really good return on investment for apprenticeships. There is between a £2,500 and £18,000 return on investment for different apprenticeships across the system, depending on the sector, but employers need to be prepared to put the legwork in at the start of that process to get those gains further down the track. Part of our mission is to bring the message to more and more employers that investing in skills for the long term is obviously the right thing to do.

We will never get anywhere if everybody always thinks that it is somebody else's job to train people for the future. I think Rob Halfon talked about a skills nation the other day. We need more people to come forward and invest in the future of their workforce, frankly, for the future of our country. I would make that case.

As to the questions about apprenticeships, skills training, gender, race and all those things, we have long believed that apprenticeships and other training vehicles are a huge opportunity for changing the nature of the workforce in whatever sector you are in. We have worked with lots of very thoughtful, conscientious and caring employers, who absolutely want to do that in their industries. They see using apprenticeships and skills training as a mechanism for doing that.

None the less, you will have read the data. We still see the apprenticeship programme mirroring the picture that we already have in the labour market. Where there are high concentrations of men in an industry—for example, in engineering and manufacturing—the same thing happens in the apprenticeship programme. In the same way, with occupations such as hairdressing or childcare, it is very gender biased.

I think we are doing better on race. We have more apprentices from black and minority-ethnic backgrounds going into a range of different apprenticeships than would be the proportion in the population. That is starting to tweak and is really positive. We now have blue-chip companies investing in apprenticeships, and we have apprenticeships in some of those traditional professional occupations such as becoming a lawyer, a solicitor, an economist or all those kinds of things. Having a training vehicle to get you into that profession, which may have been closed to you before because you did not know somebody who was in it already, is a real opportunity in the programme to open out opportunities to more people from socially disadvantaged backgrounds.

Baroness O'Grady of Upper Holloway: Are you optimistic?

Jennifer Coupland: I am optimistic to the degree that we have done a lot of work on equity, diversity and inclusion. When we are developing new apprenticeship standards we have an EDI framework. Every employer group we work with sits down with us and goes through that to make sure that the details of the training that they are designing, as much as it possibly can be, will enable increasing equity, diversity and

inclusion through that training programme. At the end of the day, individual choices are made by people hiring people, and that is a big cultural change that we have to shift.

Jonathan Mitchell: I echo all of that, but I am also optimistic. I hope I am not too boring about this, but we are at a stage in the maturing process of this system where it would be quite surprising if it was all done and dusted. I know that is not what you are suggesting.

Are we seeing signals, though? Yes, I think we are. In that big conversation that we had with employers last year, which I just alluded to, numerous times employers saw this absolutely as a part of their strategies, for engagement with apprenticeships and technical qualifications, for balancing participation of both sexes or expanding their recruitment into demographic areas that they had not been able to reach previously. That is very clear.

A few weeks ago, I was at a small manufacturing employer in Shipley. It was a really phenomenal employer. We are seeing employers like this one take really sophisticated approaches that are beginning to pay off. This employer had a much better balance of men and women working in their engineering firm. The average age for an engineer is 54. I think their average age was 35. They were achieving things through small and quite incremental steps, through using the skills system. They were about to have an apprenticeship open day at their organisation. They had about 10 places. They were expecting about 100 young people to turn up. I think it was about a 50:50 men and women split.

The signals are encouraging. There is certainly a way that you can use this system to catalyse some of that shift. Therefore, I am optimistic, but I would be deluding you if I said the work was done, because it is not.

Lord Cromwell: Before I come to the main area I want to ask you about, can I push back a little bit? I am encouraged by what you have just been saying, but on this flexible international pool of labour, as an employer, if I want a builder, a doctor or someone in the hospitality sector, there is a huge pool of labour that has already gained training and experience elsewhere. I can sidestep the training cost and simply employ them, possibly cheaper than a UK person. What you have offered me so far as a reason not to do that is because it is good for the country. Can you offer me a bit more than that?

