



Industry and Regulators Committee

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

Tuesday 14 May 2024

10.30 am

Watch the meeting

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

Evidence Session No. 4

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Questions 30 - 41

Witnesses

I: Shazia Ejaz, Director of Campaigns, Recruitment and Employment Confederation; Lloyd Thomas MBE, Future Workforce Skills and Capabilities Lead, Co-op Group; Nicola Drury, UK Head of Skills and Apprenticeships, Amazon.

Examination of witnesses

Shazia Ejaz, Lloyd Thomas and Nicola Drury.

Q30 **The Chair:** Good morning. This is the Industry and Regulators Committee of the House of Lords. We are conducting an inquiry into the skills that we will need for the future. Our witnesses this morning are Shazia Ejaz, director of campaigns at the Recruitment and Employment Confederation; Lloyd Thomas MBE, future workforce skills and capabilities lead at the Co-op Group; and Nicola Drury, UK head of skills and apprenticeships at Amazon. There is quite a spread of interest and experience there.

Can we start with a general question about what employers will need in terms of a skilled workforce? We have been taking evidence and have heard various people emphasise different aspects of skills. To a certain extent there has not been a conflict but there have been differences in emphasis between people being able to use judgment and analysis or perhaps being trained with specific skills. If you could cover that it would be useful for the committee.

Shazia Ejaz: Thank you for allowing me to represent the views of our 3,000-plus recruitment members across the UK. They recruit in all skill sectors, and a large number of them deploy temporary agency workers. For a bit of context, we need to look at future skills needs but there are severe skills shortages across a number of sectors at the moment. The system has not been able to keep pace with that. We just need to bear that in mind when we think about how to address some of the future skills needs.

When we think about the skills of the future, the two obvious things that come to mind are AI and green skills. One of the perspectives that I can offer on the green skills side of things is that, at the moment, we do not have an agreed definition of what green jobs are across industry and government. There are various bodies looking at this, but we need to nail that down quite quickly, so that there are green jobs in direct and then transitional.

It would be really useful if we could get to the bottom of that quite quickly in a partnership approach between industry and government, so that we can move forward to do some proper workforce planning around not just green skills but all skills needs. Once we have an agreed definition around this stuff we can map the skills that will be needed in the future. LinkedIn said that, by 2030, 68% of our skills needs will be different from they are now, so we have to get moving quite quickly.

Lloyd Thomas: Similarly to Shazia, we have been doing a lot of work at Co-op on skills matrixing and looking at job roles. Where we have got to is looking at role-based versus skills-based, because one has to come before the other. We have started by looking at the role, the skills that are needed for that role, and therefore, into that mix, the skills that are likely to be needed for the future. Similarly to Shazia, we are seeing an element of green skills—not such a demand, but definitely a demand for

technical skills—and a real demand for core skills: those softer skills that are almost expected but not necessarily always there.

Nicola Drury: At Amazon, we have reacted to some of those new and emerging technologies through our apprenticeship programme, which we started in 2013 with six engineers. Five of them completed and are still with Amazon, which is fantastic. We have grown our skills programme to reflect those emerging technologies, such as automation, cloud skills, and corporate sustainability and responsibility skills, such as green skills. We have been able to react to that, but some skills that are still needed and are seen as skills of the future have always been there. Engineering is a great example and is one of our largest schemes, but we also want what are called durable or essential skills. We have been offering that for 10 years now, and we have seen growth and demand in that, from level 2 apprenticeships in business improvement techniques, all the way up to level 7. We have used the apprenticeship levy to react to those changing technologies and skills, but the same kinds of skills are very much still required across the industry.

The Chair: When you say “essential skills”, are you talking about people being able to use judgement and analyse issues rather than learning a particular skill?

Nicola Drury: Yes, and a lot of the apprenticeship standards underpin that. We are seeing more green skills underpinning apprenticeship standards, and analytic thinking and problem solving as they become higher in demand.

The Chair: Shazia, can I just follow up on what you said about current shortages? You painted quite a bleak picture there. Could you give us an idea of where the most difficult problems are and the ones that need most urgent attention?

Shazia Ejaz: We produce labour market data monthly and have seen a picture where there were severe labour shortages in a number of sectors before the pandemic. That was exacerbated by the pandemic, when a number of people either decided to leave the labour market altogether and not return or returned to other parts of Europe and did not come back. We lost a lot, and that exacerbated the problem.

We need a skills system that is far quicker and more agile, and that thinks about shorter modular training courses that people can use to skill up quickly. Our members who recruit in logistics and warehousing often point to the example of where somebody might be in a warehouse, stacking shelves or something like that. They could upskill by doing a week-long course to qualify as a fork-lift truck driver, which is a specific vocation that is still in shortage. It takes a week to do that rather than a year-long apprenticeship, so we need to think about the flexibility around some of this.

Q31 **Lord Cromwell:** I get the impression that, over time, there has been a diversity of policies, programmes, providers and initiatives—whatever

words you want to throw into that mix. How easy do you find it to navigate that diverse, buzzing confusion of opportunity?

Nicola Drury: There have been a lot of welcome changes recently. We had the levy in 2017; we have the Skills for Life campaign and bootcamps. We are really starting to see some successes from those. We have also been engaging with SMEs. More than 100,000 SMEs sell on Amazon, so we do a lot of engagement. What we clearly see coming out is that the smaller businesses still need support and education on what is available and what is right for them. Sometimes an apprenticeship might not be right for what they are looking for in skills, but a bootcamp might be. When we engage with SMEs, we find that those lights come on and they say, "I didn't know that". That is really important.

We work really closely with the combined authorities, which do a fantastic job. We have had some really successful partnerships with them, where they do a lot of that support and communications with chambers of commerce and with SMEs. From that, we have managed to transfer 1,000 apprentices across the communities that we serve. We have seen great success but we need to continue to do a lot more. As I said, SMEs make up 97% to 98% of employers, so that is really important.

Lloyd Thomas: To pick up on Nicola's point, there are quite a lot of products. That can sometimes be a bit confusing for employers: is it a bootcamp, an apprenticeship, a bespoke piece of training or something modular? There is that, but the products that we have are good and fit for purpose. It just depends on the employer as to how far back we think. What can be ideal is the polished, finished article today, but what we really want to do is look back over three, four or five years and start to build those skills, where we look at a build-borrow-buy model.

A good example of what we were just talking about is an LGV driver apprenticeship and the 12-months-plus endpoint assessment. You could argue that a colleague could get their LGV licence in three months rather than 15 months, but we see it as having the experience, including practical driving experience, and a colleague who is quite committed to staying with us at Co-op, rather than obtaining the licence and moving to somewhere else on that particular logistics estate on the side of a motorway. We see real success there, but I completely agree that employers, large and small, sometimes need some help in trying to understand what is available and what would be the best fit for their requirement.

Shazia Ejaz: I agree with Nicola and Lloyd. The majority of our members are SME-sized businesses, and a number of our smaller members say that they struggle to engage with the networks or the bureaucracy to access the support that they need around the skills system. It is easier for the bigger employers that might have broader networks and more resource, so some sort of support, education and simplification of the process would be really welcomed.

Lord Agnew of Oulton: What simplification would you like to see?

Shazia Ejaz: I will come at it from our members in particular. As I said, our members often place temporary agency workers. Our members technically end up paying into the apprenticeship levy because it looks like they have the payroll and revenue numbers coming in on their books, but these are people who they deploy out. They are not necessarily employing them in the normal sense of the word, but they find themselves eligible to pay into the levy and then are unable to use that levy money. That is a real hindrance to training up a large number of the people who they are paying the levy for.

