

Education Committee

Oral evidence: [Accountability hearings](#), HC 82

Tuesday 18 May 2021

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Members present: Robert Halfon (Chair); Apsana Begum; Jonathan Gullis; Tom Hunt; Dr Caroline Johnson; Kim Johnson; David Johnston; Ian Mearns; David Simmonds.

Questions 728 - 783

Witness

I: Gillian Keegan MP, Parliamentary Under Secretary of State for Apprenticeships and Skills, Department for Education.

Written evidence from witnesses:

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Examination of Witness

Witness: Gillian Keegan MP.

Q728 **Chair:** Good morning, everyone. Welcome to our Committee session today. I am very pleased that we have the Minister for Apprenticeships and Skills here. Just for the benefit of the tape and those watching, Gillian, if you could kindly introduce yourself formally.

Gillian Keegan: I am Gillian Keegan. I am the Minister for Apprenticeships and Skills.

Q729 **Chair:** Thank you. Minister, it is a very important day today in terms of the publication of the FE and skills Bill. Just briefly, could you set out what the Bill contains?

Gillian Keegan: It is being introduced today in the House of Lords, so it is very exciting. It is the first bit of legislation in this area for a long time. Most of you have probably seen some of the publicity, and it has been talked about in the Queen's Speech, but effectively what we are trying to do is have a much better offer for the 50% and also make sure that our system has employer-led standards at the heart of it, so there is no longer a disconnect between what people study and what businesses need.

In terms of the legislation, the key measures in the Bill are, first of all, to enable that employer-led system by putting local skills improvement plans on a statutory footing so that they have some weight and people know how to engage with them locally. That will be local people, local providers, FE colleges and employers working together to identify the skills gaps in their area.

The second part, which is the lifelong loan entitlement, is effectively trying to bring the ease of the student finance system to levels 4 and 5 as well, but to make it more modular and more flexible, so you take on student loans but in a smaller way, so the right size for the type of course that you are doing. That will be available to everybody. We are hoping that at 18, people will maybe not think they have to make a decision straightaway, they have that time over their lifetime to be able to engage with the system, but also those people that didn't get a chance can have this opportunity.

The last part of it is extending the Secretary of State's powers to intervene in colleges where they go wrong. There have been a couple of cases—not many—where the Government have had to intervene and pay a lot of money to protect learners when colleges aren't managed well or the governance goes wrong. It is to make sure we can intervene earlier so that we can get a better solution for learners and, ultimately, for the college as well. They are the key measures that are being put forward in the Bill.

Q730 **Chair:** The Government incentive payment, in terms of giving £3,000 per



new apprentice hired, is very welcome, but some smaller businesses have suggested that it may not be enough to take on the risk of an apprenticeship owing to the costs and the bureaucracy. In January 2020, the head of IfATE said that non-levy paying small and medium enterprises wanted to create 85,000 apprentices, but they couldn't afford to do it because of the training costs. Would it not have been better if the Government had chosen instead to target the apprenticeship incentives during Covid towards non-levy payers and focused funding to make a meaningful contribution, perhaps upwards of £4,000, per new apprentice? In that way, the Department for Education could have unlocked thousands more apprenticeships.

Gillian Keegan: It is always very hard to try to define where that line is, what the incentive is that will make it easier for businesses to make that decision, but at the same time there is the deadweight concept with that. We started with £1,500 for older apprentices, then £2,000 and now it has increased to £3,000. Of course it has been difficult to tell because we have had lockdowns intermittently since it was introduced, first of all in August, but we have seen quite an acceleration in recent months. You also have Kickstart and there are a number of schemes working together. Obviously Kickstart is with—

Q731 **Chair:** Why not target the funding at those smaller businesses that need it most and would be able to make a lot more use of it, and probably create thousands more apprenticeships out of it?

Gillian Keegan: I think that is an assumption, Rob. Effectively we have said if we target it at everybody, you have more chance of getting more. It has been a difficult time. The impact of the pandemic on businesses hasn't been about size, it has been more about sector. What we are trying to do is bring forward that decision, effectively, but we have had more than 45,000 claim that payment and we have seen an acceleration. As we are unlocking more of our economy this week, and hopefully continuing that over the summer, we are hoping it will be enough.

I don't think it is size that matters, effectively, it is the sector that has been massively impacted. We know hospitality, for example, has been heavily impacted and is usually a place that employs a lot of apprentices and a lot of younger apprentices in particular. We wanted to have that broad offer and to not make those assumptions, in reality, because of course there are a lot of things going on. We do have Kickstart as well, which again has been focused at the younger people.

Chair: I am talking specifically about apprenticeships.

Gillian Keegan: Yes, but in a way it is making sure they work for them.

Q732 **Chair:** I am not asking for more funding, because I recognise the Government have put in a lot more, but the funding could have been better targeted. If you had targeted it at those who find it hardest to employ apprentices you might have got more, rather than just giving it across the board. That is the point I am trying to make.



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Gillian Keegan: By targeting it at smaller businesses, which of course we have as well, it doesn't really make a difference if you target it also at larger ones. If your argument is we could target more and that would make the difference, then we don't have any evidence to support that.

Q733 **Chair:** We do. As I mentioned, the Institute for Apprenticeships said that non-levy payers wanted to create around 85,000 apprenticeships, but couldn't afford to do it because of the training costs. If that money had been targeted at them, it is likely you would have had potentially 85,000 more apprenticeships.

Gillian Keegan: No, I don't think that is what it is saying. In terms of the training costs, making it easier for SMEs to access the system is something that we are very much focused on. As we all know, there is enough money in the system; it is just making sure it flows and is easily accessed by small and medium-sized companies. That is definitely something we are putting a lot more focus on. Plus we increased from three to 10 the number of apprenticeships they could register on the system, which was effectively seen to give them a lot more headroom and a lot more flexibility. Of course the training costs are covered by the Government. That is part of the—

Chair: Some of the training costs.

Gillian Keegan: The training costs for the 20% off-the-job training is covered by the Government.

Q734 **Chair:** Can I just move on to apprenticeship starts? The analysis of DfE data by the House of Commons Library suggests that the number of annual apprenticeship starts fell from 509,000 in 2015-16 to 323,000 in 2019-20, so that is an overall decline of roughly 37%, but more concerning is that, while starts at higher levels have increased, level 2 apprenticeship starts have fallen from 65% in 2013-14 to just 31% of all apprenticeship starts in 2019-20.

In my view, this is significant from a social justice perspective because we know that there are a disproportionate number of people from disadvantaged backgrounds pursuing level 2 apprenticeships and they are a vital stepping stone. Why is the DfE squeezing out level 2 apprenticeships, which we know are equivalent to five GCSEs, through its funding bands in favour of level 3, particularly when many pupils—but particularly those from disadvantaged backgrounds—may not be at the standard to go straight into a level 3 apprenticeship?

Gillian Keegan: We have 131 different standards at level 2, so we have a very broad offer. What happened in those figures, I think, is largely reflecting the move from frameworks to standards. Frameworks were the old system, and standards is where we introduced a minimum of 12 months for an apprenticeship, plus 20% minimum off-the-job training. We also made sure that the standards were at a level that employers wanted.