Jonathan Mitchell: Jennifer has already alluded to some of the returns on investment for employers. There is plenty of evidence to suggest that the retention rates for employers who have participated in further education and training, and things like that, are really strong. The company I was just alluding to in Shipley achieved things in the culture of their organisation and so on that were really important to them. What they called their engineering superheroes were people who felt incredibly loyal to that company and were working really hard, and because they had been backed by that company they were innovators and were confident.

That is a particularly sophisticated approach. What is good about the system is that it provides employers with a vehicle to develop that kind of sophisticated approach. It is true that employers lost some of that capacity and capability during some of the downsides of the preceding system. Again, in that big conversation we had last year, the employers who participated had a very good experience of being participants. Our job is to try to promote those case studies more widely and to make sure that the benefits that can be derived are well understood by a wider range of employers.

Lord Cromwell: Were you about to add something?

Jennifer Coupland: I do not want to get drawn on migration policy.

Q23 **Lord Cromwell:** Quite. I am encouraged by what you say. I notice in your annual report from last year that risk No. 1 in your risk register is employer confidence. Can we look a bit more at the attitude of employers to the apprenticeship levy? There has been some criticism that they are using it to reskill older employees rather than bringing in a younger workforce who are just starting out on life and this is their first rung on the ladder to a proper job, if you can call it that. Is that a fair criticism of the system?

Jennifer Coupland: We need to come back to the fact that we have an all-age programme. We are using apprenticeships not just as an entry route for young people coming into the labour market but for upskilling and retraining. That is a policy choice that we have made.

Jonathan alluded to the kind of pre-2012 quality of the then apprenticeship programme and the focus of apprenticeships in business administration, customer service and social care. Lower-skilled roles were the dominant training areas in that programme.

We now have a system where we have 20% of apprenticeships at level 2, so at the GCSE level, and 33% at level 3, the A-level equivalent; 53% are at that entry level role; 22% are at levels 4 and 5, the higher technical role; and 25% at level 6 and above. I think that is a much better reflection of the training and skills needs across the economy than we had when we had the previous apprenticeship programme, which was focused at level 2. It reflects the fact that we want to use the programme to upskill and retrain people for the jobs of the future. That is an inevitable consequence of that.

Lord Cromwell: I totally take your point, but do you not feel there is a drift towards diverting the levy into upskilling existing employees as opposed to bringing new people into the industry?

Jennifer Coupland: I will not say that that has never happened. I am sure that some employers have been incentivised to think, "How can I get the best out of this, given that I am paying into this levy?" I think that is short-sighted. I would love to have a system where people are thinking more broadly about training and the contribution it can make to the wider economy.

Jonathan Mitchell: I think it is worth adding this. I was reading a report yesterday that said there are 2 million jobs, according to this bit of analysis, that will be impacted by automation in the next few years. Similarly, about 2.4 million jobs will probably be created as a result of the changes that that brings about. There is a huge opportunity. Those 2 million people in areas such as retail and things like that will need to retrain. That is an important part of the whole thing.

Of course, we want to bring lots of great, fresh talent into the labour market, but employers are also wrestling with a serious challenge in that sort of space and will want to be able to fill those 2.4 million new jobs with the best people. I have already talked about the pace of labour market changes, the changing technology and the changing skills demands. Employers need some help to meet those, and the skills system is definitely one of the ways they can do that.

Lord Cromwell: I have one more point of detail, and then I will leave you alone. There is some complaint from businesses, I believe, that the levy is too restrictive in what can be funded. They want a shorter, modular approach to be taken, particularly to draw in younger folk. Do you recognise that? Is that an issue?

Jennifer Coupland: We do not have any policy responsibility for the levy, so I probably should not be drawn on the design of the levy.

Lord Cromwell: It is not what you recommend, but what have you observed?

Jennifer Coupland: On flexibility and requests for flexibility, we have definitely heard that feedback. We are really interested in looking at how we can build a system that will have national occupational standards that work for an apprentice who might be trained in Middlesbrough who wants to move to Somerset and have their apprenticeship recognised, and maintaining that, but looking at the extent to which you can flex for local need or a particular small business's need. That is a really interesting avenue of inquiry, and we hear that a lot from employers.

