



Youth Unemployment Committee

Corrected oral evidence: Youth Unemployment

Thursday 27 May 2021

11.30 am

Watch the meeting

Members present: Lord Shipley (The Chair); Lord Baker of Dorking; Lord Clarke of Nottingham; Lord Davies of Oldham; Lord Empey; Lord Hall of Birkenhead; Lord Hall of Birkenhead; Lord Layard; Baroness McIntosh of Hudnall; Baroness Newlove; Lord Storey; Lord Woolley of Woodford.

Evidence Session No. 11

Virtual Proceeding

Questions 110 - 122

Witnesses

I: Neil Bates, Managing Director, Seetec Outsource Training Ltd, Chairman, Edge Foundation; Sally Dicketts CBE, Chief Executive, Activate Learning; David Hughes, Chief Executive, Association of Colleges.

USE OF THE TRANSCRIPT

This is a corrected transcript of evidence taken in public and webcast on www.parliamentlive.tv.

Examination of witnesses

Neil Bates, Sally Dicketts CBE and David Hughes.

Q110 The Chair: Welcome to this evidence session of the Youth Unemployment Committee. The meeting is being broadcast live via the parliamentary website. A transcript of the meeting will be taken and published on the committee website. You will have the opportunity to make corrections to that transcript where necessary.

I extend a very warm welcome on behalf of the committee to our three witnesses in this session: Neil Bates, Sally Dicketts and David Hughes. Could I ask each of you in turn to introduce yourselves?

Neil Bates: Good morning. I am the managing director of Seetec Outsource, an independent learning provider specialising in apprenticeships in key sectors of the economy, including transport and logistics, advanced engineering and aviation. I have spent most of my 35 years in the FE sector trying to develop the concept of colleges of advanced technology, with particular focus on STEM-based subjects and STEM-based apprenticeships. I also have the privilege of being the chair of the Edge Foundation.

Sally Dicketts: I am the CEO of Activate Learning. Activate Learning runs seven further education colleges in Berkshire, Oxfordshire and Surrey. We run seven schools, of which five are university technical colleges in engineering and IT. We also have an independent training provider group. As well as doing that, we hold the largest contract in the south-east for developing and training the unemployed. I am the president of the Association of Colleges.

David Hughes: I am the chief executive of the Association of Colleges. We represent 234 colleges helping to support 700,000 16 to 19 year-olds and about 1.4 million adults in education, training, skills and employment.

Q111 The Chair: Thank you to you all. The first question is to all three of you. It is a very general question but important nevertheless. Are the choices, qualifications and opportunities for young people at FE level clear and easy to understand by students, teachers, parents and businesses? What are the challenges for you given the myriad routes available?

Neil Bates: At the heart of this issue is the problem of the complexity of the FE sector. It is commonly known and labelled as the "everything else" of the education sector just because of the sheer breadth of provision it offers. This makes it very difficult for the sector to define itself as regards what it is offering to young people, and to employers. That is a real challenge because it makes it very difficult for employers, parents and young people to navigate the system. The central challenge is that the purpose of our further education system is not well defined. Lord Lingfield said in his review: "FE is too often the filler of gaps left by others ... It is the sector in between schools and higher education, covering a host of tasks and needs".

If you contrast that with our international counterparts, they have vocational educational systems that very clearly define the role of the further education sector as developing the occupational competence and skill of individuals to serve the economy and employers. The real challenge for us is to properly define what we want from our further education system, and to make sure that it is properly attached to the ambitions of young people and the requirements of employers to have a skilled workforce.

Sally Dicketts: I will take a slightly different tack. I do not think it is choices, qualifications and opportunities; it is what we put out and brand. If we said to young people at 16, "These are the pathways. This is the pathway to being an engineer. This is the pathway to being a caterer", we would simplify the system. We tell young people, "You can do an apprenticeship. You can do a Kickstart. You can do a BTEC. You can do a City & Guilds". Why do we do that? We should stop explaining how you will be assessed, which is what we do, and start explaining how you get a real job.

For instance, when we go into a department store, we are not overwhelmed by everything because all we see are the products we want to buy. We do not see the coding to buy that product, where it came from, who actually bought it. At 16 to 19 we need to start saying, "These are the routes to employment", stop talking about qualifications, and just simplify it.

We also need to stop changing everything so often. Just as somebody gets to understand something, we bring in a new qualification. We have not done that with things like A-levels. I did an A-level literally a century ago and I understood BTECs. Now we have a whole new set of qualifications. Let us stick with something for a period and let us market to our young people a pathway to employment, not the qualification they will undertake.

David Hughes: Our choice is absolutely crystal clear. If you do well in the system from the early stages, you will do well all the way through to adulthood, and in adulthood as well. What do I mean by that?

The system is designed very much for the children who do well at key stage 2. If they do well at key stage 2, there is a high probability that they will get good GCSEs, they will get good A-levels, they will go to university, and they will probably get a good job. The system is designed around that, but it is not designed for the people who do not do well at key stage 2. Some 80% of children who do not reach the standard at key stage 2 at age 11 will not get good GCSEs at age 16. We know that. It is almost a fixed fact. Yet we give them the same menu, which is: do GCSEs and fail at 16.

We have to understand that there is an incredibly sharp cliff edge at every stage of education—at 11, at 16, at 18—and if you fall off that cliff edge there is no safety net; there is nothing for you. We have a very incoherent set of options for those who do not make the standard at every stage of learning. We need to put that right. Fundamentally, that is a real problem. If you get good GCSEs, there is a high probability you will

go on and do well in education whatever route you choose, and certainly with A-levels and university you will get a good job. If you do not, and the difference can be literally one or two points out of 280, there is a cliff edge, and it is incredibly difficult to carry on and succeed.