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What we found—and I certainly found this knocking on doors in 2015-16—is there were a lot of apprenticeships where young people were saying, “It was a waste of time. I was learning how to fill in one form. There were no transferable skills to get a job at the end of it,” so quality was the most important thing. I wanted to make sure that happened.

Q735 Chair: I get that. I am absolutely in favour of standards, but that is not what I am saying, because the level 3 apprenticeships have not gone down in the same way. It is a huge fall in level 2. Does the DfE have an ideological aversion to level 2 apprenticeships, and are you in essence trying, de facto, to get rid of them completely?

Gillian Keegan: Definitely not. As I say, we have 131 standards. Many construction jobs start at level 2 as well, like bricklaying et cetera, so there are many that are very important rungs on the ladder, as you say.

One of the areas that was a big user, let’s say, of the level 2 standard was business admin. This is partly one that I think was open to misuse, if I am honest. There were many young people who were not getting a very good apprenticeship offer. We worked with businesses and we designed what they needed, what they would employ people on afterwards, so business admin has moved from level 2 to level 3 to get the right standards. That was a big volume, so that one in particular may have had an impact.

Q736 Chair: Yes, but this is massive, level 2 apprenticeship starts falling from 65% in 2013-14 to just 31% of all apprenticeship starts in 2019-20. Surely we should be encouraging and supporting level 2 apprenticeships, but also ensuring that there are proper signposted progression routes to level 3. I am all in favour of level 3, but level 2, in contrast to traineeship, still gives people a qualification. They work, they get education and they get a wage, so surely the level 2 apprenticeships should be supported and a lot of effort should be made to reverse that decline.

Gillian Keegan: Very much so. We are very focused on level 2, but only quality. I look at it the other way, Rob, and certainly some of the feedback I have had from apprentices is that, back in 2013-14, level 2 wasn’t worth the paper it was written on in some cases. That was letting down a lot of young people who put their faith in the system and put their faith in employers. It is just unbelievable to me that they have gone through that and how much it affects their confidence when they have had a bad experience. I don’t want to go back to those days. I want the quality and I want an apprenticeship—

Q737 Chair: I am with you. I believe in standards, but I also believe level 2 is important, especially for those disadvantaged students who may not have reached A-level standards. What are you doing to reverse the decline in apprenticeship starts of those doing level 2?

Gillian Keegan: We are very much focused. We have the incentive, which is for all levels, so we are very much trying to get all of those in



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place. Ultimately, it is the employers that employ apprentices and they take level 2 and level 3. As I say, we have 131 standards, and I think the percentage of starts at level 2 is just over 25%. The trend is down, but it is still about 25%. Level 3 is about 42% and then level 4 and above is about 31%. There is progression. Of course a lot more young people are staying on up to 18 now and redoing GCSEs, or redoing their maths and English, so that they can access those level 3s, so we could also see a trend there.

The traineeships are very important, because the new bunch of traineeships are more like pre-apprenticeships to enable that support, to enable somebody to get on to a good level 2 and a level 3 apprenticeship. We are doing a lot in this area to help put those rungs in place, but ultimately it has to be of value to the employers. But 131 standards is quite a lot of choice.

Chair: Absolutely. I just want to make sure that level 2 isn't got rid of de facto.

Gillian Keegan: No, definitely. If you left school without GCSEs and you are coming back to the apprenticeship system, we know about half of the apprentices are older. It is important as a stepping stone. I have met many who started at level 2 who are now on the way to level 4 and 5.

Q738 **Chair:** I will move to the opposite end of the scale now in terms of higher level and degree apprenticeships. I think you are the only MP in the House of Commons with a degree apprenticeship, if I am not mistaken, which is a wonderful thing to have done.

Some 26% of apprenticeships started in 2019-20 were higher level compared with 19% in 2018, so that is encouraging, but figures from the Centre for Social Justice show that individuals under the age of 19 from the most disadvantaged backgrounds are five times less likely to undertake a degree level apprenticeship than those from the most advantaged areas. One study by Universities UK showed that 81% of students in years 10 and 12 knew nothing or little about degree apprenticeships. We also know that in September 2019 there were 100 universities on the register of apprenticeship training providers, but only 59 mentioned apprenticeships in their most recent access and participation plans. Is that not unacceptable?

Where is the impetus from the Government to bolster careers advice in schools about degree apprenticeships? Why not establish proper degree apprenticeship targets set by the OfS and make departmental funding conditional on universities providing these opportunities? Why not be the only MP with a degree apprenticeship to transform degree apprenticeships in our country?

Gillian Keegan: I definitely have that mission. We have spoken about this a lot. It is about making sure that, first of all, they are more widely available. There has been an increase in degree apprenticeships. There are a lot more professions that you can access now with degree



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apprenticeships, including nurses, police officers, all the ones that we are building up in terms of increasing numbers in the public sector. What we want to do is make sure that they are accessible to everybody.

You are absolutely right that there isn't enough done in this area, which is one of the reasons that we are introducing the skills Bill and the skills White Paper. It is recognising that young people don't get enough broad careers advice. We need to offer better careers options. We need young people to get more work experience to be able to understand what kind of careers are on offer and all the different routes open to them. I say very often that there is virtually no career in the country that you cannot access by—

Q739 Chair: That is great, but what are you doing specifically? Why not reinstate the degree apprenticeship development fund? It cost £4.5 million, which is a relatively low cost in terms of spending, but it had quite a big impact by working with universities to create new courses. What are you doing specifically to boost degree apprenticeships and take-up from disadvantaged would-be apprentices?

Gillian Keegan: As you say, they are increasing, and I think many employers are now moving more and more into degree apprenticeships. It is not about the universities coming up with a degree apprenticeship; it is about the employers, with universities, coming up with something that meets their needs. Obviously the Institutes of Technology is also an important bridge to that, as it offers level 4 and 5 apprenticeships, which are highly valued by a lot of businesses.

In terms of the numbers, I think there is growth in degree apprenticeships, but the very important point is how we make sure they are more accessible to more disadvantaged groups. What we are fearful of is that a lot of people suddenly see degree apprenticeships are a very good option, and people who would have gone to university anyway will just choose that route and squeeze out the people like me, sat in a Knowsley comprehensive school at 16 with nowhere to go, thinking, "How do I get on in life?" The degree apprenticeship route is fantastic, mine in particular, so absolutely. We do a lot around that.

Q740 Chair: I just want to know what the substantive policy is to rocket boost degree apprenticeships and whether or not you will reinstate the degree apprenticeship development fund, which had low costs but quite good results. Yes, of course, it is employer-led, but at the end of the day, if universities that are registered as providers aren't even encouraging people to do degree apprenticeships and it is Government policy, surely a lot should be done. You need a bit of carrot and stick.

Gillian Keegan: The skills White Paper sets the direction of travel. The whole system has to work. I am not a big fan of intervening in different things. We have to make sure this is offered across the country. Amazon has taken on 1,000 apprentices, 100 of which are degree apprentices. This is now starting. Some employers are switching from graduate



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programmes to degree apprenticeships because they have seen they get better results. It is starting to happen. You quite often get unintended consequences when the Government intervene in various bits of this system. This is about getting a system that transforms technical education in this country, that makes sure everybody is aware of it, that makes sure it is accessible to everybody, wherever they are in the country, whatever their background, whatever their ethnicity, whatever their life journey. That is a much bigger action.

Q741 Chair: Is the degree apprenticeship development fund going to be reinstated?