We looked into this a couple of years ago and found that, of the 1 million temporary workers deployed on assignment on any given day across the UK, 960,000 are prevented from accessing apprenticeships, because apprenticeships are a year-long process and agency workers are on assignment for about 12 weeks, on average. There is already a complication and a hurdle in the system that prevents a lot of flexible workers from upskilling, moving around, sharing those skills and unleashing a dynamism and growth opportunity in the labour market and in industry.

The Chair: Some of your temporary workers would be placed by the agency on a temporary basis but would end up working in the same place for quite a long time. There are some government departments that employ agency workers who can stay for a very long time.

Shazia Ejaz: That is a possibility but our research shows that that is not the majority. On average, it is around a 12-week maximum assignment rate. They might come back to the same employer or move around, but that is based on employer needs and being able to dial up or dial down their growth needs, or they might need a particular skill to develop a certain bit of the business or meet a consumer demand, whatever that might be.

Lord Cromwell: Just coming back to this highly complicated, diverse, bespoke set of wheels all turning reasonably in harmony with each other—we hope—do you sense that there is a clear government policy running over the top of this that gives it a sense of direction? If there is not, would it be particularly helpful if it engaged with employers in its formulation, or would it be just yet another fluffy, strategic wordsmithing activity because of the sheer diversity beneath?

Nicola Drury: Amazon has worked really closely with government on skills. Our UK lead is on one of the DfE's skills committees. Our MD of Prime Video also works on the creative industries. This is a great example of where we have had some really positive results from working closely with the Government on strategy and skills. We have supported the creative industries; we worked with ScreenSkills and the flexi apprenticeship. We funded 20 apprentices there, and all of them have now gone into jobs in the creative industries.

We are continuing that work locally as well. We work with Buckinghamshire and Berkshire local skills improvement plans around the

creative industries and skills, and how we can support people to get back into the industry and get jobs. We have had really positive outcomes even working on a local level, as I said. It really works where we have supported local skills with employers; I used combined authorities as an example.

Lord Cromwell: I am sorry to interrupt you, but that is my point. I can see that working for large employers and local initiatives. I just wonder whether there is any overall government steer on this incredibly diverse subject.

Nicola Drury: Absolutely. The creative industries are just an example of where we work with government. In terms of a strategy, it is about having that close relationship with employers and government, but also looking at the sectors. As we have said before, there are some different skills needs in different sectors. At a local level, that is when things can really happen.

Lord Cromwell: The Co-op always used to say “from the cradle to the grave”; it does everything. I used to work for the Co-op years ago, so I remember that. Is there a government strategy? Do you interact with it or are you doing your thing?

Lloyd Thomas: We engage with the Institute for Apprenticeships and Technical Education on all things apprenticeships. That is really solid. We know who to go to, how it works and what the processes are. It is really quite clear: we say, “I want to create a new apprenticeship standard”, and it says, “This is how you go about doing that”. From an apprenticeships perspective, we are heavily involved in the trailblazer system. I chair the retail trailblazer, and one of my colleagues chairs the funeral one. We engage very heavily with the Institute.

When we look at local skills and skills being devolved, it becomes a bit more complicated as a UK-wide employer. The apprenticeship levy being an England-only funding mechanism can also be quite complex, because we do not want our colleagues in Glasgow to be trained any differently from those in Gloucester, but we then end up forcing what the apprenticeship model looks like in Scotland, Wales and Ireland to try to get something generic. We have previously wireframed things to enable the level of training to be the same, although the output, the outcome and the recognition at the end will be different depending on where that particular colleague lives.

Shazia Ejaz: What is needed to provide the right foundation for skills policy and government approach on this is a well thought-through industrial strategy, worked on with industry and employers to understand what direction the interventions and growth areas come from, and to then work back from that so that government has a better idea of a longer-term workforce plan. We need to get away from the short-term fixes that are often driven by parliamentary cycles or whatever it might be.

When employers think about their business strategy and their business plans at board level, they need to be thinking, “What is the people element of an industrial strategy? Where do the skills fit in? What other growth areas do we want to compete in globally? Do we have the skills? If not, how do we get there and make sure not only that our own industry can be ambitious, create growth and drive innovation, but that we can attract external investment?” No one will invest if they do not feel that the skills are there, so there is a crucial bit of economic growth that comes from getting this right.

If we have ambitious economic growth plans, we should have ambitious plans around our people and skills policy as well. The REC did a report on overcoming shortages, which I started off talking about, in 2022. We modelled that if there is an extra 10% demand on the existing skills supply, we could lose up to £39 billion in GDP growth annually between 2024 and 2027. That is linked to skills shortages and not having the skills to meet the demand. Having a clear industrial strategy that is worked on in a true public/private partnership model will help start to set that bird’s eye plan that everybody needs to know of and work towards together.

Q32 Viscount Chandos: To push on a bit, still on this theme and in this direction, I have heard the phrase “a bit confusing” and the word “simplification”. Would it be helpful if there were fewer government skills programmes, or is the differentiation in the present portfolio important? Lloyd, you used the word “confusing”, so can I start with you?

Lloyd Thomas: At Co-op, we tend to use apprenticeships as our main government-linked method of training. We have been running apprenticeships in Co-op this time around since 2011, and we tend to use that as our main method. In the work that we do with the retail trailblazers, there are other retailers that have found some of the other mechanisms really useful, such as bootcamps and other things. Some are engaging with local authorities.

The confusion comes when it is not that one-stop shop to say, “This is what is needed and there are your options”. However, should there be fewer? I cannot speak on behalf of other employers, some of which make them work really well. The way our business works is slightly different in the fact that we are predominantly convenience retail, funeral care, legal services and support centres. I would not want to say that there should be fewer, but Nicola might have a different view.

Nicola Drury: I am a massive champion of longer-term courses such as apprenticeships—it is in my job title—because I have seen them change lives. I have seen people enter the workforce and do a level 2 apprenticeship. Evelina is a great example: she did a level 2 apprenticeship and a level 3 in team leading. She is now doing a level 7. She has been promoted about three or four times. You see people come from the military who then reskill. We have Nick, who has left the military. He is a software developer. Again, he has been promoted a couple of times, so it really does change lives.

Shorter courses are for different reasons. We have a number of skills courses for people. We run a programme called Career Choice, where we fund up to 95% of an educational course, capped at £8,000. Over 17,000 of our employees have done that in the last 10 years. Looking at people from different backgrounds, we run a 12-week programme in partnership with Barnardo's for care-experienced and vulnerable people. That provides employability skills for people to enter work with Amazon or somewhere else.

Shorter courses are great for the right reasons, the right people and the right needs, but for me, apprenticeships are life-changing. People can build their pathways, and they are fantastic for social mobility.

Shazia Ejaz: I do not disagree. Apprenticeships are fantastic, but the levy needs reform to make the money that goes into the levy pot more accessible. There is evidence not just that more and more people want to work flexibly but that employers want to have more people work flexibly. There was a report out recently from the World Employment Confederation, of which the REC is a member. It interviewed a number of global FTSE companies at C-suite level. The overwhelming trend is that people will be more and more reliant on using flexible or contingency labour. That is also a positive way of spreading skills and bringing in green skills, for example, where they may not exist.

In understanding that employer need and that workers want to work in this way, we have to have a skills system that enables it and creates the opportunities to skill up that bit of the labour market. It is about being agile enough to respond quickly to the changing patterns of the labour market, because the labour market that we have now is not the same as it was even 10 years ago, let alone pre-pandemic. We need constant consultation with people who are on the front line of understanding labour market patterns to be able to feed through.