At 18, the funding that the Government provide to young people drops by 17.5% because they do not want to fund a third year. If you do badly at 16, and you have to do an extra year, the Government will give less money to support your learning. If you do not reach level 3 by 19, and only 60% do, the chances of getting to level 3 as an adult are incredibly slim, because the funding for adults has dropped by 50% in the last 10 years. At every stage the cliff edge is sharp and the fall is deep.

The Chair: Thank you all very much.

Q112 **Lord Hall of Birkenhead:** I have another question coming up, but could you give me a sense first of the rebalancing between HE and FE? David talked about funding just now, but what needs to be done, in your view? A lot has been spoken about this and a lot has been promised on this, but what are the things, in your view, that need to be done to get that rebalancing right, so that you can answer the questions that Neil pointed to about lack of definition and Sally was raising about simplification? David, do you want to talk first?

David Hughes: It is a big question. I think the Augar report gave a very good analysis of the problem. About £6,500 per student is spent in HE and only about £1,000 spent in FE. First, we simply need to invest more, but it is what it is investing more in that is really important. We know that lots of young people are motivated by things that are much more work focused than theoretical and academic. I do not like the academic/vocational divide. I think there is too much overlap for a simple binary.

What young people at 18 face, if they have done well, is the choice of going to university for a three-year degree or nothing much else. I exaggerate a bit, but it is an ill-defined offer. We need to define the offer that is separate and different from a degree. There is nothing wrong with degrees. We need to fund them properly and we need young people to achieve them, but there is not a very strong definition.

We would like to see more clarity with colleges as the lead organisations for flexible modular level 4 and 5 qualifications for young people and adults—very work focused, very connected to the labour market, and supported by local and national employers. We want the funding for the student to look exactly the same. The lifelong loan entitlement is in the Bill that comes for Second Reading before the Lords in a couple of weeks. It is critical to get student funding right.

Then we need the capacity-building money for colleges to really engage employers, design the courses, make sure the pathways are clear, make sure that those courses lead to good jobs and that we raise the prestige of that pathway, to give young people a proper choice and give adults a real opportunity that is severely lacking in this country and has been probably for ever but certainly in the last 20 years.

Lord Hall of Birkenhead: Neil, would you like to comment?

Neil Bates: I would put a bit of a challenge up as to whether the question is about balancing between HE and FE. We have fallen into a trap of trying to establish a binary choice between an academic route through to higher education and a non-academic route through further education. I do not think that is the case. The challenge for us, as David describes it, is the very clear pathway of progression between key stage 2, through to doing A-levels, through to going to university, and the concept of higher education. Within our system, we have to create a technical vocational route that has all those ladders of progression, right the way through to higher education, but delivered and achieved without having to go to university to achieve it.

I will give you an example. Last week the Skills Minister visited our apprentices at Biggin Hill, who have just started on an apprenticeship in aeronautical engineering with Bombardier. The Minister asked about the choices that young people have made: "Why didn't you go to university? Why did you go the apprenticeship route and not pursue higher education?" I was at pains to point out to the Minister that what those young people were doing was higher education. They were on a level 4 advanced apprenticeship and they were learning the skills that keep us safe in the air when we are flying aircraft and maintaining aircraft. You would want within that apprenticeship the very highest level of technical skill, and the very highest levels of academic ability, where it is relevant to aeronautical engineering.

We should not be talkin-g about stages, and further and higher education, and we should not be talking about levels. We should be talking about two routes that are equally prestigious in their outcome. By the way, the starting salary from the employer of those level 4 engineers when they are qualified in three years' time will be £65,000 a year.

Lord Baker of Dorking: Well said, Neil.

Lord Hall of Birkenhead: Very well said indeed. Thank you, Neil. Sally, did you want to add something?

Sally Dicketts: The question is about the flexibility of our system. Post pandemic, can we afford to have 50% of 18 year-olds going away to university? We want them to have that qualification, but do we want them to do that? If we are not careful, university becomes the finishing school for the middle classes.

Being in FE, I think we are strong on levels 3, 4 and 5. As Neil has said, if you want to top that up with a degree, you can do it. For instance, we work with BMW and it does it brilliantly. You can join it for an apprenticeship and get level 3, level 4, level 5. If you are so inclined, you can top it up with an Oxford Brookes degree. It is about making our system much more flexible and making the money go further.

Q113 **Lord Hall of Birkenhead:** I was impressed by what you said about simplification, too. David, I have a final question for you about the role of colleges in the Government's levelling-up agenda. To what extent do you think colleges can come together to achieve what the Government are

trying to do?

David Hughes: Colleges are probably one of the key anchor institutions to be able to deliver on levelling up. Levelling up has to be about people as much as it is about the places they live in. Too often we invest in buildings, infrastructure and transport, and we do not invest in the people. One thing I really liked about the Prime Minister's statements in recent weeks around the Queen's Speech and the Bill is the notion that we have to get good jobs for people who can stay local and have good lives.

The colleges are not the only route, but they are absolutely central to that. They exist in every community. If they get given the job to do, they will rise up to it. They need to be offering flexible access. They are very focused on employment and the labour market. We think the average college has at least 1,000 employer relationships, and the bigger ones many multiples of that. They can build on that to have very job-focused and practical courses that are vital to the economy. I think they are absolutely vital.

The problem we have had is a decade of neglect. Their resilience is low because the funding has been cut by 30% over 10 years, and on adults it has been cut by 50%. That is shocking. Recently, IPPR said that we need a £2.3 billion increase in adult spending on skills just to go back to where we were in 2010-11. That is a lot of money. The Government need to respond with an injection of money and they need to trust colleges to work together.