Gillian Keegan: No. There is no issue to be resolved about universities working with employers to put these together. Every time there is an option for employers, it is not like they are having a problem finding somebody to work with them. There is no problem at all. Of course we have seen 19,100 starts in 2019-20 and 22,800 starts in 2020-21. It is already starting to grow. I would like them to be much more broadly available. Certainly we talk a lot to BAME ambassadors, and they have seen an increase in black and ethnic minority people taking on the higher level apprenticeships, levels 4, 5 and 6.

Q742 Chair: What you are saying is that there is no specific policy lever to encourage degree apprenticeships.

Gillian Keegan: No. There is a policy lever to encourage employer-led standards, high-quality apprenticeships at all levels, levels 2, 3, 4, 5 and 6, and to make sure there is progression through to them. I don't believe there is a block in the system for universities to work with employers to develop—

Q743 Chair: Even though those individuals under the age of 19 from the most disadvantaged backgrounds are five times less likely to undertake a degree level apprenticeship, you are saying no targeted measure is needed?

Gillian Keegan: I am saying there is no targeted measure needed for universities to be incentivised to develop degree apprenticeships with employers. Getting access to them, making sure people are aware of them and they are available in their area, there is. That is why we are working with employers to encourage them in setting new standards all the time. We now have 70 standards in the health service, a number of which are degree apprenticeships, including nursing and mental health nursing. It is about making sure we have degree apprenticeship standards in a broad range of occupations that are accessible and available for the skills gaps across the country. That is what we are doing to make—

Q744 Ian Mearns: Apologies, Minister, because I will be dotting around a bit. Unfortunately our meeting this morning clashes with a virtual visit to Parliament by a primary school in my constituency. They are very local to me, literally just 100 yards up the road from where I live, so I do



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apologise.

You have talked about employers coming up with something that meets their needs, but unfortunately not every employer is Amazon. It is not typical of what is going on in the jobs market, and droves of employers have never had a history or track record of training their future workforce. In a region like the north-east of England, for instance, the Federation of Small Businesses keeps repeating this stat to me: there are over 100,000 businesses in the north-east of England, but only 1,000 of them have over 50 employees. Therefore, in terms of driving employment, if we don't get that innovation and will to train into those small and medium-sized enterprises, unfortunately we are not going to do the levelling up and we are not going to meet the skills gap that we need as an entire economy.

At the same time, as Rob was saying, there has been a decline in new starts between 2015-16 and 2019-20. What has gone wrong, and what are we going to do to put it right? I know you have this Bill being announced today, but we need to do something tangible in terms of changing this whole direction because we have been going in the wrong direction.

Gillian Keegan: I agree that small and medium-sized businesses are very important. It is where most people are employed. Certainly one of the key focuses of the White Paper and the Bill, with the local skills improvement plans, is to make sure that, first of all, there is awareness, and secondly there is that working together, understanding how colleges work with smaller employers to enable them to access the levy.

In terms of the levy, the system is there, the system is relatively simple to use, although we are making it much easier for larger employers to transfer their levy funds to smaller employers. They can do that within their supply chain in their local area, and we have seen some good examples of that happening, or even within their sector if they want to do that, or even skill types. It is making that work much more flexibly. We have a big project, and hopefully that development will be implemented in August this year. I hope that is going to turbo-boost access to small employers.

It is about awareness and making sure that employers feel comfortable enough to engage with the system. We have noticed there are one or two industries that have had some structural issues. That is why we have introduced the flexi-apprenticeships, the pilots that we are doing. When you look at things like the creative industries, which are a massive industry for our country and we are brilliant at it around the world, because of the nature of the way they employ people, with freelancers on project-based work, an apprenticeship has never been easy to access for those industries.

That is why we are doing the pilots with the creative industries and with construction, where often you have a lot of small one-man bands,



freelance employers, and they will work on one project, which could be six months, four months, whatever, and then they do something else. We are trying to figure out how we can come up with a very good apprenticeship, because there are many young people who would love to work in this industry and yet they have 30,000 skills gaps today. Trying to get down to what it is that is stopping it and solve those is what we are trying to do. They will hopefully open up a number of industries that I think a lot of young people would be very interested in exploring.

Q745 Ian Mearns: What happened in construction, in a nutshell, was that the subcontracting culture came in. The very large building and construction industry companies, which used to have their own direct workforces, started to subcontract everything. That is when you got this build-up of small and medium-sized enterprises, who are quite willing to take skilled people from each other, but not to train them themselves.

At the same time, there used to be a thing called local authority public works departments, which had extensive training programmes, but unfortunately an awful lot of them were outsourced to the same companies who are doing the subcontracting stuff. That has undermined the construction training effort. For a couple of decades now, construction has been training only about 40% or 50% of its future workforce needs, and therefore for the last couple of decades we have been importing construction workers from other places, where there has been a massive training deficit. In a nutshell, I don't think anybody would disagree with that analysis. They might finesse it a bit, but that is in essence what has been happening.

I think we also have a situation where we don't just need to raise awareness among employers; there has to be a massive culture shift among employers. Don't get me wrong, I applaud absolutely the employers who are actively engaged in training their own future workforce, but there are so many out there where we need to engender a major culture shift. Will your skills Bill today engender that culture shift? If it doesn't, I am afraid to say it is doomed to fall short of its targets.

Gillian Keegan: That will, plus the economy we are in. If you think about construction, for example, for pretty much every Government around the world—some of them even have the same slogan, "Build Back Better"—there is already a massive shortage in construction skills, and the green versions of those skills as we look at some of those objectives. Therefore you have this shortage of skills, so where are you going to get them from? It is not going to be very easy to find them in the market, plus of course the pandemic and Brexit have impacted movement. You can't easily move around at the moment, and I do not know how long it is going to be before that comes back. There are more and more limited alternatives, plus we have to make it easier to work with those industries.

There are a number of things that have also happened. You and I will remember when every kid that left our school did a construction apprenticeship, usually with someone who was only a one or two-man



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band, and they would be taught the trade on the job and they would go to college one day a week. My brother did one; everyone did one. If you were lucky enough, that was the way to do it. They used to do it at 16. There are also people staying on until 18; there are health and safety issues. Some people are doing full-time courses, but it is not the same as getting hands-on experience.

We are trying to make sure that we make it easier for younger people to access those construction apprenticeships, because there have been a couple of other barriers, health and safety and all those kinds of things that have probably made it more aggro to take on younger people. We are frontloading apprenticeship standards and we are working with the CITB to enable that to work. We are also using traineeships to have pre-apprenticeships to enable them to get to a point where they can be useful onsite, they can be safe onsite and they can start to access the training.

For older people who want to go into different construction, the skills boot camps could be a very good enabler of those skills. I went to an electrical engineering one the other day. They were doing a four-month course, which at the end of four months—I was trying to work out how you could be an electrician in four months, but of course you can't—gets you on to an apprenticeship.

Chair: Gillian, can you try to be as concise as you can? I know there is loads to say.

Q746 **Ian Mearns:** You have brought me on to what I was coming to next, because our "Adult Skills and Lifelong Learning" report recommended extending the lifetime skills guarantee so that adults who are already level 3 are fully funded to retrain in priority skills sectors such as green jobs. In an area like the north-east, because of the changing structural requirements of the employment sector, retraining at the same level is going to be a big thing. It already is, but I think it is going to be a bigger thing in the future, so how important do you think reskilling is or is likely to be? What are you going to do to make sure that people can reskill even at the same level?