Viscount Chandos: That is another balance to be struck, between stability to let employers and providers invest with the confidence that the goalposts are not going to get moved, and, on the other hand, the fact that the market and skills requirements are changing. You have to balance those two things. Do you have any comments on that? Also, saying that the levy needs to change implies that you would like to see many of the different types and lengths of training be brought under a single umbrella, rather than have the shorter-term ones—bootcamps and other things—alongside the current apprenticeship criteria.

Shazia Ejaz: I am not saying that one thing should be prioritised over another or that bootcamps work better than something else. The point is that whatever training is available needs to match the needs of employers and workers. We then need to go from there and look at especially the acute shortages that we have and prioritise some of that. It is about making it easy to access and making sure that, if employers are paying towards it, which they absolutely should be, they can also draw back from those funds, and that it is not seen as a barrier. It is about making the system as easy as possible to access for everyone involved.

Nicola mentioned local skills improvement plans. That is another area where our members are working and engaging with recruiters that have that front-line perspective of what is going on in the local labour market, but there are some LSIPs that are not as easy for SME businesses to engage with, and so they are missing out on some of those perspectives of the local labour market. We just need to make sure that all bits of the system are working together effectively, which also means cross-departmental working, so that DWP and the DfE, for example, are really aligned.

We have not mentioned it yet, but, while we are hugely invested and it is very important that we have a domestic skills pipeline that serves the economy's needs, we also need to make sure that, when the Home Office thinks about what skills it is allowing in through the immigration system, that is flexible and meets employer needs as well.

Viscount Chandos: Nicola, you were nodding when I said the word "stability".

Nicola Drury: Stability is good. We have had a lot of change in the last few years. Like I say, I welcome positive changes, but they are all still quite new. Bootcamps are still relatively new, but we are seeing success from them. The apprenticeship levy was introduced in 2017, and we have had success through using the levy as well.

As a business, Amazon is very innovative. We have to respond to changes, which we do through the apprenticeships and through Career Choice, which I have mentioned, but we need some stability to allow people to plan for their skills strategies and what that workforce looks like for the future, because it is not something that can happen overnight. You need to know what is available to you.

You mentioned training providers. To provide a quality service, education organisations need to understand what that system is and have that stability, so that they can plan.

Q33 **Viscount Trenchard:** If I may continue along the same path a bit more deeply, and think about whether we have the right institutions to ensure an effective skills system for the future, I would like you to give your comments on the skills system locally and on a sectoral basis. The 2022 Act introduced a new system of local skills improvement plans. This had previously been done by LEPs, so I would like to know whether it is working better under the LSIPs that we now have.

On a sectoral basis, do we have the right kinds of sectoral bodies providing skills systems, or are changes necessary? There has been talk of developing further industry training boards, for example, and how the sector skills councils are working.

It is quite a wide question, but could you give your comments in those areas on what you would like to be done to ensure an effective skills system for the future?

Lloyd Thomas: We have 57,000 colleagues in the Co-operative Group, so we tend to focus on sector rather than local. The point raised about sector skills councils is a really valid one. We had a retail sector skills council, and then, gradually, as it disappeared, we have lost that connection from a wider skills perspective, whereas it would look at all aspects.

One thing that we would get from sector skills councils but are not getting now is data. If you want to make data-driven, strategic decisions, it is really hard. When we had our sector skills council for retail, we would all sit around the table, look at our starts for apprenticeships, at our completions, at where there were gaps and errors, and at where it was not as good as we would like it to be, and make data-driven decisions, but we are not getting that now. Anything that we get is, at best, three months old and, at worst, probably six-plus months old, so it is difficult to make some of those decisions and to identify the best solution.

The other thing on that point is that working with apprenticeship standards is great, but it is very slow. Admittedly, we had the pandemic in the middle of it, but we have just done a level 2 retail revision, and it took nearly three and a half years. From a skills perspective, things are changing quickly, especially with AI. We were talking about automated ways of delivery. We have robots through Starship. The skills are changing, because what we need are not necessarily delivery drivers, but people who are able to programme the robots and potentially programme drones, if that is the way that we are going.

It is about the sector for us. We have campaigned for a long time for reforms in the levy, but I worry that, if we ring-fence too many things, it is just going to make it more and more restrictive. If we ring-fence for age, and then potentially for different skills, I worry that people will use their levy for everything other than apprenticeships, and the apprenticeships starts will then fall even further.

Shazia Ejaz: We touched on LSIPs. The key thing is not always to replace one thing with another, but to look at where you learn from best practice, where things can merge, and where existing practice can be built upon. With LSIPs, I have talked a bit about the unique perspective that recruiters have of the local labour market. We think the local is really important. Local employers understand what the demands are and get the candidate perspective, so they can understand where the right fit is or what the gaps might be.

Devolved skills planning is really important, and LSIPs could be a really good thing for driving some of that, but it needs to be easier to engage with them. We are encouraging our members to engage more at a local level—and a number of them want to engage at a local level—to offer their perspective, but accessing those networks can be difficult.

Your point, Lloyd, about data is really important, so I am going to use it to plug REC data. Our data is collected on a monthly basis and can provide a perspective on the sorts of skills that are in demand, where

some of those shortages are and how employers are wanting to recruit—that is, whether they are looking for permanent or temporary staff. Some of that fluctuates as well, so REC data is a good go-to if people want to have a look at that in a bit more detail.

Nicola Drury: I would say very much the same. I have given some examples about how we have worked with sectors successfully, the creative sector being one of them, and with local authorities. I would welcome more of a systematic approach locally. I do not work that closely with LSIPs but I am connected to them; there is an opportunity to do more at that local level in making sure that there is that match. UCAS presented a stat last year where it found that lots of people leaving school were looking for apprenticeships but could not find them in their area or sector. I thought that that was really interesting. For me, it is about creating more opportunities across the UK and locally. Again, I would definitely welcome much closer and more systematic ways of working.

Lord Agnew of Oulton: Should the Government be doing that? Why can employers not do it?

Nicola Drury: Employers do. It is just not necessarily consistent across all employers. As a large employer, at our scale, we take it very seriously. We work with a lot of chambers of commerce and providers, et cetera, so the opportunities are there. It is just about getting more people working together so that there are opportunities for people who want them in the locations where they are. That is what is important.

Q34 **Baroness O’Grady of Upper Holloway:** I should declare my interest as a former general secretary of the TUC. I have two questions, both about the reputation and quality of apprenticeships. The first one picks up on Lloyd’s points. We know that there are some really excellent apprenticeships in the system but also that, at the other end, there are real public concerns about low pay, little time off the job to train, getting stuck at level 2, not being able to progress and so on.

One of the key systemic concerns is about dead weight against the backdrop of falling employer investment. We are seeing a rebranding of training that could and should have happened anyway under the apprenticeship badge in order to gain public subsidy or the 10% top-up. I see from Amazon’s website that half of your apprentices are existing employees and more than two-thirds are aged over 25. We have certainly heard the plea for flexibility but I would be interested in your comments about how to counter that concern about dead weight, the public not getting value for money and young people not getting the apprenticeships that they need.