The good news is that they put out a skills accelerator proposal about five weeks ago and they got 49 bids in for that from around the country. Colleges are working together. They are focused on labour market priorities and they are trying to show they can invest in the kit, the people and the relationships with employers that will work for the labour market, for local people. It is a really exciting time. I think the Government are getting quite a lot of it right, but they need to see it through, they need to trust the colleges and they need to invest the money.

Lord Hall of Birkenhead: That is really clear, thank you.

Q114 **Lord Davies of Oldham:** I wanted to seek to develop the themes that we have just alluded to. In terms of the opportunities for further education and colleges, it seems to me that what the Government are putting forward is an exciting prospect, although not necessarily related to the resources as yet, for the development of skills education in this country, and a relationship between education and the world of work.

One thing that stands out from our young people at the present time, in the age group that we are focusing on today, is their anxiety about the employment situation, and we all recognise that difficulties lie ahead. The colleges must play their part in giving hope and opportunity to youngsters that there are routes that will skill them for society as it develops. That seems to me to be a message that needs to be driven very hard because we operate in circumstances of dire disadvantage. It is

inevitable that schools will have a greater emphasis upon what we loosely call academic education. That is bound to be the nature of schools, to a degree, because the vast majority of people who teach in schools have been down that route in their lives and they are within that framework.

Secondly, it is important that we get employers engaged with FE as fully as possible. That means a great deal of activity by the colleges because they have a lot on their plate at the present time. We cannot expect them to volunteer for support unless they have a programme that identifies how a college will produce the skilled youngsters that the employers need.

I am optimistic about the potential of this present situation, but I am conscious of the fact that our three contributors this morning have expressed aspects of possible prospects and have also identified the weaknesses of our present education system. We would have to say that FE colleges in particular have a great deal of ground to make up.

The Chair: Sally, could you respond to that first?

Sally Dicketts: I would want to explore with a bit more curiosity what Lord Davies thinks we are lacking as regards employers. We do a huge amount of work with employers. We work with them and they help design our curriculum. They offer us work placements. They even come in and assess our students, so we have an academic, if you like, with an employer, assessing the state of readiness of young people. For most employers we work with, often it is not necessarily the students' technical skills that they are challenging. For many of our students the issue is their behaviour, because they do not have parents who show those young people how to function.

I will give an example. We had a young woman on an apprenticeship scheme and the employer said to me, "We're about to sack ..."—I will call her Mary for the sake of argument—because Mary was turning up late every day.

One of the tutors then went to see Mary and asked her, "Why are you coming late every day?" Mary's retort was, "I catch the 8 am bus that should get me into Banbury by 8.30, in which case I would be in work just before 9. Unfortunately, my 8 am bus is always late, so it doesn't get in till 20 past eight, so I'm always 10 minutes late, but that isn't my fault. I'm really sorry about that". The tutor said to Mary, "Have you thought of catching an earlier bus?" There was a sort of, "Oh my God, no". I am sure that as parents we would all be saying to our child, "You'll have to catch the earlier bus, hon". Genuinely, that had never crossed her mind. She then caught the earlier bus, got to the placement, and, in fact, she is still working for Cherwell District Council to this day. That is what our students are like. They do not have parents giving them that very simple advice.

For me, the question is what we need to do as colleges. We need to teach our students professional standards. We need to teach them self-control. I can think of some of our chefs, who are amazing, but the first time a customer said to them, "I'm really sorry, but that didn't have enough

salt", they would probably go out and tell that customer to "F off", because, again, nobody has taught them self-control. In fact, in their chaotic lives, that is how the whole family works.

We work very closely with employers. We are starting our T-level in September and the local NHS trust will greet the students with us on their first day. It has given us equipment. It has given us placements. It has redesigned the curriculum with us. Employers have been amazing, but they criticise how we are developing those behaviours. What most Governments concentrate on is the "what" of learning: are we teaching them this, that and the other? For the 40% who fail, it is not the "what" of learning that counts; it is how we develop in them the basic skills that I am sure all your children had probably by the age of 11. When we have done that with our students, they go on to do absolutely amazing things.

That would be my retort, Lord Davies. If I have got the wrong end of the stick, by all means challenge me, and I apologise.

Lord Davies of Oldham: It was hardly a retort—it was an enlightened statement to make. I did not want to decry the role of the employers. What I want to see, and you developed that in the course of your remarks, is a difference between general knowledge about the education provided in schools, with parents frequently being very involved and knowing what they do, and the limitations in wider society in understanding the role of further education colleges and the opportunities available.

Neil Bates: I would slightly challenge the terminology that we are talking about. Further education colleges are a critical part of the architecture around vocational technical education, but I am bound to say that they are not the only institutions. Technical vocational education takes place in a variety of settings. It takes place in schools, and university technical colleges, and there is a network of independent learning providers providing apprenticeships and working with employers as well.

When we talk about the challenge of supporting young people to gain a foothold in an industry and start a career, there are a whole variety of institutions dedicated to try to do that. It is quite interesting that in the Government's proposals there are now opportunities for different types of providers to work much more closely together to meet the priorities and needs of young people.

As I say, we need to take a much broader view about just how good our technical and vocational system is at preparing young people to be able to enter the labour market, and once they have entered the labour market, whether we have the kinds of structures and systems that allow them to progress with their careers through the levels and continue their learning throughout their adult lives.

Q115 **Lord Woolley of Woodford:** I wanted to push back a little bit on Sally's comments, because they seemed to focus overly on dysfunctional families, without acknowledging that within our schools teachers often write a lot of children off very early on. That becomes a self-fulfilling prophecy, and their self-preservation seems to instinctively bite back

when someone says there is not enough salt in the soup. We need to look down stream and see where some of those problems are. I do not think that your narrative of dysfunctional families is right. You might have poor families, but often in poor families, such as my own, good manners, knowing right from wrong, were central.

