



Youth Unemployment Committee

Corrected oral evidence: Youth unemployment

Tuesday 13 July 2021

11.40 am

Watch the meeting

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

Evidence Session No. 21

Virtual Proceeding

Questions 219 - 227

Witness

I: Gillian Keegan MP, Minister for Apprenticeships and Skills, Department for Education.

USE OF THE TRANSCRIPT

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

Examination of witness

Gillian Keegan.

Q219 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, and you will have the opportunity to make corrections to that transcript where necessary.

Could I, on behalf of the committee, extend a very warm welcome to Gillian Keegan MP, Minister for Apprenticeships and Skills in the Department for Education? Minister, thank you very much indeed for giving us your time this morning. Could I ask you to say a word or two of introduction?

Gillian Keegan: Thank you to the committee for inviting me. I have been the Member of Parliament for Chichester since 2017. I am the Minister for Apprenticeships and Skills, and I am a former apprentice myself.

The Chair: We might get on to apprenticeships in the course of the morning, but could I ask you about NEETs—those who are not in education, employment or training? We have heard a lot of evidence in recent weeks about the problem and the need to reduce the number of young people who are NEET. That is particularly important in the current climate and also in the longer term. What is your assessment of the most effective way of achieving a reduction in the number of NEETs?

Gillian Keegan: There is definitely a huge focus on preventing young people becoming not in education, employment or training. There are a number of different options and routes that we are working on. As Lord Baker said earlier, youth unemployment is up. It is 13.2%, which is higher than countries such as the United States and Germany but lower than Canada, France and Spain, where I used to live, which is up at 36.9%. Before the pandemic, it was falling, so we had been quite successful in reducing the number of NEETs, but clearly we have been really focused on what impact the pandemic has had on youth employment and youth opportunity. Indeed, that is the point of this committee.

There have been a number of things. The first is to ensure that everybody has a place to stay in education until the age of 18: we have increased the number of places to ensure that there are enough for everybody up until the age of 18. As part of our education recovery, we are also assisting people to repeat a year if they need to do so next year because their education has been disrupted.

In addition to that, the plan for jobs, which really looks at those leaving education, has a number of different streams. The first is the Kickstart scheme, which is a DWP lead. There is a £2 billion investment in Kickstart. It was a bit slow to start, because we have still had the impacts of lockdown in some sectors, but that is now very much starting to accelerate.

We have expanded traineeships, which are in my portfolio, and we are specifically focused on enabling young people flexibly to go down all kinds of routes. We have expanded the number of places and the investment in that. We have also started to expand them so that they can act as a pre-apprenticeship scheme, so that we can get young people ready to take on an apprenticeship.

We have also incentivised businesses to take on apprentices, particularly young people but really any apprentice. We have offered financial incentives to businesses, which has started to really accelerate. We have seen that more than 70,000 have claimed that incentive, and a large proportion of that is for young people.

They are the schemes that we have in place and they will continue for the rest of the year. September is when the apprenticeship incentive ends. Kickstart goes until the end of the year, and we have an increased number of traineeship places next year.

The Chair: One thing that has bothered me personally, as we have taken evidence in recent weeks, is that I am not absolutely clear who is responsible for achieving that reduction in NEETs. We have schools, colleges, local authorities, central government and a lot of bodies in the voluntary sector, but I am never quite clear who is leading it. Is there a problem there? What are the Government saying and doing about this to make sure that there is a focus on the need to reduce the number of NEETs?

Gillian Keegan: There is a lead authority. In the case of the 16-to-18 age group, it is local authorities. If you have an EHC plan, it is up to the age of 25 and that would also be a local authority lead. For those aged 19 to 24, it would be a DWP lead; it has number of schemes, which include Kickstart, youth hubs, sector-based work academies, mentoring circles and a number of things that it is introducing, focused on young people.

I also have it in my portfolio to make sure that we have a focus on apprenticeships or traineeships. We all have responsibilities in schools as well, to make sure that we have offers there to try to prevent those people becoming NEET. There is a preventive role, making sure that we have a number of schemes and options to avoid that, but the lead authority for 16 to 18 year-olds is local authorities, and for 19 to 24 year-olds is DWP.

The Chair: Thank you very much indeed for the clarification.