Lord Cromwell: That is helpful. Thank you.

Viscount Chandos: Do you think it is helpful having kept the description "apprenticeship" for this broader range of skills? There were differing views from our witnesses last week. I just wondered whether you feel it helps or hinders.

Jennifer Coupland: That is a really good question. I would always try to make the distinction between apprenticeships and classroom-based technical qualifications. Apprenticeships are all about that amazing training programme that happens as a combination of learning on the job, traditionally at the feet of a master and somebody who oversees your training and helps you to learn on the job, with that additional aspect of off-the-job training, where you can go away and think about what knowledge and skills you have acquired in the workplace and the

theory that goes with that so that you are developing that knowledge. It is a brilliant training programme. Thinking about that as what we mean when we are talking about an apprenticeship should be the description.

It should not really be relevant whether it is a young person or an older person doing it, because it is about the nature of that kind of programme of being employed and learning a set of skills on the job to take you from not being competent to being competent in the role.

Jonathan Mitchell: Before I came to work at the institute, I spent 18 years working in public schools where, at that time, apprenticeships were not very often discussed among the pupils that I was teaching. I now receive more invitations from schools of that type than I have the time to meet. There is a great interest. That suggests to me, as one indicator, that something about the attitude to the prestige of the label has certainly changed.

We are often told at the institute that people out there have doubts about the quality of apprenticeships, the value of them and things like that. I have spoken to so many people over the last seven years in this job and I have never met anybody who holds that view. It is a really interesting one.

In my view, it is a label that does not carry the sort of difficult cachet that perhaps you are alluding to. At least, if it does, I have not encountered that yet. It is really important for us to be confident about the quality of what we have and the quite historic label that we can attach to that. As far as I can see, it is beginning to grow in prestige and esteem all the time.

Viscount Chandos: I did not see it as a difficult label but a misleading one. It raises expectations that it is all about level 2. The fact that it is levels 3 to 6 as well is just not helpful to people's understanding and the debate around it.

Jonathan Mitchell: I think it reflects a change to the shape of the labour market and the economy. People are coming in at very different levels with different pitches of learning required. I might be wrong, but my preference has always been to absolutely stick with it.

The Chair: I think we would all agree that people do not get a job for life now, have one role at 18 and stay in it for ever, but there is a problem in rebranding retraining as an apprenticeship. I am just worried about the figures we heard last week, when we were told that 30% of 17 year-olds did not stay in education and did not go into an apprenticeship. Maybe we should be concentrating more on that younger age group. What will they do in the future if they do not get off to any start whatever?

Jennifer Coupland: Robert Halfon was here talking about the ladder of opportunity last week. It is really important that young people have that first rung on the ladder to get them into the labour market. It comes back to my earlier point about thinking of this as a system and what the

right kinds of training vehicles are for helping young people to get into the world of work. I do not think we serve those young people well by dropping the standards—

The Chair: I do not think anybody would suggest that.

Jennifer Coupland: —and saying that we will call anything an apprenticeship. There needs to be some sort of quality floor. If you set the quality floor at a point where you find that there are 17 year-olds who cannot get into the labour market, you need something for them. I think our FE colleges are fabulous in working in this space, but there is more opportunity for us to formalise that, whether it is a pre-apprenticeship or something of that nature, to help people get into those high-quality training opportunities. We saw it in Germany the other week. They have a pre-vocational stream focused on employability skills, to enable those young people to make that step.

Taking that system view and trying to think about the whole thing, all the different constituents in terms of all the different kinds of people that we want the skills system to work for, and the kinds of opportunities that we need to create for them, have we ticked all those boxes and presented it in a coherent way where people can see how they can get in and progress into good-quality skilled work?

The Chair: We have more or less kept to time. Thank you very much for the answers and the contributions you have made. We will provide you with a transcript and you will be able to check it. It is early days. We are not coming to any conclusions yet, but thank you for the evidence that you have given us this morning.