Sally Dicketts: I never said any of those families were dysfunctional. In fact, I would not say that my own family is dysfunctional, but I will give another example. I am dyslexic. I avoid writing anything. It came as a real shock to me when I eventually went on and got a degree. I thought everybody wrote brilliantly, and you did a first draft and it was the perfect draft. When I did a first draft, it was rubbish, so I just gave up writing. Nobody explained to me that most people do a third or a fourth draft before they hand anything in.

My family is not dysfunctional, although my siblings and I were the first who went to university because of my parents' background. I do not think it is dysfunctionality. It is about the family you come from, the networks you are in, and what they do and do not do. We have middle-class families whose kids do not self-regulate. This is not about functionality; it is about where and how you are brought up. I do not think it is about dysfunctionality. It is a lottery.

Lord Woolley of Woodford: What about teachers writing off children very early on, though? A significant number go to pupil referral units and then it becomes a self-fulfilling prophecy that they bite back.

Sally Dicketts: That is partly because we look at the "what" and make a judgment on what somebody can do. For me, that is a bad teacher. No child should ever be written off for anything. Unless you have brain damage, you absolutely can get up to graduate level. I can prove that with some of the young people we have had who have failed everything. I would agree with you that, unless you literally, physiologically, have brain damage, every child can get up to certainly level 5 with the right motivation and the right support.

David Hughes: To pick up Lord Woolley's point, you are absolutely right that the curriculum offer all the way, and certainly from 11, does not suit many young people. They are not motivated by it. They do not see the relevance of it. They do not understand why they are learning algebra or trigonometry, ancient history or poetry. Therefore, they start to misbehave, and that is a self-fulfilling, reinforcing, downward spiral. The teachers do not think they will achieve good GCSEs and therefore do not invest their time in them, they misbehave more, and it gets worse and worse. There is lots of really good evidence that if you get children, particularly from age 14, although I would say younger, doing some practical courses, sometimes in a college or with an employer or any type of provider, it can motivate them to think that they can do something worth while.

Lord Baker of Dorking: Hear, hear.

David Hughes: They then get GCSEs in English and maths as well, because they can see the relevance of it. This is a really important

narrative. Let us not wait until 16 to introduce the technical workplace; let us start them really early.

Lord Davies, I wanted to turn your point on its head a bit. I can take you to literally any college in the country and show you fantastic employer-focused learning, with the employers coming in and doing the curriculum, helping with the CPD of the teachers, doing work placements. I could take you to probably 10 times as many employers who do not take skills seriously. One of our problems in this country is that employers do not invest enough in skills, and therefore productivity is low. A job for colleges, and which the Government need to fund, is to go out and engage employers and help them innovate, help them understand how skills can help them with their businesses, to stimulate demand from them for higher-level skills, improving productivity, getting better tax returns and so on. That side of it has been woefully inadequately funded for the last 20 years.

There is some sign in the White Paper that the Government are starting to see that. There is this concept of college business centres, which are inclusive, Neil, of other providers, to provide the simple point of contact for employers to go to a trusted place with credible people who understand that sector and understand their business to say, "How can I improve my business? What can I innovate in?" Innovation might be getting a website and being able to book online or to do online commerce. It is not graphing. It is low-level tech often. "What are the skills my staff need to be able to deliver that?" That really unsexy but really exciting progress is what we need to invest in.

Q116 Baroness Newlove: My question is to Neil. I think you have all answered some of these questions, and I do not want to be dull and duplicate things, but it has been fascinating. We are looking at young people in the workplace under apprenticeships. Sally has mentioned parents being behind them and giving them more information, which I could go on about. I totally agree with Sally.

For me it is about the technical skill. I believe that we have missed a lot of creative people by concentrating on academia. I am looking at how the employer side of things will help to deliver better support for young people.

My question is about the apprenticeship levy. Does it effectively support the delivery of apprenticeships for young people? Neil, if not, what have you suggested as a remedy to government to sort this out or for every other education provider?

Neil Bates: I am a big fan of the levy. I started in the skills sector back in the 1980s just at the end of the levy the first time around. The levy the first time around was a product of the 1964 Industrial Training Act, as Lord Baker and others will testify to. The levy was introduced initially to support key sectors of the economy, and to assist employers with the training of their workforce in the future, particularly with apprenticeships.

I think there are some challenges with the levy. There are some structural challenges that need to be addressed. I would include in that

the tendency, particularly in the current climate, for employers to be using the levy to a much greater degree to support the development of their existing workforce than to look at the levy as an opportunity to provide more opportunities for young people going forward. It is quite worrying that the number of young people on apprenticeships who are aged 16 to 24 is significantly lower than those over the age of 24, who are in most cases already in work. We need to consider how we could develop the levy so that there is a greater level of incentive for employers to support more young people coming into apprenticeships for the first time.

To David's point about employers, there is a real issue around some employers' attitudes to the levy as regards recovery of tax investment rather than necessarily thinking about the long-term needs of the workforce. The very best employers see the use of the levy and the use of apprenticeships as part of developing a talent pipeline for the future, and they have recognised the demographics of their workforce.

If you look at key sectors, the rail industry is a very good example of a sector where there is a significant issue with an ageing workforce. If employers do not do something now about developing those advanced technical skills, they will lose those skills to their businesses and they will not be able to compete in what is increasingly a global marketplace. Therefore, I think there is a piece of work to be done on educating, incentivising and encouraging employers to think first about opportunities for young people to come into their industries.

David Hughes: In higher education, an enormous amount of money and attention are given to widening participation and access. That is really important.

Baroness Newlove: It is my portfolio in the University of Bolton.