Gillian Keegan: It is vitally important. Where we started is the brilliant—well, I think it is brilliant—lifetime skills guarantee, which is for those people do not already have level 3. By the way, that is a lot of people, something like 11 million people. I am looking for the numbers now, but it is a lot of people who don't have that already. That is one aspect, which is being able to do that.

Being able to open up levels 3, 4 and 5 and the loan system, to have that in bite-sized chunks, is also going to be important, particularly if you can get the connection and show very clearly, "If you invest in this training, you will get back this return in terms of your job." That is the whole point of trying to bring this visibility to where the skilled jobs are and making sure that people know about it. They may not choose to do them, but at least they have the information.



One of the things I am hopeful for is the scalability of skills boot camps, and also the ability to use those for reskilling in the green jobs area. We have a lot of effort on that at the moment with the green jobs taskforce. We have an apprenticeship panel looking at it, but it is also making sure that for people who are working in those industries already—people who have some vital skills but need the heat pump installation aspect of heating engineering, or whatever it is, or the electric vehicle perspective of what they have been doing on combustion engines. They are very flexible, so I am looking forward to seeing how the next wave rolls out, because there are many more examples. Maybe for adults they are a very good model as well, because they are 12 to 16 weeks. They are a shorter input and they are hands-on. The hands-on bit is also important.

Q747 Ian Mearns: In preparation for this being implemented, have you run all of it past the Department for Work and Pensions to make sure that any potential disincentives for people engaging in such programmes have been ironed out of the system?

Gillian Keegan: Yes, you are right. It is a very important point. I have been doing a lot of work with my colleague, Mims Davies, the Employment Minister, to make sure these things work better together. We were delighted that people who are on universal credit or on benefits are able to have access. They have increased the amount of time that people can train, so they are able to access some of the level 3 entitlement up to 12 weeks and the boot camps up to whatever length the boot camp is.

That is very important, because it is not just about getting people a job; it is about using the time to get them skilled, to close the skills gaps and to get them a much better job. It is about being a bit more strategic, because this has been a very quick disruption that has accelerated a lot of things that were going to happen. If we can take the time now to offer people those opportunities, we think it will pay back for them but also for the country in terms of productivity in many, many areas. We have a lot of challenges in terms of infrastructure, our green net zero goals, and we need the skills to deliver them.

Q748 Ian Mearns: I think you would agree that I am not a particularly thin-skinned individual, but I am not sure that referring to these potential opportunities as “boot camps” is going to make them sound massively inviting to an awful lot of people. Do you need to think about that? I know what you are about in terms of the intensiveness of the programmes, but do you think the “boot camp” label will make them sound inviting to people?

Gillian Keegan: I think so, but maybe because I think of boot camps as somewhere you go, you work very hard and you get a very good result. Usually it is around exercise and those kinds of things, but yes, it seems to go down well. People know what they are. The brilliant thing about them—in a way, it is like all things with Government—is that what they are called is less important than people knowing they exist.



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The great thing about the electrician one I went to is that almost every single person there had found out about this boot camp from their work coach. That is the tie-up we need, the work coaches saying, "You have these options, you have those options. You can do this. We have these skill shortages." That is the model we are trying to make sure is available all over the country. That is what the skills Bill is aiming to achieve.

Q749 Ian Mearns: Lastly from me—and thanks to the Chair for allowing me to do this—when you were last in front of the Committee you told us that careers advice for young people is not good enough today and there is a particular issue with people not knowing about apprenticeships. What steps have you taken since you last appeared before us to address that? Given the Bill today, have you any plans for any significant investment and remodelling of what currently exists so that every young person can get the impartial, independent advice, information and guidance that they need to make the right choices about their future?

Gillian Keegan: Yes. We have done a number of things. First of all we have a gentleman called Sir John Holman, who has come in to look at our whole careers offer, to look at how closely we work with DWP and make that better, to look at the National Careers Service and the Careers & Enterprise Company and have a more joined-up approach. He will be working with us for about 18 months or so.

We have also made sure that we are investing in the National Careers Service. We have invested over £100 million to make sure there are more people available to take those calls, anticipating the potential fallout from the pandemic. We also have—

Q750 Ian Mearns: Minister, can I just cut across you? The Connexions service was established with a budget of about £110 million. That is a long time ago, so £100 million now is not that much by comparison.

Gillian Keegan: I don't know what the whole system was, to do a true comparison between that.

Ian Mearns: It was basically the National Careers Service budget plus about 10%. The budget then was about £100 million, and it was probably over 20 years ago.

Gillian Keegan: We have the Careers & Enterprise Company, which is the investment specifically focused on schools, we have the 3,600 enterprise advisers, we have the 300 business connectors. I don't think all that was available then. Of course we have the work coaches, who are in the jobcentres. The jobcentres, as they were then, compared with Jobcentre Plus, they are night and day. The careers advice is there in the jobcentres from the work coaches. I think the system has more parts to it, and they are aimed at addressing different things. The first and most important is making those all-important decisions at school based on more knowledge, which is key to people making good decisions for their future studies.



Q751 **David Simmonds:** Just a very brief question on the issue of businesses maybe rebadging management training, for example, as apprenticeships. I am certainly conscious from my experience in the public sector that that is an entirely rational response to the apprenticeship levy. Do you have a view about that, so that we can ensure that what is intended to be additionality in the system genuinely translates as that from the candidate's point of view?

Gillian Keegan: If you look at some of the big skills gaps and big differentiators in the country, leadership and management is a big skills gap. It is one of the reasons why the Chancellor focused on management training and scaling up for SMEs, and giving people the tools they need to think through these things. They are complex. I went back at the age of 42 to do a Sloan fellowship at London Business School, I was that convinced that leadership skills are vital. We have taken out the MBA aspect of it because, first of all, it was very expensive. Secondly, I have worked for many years and lots of people did MBAs, but you either paid for it yourself or your business sponsored it, normally part and part.

Using the apprenticeship levy and, of course, potentially taking that money away from others, although we are not at that point yet, was where we took that. But leadership and management in a number of professions is important, and we have those across the public sector and the private sector. We have those apprenticeship standards, and they are important.

Q752 **Chair:** The EDSK think tank said that the data shows that 46% of apprentices have been with their employer at least six months before they started training, so the bulk of the levy is spent on existing adult workers instead of supporting young people into the workplace. Do you have any concerns about that at all?

Gillian Keegan: I think it is about half and half. Going back to Ian's point about reskilling, we have a lot of adults in our workplace who basically didn't get the access to education that you would get nowadays, so we have a lot of adults in our workplaces who didn't have access to those skills. We also have a lot who have skills but the skills are going to change. I think the huge strength of our system is the fact that it can address all those issues and all those needs.

Clearly right now it is about half and half young people to older people, half and half men to women, and we went through the stats on the different levels. It is not like we are at the point where we need to make trade-offs or choices. We are not at that point yet. It will potentially become a discussion that lots of people have views on and an interest in, but ultimately what we are trying to do is make sure that we have the skills that our businesses and our country need to ensure that we are successful and our economy is successful. Of course that then gives individuals the chance to be successful, so that will be in different ways.