As for my second question, we are probably all aware that the apprenticeship brand depends on trust, quality and a wider social compact. I am aware, for example, that the Co-op group has worked closely with USDAW, the shopworkers’ union, on joint initiatives around workplace learning centres, et cetera. Amazon is currently in the midst of

a union recognition campaign, including at the Coventry warehouse. The union has now launched legal action amid reports of union-busting techniques, including intimidatory one-to-one meetings, the victimisation of union reps and the display of QR codes to encourage workers to cancel union membership. That is subject to legal action, obviously, but do you agree that public subsidy, the 10% top-up and, arguably, procurement standards should be dependent on compliance with labour standards?

The Chair: That is a big question that goes a bit wider in some respects, but you might be able to pick up on some of it.

Nicola Drury: At Amazon, we want everyone to be able to access skills, regardless of background, age or where they are in their careers. I have already given some case studies today. We have seen some great successes and people really moving on. Throughout our programme, 64% of starters start at a level 2 or level 3 apprenticeship. We offer apprenticeships all the way up to level 7. That is for existing employees to progress through their careers and for new people to join us, again, across the UK. As a large-scale employer, that is very important. We have seen people get promoted and do other apprenticeships, so it is something that we are really proud of. We have a 79% completion rate as well, which is way above the national average. We want to continue to offer people opportunities in apprenticeships, as well as through Career Choice.

Lloyd Thomas: We do a mix. We have direct hires. One of our really successful direct hires, which addresses the skills gap, is our solicitor apprenticeship in Co-op Legal Services. We normally take only five or six every year but we have done so for the past five years. We are really starting to see that in-house growth and development.

We also see a real benefit in career changes, especially in our funeral care business. Where people are in careers that retire earlier, such as the police or the military, we often see those career changers coming into funeral care in their 50s and maybe even their 60s. Sometimes it can just be generated because they have arranged a funeral for a loved one and they think, "I would really like to do that role". The level 2 standard delivers a fantastically rounded funeral arranger from the beginning to the end, so we see a real benefit in that.

I completely agree that we need to keep a really close eye on levels 2 and 3. We look at level 2s and level 3s in jobs such as a retail team leader, a retailer and a customer service practitioner but, sometimes, it is about having those entry-level jobs for those new hires to go into and identifying where those roles are. We are currently working on one with Co-op Business Services, where they do a rotational role across the whole of business services. We have done ones previously in our insurance business because we need to make sure that they are in a safe environment—especially if they are coming from school at 16, which we have had before.

We have the Co-op Academies Trust, with 34 of our own schools in a mix of primary and secondary. It also has a sixth-form college, of which I am the chair of governors. We have some really good case studies where we see a Co-op education, a Co-op apprenticeship and a Co-op career, similar to what Nicola was saying. We can all name those individuals. We have one from the Co-op academy who gained a first-class honours degree just two weeks ago. It was all over LinkedIn, and that was lovely, but we need to keep an eye on both levels. That is probably what I would input.

Shazia Ejaz: Our data tells us that there are a lot of shortages in entry-level skills, so there is a role for the levy to be used to skill up those people. Of course, it is hugely important that younger people are given opportunities on apprenticeships. We have to bear in mind that, as the labour market is changing, we have to do what we can to bring older people back in, or to keep them in and enable them to transition into other roles. That will be really important, especially as we start to shift because of technology or green skills.

Our position is that, if you are already skilled to level 6 or undergraduate degree level, you probably should not be drawing from the levy for continued apprenticeship. One way to balance out the younger and the older apprenticeship starts is that, if an employer has trained more apprentices at 25-plus than those aged between 16 and 24, something is a bit off-kilter.

Baroness O'Grady of Upper Holloway: What about compliance with labour standards?

Lloyd Thomas: We made a decision really early on that any apprentices within Co-op had to be on a permanent contract from day one, and had to be paid the rate for the role. That is great socioeconomically and for internal progression but, to be able to do that, we need a vacancy.

There was always quite a debate. We used to do a lot of work with the National Apprenticeship Service, where we had a real divide. Some people saw the apprenticeship rate as a training rate or a sensible rate, since you might not get the opportunity without it, whereas we have always been completely on the opposite side in saying that we need to pay a decent hourly rate or salary, whatever the role is, and not have the worry of, "Will I have a job at the end of it? Do I have to apply for something at the end of it?" Over the years, we have had some quite difficult conversations with our leaders, where we have said, "If you would like to have that role, that is great, but it needs to be permanent and it needs to be rate for role".

Nicola Drury: Our apprentices are paid from £12.30 an hour up to £34,500 in year one, so we have really competitive pay. Our apprentices sit above our headcount operational plan, as we call it, so we do not necessarily need a vacancy. We sit them above so they very much get that off-the-job training. Our aim is for them to be successful and to complete their apprenticeship with us, which 79% have gone on to do.

Q35 **Lord Agnew of Oulton:** I am interested in your thoughts on why employers' investment in training has been declining and what we could do to incentivise employers to spend more on their training.

Nicola Drury: At Amazon, we have continued to grow our investments in skills and training. As I said, we started the apprenticeship scheme in 2013 with six engineers. We now have more than 1,600 apprentices across 42 schemes.

Lord Agnew of Oulton: How many employees do you have in Britain?

Nicola Drury: We have around 75,000.

Lord Agnew of Oulton: So that is 1,600 out of 75,000.

Nicola Drury: Yes, currently, but we are continuing to grow that. We have also put more than 17,000 employees through our Career Choice programme, which we want to continue to build. We add new schemes all the time; we have 42 now. We added a digital product manager scheme just this year as well. We take it seriously. We want to continue to invest in skills. As I mentioned earlier, from engaging with smaller businesses, there have been some concerns around costs and what is right for them.

Lord Agnew of Oulton: You said that it is 1,600 out of 75,000, which is about 2.5%. You are one of the most profitable companies in the world. Do you think that is enough?

Nicola Drury: We continue to grow every year with our apprentices. We will continue to do more. The apprenticeships last from 12 months to four years so, cumulatively, it will change. We also do other programmes to invest in skills.

Lord Agnew of Oulton: Going back to my question, what more do we need to do to incentivise employers to invest more in training?

Nicola Drury: We have seen a decline in apprenticeship starts across smaller businesses and SMEs, as I mentioned before. If we can look at how to support SMEs in creating more opportunities, that will really support the number of opportunities for people across the UK.

Shazia Ejaz: I start by going back to my industrial strategy point. Employers need stability and clarity about the direction of travel around the economy to unleash some of that confidence to invest. Employers absolutely have a role in making sure that they are investing in their people. It should be part of a board-level business plan and strategy around how to develop people. There are lots of incentives in what has been a candidate-driven market because there have been lots of shortages. More and more candidates are saying that they are looking to go and work for employers who are showing that they are willing to invest in their skills and training, so there is a real incentive there for them to compete for the best talent by investing in that.

More specifically, for the industry that I represent, one of the disincentives, as I have already mentioned, is the fact that they have not been able to access the money that they have paid into the system. If they are able to access that money, that will definitely incentivise more investment from them. At the moment, they feel like they are paying in and not getting back, but that is our industry.

Lord Agnew of Oulton: This goes to your point that one year is too long and there should be more flexibility. Should going on a one-week forklift truck course be relevant? Surely that is just a cost of running a business. Is there not some middle ground here? I agree with you that you can have a very worthwhile course in three or six months, but where is your sweet spot? How short a course should the apprenticeship levy be eligible to fund?

Shazia Ejaz: The forklift truck was an example but it is not to say that we are talking only about one-week courses. The point is about looking at where the shortages are and where employer demand is, and finding out what is sensible in terms of skilling up someone with the right standards to plug a gap in the labour market. That is why it is so important to have a model where government and employers are in much closer dialogue about what they think the solutions are to filling the shortages that we have. We have severe shortages across a huge number of sectors, not just one or two.