David Hughes: It is slow progress but critical. There is nothing like that in apprenticeships, and there needs to be. Neil is spot on. We have invented a scheme in which employers have generally focused more of their investment, with exceptions. As Neil also said, there are great employers doing great things with it, and I do not want to deny that at all, but overall the system is oriented to people who are already quite privileged, with high-level jobs getting better skills to get better jobs. This is at the expense of opportunities for 16 to 24 year-olds, many of whom are disadvantaged, and many of whom would be motivated by a good job with an apprenticeship.

The Government need to step in and say, "We've tried giving complete control to all these large employers. It's not quite worked. We need to redesign it". We need to design in social mobility, fairness, equity and inclusion, because at the moment it is quite shocking how unfair and unequal it is.

Sally Dicketts: I agree with what both Neil and David have said and will give a very anecdotal example. I have a daughter who is training with a well-known accountancy firm. At the age of 25 she is about to get her accountancy qualification this summer. She is an apprentice, and I think

that says it all really. We have small and medium-sized employers who really need digital skills. For me, we need to be looking at how we are going to upskill particularly in digital. Our young people have that ability, certainly much more so than I do. We need to be looking at that with big employers and their supply chains to help with an area that is going to come and bite us in about five years' time. We all need pretty high-level digital skills.

- Q117 **Baroness Newlove:** My portfolio is widening participation and social mobility. I am passionate about levelling up, and I work on that as well. I feel, and this is just a personal view, that a lot of this work is in silos. The information is not being passed to the young people whom we are talking about for them to fully understand. Therefore, we need education providers to equip our young people with the technical skills to meet the needs of the future. I am really concerned that we are still not engaging in the correct way with our young people so that they fully understand.

David Hughes: It is bewildering to young people and it is bewildering to employers. It is very difficult for providers to knit all the different funds together. A really good example is the commitment to invest in Kickstart, which at one level is a great idea, but there is no training with it. You cannot knit that together with traineeship funding, which needs a work placement, because they do not work together. We have to try to make it easier for the individual to navigate, easier for the employer to engage, and easier for the providers, whether they are colleges or independent providers, to be able to say, "What does this person need and how do we pull in the resources and hide the wiring?" At the moment, the eligibility rules between the different programmes are bewildering and get in the way of meeting needs, very simply.

Neil Bates: I would make a wider point relating specifically to the whole issue of social mobility. One of the real concerns is that we know, and all the research shows, that children from disadvantaged backgrounds, if you just use free school meals as an indicator, do significantly less well in primary and secondary education than those not in receipt of free school meals.

Traditionally, apprenticeships have played a significant part in bridging that gap, because young people have been able to access apprenticeships and really develop. It is about what you measure. We talked earlier about examinations and tests of memory. My experience is that if you give young people real opportunities to develop their hand skills, their technical skills, they will excel in a way that an A-level student who is very academic would.

My concern is that as the economy changes, and more and more apprenticeships are being pitched at a higher level, young people who leave school with relatively low levels of academic attainment are finding it difficult to access those advanced apprenticeships at level 3. I think there are two reasons for that. One is that there is not a really good pre-apprenticeship programme that takes the young people and prepares them for that next step on to one of those higher-level apprenticeships.

Secondly, and I think much more worryingly, there is a tendency—and we are seeing it quite a lot now—for employers offering those high-value level 3 apprenticeships to introduce artificial entry criteria, typically five GCSEs A to C, and they are doing so, frankly, to reduce the volume of applicants for those opportunities. It means that a whole raft of young people who have the skills and the aptitudes to be successful on those apprenticeships are missing out. We are seeing middle-class parents spotting the opportunity to have their son or daughter go through a high-level apprenticeship, potentially through to degree level, while they are working, without any university debt. Yes, those opportunities should be open to everybody, but I have a real concern that, in the same way as we build in disadvantage to the academic route, we might be risking building in that same barrier to the technical route as well.

Sally Dicketts: The other issue is young people who are surfers. The number of young people aged 16 to 18 who do not have accommodation is quite eye-watering. We have lots of surfers—that is, they have a bag and they live with one another. Of course, during the pandemic they could not do that. Some of those are completely lost because they are extremely difficult to find. We talk about it being awful that young people do not have computers, and we absolutely provided wi-fi computers; but many people have poverty of accommodation, and, with five or six of them sharing a room, and learning at home, even with a computer, was impossible.

Lord Baker of Dorking: This is very interesting, but could we hear from Lord Layard on this? He is the apprenticeship expert.

The Chair: We are going to hear from Lord Layard in just a moment. Lord Hall would like to intervene. I do not think Sally had quite finished what she was saying. Lord Empey and Lord Storey also have House business they need to involve themselves in, so I suddenly have some quite serious pressures on time and Member availability. Lord Layard, I am hoping that I can delay you for about five or 10 minutes. Lord Hall, I am hoping that I can delay your supplementary for five to 10 minutes, if that is okay. I will go quickly to Lord Storey and then to Lord Empey.

Q118 **Lord Storey:** I have to go in literally five minutes, so it is probably best if I raise my question and our excellent witnesses write in, if they do not mind, or perhaps we could have a side discussion about it.

It is really this whole question—you understand the area I am going to talk about—of business and business groups being involved in working with schools and with young people. Let us frame this in the understanding that, of course, 99.9% of our businesses are SMEs, which employ three-fifths of our workforce and provide half of the UK's economic turnover.

Let us also frame this in the context that when we were talking on Monday to young people—all right, it was a small group of young people—the message from them was that they did not feel that schools had prepared them for the world of work. I would also frame that with the fact that businesses are often so busy trying to make their businesses work and trying to make a profit for their businesses. When we talk about

business involvement, it is often very large companies that have the time and the resources to be able to do that.

We have tried various initiatives over the years, from understanding British industry, to work experience programmes, et cetera. Is there anything we should be doing where we can properly and effectively unlock the opportunities that businesses can provide to our young people? I just raise that question and swiftly depart to go to another meeting. I am sorry for that, Chair.