Q753 **David Johnston:** Good morning, Minister. It is obviously quite important



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that Government Departments lead by example here. How likely do you think it is that Government Departments are going to hit the public sector target of 2.3% new apprenticeship starts this coming year?

Gillian Keegan: We have extended the time for that target for another year because it looks unlikely to be hit. Obviously the pandemic and all those other things have had an impact on that but, on your key point, it is vital that we show leadership. One of the first meetings I had was with Leo Quinn, the Balfour Beatty CEO, and he has set up this thing called the 5% Club, which is effectively a pledge to get everybody to try to employ 5% of their workforce as apprentices.

I am delighted to say that the Department for Education is the newest member of the 5% Club. As a result of that effort, I think we are at 4.9% at the moment, because these pledges work. It is like 30% women on boards, they do change things and then you start to get a lot more oversight of these things at board level. That is very important, so yes, leadership is important from all of us.

Q754 **David Johnston:** That is very good to hear. Where are the other Departments in relation to that? You are at 4.9%. What is the next best Department?

Gillian Keegan: The very best is above us, which is the MoD, and it has always been brilliant in terms of the Army, the Navy and the Air Force taking on many apprentices. The other route for kids from our school was normally the Marines or the Army apprenticeship, which offered you the opportunities to train. The MoD is the very best. There is a league table, which I don't think I have right in front of me, but I have it by levels, not by Department, because I was also looking at the levels. We are trying to encourage more and more Departments to take this seriously, but the very best is the MoD. I think it even gets into the top 100 employers, I think it is at the top of that list as well.

Q755 **David Johnston:** Great. My next question was going to be about levels. What is the spread of levels of these apprenticeships?

Gillian Keegan: What I was keen to see, particularly in the civil service, was there was a spread. I was wondering whether we were going to get this, everybody at the lower levels but nobody at the higher levels. I asked the question, "Is there a Permanent Secretary that has been an apprentice?" and there is. He has just retired now, but Jon Thompson, who was at HMRC, was an apprentice.

In terms of the levels, I think we started off largely with the employment being at level 2 and 3 and more admin roles, but now we have more coming up in level 4. Level 4 is quite a big one, because there is a lot in data analytics and cyber security. There are a lot of very good apprenticeships at level 4 in these areas. Obviously there is a great need for those skills in many Government Departments because data is everything and cyber security obviously is a risk to that data.



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Q756 David Johnston: Just two more questions. What do you know about the progression from level to level within Government Departments or within your own Department? I have a slightly different view to the Chair, because I think it is good that we have reduced, at least a bit, the overall proportion that were level 2, because I think that was too high. What do you know about progression within Departments from 2 to 3 to 4?

Gillian Keegan: One of the things I have asked the Institute for Apprenticeships and Technical Education to look at is all the standards, to make sure it is clear that you can progress through those routes. Some of the standards were done very well. With the ambulance services, all 10 trusts got together, they designed standards that went from level 2, 3, 4 and 5, and they have a brilliant system that everybody can see, they can self-identify and they can go up. But not all of them have been developed like that, so I have asked them to go over it again and make sure that we look at the transferability of skills, because I think the initial development of the system was more focused on making sure that they could use the levy and they had an apprenticeship standard, and less on thinking about progression. There is progression.

I don't have the figures within Government Departments, but I think it is fair to say that apprenticeships are relatively new to many Government Departments. They are at the beginning, the first couple of years of this journey.

Q757 David Johnston: My last question is about schools. Given there are so few apprenticeships in schools and the teacher one is only open to graduates, how likely do you think it is that they will hit the 2.3% target in schools?

Gillian Keegan: I don't know. We have the new apprenticeship for teachers, and there are also teaching assistants and lots of other roles within schools. The standards are relatively new, but there are two important things. The first thing is the more teachers that do an apprenticeship, that find that route into their career, the more they will be huge super-fans of apprenticeships like I am. If you have done one, you can pass on that experience. Even just generally for careers advice, I think that is very important.

We are trying to make sure that the culture is changed within schools, but the most important thing is making sure we have that. I think there are 12 education and childcare apprenticeship standards at all the different ages, so we now have the basis. There are no excuses, as it were.

Q758 Tom Hunt: At the heart of this is engagement from business, increasing the role of local business and shaping the curriculum offer locally. I read somewhere about the Secretary of State potentially having the power to intervene. I imagine that most FE colleges will be very pro this new approach and will want to engage with local business, but if it is the case that there is a problem and there isn't that degree of engagement, what



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point would trigger the Secretary of State's intervention?

Secondly, a lot of it is about FE colleges, but clearly universities are also crucial to this new approach. They are not mentioned so much. What is the Government's position on the role of universities in skills improvement plans?

Gillian Keegan: First, I don't think we feel that universities don't get enough of a mention, full stop. What we are trying to do is put the focus on FE, because no one ever talks about it. It is the forgotten bit of the education system, so we are trying to put the focus on apprenticeships, further education and universities. There are roles, but there is no barrier in those ways.

In terms of the local skills improvement plans, it is not about having an intervention power there; it is putting duties on people to get involved and to have regard to it, so duties on the business representative organisations to play the roles that we want them to play with employers locally and then on the training providers—which can also include the independent training providers, colleges and whatever provision is there—to have regard to those plans. That is the legal legislative framework, so that they mean something.

The intervention powers are for when you have failing colleges, being able to potentially intervene earlier. For example, we have had situations where we have had to provide public money to prop up colleges because they have got themselves into debt, and of course they have done that without any discussions with us. Because we have to look after the learners, sometimes we have to put a lot of money in. Were we involved earlier, we could have avoided that or we could have found a better solution.

Q759 **Tom Hunt:** My question was about, first, the ability of these boards to shape what a university offers in the skills sphere. Secondly, what if you have an FE college that just doesn't buy into what you are looking to do and is resistant to the needs of local business? That was my key question.

Gillian Keegan: The other part of the skills White Paper is funding and accountability, which has two elements to it. The first is to simplify the funding. We often hear from colleges about how complicated it is, there are little bits here, little bits there. The reason we do that is because we want to drive behaviours, and that is trying to get the balance between policy and using funding to drive behaviours, but accountability for the outcomes is the other tool that we have, which will also be a key part of making sure that colleges deliver this. I must say, Tom, that the sector is so excited and have bought into this, so I am very hopeful that it will be collaborative.

Q760 **Apsana Begum:** Thank you, Minister, for joining us this morning. My question is about apprenticeships for prisoners. With a goal of improving training and employment opportunities for serving prisoners, what plans



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do the Government have to increase the apprenticeship levy flexibilities to allow for businesses, in particular, to give levy funds so that a proportion can be spent in prisons on pre-apprenticeship training for their employment sectors, whether that is construction or health and social care, for example?

Gillian Keegan: That is a very good point. Obviously this levy transfer is making that much easier, and it is another area where people could look at particular disadvantaged groups or helping particular sections of society. I am not responsible for prison education, it is under the Ministry of Justice, but with that capability, that ability to transfer, there will be a lot of innovation, because people want to help and provide a new chance for people who are leaving prison. That would be an excellent use of the levy transfer.

Q761 **Apsana Begum:** I think it is giving people the chance to begin training while they are in prison. I appreciate what you are saying about it coming under MoJ, but have there been any discussions between the DfE and the MoJ about pre-apprenticeship training?