Lord Agnew of Oulton: At the end of this process, we will write a report, which we will make a lot of noise about. I agree with you that the apprenticeship levy is not working optimally but you are not giving us any ammo to put in our gun. You are just saying that a year is too long. Give me something to work with. What should it be?

Shazia Ejaz: Our members would love to be able to draw down money for courses that might be two to three months long. If the average duration of a temporary assignment is 12 weeks, it would be brilliant for them to be able to complete a bit of training that can be conducted within that timeframe. They can then use those skills and move on, upskill or be promoted through the employment system. Something that is sensible enough to be able to equip the individual with the skills that they need to meet employer demand is what we are looking for.

As for the sweet spot around that, I do not have the answer to whether it is two months. It depends on the skills we are talking about. It is so varied because there are needs across so many sectors. I would just encourage closer dialogue to understand exactly what that is. Is it a month or two months? We are talking about modular training so it can be built upon.

Lloyd Thomas: One thing that we have talked a lot about at Co-op is maths and English skills, whether a two-month or a three-month programme. Where there is a requirement for functional skills in the apprenticeship, when we do the initial assessment, if they have not managed to get to that level through the education system and they are

on only a 12-month or 15-month apprenticeship, the journey is sometimes just too big. Some people do not go through the process because they would not be able to achieve with the level of maths and English that they have. At Co-op, with one of our training providers, we created a 12-week pre-apprenticeship programme. It was fairly quick and sharp, with weekly intervention, to enable them to get their functional skills in maths, English or both, depending on what they were coming through with.

Lord Agnew of Oulton: Had they failed their GCSEs?

Lloyd Thomas: Yes. If they had not become exempt through their GCSE results, that is what we were seeing. Socioeconomic factors can be a real barrier. For us, it would be a real benefit to look at maths and English skills as a short piece of learning of perhaps two to three months.

The Chair: You are talking, really, about employability skills before you get to the stage of being at all specific about what they might do.

Lloyd Thomas: Yes. It makes their apprenticeship that bit easier because they do not have the functional skills requirement to go through during that learning period. That would be really good for us.

Lord Agnew of Oulton: I agree with you. I worry that there is no interaction between schools and the apprenticeship scheme. I have a supplementary question but it needs to be quick because I have used up too much time. Should we have a skills tax credit system in the UK? By that, I mean, rather like the R&D tax credit, something where you get, say, a deduction of 150% or 200% for money spent on skills training. Tell me very quickly, in two sentences, yes or no and why.

Shazia Ejaz: Tax credits can be good at focusing money to where it needs to go but they can also be complicated for employers to access. We have talked about some of the barriers to these schemes. We have to make sure that whatever is available is easily accessible and not too complicated, and that there is not a huge lag between when you can pay into something and then access money back from it. That is probably about as far as my expertise on that will go, I am afraid.

Nicola Drury: I agree. As long as we can incentivise and support smaller businesses to create opportunities for young people, or for people to retrain, it is a good thing. We are definitely open to those discussions.

Lloyd Thomas: It is a really interesting question. I would potentially say yes because my worry, as I mentioned earlier, is that, if we put everything into the apprenticeship levy, it would weaken to a point where apprenticeship is the last thing people look to do. A different solution to just using the apprenticeship levy would potentially be good.

Q36 **Lord Cromwell:** I just want to ask a quick, completely heretical question. If I am an SME, why would I bother investing in training when the people I train move on to the next job very quickly anyway? That is the culture nowadays. You move from job to job. With each job you take,

you have your eye on the next one. That is the first part.

Secondly, I can employ ready-trained people who come to the country from overseas. They are hard-working, cheap and well trained. Why would I, as an SME, invest in training people who do not have any of those qualities?

Lloyd Thomas: That is a really interesting point. We could see where the SMEs were potentially having issues back in 2021. We created the Co-op Levy Share service. That was just to work with our networks and suppliers. At that point, we were allowed to gift 25%; that has now, brilliantly, gone up to 50%. We said, "If you have excess levy, or you are an SME or a levy-paying employer that has run out of levy, please pledge on to the service". As an example, we shared with Greater Manchester Fire and Rescue Service because it paid levy in its own right but did not have enough for its apprenticeship ambition, so we topped up 46 firefighters.

Co-op Levy Share has created a pledge pot of £26 million through 90 pledging organisations. It has supported 2,200 apprentices in all sorts of sectors and occupations that we could never have supported as Co-op, such as tree surgeons and scientists. We sometimes forget how much support an apprentice needs. It is about not just the apprenticeship position but whether there is there sufficient line management capability, sufficient supervision and sufficient people who are able to work with the training providers to train them.

Lord Cromwell: I am conscious of time. Going back to my question, as an SME, why I should invest in training people is because I can get some of this levy off the Co-op to help me do it.

Lloyd Thomas: No. We see that people who have gone through those durational training programmes tend to be more committed to the employer. When we look at our stats, they tend to stay for longer. Nicola, you said earlier that a lot of yours are still there. I have apprentices I still see in the office after coming on board 13 years ago. They also have the time to embed into the values and the culture of that organisation.

Lord Cromwell: Retention is the key here, really.

Shazia Ejaz: It is about retention and recruitment. As I was saying, young people in particular increasingly want to go and work for organisations where they feel that they will be invested in and where their values seem to align; that is a big part of that proposition.

Nicola Drury: We saw in the horizon report, which was published earlier this year, that SMEs are now looking at more of a green workforce, where they can train them up because you cannot necessarily find the person out there. We find that more SMEs are wanting to invest in people's skills.

Q37 **Lord Best:** I want to press this balance between providing young people and new entrants with the skills that they need, and the upskilling and

retraining of the existing workforce. Most people in the big wide world outside think of apprenticeships as being for bringing young people into work—not the retraining of your own workforce, which one would have thought employers would take responsibility for in their own self-interest. Do we need to get this apprenticeship levy a bit more orientated toward the younger end? I see that, at Amazon, it is 50:50 in terms of brand new people and those already on the books. Is that split enough or should the levy be conditional on a larger proportion going to new, incoming workers, rather than to doing what you ought to be doing anyway with your existing workforce?

Shazia Ejaz: There probably needs to be a bit of a better balance, as I mentioned earlier. The flip side of that is looking at how you diversify the opportunities for different bits of the workforce to skill up. You need younger people coming in, skilled up and with employability skills, but you also have to look at where there are going to be large chunks of people who are skilled and expert in their areas leaving the workforce.

In Germany, for example, where they understood that a large number of people from particular sectors were going to be leaving, they tried to think of policies either to make sure that they were able to keep those people in or to look at how they could quickly retrain and provide transition skills to older workers. You have to think about both. I know that the Government are very focused on programmes to help older workers stay in or come back into the labour market. We have to do both because we need those existing skills. We need older workers within the system to be able to transition in their skills as well, so you need that balance.

Lord Best: If you were talking to a big employer, would you say that that balance is about 50:50?

Shazia Ejaz: I am not sure that I am qualified to answer that question, in all honesty. As I referred to earlier, if somebody is uniquely accessing levy money to look only at degree apprenticeship schemes, that is clearly not the right balance. We need to be looking at mapping the skills investment with the demands from employers. We know that a lot of entry-level skills are not there at the moment.