The Chair: That is okay. I will take Lord Empey's question as well. Sally, I am aware that you may have wanted to complete what you were saying a moment ago. I then have Lord Baker and Lord Hall. There is time for everybody. We have about 10 to 15 minutes that we can use. I will go to Lord Empey and then to our witnesses on Lord Storey and Lord Empey together.

Q119 **Lord Empey:** I am participating in a Question after 1 pm. This issue has been touched on already, and the most obvious aspect is: what specifically are the challenges for education providers and independent providers in delivering technical education courses such as T-levels and apprenticeships at FE level? Could you give us a concise version of what you believe the big challenges in that area are and, equally, what are the challenges facing young people who wish to participate in this path? We have already touched on some of that, I believe.

The Chair: I would like to start with Sally. I am conscious I have a list of speakers wanting to come in. Sally, I think I recall you mentioning T-levels, so you might wish to start there. Then I will come to Neil and to David.

Sally Dicketts: There are lots of very positive things about T-levels as regards specialisation and special pathways. The challenge, ironically, is the length of work placement. We have found that the employers have been amazing, as I say, giving equipment and time, actually doing the assessment, but, particularly post pandemic, given the volume of students, weeks and weeks of in-work placement are creating some difficulties. That is one area.

The other area is specialist teachers. We have net zero carbon and all those areas that we are very keen on developing, but in the same way as employers are short of those staff it is difficult to get really good teachers. We need teachers who are technically competent, but, in a way, as Lord Woolley was raising, it is about behaviour and building relationships with students. It is not just about being technically competent. It is about how you motivate and deal with the emotional issues of us all to make us better learners. One way we are addressing it is by looking at doing some streaming and timetabling so that we have an expert who works across many colleges, but, increasingly, that becomes an issue with T-levels.

The other issue with T-levels, in some cases, is that because they have taken so long to develop, as we are running them, they are already becoming slightly out of date because of the pace of change in some

curriculum areas. For some T-levels, the obvious one being health, the specialist pathways are fantastic for things such as nursing, but in some areas of social health there is no pathway, so we will do a BTEC. However, in the main, it is really good.

The previous question about preparing people for the world of work and it mainly being large companies is spot on. You can use large companies' supply chains because supply chain companies backed by a large employer will engage.

One of the best things that ever happened was job rotation. Again, I have been around a long time, and this took place in the 1990s. For a medium-sized business, and I will make this up, if you had a secretary who needed training, we used to develop people by sending them to spend three weeks of their work experience being the secretary, releasing that secretary for training. That is a way of working with small businesses. You can develop adults. They can go and work in that work placement. You can release those staff to work with 16 to 19 year-olds, to really help the small employer or the medium-sized employer. I will be succinct as requested and pass over to David and Neil.

The Chair: Shall we go first to Neil?

Neil Bates: I will concentrate on Lord Empey's question. I wanted to start with some statements of fact in relation to our technical education system and the wider economy. The UK skills system underperforms compared with most of our international competitors. If you look at the measures of productivity, competitiveness and social mobility, we are 22nd out of 28 OECD countries in intermediate skills, for example. We have a technical skills system that is currently too low level, too complex, and does not have the coherence to provide routeways between the pathways.

It has been the subject of successive reforms through the years, with Leitch, with Foster, and most recently with Sainsbury. We have a real opportunity with the reforms that came from the Sainsbury's panel to create a skills system in the UK that is, as the Secretary of State set the ambition, a truly world-class skills system. However, if we are going to do that, there are some fundamentals that we need to put right.

Our technical education system needs to be a system where employers are directly involved in the design of the technical curriculum, and indeed the delivery of the technical curriculum, such that it is not all done within the walls of an educational institution but is a blend of work-based as well as in-college or in-provider learning. We need industry-standard equipment so that the equipment that young people use when they are technically training reflects what they will find in industry when they go on to employment.

Fundamentally, it is most important that we have expert technical teachers. Therein lies the real challenge of the skills system, which is how we attract, recruit and retain highly skilled technical trainers. I did a bit of work last year looking at other OECD countries and their skills systems, looking particularly at technical teaching. One of the big things we need

to do is to raise the professional status of people who teach technical subjects in this country.

We also have to solve the problem of how we pay and reward them. The average FE salary, I recall, and it has probably changed a little bit, is in the low £30,000s. If you are looking to recruit an aerospace engineering trainer with the right sort of industry experience and the pedagogical skills that you need to teach, that is an enormous challenge. We have to focus on our profession and make sure that we have the right kind of talented people to teach the technical skills to the level that we require, and industry requires, for the future.

David Hughes: I would perhaps build on what Sally and Neil have said. There is the really important issue of employers stepping in and offering work experience for T-levels and other students. I do not think they do that enough. There is some really important work going on out of the White Paper, led by Sir John Holman, bringing together the Careers & Enterprise Company, the National Careers Service and Jobcentre Plus advisers.

We have to invest heavily in bringing that together as a coherent set of advisers at local level, for young people in schools and colleges, and for employers to engage with. At the moment, employers get besieged by people saying, "Can we have some students in your company?" They need a single point of contact that makes it easy and simple. The work that the Careers & Enterprise Company is doing on career hubs in localities is really important and good, and we should get behind it. There are organisations such as Primary Futures, which I volunteer with, where we go into primary schools and talk to them about the world of work. Getting in really early in primary school is really critical as well.

Q120 Lord Layard: I think we are all agreed that the vision we have is for a world where the vocational route offers a system of automatic progression in the same way that the academic route does, meaning that if a person is qualified for the next step they can find a place. A central issue in this whole debate is how we make sure that there are enough places for the young people who want them.