Gillian Keegan: No, although I raised it, because I went to Wormwood Scrubs and was very struck by the opportunity to educate and how much was being done there, but obviously it is not part of my responsibility. What I will do is find out more on what is happening on apprenticeships in prisons and how many. There are apprentices and apprenticeship programmes that are being done in the prison service, but maybe I can get some more information on that, because I would like to look into it a bit more to see whether there are any barriers, because it could be that there are some barriers in that area, similar to what we have talked about, flexi-apprenticeships. It is obviously not a typical situation in terms of how you access the training and how you access the hands-on elements of work and work experience. Yes, let me have a look at some more of that and see what is happening and what the opportunities are.

Apsana Begum: It would definitely be helpful to hear back from you on this. As a Committee we are looking separately at prison education as a whole, and it would be good for us to be informed about that. It seems like there are many opportunities there that may be missed at the moment. Thank you.

Gillian Keegan: That is something on which I look forward to working with you.

Q762 **Kim Johnson:** Good morning, Gillian. I met some representatives from my hospitality sector in the great city of Liverpool on Saturday, and they have a major problem in recruiting to the sector. They approached Kickstart, but they found the process very bureaucratic and unable to meet their needs. Do you think the original minimum of 30 might have put people off? Why do you think so few Kickstart placements have started out of the Government's proposed commitment of 250,000?



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Gillian Keegan: I think 120,000 so far is the pledge, and about 20,000 have started. We have about 400 a day starting at the moment. The reason it was slower is clearly the lockdown when you talk about hospitality. We have only just opened up inside, and although everyone has done a brilliant job of making spaces available outside, obviously our weather means we need the inside option as well.

It could have been that the 30 was a bit of a barrier, but of course they were also trying to make it efficient, as it were. I know that the City of Liverpool College was acting as an aggregator, so the hospitality industry could probably work with it. I was on a different call with them, and they had set up this aggregation to try to help local business in Liverpool. I think that would be an idea, but the key thing for the hospitality industry is that there has been so much uncertainty with the lockdown.

Now they are hoping that the Indian variant doesn't have an impact on further opening up their sector, because until they open up their sector, they don't know what skills shortages there are because there has been so much uncertainty. Some people have moved from the sector to other sectors. Will they come back? There is a lot of uncertainty and we have to see what challenges there will be for the hospitality industry with skills going forward.

Q763 **Kim Johnson:** Thanks, Gillian, but the problem is that the college is failing to recruit students on to those courses.

Going on to my next question, the latest ONS data shows that around 11.6% of all young people aged 16 to 24 were not in education, employment or training in the final quarter of 2020. The Kickstart scheme is due to end in December this year, but youth unemployment is likely to remain an ongoing issue. What consideration are you giving to an extension of the scheme?

Gillian Keegan: That is not my job on many counts. It is DWP and the Chancellor, and I am sure they will be looking at that all the time. The success of the scheme is something they will look at, and also the situation at the time. Again, forecasting what is going to happen with employment and youth unemployment is something that we are doing, but again, it is dependent on the opening up and how well that goes.

We have the September guarantee, so that all 16 and 17-year-olds have a suitable place in education, and we are tripling the traineeships, which I think is a brilliant offer for young people because they can be so flexible. Then can be pre-apprenticeships to overcome any particular barriers they have, they can include a qualification and they obviously include work experience as well. We have quite a lot of different options in place, but clearly a lot of the opportunities have not been there when everything has been closed down. We will obviously keep everything under review. Youth unemployment is our No. 1 concern, which is where the plan for jobs, the September guarantee and, indeed, Kickstart came about.



Kim Johnson: Thanks, Gillian. There are a plethora of initiatives going on, but one of the issues might be about how that is communicated to young people, because communication is power, isn't it? If they know it is happening and they know it is available, they can access it. That is often one of the barriers.

Q764 **Tom Hunt:** My question is about the skills improvement plans again, and it is more to do with the process in terms of these trailblazers or pilots, whatever their name is. I understand an initial list was published about what the trailblazers were going to be, which was picked up by my local chamber of commerce. It is trying to engage and trying to become a trailblazer, but it is wondering whether it has been worth all the effort if there was an initial list and it is all slightly predetermined. They are quite keen to have assurances that the list isn't predetermined.

Gillian Keegan: There is no initial list and no predetermination, not that I am aware of, but there is a pilot scheme. Effectively, what we are looking for is something that is new. What I don't want is someone to get something that is already there and reheat it and say, "Look, we have been doing this all along." We want to see that innovation locally to tackle skills shortages and get access for a lot of people to be able to take advantage of it, to show something that has the ability to scale and solve the issues. There is no predetermination, no list, as far as I am aware. I don't know where they found that, but there is no list that will predetermine them. The only criteria are that they are very good quality, that they meet those objectives and that we get a good spread around the country.

Q765 **Tom Hunt:** That is good to hear, because I think everyone in Suffolk is very pro the levelling-up agenda, but there is always a concern that when people think about levelling up, they are thinking almost entirely about the north of England and the Midlands. There is a very ambitious attempt for Suffolk and Norfolk, which have been working incredibly closely to be a trailblazer. At the heart of it is levelling up in our patch, particularly the coastal communities of East Anglia, where there are significant pockets of deprivation.

My final question on this is to do with the role of chambers of commerce, because I know it has been said that the local enterprise partnerships can't be the lead body, even though they have played a role in these skills panels they set up. Some of the LEPs feel a bit miffed about this. I also know that some of the mayoral authorities, and the Mayor of London I think, have been quite vocal on not having the role they would like.

We are very fortunate, I guess, in Suffolk that we have a very effective chamber of commerce, but we also have an effective LEP and they are working closely. It is not an issue for the area that I represent, but I know it varies across the country. In some areas you will have a good chamber of commerce and a not so good LEP, but in other areas you have a good LEP and a not so good chamber of commerce. Perhaps it might be a shortcoming that there isn't more flexibility in terms of what



the lead organisation is in a particular area.

Gillian Keegan: There is flexibility, but the flexibility is around being a business representative organisation. That was deliberate. Ian mentioned this culture change, this taking responsibility and businesses stepping forward. Having an employer-led system without employers stepping up to the plate is not going to deliver the shift that we need. What we are trying to do is not have other levels of local government, to be honest, trying to fill these gaps. It is to get those business representative organisations—it could be the chambers of commerce, it could be others, as there are a number of business representative organisations—and trying to change that drive, where the businesses and the employers step up, because it is going to be vital that they do that. As Ian said, they don't always do that all the time in all sectors, so we need to encourage that culture shift.

Q766 **Jonathan Gullis:** Hello, Minister. My focus is on the lifetime skills guarantee, which I think, overall, is a great scheme. Some 12% of the workforce of Stoke-on-Trent don't have formal qualifications, so this will be a big boost, but you can appreciate that an awful lot of people in the past trained to a level 3 qualification where there is no longer a labour market in those skill areas. My worry is that there is a shortcoming with this particular lifetime skills guarantee, because ultimately those who want to reskill or need to reskill to access the labour market in their local area simply won't be able to without having to go through a more bureaucratic or financially harder system. Is there any way that graduates who are loan-maxed, for example, could be offered a free retraining course at level 3, 4 and 5 in technical subjects that are specific to the labour market in their local area?