Q220 **Lord Empey:** Good morning, Minister. I wanted to ask you a question about technical education. One of the department's priorities is to strive to bring technical education standards in line with leading international systems. How are T-levels and other technical qualifications meeting this aim, and are technical routes clear and visible enough for our young people to navigate?

Gillian Keegan: We could definitely say that, at this point, they are not clear enough for our young people to navigate, which is why we have introduced the Skills and Post-16 Education Bill, which is going through the Lords at the moment. It is why this area has been subject to a

number of reviews over the years. Of course, as you say, we have studied a number of international systems, including the Netherlands and Norway. Germany is always mentioned, but we did look more widely as well.

On outcomes, there are two things that are clear. One is that the best systems all have one thing in common: standards were set with employers, and everybody understood how to navigate the system and what the options were, so there was awareness. We are on that journey, it is fair to say. A number of things have happened recently. T-levels are a brand new technical qualification in 15 routes. There will be 20-odd subjects in total. They have been developed with 250 leading-edge employers, who were actively involved in designing those T-levels with us.

We took the step to introduce them in August 2020. There was a bit of discussion, because of the pandemic, about whether we should delay that. In the end, we took the decision not to delay it, for the very reason that is implied in your question, which is that we have waited quite a long time to get this right and we need to better service our young people, having very strong technical routes, with very good options into many different career routes via a technical option, and making sure that everybody is clear on that.

What we have in the pipeline and all the work that we are doing is very positive, but today you could not say that it is a simple system that is easy to navigate and has all of those routes fully developed.

Lord Empey: In the earlier session, I drew to the attention of Minister Gibb the point that, unfortunately, a number of universities have already indicated that they are not going to accept T-levels as part of their admission criteria. Are we not at a dangerous point, in that the validity, quality and standing of these levels could be degraded by decisions like this and, therefore, their ultimate objective thwarted?

Gillian Keegan: We are working with the HE sector at the moment. They are brand new qualifications. We are doing lots of work with them to make sure that they are aware of what T-levels are, the rigour involved in them, the maths mapping, et cetera. We are going through that work.

There are only three universities that have said that they would not accept 2020 T-levels. Thirty-two have agreed to accept them, including at least three from the Russell Group. I had a conversation last week with another Russell Group university that indicated it was also going to accept them, but I am just waiting to get that confirmed formally.

We are attending a session with the Russell Group admissions forum to make sure that they are aware of what is involved and how it will map onto some of their degrees. As Minister Gibb said earlier, it will not be for every degree, because these are quite technical subjects, but you would expect the construction T-level to lead on to degrees such as civil engineering, quantity surveying and architecture, as well as to areas such as digital, cybersecurity and computer science. They will lead to the route that you are on.

Of course, they do not really understand the detail yet. We have been starting to go through that with them and sending off the maths mapping. Also, the awarding organisations have started to produce packs of information and data, which give more information for universities to be able to make a decision. With 32 already accepting them and only three having definitely said that they will not accept those that started in 2020, I am hopeful that journey will lead to a positive outcome.

Lord Empey: I hope so too, but you will appreciate the anxiety that members of the committee feel about this, because the evidence that we have received is that we need to develop and raise the status of our non-academic routes for young people. Once you begin to get a divide between universities and employers taking place, it could undermine the validity of the T-levels. That is the concern that we have.

Gillian Keegan: I completely agree, and it is a legitimate concern. Fundamentally, the issue that we often have is that most people in the positions to make decisions have come via an academic route. The academic route is the one that they understand a lot better and, therefore, they have to be educated further to understand the technical route, because it is not often one that they did or that their own children did. That is very important in terms of changing attitudes and understanding.

I think I am the first apprentice who has held this role. I am passionate about apprenticeships, because it was a life-changing experience for me and enabled me to have a very successful career. Once you have done it and enjoyed the benefits of technical education, you become an advocate for it. That is why I am also very passionate about the teaching apprenticeship, which will, hopefully, turn more people to see that there are many different routes to get to the same outcome. It is new and we have to make sure that we take people along that journey with us, but it will help as we get more and more people having a broader range of experiences.

Q221 Lord Hall of Birkenhead: Good morning, Minister. I would like to start with a question about analysis of skills gaps and how satisfied you are that this is being done. When I set up a skills council about 15 years ago, we were using very hard analysis of the gaps in creative and cultural skills to make the case with employers and others about what we wanted to do. Are you content with the way that the analysis of those skills gaps happens, or does not happen, now at a national level but also at a more local level?