I would like to ask a question about FE and then apprenticeship. On FE, obviously, the funding system is crucial, because if it is capped with annual contracts you cannot have the kind of automatic progression that you have down the academic route, where the funding is demand led. If a young person is qualified and you offer them a place, the funding comes automatically.

My question is: can we really hope to have this revolution in vocational education without demand-led funding? If we are to move to demand-led funding, how long would it take to do that, because obviously there are big issues of quality assurance and so on?

My question on apprenticeships is slightly different, because the funding is reasonably okay at the moment, certainly for levy-paying firms, although it may need addressing in due course for the others. The issue is how to get enough employers to provide the places.

Lord Baker of Dorking: Hear, hear.

Lord Layard: In the Bill coming to us there are local skills improvement plans and, somehow or other, these are meant to be bringing together local colleges and employers to make these plans. But how do we incentivise the employers to participate? What should be the role of chambers of commerce? Can we have things that make membership of a chamber of commerce much more universal? Those are my two questions. David, perhaps you could go first.

David Hughes: On the question of funding, I think the system is geared towards getting some people to level 3 by 18 or 19 and lots of people who do not. It is not just whether we have the funding in place, because the barrier at 18 to 19 is as problematic as any other cliff edge. Lots of young people do not get to level 2 at 16. They need three years, and sometimes four years, to really achieve. The Treasury thinks that is not very efficient and not very effective. We need to change its view.

We need more people to get jobs at level 3. We know that the pandemic has hit lots of the low-level jobs. Retail, hospitality, entertainment and so on have been really hit, so to get youth unemployment down we need more of them to get to level 3. Lots of them will take three years rather than two, and some will take four years. We do not seem to accept that. We do not seem to think that it is an investment. We need to turn it round to make sure that the Government see it as an investment with a positive return.

Sadly, the group that does not get to level 3 tends to be the disadvantaged, highly disproportionate numbers of black and Asian students and lots of disabled students. The Government are not investing enough in those young people. That is one side of it.

On the apprenticeship side, it is definitely about incentives, but one of the incentives is to show businesses that they can improve their bottom line, and that through investing in their people and by innovating in their business processes they can be more profitable. The college business centre concept that we are promoting is just that. Let us get credible people to go out and talk to SMEs and say, "If you invest in this technology, if you invest in this innovation, we can help you and train the staff to be able to deliver it, and you will be a more successful business". That is the biggest incentive you can give.

Apprenticeships are part of that as well as training—modular training, T-levels, apprenticeships, a whole host of things. Until we have that facility to go out and advise SMEs, many will just be in survival mode and struggle to engage.

Lord Layard: Could I follow up a second? You say it is just a problem of the cliff edge, but if you have a capped budget what is there that will guarantee there is enough money for the young people who want it? Do you not have to uncap the budget?

David Hughes: I think you do. There are something like 40,000 extra students in further education and school sixth forms this academic year because of the pandemic. The funding that came with them was about

half of the funding required. There were about the same number extra going into higher education and they were fully funded. That disparity is just wrong. In a time when we need to incentivise young people to stay in education, to get the skills they need to get good jobs, we should have demand-led funding rather than lagged learner numbers, which is what we have at the moment. I completely agree.

Neil Bates: Just to pick up the point in relation to apprenticeships, one of the challenges for employers, particularly for small and medium-sized enterprises, is how you develop an apprenticeship offer. For larger employers who have the resource of the levy and the resource of people to be able to co-ordinate and plan that, it is a little easier than if you are a small or medium-sized enterprise trying to develop an apprenticeship solution.

Our approach at Seetec Outsource has been to be very sector focused, to look at those sectors of the economy that are really important as regards future growth and development, and then, just in the same way the Government are trying to do with further education colleges, to try to cluster employers together, both large and small, to work with us to solve their skills requirements.

I will give you an example. We are working with Bournemouth Airport and a group of employers there. They are very small employers, very specialist in aircraft maintenance and repair operations. Each of them would like to take an apprenticeship, but none of them on their own is able to ensure that that is available. We have joined those employers together into an employer group, and they will work together and pool their resources and expertise to offer a group of young people apprenticeships in aircraft engineering.

That kind of engagement with employers in a way where they can see the direct benefit of doing that is much better than asking employers for favours, whether that be work experience or sitting on various committees or boards. The practical application of helping those employers to solve their skills needs is certainly one way forward as regards engaging employers in the skills system.

Sally Dicketts: I would make two points. First, I think your point is really well made, Lord Layard. We have a dilemma at the moment in that we have far more applications than funded places in September. Do we start recruiting staff, go into deficit for the year, because we know we will get the money the following year, or do we turn those young people away? If we do not do it fairly quickly, we could end up with lots of young people who do not get the best service in September because we are busy scrabbling around looking for people.

What we know about quality, whether it is in our schools or colleges, is that it normally depends on the teacher in front of you. If you have someone amazing, you will have an amazing experience. Constantly, you are taking a risk by recruiting people in the hope that everybody turns up and you will be funded in a year's time. We are a very large organisation and we can cover that cost. If we were an institution of, say, £15 million,

we might have to turn them away because we would not have the spare cash. That is one of the problems.

The problem with the levy is that we have three independent training providers who are separate from Activate Learning. When they get a new client, it takes about three to six months for the money to catch up. We had to loan our apprenticeship provider £1 million to cover its costs until it got the money from the employer. If you are a small independent training provider, you need quite a lot of cash before you get your money in. So I do think we need to look at that.

I think your point on quality and whether we are offering what is needed needs to be looked at by looking at where the students go. We could do that through our tax system. I think we should start following them to see, when we have invested in young people, whether for an apprenticeship, FE college or university, whether we are getting as UK plc value for our money. Do they get the types of jobs that we require for the investment we have made? That would be one way of dealing with it. I know it is not immediate, but we do not track whether we are getting value for money. We just say, "Oh, that graduate has got a job. Somebody else has got a job". I think we need to look at that.