Lloyd Thomas: If apprenticeship is the right product, we would like to see it multi-age. As an example, we do not get funding for Scotland, Wales or Ireland, but we see the apprenticeship as the right way to train those colleagues. Where funding is not available, we pay for it commercially because we are invested in the apprenticeship being the right solution. If the apprenticeship is the right solution at Co-op, we would like to see it being multi-age because of the way people come in and out of our business.

Nicola Drury: At Amazon, like I said, we want to provide skills for everybody, regardless of where they are. Exactly as Lloyd just said, we have other skills programmes because an apprenticeship might not be the right fit for everything. On average, it is 50% for existing employees,

but a high number of them joined us as a level 2 or level 3 apprentice and have then gone on to do higher-level apprenticeships as well. Again, it is that piece around social mobility and navigating through their future careers. It is very important that we provide opportunities for everybody.

Lord Best: So you are not looking for any change to the current system.

Lloyd Thomas: Not on age.

Nicola Drury: Not on age, no.

Q38 **Baroness O'Grady of Upper Holloway:** To counter those concerns that the system is being gamed and that it is not what the original intention and purpose of apprenticeships was, would you be able to show, in the companies you represent, that you have increased your own training investment budgets?

Lloyd Thomas: That is a good question for me. I do not sit within the team that looks after all our generic learning. It sits in Co-op Business Services, which I mentioned earlier, so I cannot answer. We certainly do an awful lot of in-house and mandatory training. We are quite heavily regulated in places, so all that training still happens. The method of training has changed; we are looking at more online and more self-learn and self-development. From a budget perspective, to my knowledge, it has not gone down, but I could not say whether it has gone up.

Nicola Drury: I would not be able to give you a monetary value but we have increased our investment in skills outside of apprenticeships as well. We have had 17,000 people go through Career Choice and they can claim up to £8,000 per year. We also commercially fund the Barnardo's 12-week programme. We have Amazon Future Engineer, where we offer free training to schools. Over the past three years, we have touched 500,000 students. I do not have that monetary value because we are such a large company and do a lot.

Baroness O'Grady: Do you not know what your training budget is?

Nicola Drury: Amazon is made up of lots of organisations and teams. We have a few skills programmes but we have increased our number of apprenticeships and our amount of commercially funded training.

Q39 **Viscount Thurso:** Can I quickly follow up with you, Lloyd, on something that you pointed out? You are UK-wide and the schemes that we are discussing are English. Are there any lessons or thoughts that you have on the differences in what you are doing? What I got from you was that you are doing the same thing everywhere, basically. Do you see things happening in the devolved Administrations that are helpful or not helpful to you? I really just want to compare a bit.

Lloyd Thomas: It was easier before, if I am honest. I absolutely think that the apprenticeship levy and the apprenticeship standards are brilliant. When we had national occupational standards, they were exactly the same regardless of where you were. Although Scotland called them

one thing, England another and Wales another, and they were potentially funded differently, everybody was looking at the same occupational standards so it was easy to embed them into things such as colleague training.

Back in the day, it was manual, whereas it is more digital now. It was easier knowing that everybody was working towards the same NOS whereas, as I mentioned earlier, we have wire-framed the standards. Although they are not doing the standard, we have looked at what they are not doing with regards to the standard and whether we can add that on, so that we get the same level of training in those devolved nations.

Viscount Thurso: Thank you. It was an interesting point. My question is around your views on the flexibility of the levy. Is the levy too flexible and not sufficiently focused on young people and lower levels of qualifications, on the one hand, or is it not flexible enough to incentivise employers to invest in the types of training that they need?

Lloyd Thomas: We have campaigned for flexibility in the levy for a long time but not necessarily around the typical things we would expect. One of the issues that we have for volume in our food business is that we are convenience so it will be quite normal to have two colleagues in a store, potentially one on the shop floor and one on the till. To take somebody out of that for their 20% off-the-job training, which we completely agree needs to happen, we have to budget about £1.5 million because we must backfill that individual. We have some areas of the business where we can absorb it more easily but, in that example, we have to take a person out and replace them. It can be an interesting conversation when we spend about £2 million-worth of the levy and need to invest £1.5 million in backfill.

Nicola and I are fortunate in that we are bespoke to apprenticeships. There is an argument as to whether, if every organisation had that infrastructure, they would have more, bigger and better programmes because they would have dedicated resource. In some instances, especially in small and medium-sized businesses, it can be a bit side-of-desk.

Nicola Drury: On flexing the levy, Lloyd has mentioned everything that I would want to say. It is definitely about supporting everybody to have access to skills; that very much includes people who may not yet be ready for an apprenticeship or long-term learning because of functional skills, which we see. Speaking to a lot of employers in my network, it is exactly the same. It is about providing an opportunity for those employability skills but also those functional-level skills then to progress to that long-term investment. That is where we would like to see that levy flexibility.

We would also like to see that time flexing in terms of when the levy funds expire. You have them for 24 months but, if you are a business that is just setting out and looking at apprenticeships, it takes quite a while to get that programme ready internally and to get the curriculum

mapped. In order to allow employers to plan further forward, we would welcome extending the amount of time before the levy expires.

Shazia Ejaz: We want the levy to be more flexible. I mentioned before that the nature of the labour market is changing. People want to work more flexibly. Employers want to employ more people who work flexibly. Access to the levy funding needs to follow that model so that people can access those short-term skills.

Viscount Thurso: I want to challenge that very gently. The people who benefit from working flexibly are often highly skilled people who can dictate where and when they want to work. Employers who want flexible workers usually want to employ people when they need them, and then not have them around and pay them the rest of the time. There is a bit of a power imbalance on flexibility, is there not?

Shazia Ejaz: A number of people want to work flexibly; otherwise, we would not see the trends that we see. People are living longer. They have all sorts of responsibilities around caring for elderly parents, children or grandchildren. That means that there is a demand to be able to work flexibly. It is not one-sided and, absolutely, there have to be rights and responsibilities involved. I referenced earlier the report by the World Employment Confederation, in which employers also saw the benefits of sometimes employing people more temporarily because it is a good way of bringing in green skills, for example, where people can learn from each other if there is nobody already within the company to share that learning with them. It should be a genuine two-sided flexibility; we are seeing more and more of that.

Viscount Thurso: Let me follow up with a slightly different question. Do occupational standards and technical qualifications move quickly enough when skills need to change? Indeed, does the Institute for Apprenticeships and Technical Education have the agility to change? That is just a quick question.

Shazia Ejaz: I will give you a quick answer. From our perspective, if the system were moving quickly enough, we probably would not have the acute skill shortages that we have across so many sectors at the moment.

Lloyd Thomas: I completely agree. I used the example of the level 2 revision. It is good because, when we started off, it was stated, "Here's a blank sheet of paper; tell us what you want as a trailblazer group". We have now ended up with 660 standards and are trying to get those back down again. There are a lot of rules; that is right, because it is public money and we need to make sure that everything is in place, but it is painfully slow in my experience. There are other trailblazer groups where things have moved better at pace. We talk about being faster, quicker, better but, from our personal experience of the retailer revision, it is very slow. You can argue that, in the three and a half years it has taken us, skills have moved on again.

Nicola Drury: My experience has been different to that but I know that you, Lloyd, have been around a lot longer in that sense. We have been active with the IfATE and are doing trailblazers at the moment. We have seen that change come up. We have seen new standards being produced to support our new skills. We also work closely with our training providers. If something needs updating within that curriculum, we work really closely with them to make sure that our apprentices are successful in that.

I have had a slightly different experience, but the opportunity for skills is within the education system and schools. It is quite important that we look more systematically at how employees engage with education. For instance, we have just launched our T-level placements. What students get out of being in the workplace is just fantastic. I know that 80% of schools struggle to engage successfully with employers to get work experience placements. That is something we are very passionate about and want to do more of as a business, because it does start there in terms of skills.