Gillian Keegan: Am I content today? No, but a lot of the work that is contained in the Skills and Post-16 Education Bill attempts to better address this. What do we have today? We have a number of projected vacancy needs. Some 24% of all vacancies are down to a lack of skills. We know that we have a number of skills shortages and that we have them in many sectors, including manufacturing, construction and anything do with digital and health. Mental health has been mentioned already. We have very big skills gaps. Therefore, we do not do a good enough job, and we do not have it down at a local enough level, where

you can start to action it, so that young people know what the skills gaps are in their area, what is going to be coming up, what the routes are into those careers and whether they can do full-time study or an apprenticeship.

A big part of what we are doing now, and will soon be piloting, is the local skills improvement plan, or the skills accelerator programme, as it is now known. We are in the middle of assessing all the bids, so there will be some areas that will be announced very shortly. In fact, there are going to be quite a lot of announcements in the coming weeks.

It is clear that we need to do a better job of it and to work collaboratively with employers, education providers, local authorities, mayoral combined authorities and others to try to make sure that we have a good assessment. These can be written in quite a good way, with quite a lot of detailed involvement, or they can be very high-level, motherhood-and-apple-pie kind of stuff. I have read a few of those, so I need to make sure that it is at the right level, so that you can action it. We are also going to supplement it with a national skills and productivity board; it is the labour market economists who will be also supplementing and providing input to that.

We are not there yet, but the plans that we have will massively improve. The key to all of this is the leadership from employers. You cannot have an employer-led system without employers stepping forward to lead in that event, so that is also the work that we are doing with a lot of employers now to get them involved in our education system, which is relatively new for us. It started with apprenticeships in 2014-15. We have worked with about 3,000 employers now, and 250 on T-levels, but we have to broaden that out much more.

Lord Hall of Birkenhead: Could I just turn to another issue, which is the role that the national curriculum plays in supporting technical qualifications up to key stage 4 and preparing young people for opportunities like T-levels and apprenticeships? I just wonder what your comments are on the role of the national curriculum, also reflecting on where you think there needs to be more of an emphasis or push.

Gillian Keegan: There has been a lot of work to improve the national curriculum and to make it more rigorous. As Minister Gibb said, since 2010, good or outstanding schools have gone from 68% to 86%. It is really important to have those solid foundations and those key skills in place, as well as the variety. We have been introducing to the national curriculum the Gatsby benchmarks and the careers opportunities, and they are quite important.

We live in such a high-tech, fast-moving world that it is almost impossible for anybody to try to translate industries, career availability and what the careers of the future will be. It is such a fast-moving world now that the best way to start this is to start young people being curious about the workplace and what happens there, imagining themselves in those environments, getting those experiences, asking questions and developing networks. That is really the aim of the Gatsby benchmarks, which we are rolling out. We are trying to make sure that more and more

young people have access to really good-quality interactions with businesses, where they can start to ask these questions, gain more experience and, ultimately, be curious about the next part of their journey earlier on.

Lord Hall of Birkenhead: I wonder whether you believe that there are skills that an effective curriculum should be providing. We have been constantly told about this in the evidence that we have been getting from all sorts of people. For example, the Youth Futures Foundation cited a study showing that 40% of businesses reported that they are dissatisfied or very dissatisfied about the skills that young people are not getting before they have to make a big choice at 16 about what sort of route they are going to go down. We had the Minister talking about this earlier, but what are your reflections on that?

Gillian Keegan: There has always been a disconnect between the education system and employers. That has possibly accelerated in the last 20 years or so, as we have really entered the digital age—that really provides an accelerating factor. I worked for 30 years in business before becoming an MP. In any industry that I worked in, at any point, with any technology shift, anywhere in the world, wherever I worked, there was always this feeling that the education system did not offer what businesses want. There is a bit of a disconnect and maybe unrealistic expectations, but the best way to optimise what we can do is to work with businesses to really embed them in our system. That is why the careers hubs are important, because that is working with real businesses. We have 300 cornerstone employers and there will be many more that will be facilitated, so that it is easy for schools to access that.