Gillian Keegan: Obviously we keep everything under review, but it isn't the only option for retraining. I meet many, many graduates who are doing level 4 and level 5 apprenticeships to get those vital skills to be valuable in the workplace. I think a lot of the apprenticeship work is being used to provide that reskilling, upskilling as well, but then of course the boot camps are open to everybody and will be available all over the country. We are looking at all these different things and how they work, and at what is most successful in getting people a job in these new areas.

We have made our choices. We have decided to focus on level 3 for those that don't have it, loan entitlements for those that do and skills boot camps for everybody. Those are the choices that we have made. I think it is a good platform for us to look at. We have only just introduced the level 3 entitlement, and about 11 million adults will get access to that. We have to monitor how that goes, even for those people who don't have it. We have a number of different things, and we are trying to see what works.

Ultimately it is about easy access. What we know is that adults will retrain if they have a line of sight to a job as a result of their efforts. That



is the most important thing, and boot camps may be the easiest way to achieve that.

Q767 Jonathan Gullis: This is where one of the challenges comes from, doesn't it? In places like Stoke-on-Trent, for example, there isn't the access to the higher-skilled, well-paid jobs that may exist in other areas, which is a big frustration. That is why, for example, I have been campaigning—as I am sure you know, Minister—for the Home Office to come to Stoke-on-Trent as part of the Places for Growth programme, which is very important.

If I can go back to that, one of the issues that we have, particularly in technical education, is that a lot of adults aren't taking up the free courses that are already on offer. The fear is how we will manage, suddenly having a huge increase, to get to those people, who ultimately are going to need much more support. Hilary Cottam, who I am a convert of, thanks to Danny Flynn from the YMCA, always talks about how we need to have that grandmother impact, how we support and encourage. But there is also an issue with the teachers, because there aren't the numbers of teachers and lecturers that we need right now.

I spoke with Denise, who I know you know, from Stoke-on-Trent College, and she suggested an idea. Where there are people working in the industry right now who don't necessarily want to leave their job, but are also very keen to work in technical education, could they not somehow—without having to go through the rigmarole of lots of qualifications—be able to come in, do a day or two a week and the college picks up the salary for the employment of those one or two days in the college and then the employer carries on the other costs that are associated? That way we would have a much more flexible workforce, able to access the teaching and come into teaching, as well as having people who are on the frontline doing these jobs day in, day out, and therefore bringing their day-to-day expertise in. What are your thoughts on that?

Gillian Keegan: A number of things. First of all, on level 3, I think you are right. Trying to get an adult to go back to training is quite a difficult challenge anyway, so making sure that they are available and there is a clear line of sight to a job is the most important thing.

In terms of the workforce, you are right. We have a lot of work going on in the workforce, and there is a lot in the skills White Paper. We have a Taking Teaching Further programme, which enables industry experts to move into teaching more easily. We have 500 more places on that for 2021-22.

The thing that may address and is possibly going to build on Denise's excellent idea is the Workforce Industry Exchange Programme, which will enable two-way exchange between industry experts and FE. That can be flexible as well. As you say, you might want to do two days a week teaching at an FE college, passing on to the next generation, and maybe keep some part-time role in your industry. That is the perfect role, isn't



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it? Having been a late-career changer myself in becoming an MP, I believe there are lots of people who would move from industry jobs and would love that opportunity to pass on to the next generation, but how to make it super easy and how to create those connections is key. Denise is definitely on to something, and we look forward to working with her on that.

Q768 Jonathan Gullis: The level 3 qualifications are often two years. I have been very critical of university level, higher education, where three-year degrees could be done in two. Is there going to be a review about whether or not these courses can be shortened, where possible, obviously not removing any quality and making sure that all the skills are required? That links in with the DWP issue. Where someone is on universal credit, it does impact their ability to go and retrain, as well as having to look for work.

Ultimately, I would rather those people on universal credit get the education to go and get a job, rather than having to look for what is normally short-term work, paid by the hour, which doesn't ultimately end up in any major long-term lifestyle change for them. That is totally unfair, in my opinion. Are there conversations with awarding organisations to ensure that level 3s can be achieved earlier?

Chair: In a nutshell, if you can.

Gillian Keegan: In the level 3 entitlement, we made sure there were some shorter courses, so there are some three-month level 3 courses in the entitlement. But you are right, a focus on modular, right size for adults, who of course have many other challenges and plates they need to spin, is key to this modular, flexible approach to learning.

The other thing for many people in Stoke is boot camps. If we can get loads of fantastic options there in many things, from digital to construction, all kinds of different engineering, manufacturing, that is where I think we can make a massive difference. They will all go together.

Q769 Jonathan Gullis: I have always thought that university students get a massive investment from the state towards their education, which obviously they pay back, but not everyone is paying it back. In fact, the overwhelming majority aren't paying back their full fees. My big issue is that we have never incentivised, until now, the further education sector or apprenticeship sector. Is there a way where, if a student doesn't need the full loan, they could somehow access some money as start-up funding for their business in order to buy equipment if they have completed, say, a level 4 course?

There is the opportunity for the state, as it were—maybe through the British Business Bank, but also using the education sector—to invest in young people or adults who have maybe reskilled and retrained by helping them start up businesses, which is always a challenge because those overhead costs are such a big challenge at the beginning.



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I think that is a very good way to incentivise people to become entrepreneurs, to get young people to start their own careers and businesses, rather than always having to go and work for companies. That would create market competition, which ultimately benefits the consumer as well. I appreciate I have probably not verbalised it as well as I have written it down, but I would love to meet you to discuss the idea further, if possible.

Gillian Keegan: I get the idea, and I always happy to meet to discuss any innovative ideas. Having the lifelong loan entitlement and being able to take this modular approach, as well as making sure we have the right courses. You are absolutely spot on, for people who want to run their own businesses, having the ability to do that, to learn how to do it and how to upskill their businesses, is vital.

In terms of investment, there are many other business investment routes. As you say, there is the British Business Bank and all kinds of grants. They will probably be kept separate, but making sure that the lifelong loan entitlement works to enable people to get on, including people who want to set up their own business, will be vital.

Jonathan Gullis: Thank you, Minister. I know you have been a champion of apprenticeships, and I know the Chair is a massive champion. He has challenged all of us to take on apprentices, and I am delighted that I have Jess from Talke starting in my office on a level 3 development management course. Thank you, Chair. As MPs, I think we can all do our bit to help with the apprenticeship agenda.

Gillian Keegan: Fantastic. I look forward to making sure she completes, Jonathan.

Q770 **Chair:** I wanted to ask you about the completion targets, but before I do, Caroline Johnson has a question. She has asked me to ask this question. I think she can hear, but she is having tech problems. It refers back to the earlier discussion. She wanted to ask this: 5% is your large employer target, but we need to engage small businesses for whom the potential investment of time and money in training someone is proportionately larger. In practice, once trained, the apprentices may then go to work for a larger company, which may offer better money or flexible hours. This is a disincentive to the culture change that you and Ian talked about earlier. How will your plans to help small companies address this?

Gillian Keegan: There is always a question, and even when I started in the 1980s it was a big question for General Motors. It was investing all this time in my degree apprenticeship, and I could just go off and work for Nissan or somebody else. That is always a question for businesses, big or small. There is a lot of support to help small businesses with those training costs. That is why the training is there. We support those training costs, and of course we are trying to make sure they can turn a Kickstart into apprenticeships as well.