The point I was going to finalise on the other question is to say that we are doing a lot of Kickstart work with 16 to 24 year-olds. In Oxfordshire, with very high employment, we have 200 placements. We alone as an organisation are taking 20 on. Some 55% of them are from ethnic minorities. They are people who had jobs who have been made redundant, and I think we need to look now at who is being made unemployed.

The Chair: Thank you for that, particularly that last point. We will be looking at that very carefully over the summer. I will give the last word to Lord Baker, but first to Lord Hall.

Q121 Lord Hall of Birkenhead: Very briefly, I was very interested in what Neil was saying about identification of skills gaps. When I set up a skills council 15 or 16 years ago it was based on that. I was really interested in what you were saying that the identification should be more local, that it should be by sector, and how you bring in SMEs and larger companies. I think you answered that talking to Lord Layard, but if there are any other thoughts you have, I would love to hear them.

Neil Bates: It is quite interesting to look at the model in Denmark. That model has, effectively, 11 sector skills councils. Their job is to look at the current requirements in terms of skills in specific sectors. Each one of the 11 is focused on a particular sector.

Then they have what they describe as skills lighthouses, which are looking forward into what is the next set of skills that is going to be needed in the economy. In this country we lack a body or bodies that are doing that strategic forecasting, not just about today's jobs but tomorrow's jobs, and what skills are required to do them.

Lord Hall of Birkenhead: I agree. Thank you very much for that.

Q122 Lord Baker of Dorking: Neil, it is great to hear from you again. You have given this committee lots of ideas and suggestions about how to improve 16 to 18 education for apprenticeships. We have to consider those very carefully, and I think we would like to support some of them.

David, I have only commiseration for you, because under the Bill that we are taking through the House of Lords you are going to lose your freedom in FE colleges and come under the bailiwick of the Department for Education, the most defunct department in Whitehall at the moment. When Ken Clarke and I were responsible for the department, we had a different calibre of civil servants running it. So good luck.

Sally, thank you very much for what you do. You run a unique operation, which has one FE college in it, two ordinary schools and five UTCs. The UTCs, as you know, have spectacular results. The one in Reading and the one at Heathrow last July had no NEETs—no NEETS in the middle of a Covid year. They must be almost about the best schools in the south of England. Even the one at Didcot only had three, and they were atomic engineers.

May I ask you one simple question? Has the magic of the UTCs in any way been transferred to your two other schools, and do you think there should be more UTCs?

Sally Dicketts: I would say yes. Our schools and colleges work together, so some of the lessons from the UTCs have gone to the two 11 to 18 schools, and we have done work with our colleges in the UTCs the other way round. The employer work that goes on across the group is really good.

UTCs are definitely worth it as long as they go into an area where you have an increase in numbers. I think some of the failures are where UTCs have just been put anywhere, and if you do not have enough young people they are not going to succeed.

Lord Baker of Dorking: I would agree with that.

Sally Dicketts: We have been lucky with our UTCs because we have very good numbers, in the main.

Lord Baker of Dorking: Thank you very much for what you do.

The Chair: David, we will go to you, then to Neil and Sally, for final last-minute crisp conclusions, and then we must conclude this session. David, you will be briefing everybody on the Bill no doubt and what it does not do. Is there anything you want to add, and just bear in mind as well Lord Hall's question as we go into this final piece?

David Hughes: Thank you, Lord Baker, for the commiserations, but we will certainly come to you to make sure it is good legislation. Good legislation does not give unfettered powers to Secretaries of State to intervene in things they do not fully understand. I am expecting a few changes.

What we absolutely must have is a system where employers have a voice but we do not forget the need for the student voice, because students will

become the citizens of the future. They do not need to become automatons at the behest of every employer. They need to have agency. Unfortunately, we do not do that for a large proportion of young people. The system is designed for the 60%. It is not designed for the other 40%. There needs to be systemic change and long-term change, and some stability so that people can really deliver on those changes, rather than people pushing it around and playing with it all the time. That is, sadly, what we have had for too long.

Lord Hall, I think the UK Commission for Employment and Skills did quite a good job in setting out those national skills needs, and we need something like that. I think you also need employers engaged locally to talk about how we develop people, to identify the people we need to get to, and motivate them to think about careers in different sectors and different jobs as well.

Neil Bates: To sum up very briefly, I will quote Vince Cable. He said that the skills race is the new arms race. Post pandemic, post Brexit, what we do about skills will be absolutely central to the recovery of the economy and the growth of the economy. We have an opportunity, I think, to revolutionise technical education in this country, but we must not step away from that ambition. We have to end the decades of snobbery about academic versus technical education. If we do that, the prize is enormous as regards the difference we can make to young people, to their life opportunities, and the difference we can make to businesses and their competitiveness. We have to keep beating the drum for the changes and the reforms that we need to make for us to have a really world-class system that we can all be proud of.

The Chair: A final word, Sally, from you, please.

Sally Dicketts: Sorry, I thought I had had my final word. I would say we need to remember that in technical education we need the technical skills but we also need the skills that employers want of creativity, teamwork, problem solving, ability to learn and agility. It is not an either/or. It is an "and".

The Chair: Thank you all very much indeed. If there is anything that any of you would like to raise over the next few weeks, we are still taking written evidence until July, so we are very happy indeed to hear from you.

On behalf of the committee, thank you all very much for the enormous help that you have given to the committee. As you know, there will be a written transcript produced, and you will be able to look at that to make sure that it is accurate from your perspective. In thanking the witnesses on behalf of the committee, I declare that the meeting is now concluded.