Q40 **Lord Altrincham:** Can I stay with this topic of what is going on in the economy? I declare an interest as a non-executive director of the Co-operative Bank. You talk about the importance of stability; we hear that message very clearly. As we think about our report, we will reflect on whether the Government have been unstable in different structures of the levy. You also hint at why there might be instability, which is that the economy is changing quite a bit. Maybe some of those mistakes were well intentioned but they reflected an economy that is no longer recognisable.

There is a theory around at the moment that technology is unintuitively creating a tremendous number of jobs. One of the reasons why we have such a tight labour market is because of technology change. Private-sector employers should be skilling people up as much as possible to fill those jobs. Technology appears to be substituting middle-managerial jobs to a tremendous extent. As you think about industrial policy, which Shazia mentioned, and look at the economy we have today, is that a recognisable picture? It affects tremendously our outlook on what should happen in this area of training and skills if the economy is changing like that.

Shazia Ejaz: I come back to the point that we are in a really fast-paced evolution around skills. I talked about AI. The latest iteration of ChatGPT is out today. Recruiters are talking about starting to see job adverts for ChatGPT prompt writers, for example, so things are moving very quickly. That is why it is so important that there is an agreed understanding, through an industrial strategy between industry and government, about the strategic direction of travel that allows them to plan.

I come back to the point that, in order to unleash all of that economic growth potential, we first need to have proper people strategies in place. Organisations and government need cross-departmental working to have an ongoing understanding of changing workforce patterns, including what that means for where investment should go. All of that stuff needs to be

transparent and discussed regularly. If we do not have a workforce plan, we are really missing a trick about how to backfill what we need around skills. Ultimately, this should be a priority for anyone going forward as part of an industrial strategy: facilitating joined-up government working to address this; and liaising with employers and industry on exactly what the skills of the future are. There are still big question marks around some of that. It is not easy. Neither employers nor government can do it alone but there should be ongoing dialogue about it.

Lloyd Thomas: For us, it is about identifying where those skills are. We are doing a big piece of work looking at a digital solution where colleagues are able to record their skills, for want of a better word. So you would see, "That colleague has 15 skills and, to do that role over there, there are two missing. Therefore, they need to develop that skill and this skill". We are about a year or 14 months into that journey to try to do exactly that.

The workforce planning piece can be clunky and difficult. In an ideal world, we would love, in 18 months' time, for a job role to be advertised and to identify automatically, with technology, 20 people within Co-op who would be able to do that job with either no or a bit of additional support. That is where we are trying to get to in order to address the fact that we may well have these people but we just do not know who they are.

Nicola Drury: We have seen emerging technologies move at pace. On the other hand, AI, which people are talking about a lot now, has been around for 20 to 25 years. This is really exciting for people and their future careers. That is why linking with employers and the education system so that people understand those options and what skills are needed is absolutely crucial. We have responded to that by growing our apprenticeship programme and the skills we offer but it is interesting—as you, Lloyd, said—to do that skills matrix and look at what people have now. New technologies will come. We are now in a place where they move at pace so it is about trying to keep up with all those skills; that can be challenging but it is exciting for people.

Q41 **Lord Gilbert of Panteg:** We have talked a lot about a variety of training schemes. You have all pointed out that apprenticeships are an important part but not the only part of the picture. I worry a little that some of the shorter training schemes in particular are not about training people and giving them skills, but about teaching them workplace practices and tasks. None the less, there is a role for a number of schemes.

You have all been very passionate about apprenticeships. You said that they are great and that they change lives, so you clearly have a passion for apprenticeships in the system. Young people tell us that they want to enter the workplace through high-grade, high-quality apprenticeships. Setting aside ring-fencing and all the structural things that we can do about the way in which apprenticeships are allocated and delivered, the clear point is that there is just an insufficient number of high-quality, high-grade apprenticeships being offered by big employers, and by

employers generally. Thinking about apprenticeships, what can be done to persuade you and those you represent to offer high-grade, high-quality apprenticeships?

Nicola Drury: We already do that. We offer level 2 all the way up to level 7 for new people joining us. We offer level 2 in supply chain and up to level 7 in accounting. We offer degrees. The majority of our opportunities are in level 2 and level 3.

Lord Gilbert of Panteg: They sound great. What can we do to encourage you to bring about a step change in the quantity of high-grade, high-quality apprenticeships that you offer?

Nicola Drury: In terms of quantity, do you mean the number of opportunities?

Lord Gilbert of Panteg: Yes.

Nicola Drury: We have grown them each year.

Lord Gilbert of Panteg: What about a step change? Rather than it being incremental, we want to increase them substantially. You are passionate about them. There is huge demand for them. We want to see more of them. We want them to be high-quality and high-grade, so the kind that you do now. We do not want incremental change. We want you to increase the number substantially. What can we do to persuade you to do that?

The Chair: Do you have the capacity to take five times as many at level 2 or level 3 as you have now?

Nicola Drury: Yes. We are a large business. On the quality, we have built our internal structure to make sure that people have a good experience on their schemes. You do have to invest in that, as we were saying. You really have to have that infrastructure in the workplace to drive and make people successful in those high qualities. We have continued to improve our programme, without a doubt.

Lloyd Thomas: We have seen it before, with incentive payments. I am not convinced that it is always about money. Some of it is about capacity. As I mentioned earlier, an apprentice needs a lot of support. We are working in a very different way now. We are working a lot from home. Is that support necessarily there? There is that piece about capacity, and there is a piece about business need. We want to make sure that they have worthwhile, meaningful and fulfilling roles, and that they are able to move on and develop through internal mobility.

I go back to what we were saying earlier about flexibilities in the levy. If we were able to use some of the levy on backfill costs, that might help some employers. We talked a long time ago about on-costs. We have lost the 5% contribution for under-25s in SMEs. That is great because it was a bit of a barrier; I hear a lot of people say that it is only 5% but, if it is a £27,000 standard, 5% is a lot to find. From my perspective, it is about

focusing on an organisation's capacity to take on that many young people and ensure that they are in meaningful jobs, are supported and are safe.

Shazia Ejaz: The point for us is that apprenticeships are a great thing but the step change in getting more people trained and qualified to fill employer demand is by having a more flexible approach to skilling people up. For our members to be able to get back some of the money that they are paying in, they see where the skills are, where candidates have certain needs and how to map them to employers. That is the perspective that they have. The step change comes from making the levy more flexible, so that they can access it to train hundreds of thousands of people who work on a more flexible basis. That suddenly gives you a lot more people with transferable skills to deploy in the labour market.

The Chair: Nicola, you have 1,600 people on these apprenticeships. As Lord Gilbert asked, what is stopping you having more? Is it the cost? Is it your capacity? Why do you not have five times that many?

Nicola Drury: I hope we will have. I apologise for misunderstanding your question before. We have grown from six to 1,000, which we intake annually. Currently, we have 1,600. If you had asked me two weeks ago, it would have been 1,800, because we have just graduated some of them. As Lloyd said, we have to make sure that we can give the right experience and that there will be sufficient work for that apprentice to do so that they meet the skills, knowledge and behaviours of that apprenticeship standard and have that internal support and infrastructure. This is something that we have continually grown. We are supporting our line managers so that they can give them a great experience.

Covid had an impact because of people working from home, which I do not think is the right experience for an apprentice who is joining. We are looking to grow our programmes all the time. One thing we have grown is the diversity and number of schemes. It is something that we are extremely invested in doing, and we will continue to grow.