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There is no doubt that small businesses need to value an apprenticeship and need to want to offer that skills training opportunity. It is definitely true. I think the flexi-apprenticeships may help with some, where you potentially share the burden of aspects of an apprenticeship for some industry groups. Yes, there is no doubt that there is effort to taking on an apprentice, absolutely.

Q771 Chair: Can I ask you about dropout rates? The Department for Education data in March shows that the retention rate, the number of apprentices completing their programme on the new-style apprenticeship standards, was just over 60%. The Centre for Social Justice highlights a number of reasons for non-completion, such as lack of adequate support on the job and high travel expenses. One Low Pay Commission survey suggested that not getting enough money was the main reason for discontinuing their apprenticeship. What are your plans to address the increased apprenticeship dropout rates?

Gillian Keegan: This is definitely a concern of mine. I couldn't believe it when I saw it. I will be honest, having been an apprentice myself, at my school everyone was desperate to get an apprenticeship. The thought of not completing your apprenticeship was just beyond me. Something would have had to happen for that.

Q772 Chair: Some 40% are not completing, which is very worrying. It is a massive figure and a lot of investment down the drain, in essence.

Gillian Keegan: And a lot of opportunity and potential not realised. We are looking into it, and I have specifically asked the Department to look into this. I don't think it is completely that everybody is dropping out. I think there are some aspects of the way we have designed some of the end-point assessments. Sometimes they are way after you get some kind of—

Chair: Yes. It is still very high.

Gillian Keegan: It is very high; it is too high. Achievement rates have increased by 11.8%, so it has been worse, but you are right. There is something about the end-point assessment element of the system and there is also something about, first of all, making sure people are on the right apprenticeship and are getting the support they need. Yes, I have asked the Department to look at it because it isn't a good statistic. It is one I don't understand, because an apprenticeship is such a brilliant opportunity and loads of people want them, so it is something that we need to improve on, for sure.

Q773 Chair: Has that 40% non-completion figure gone up from previous years? How high was it in 2015 or 2016?

Gillian Keegan: I think it has increased by 11.8%.

Chair: It is a serious problem.



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Gillian Keegan: Yes. Some of it is systemic and some of it could be down to the standards, but there are definitely a number of reasons and we definitely need to work out what they are.

Q774 **Chair:** Will you be coming back or setting out what measures you are taking to address this at a later date?

Gillian Keegan: Yes, because it is important, as you say. There is no point having a system in place and having only 60% of it being effective.

Q775 **Chair:** Just to understand, on traineeships, is it right that there you are investing £111 million?

Gillian Keegan: Yes.

Q776 **Chair:** What is the pledge, to introduce how many more traineeships?

Gillian Keegan: I think it is 30,000 places in 2021-22.

Q777 **Chair:** Am I correct in saying that there were just 400 more traineeships in the first half of this academic year?

Gillian Keegan: I have the traineeship starts in 2019-20 here, which is 12,100.

Q778 **Chair:** This year, okay, is obviously Covid. The figures I have suggest there were just 400 more. What I am trying to understand is what are you going to do to ensure that young people most in need of traineeships have access to them?

Gillian Keegan: To be honest, we are working with lots of employers to have a pre-apprenticeship, using the traineeships as pre-apprenticeships. Specsavers has been using them, and it has taken on 100% of its trainees. We have the largest franchise of Costa Coffee using them; we have parts of the construction industry using them; the rail industry using them. We are trying to work with industries to make sure there are some occupation-focused traineeships. What they were more in the past was trying to look at people who had specific disadvantages or needed to overcome more barriers, and they were a flexible tool to help them get some work experience, but we are now trying to make them more focused on occupations so that we can—

Q779 **Chair:** What is your target for the number of increased traineeships as we get out of this over the coming year?

Gillian Keegan: I think we have done 65 procurement contracts to try, as you say, to turbo boost the numbers. We have 30,000 places this year, and then next year we have 43,000 places, so there is steep growth. Of course there is no doubt the pandemic has impacted some of these opportunities in the short term, but I think we have the need, we have the employers that want to do it, we have the money and investment from the Chancellor and we have the procurement contracts in place, and I am hopeful that will accelerate.



Q780 Chair: Going back to the 40% non-completion, I quoted the Centre for Social Justice report. It doesn't say it is the end-point assessment; it says it is because of the increased costs and lack of support from some employers on the job. When you look at this, how much will you be looking at whether or not apprentices can be given a greater support package?

Gillian Keegan: Of course we want to support apprentices, and we are also looking to get the apprentice voice much more in the apprenticeship system so that we have a more systematic feedback loop, which will be very important. Yes, it could be—I would hope this isn't the case now, because it would be bad practice—that because there is an incentive, the wage rate for an apprentice is lower for young people in the first year. We will be looking out for these aspects and making sure that we don't have those patterns and that bad practice. Through the standards and other approaches we put in place, we think we have mitigated against most of that but, as I say, I have asked for a review of it to try to get underneath what is happening. There will be a number of different things, I am sure, but I want to solve it.

Q781 Ian Mearns: With those global statistics on the dropouts and the lack of completion, has there been any analysis done by the Department as to what levels these apprenticeships were at, what industries were they in and what sort of employment to see if there are any particular significant patterns? I have an awful feeling that some of the dropouts would particularly have been at the level 2 end, and in things like domestic services and the leisure industry, for instance, where I am afraid to say there has been a history of apprenticeships being kind of a screen for keeping youngsters in cheap employment.

Gillian Keegan: There is a risk of that, obviously, in having the first year at lower than minimum wage. I am very alive to that. That is what I have asked to look at as well.

The information we have from the system is that some of the apprentices go into full-time employment and just don't feel the need. The apprenticeship end point isn't required for them to get the job. Some of them move on to other jobs, which are better-paid jobs, so therefore they move on to a better-paid job without completing their apprenticeship. Again, being able to take your apprenticeship and your learning with you is something that we have introduced this year, so that it is not lost learning.

There is definitely more analysis to be done because we can both see where there is a potential incentive for some bad behaviour, so I want to make sure that is not happening and, if it is, that we stamp it out. At the moment the information we have is incomplete because of the way people say why they did not finish their apprenticeship, whether it is that they went on to another job or they got a better offer or they got made redundant. Some have been made redundant. To see if there is anything



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that the system needs to do to change is the key thing, and that is what you are suggesting. That is important.

Q782 **Ian Mearns:** If that analysis is eventually done by the Department, could we have a look at its findings, please?

Gillian Keegan: Yes, definitely. It is the right problem to be concerned about for all of us.

Q783 **Chair:** Thank you very much, Minister. I think everyone has finished, you will be pleased to know. I appreciate your time, and very good luck with the Bill, which we will be looking at as it goes through. We will probably be speaking on it in the Chamber or in Committee. I think it is a very important Bill and quite a momentous day for FE and skills, so very good luck and thank you.

Gillian Keegan: It is, Robert. If any members of the Committee want any more briefings on the Bill, or to see a skills boot camp when we can go out and about, I would love to arrange that. Through you, Chair, I make that offer.

Chair: I would be delighted. I will get my Dr Martens on especially for the occasion. Thank you very much, and very good luck.