Q42 **Viscount Chandos:** We have heard evidence that larger employers are often oversubscribed in apprenticeships for new employees but smaller businesses may struggle to fill that slot. As larger employers, do you do anything to try to divert your unsuccessful applicants to smaller businesses? Is there an app or a website that helps people find their way through this, a bit like the UCAS clearing system?

Nicola Drury: It is early days but we work with TechSkills and other large employers. Last time we met, we spoke about that very thing. Like a lot of large employers, we are getting increasing numbers of applications year on year. We spoke about how we can support those businesses that may not have the infrastructure or the resources to do the attraction and recruitment. We are looking on exactly that—something where, through a portal or an app, we can support people and other employers to match up. It is something that we are very passionate about and working on.

Lloyd Thomas: To my knowledge, we do not do it directly, but we do it through Co-op Levy Share. People who are looking for an opportunity register the opportunity that they are looking for and, hopefully, get an apprenticeship that would support that opportunity.

Viscount Chandos: Shazia, your members and your organisation are potential recipients of any of that flow.

Shazia Ejaz: To your point about being able to share that knowledge and, potentially, that resource, there are apps and other processes out there but this is where recruiters have the job of helping their clients and employers look for talent. They have that relationship with the candidate as well, so they can also make sure that they are trying to match people and understand where there are apprenticeship training opportunities or other opportunities to skill up on the job. They can try to match those candidates with those opportunities as well.

Lloyd Thomas: The GOV.UK "Find an apprenticeship" website is really good but I am not convinced that we shout about it enough so that people know it is there.

Viscount Chandos: What website is that?

Lloyd Thomas: It is called "Find an apprenticeship". It is a GOV.UK website that enables a potential apprentice to put in the apprenticeship they are looking to do and their location, or the location that they are prepared to travel to. It sets up alerts. They need to do that only once, and it is really good, but I do not see a lot of promotion of it. A lot of people I speak to are not aware of it until I make them aware.

Viscount Chandos: That is not enough promotion on either side, either by employers or by the Government.

Lloyd Thomas: Yes.

Viscount Chandos: Is that because the feeling of responsibility falls in the gap?

Lloyd Thomas: Yes. When we have things like national apprenticeship week and TV commercials, we see pockets in terms of where it is advertised. All those things are very expensive to do. I am not good at social media but it might be promoted amazingly there, I do not know. It would be good to see it on things like LinkedIn and some of those professional platforms to enable them to use that service, because it is a really good, simple service.

Nicola Drury: We get most of our applications from the GOV.UK site. A lot of employers upload their vacancies. As Lloyd just said, year on year, most of our applications have come from there. What it does not do at the moment, but may do in the future, is what you were just saying. If you have someone who has gone through a recruitment process and is eligible for an apprenticeship, and you have a smaller business looking for

somebody, it could progress to that next step because the people who are applying might not be eligible for an apprenticeship.

Q43 Baroness Armstrong of Hill Top: Nicola and Lloyd, you have talked about being more interested in sector than locality or place-based. Places around the United Kingdom are very different. Different skills and opportunities are needed, and different educational levels are present. I come from the north-east, which has historically been much more involved in manufacturing, retail and all of that. One of you mentioned the importance of combined authorities. I want to explore a little more with you how you respond to local authorities' interest in training, apprenticeships and skill development, as well as their knowledge and understanding of what is happening in their place.

Nicola Drury: As I said earlier, we work with combined authorities a lot; that is more through levy transfers and supporting those communities, but you also get to learn. As you said, there is something in working across sectors, but the demographics are very different. As a large-scale employer, we see that. Even though we are connected with local skills improvement plans, there is opportunity to do much more, especially for me.

Lloyd Thomas: I agree. One of the team members I work with is ex-Greater Manchester Combined Authority; we have really strong, amazing links through that. There is a lot of potential to learn and develop. Being really honest, as an organisation and an apprenticeship ambassador network, we try to have an ambassador in most of the regions. Through that ambassador network, we sometimes start to see that engagement with LEPs and local authorities where they have those specific, targeted skills needs, but there is definitely more work to be done.

Shazia Ejaz: I do not have the direct experience that Nicola or Lloyd do but I agree with your point that the needs in different parts of the country are different, and that there are different skill strengths based on local economies. Something in Scotland that is involved in oil and gas, for example, is going to have very different and changing skill needs in order to go from those brown skills, as it were, to the conversion to energy efficiency and those sorts of things. That is why we are strong advocates of devolved skills policies, working with regional mayors and combined authorities through LSIPs, where they work well, and with local recruiters. Our members tell us that they are very keen to plug into some of those mechanisms where it is easy to do so because the local picture really matters. The local and sector aspects are both important.

Baroness Armstrong of Hill Top: Should local authorities have an obligation to work with young people to understand what might be available? For a short period, before any of you were working in this, between 2009 and 2011, there was an obligation on local authorities to secure suitable education and training for young people, in particular those coming out of school. How would employers respond now to something that said that the local authority, probably through the combined authority, will work to make sure that there are opportunities

for young people?

Lloyd Thomas: It is a really valid point. Unfortunately, I started working with apprenticeships in 1996—not “unfortunately”, in terms of working with apprenticeships—and I remember the National Careers Service. You had those representatives in all secondary schools. I can remember the names of my four who were based in Clacton and Witham, because I was down in Essex at the time. They knew those students by name and knew what they wanted to do. They would be on the phone to the training provider asking, “Do you have any opportunities for hairdressing? Do you have any opportunities for mechanics?” There was that real connection with the individual because all those students were known by name and, while it might have ended up differently, they knew what occupations they were interested in. That local connection—it was called Connexions at one stage—was really powerful and is something that we miss.

Nicola Drury: I am young enough to remember that as well. I completely agree, to be honest. Obligation may not be the right approach but connecting education and employers much more closely together, and more systematically, is definitely absolutely key.

Shazia Ejaz: I would just echo your point about the importance of careers advice services, which are a bit patchy. Encouraging people to take up green skills and to have connections with FE colleges and employers is a really important starting point in order to make people aware of the opportunities that are available to them and point them in the right direction. Unless there is less of a postcode lottery, younger people are going to struggle to understand even what jobs they should be skilling up for, so it is important.

Baroness Armstrong of Hill Top: But it does need employer engagement.

Shazia Ejaz: Yes.

Nicola Drury: Yes.

Lloyd Thomas: It does, absolutely.

Baroness Armstrong of Hill Top: I was a governor in a school in Sunderland whose theme, as an academy, was business and employment. It was near to Nissan. It had a business breakfast every week but getting employers in to do that was incredibly difficult. I am saying that all of you need to make sure that you are really working to engage at that level.

Shazia Ejaz: Smart employers know that they need to do that because there is a shortage of people out there who have the skills and the aptitude. They should be engaging to make sure that they are trying all avenues to attract the right talent into their organisations.

Nicola Drury: It is about supporting. What I find when I speak to a lot of young people is that they do not understand what careers look like. As

we are saying today, they do not know what things look like in terms of changes in skills and occupations. We have done a lot of work with WorldSkills and UCAS, using our apprentices to say, "This is what a data analyst role looks like". It is so powerful but lots more definitely needs to be done.

The Chair: Thank you very much. You have given us quite a lot to think about, especially in terms of the employability skills—and, indeed, pre apprenticeship—and flexibility issues that have been brought out. You have been very generous with your time today, so thank you all very much indeed.