I speak to businesses now and say, “If you want to change and build a more effective skills pipeline, which you are going to need to do, because the competition for global skills and skills shortages is really focused in a number of areas, you need to get involved with the system. You need to provide these careers opportunities and T-level work placements, which are a big addition to the landscape, where young people will get a minimum of nine weeks as part of a T-level, in the environment, and get some meaningful work experience. You are going to need to get more involved with apprenticeships and to help your supply chain—the SMEs—to get more involved with apprenticeships”.

A responsible employer needs to engage with the system, not just sit back and say, “It is not doing everything that I want”, because it is about trying to bring the two together. From Minister Gibb’s perspective, it is also about making sure that you have enough time and rigour in the core foundation, so that you do not end up with people doing some of these things at the expense of the core foundation. That is the balance that we have to get within schools. It will be improved through what we are doing, but it is about those sectors working together much more effectively.

Lord Hall of Birkenhead: As a final question, you were an apprentice and, therefore, would have strong views, I imagine, about being an apprentice now, looking at the plethora of different routes that there are

into gaining skills, qualifications and employment, either as someone post 16 or someone looking for a job. You have also spent a lot of time in business.

Just reflecting on what Lord Shipley was saying at the top there, is it the most effective way of delivering for young people who either are getting into employment or are unemployed—NEETs, et cetera—by having the divisions that you clearly have in government, both national and local, about who, in the end, is responsible for delivering against the numbers of people who are now out of work that you were talking about earlier? If I were running it, I would find it rather confusing and potentially ineffective having so many different people involved and not having a clear, overall strategy on which you are held to account.

Gillian Keegan: Having clear ownership and accountability is important, which is why we have the lead departments. Fundamentally, in pretty much everything that I do, I spend a lot of time with my colleague Mims Davies, who is the Employment Minister; we almost come as a twosome—and we are neighbouring MPs. I spend half my time with her because, ultimately, we have to work very co-operatively together. First of all, there has been a pandemic, which has of course accelerated some of the trends that I was concerned about. Then there is unemployment and, at the same time, the huge skills shortages and rising unemployment.

We really have to work very quickly to try to overcome those two, so we are working together on a number of things: sector-based work academies for the more entry-level roles, and skills bootcamps. We have worked with DWP to make sure that people can claim benefits while going on a skills bootcamp, so that they can get some really valuable skills that also map to a skills shortage. Even in business, I never really had full control of everything; you are always part of a team. This is why team skills, collaboration and being able to work effectively as part of a team are important.

Government is complex and does need many of us to work together. The plan for jobs was ultimately led by the Treasury, but it obviously has the DWP and DfE lead schemes in there. All of us are fully aware of them, but the key thing is making sure that the people out there who need the help are fully aware of them and can access them. That is why we are doing a lot more work together on the National Careers Service and working with work coaches in jobcentres.

Q222 Lord Storey: Thank you, Minister, for your enthusiasm and honesty in your replies thus far. We talked about 14 to 16 year-olds. How do we fully prepare those young people for future vocational courses? I am not talking about the academically minded student but those who would be better on a vocational route. How do we prepare them at school for future vocational courses? Employers complain quite vocally—you know this—that young people do not seem to have the practical skills that employers want.

Gillian Keegan: They are slightly two different things. I always try to avoid putting people into two camps—the vocational versus the

academic—because some of the T-levels are highly academic, but are just in technical subjects. If you look at the kinds of jobs that they will go on to do, they will be running businesses, industry and the NHS. There is not the same distinction. As somebody who left school at 16 to do an apprenticeship and possibly, therefore, could have been considered to not have the academic options open to me, I say that they are open.

Now we have many different apprenticeships that go up to level 7. They are just different routes to the same place in many cases. We now have, for example, apprenticeships with 625 different standards. You can be a lawyer, an accountant, a nurse or a teacher. Pretty much all of the routes down which you would think you would take an academic journey, you can also take the apprenticeship route to the same place.

In terms of preparing students, there is a lot of time in the curriculum. I go to a lot of schools as a constituency MP, and they do STEM days and joint problem-solving. Local people come in and set particular challenges that the whole school has to work on. Maths mastery also works across the whole school now. There are a lot of things that are there. Ultimately, we are hoping to have some of these career options and interventions at least from year 8, where they can start to interact with businesses. We do virtual events as well, such as My Week of Work.

There is a minimum requirement on who is given access to providers of technical education, and when. We are going to be tougher on action on non-compliance to make sure that schools do it. We will be making funded careers support conditional on meeting the Baker clause, and we will be strengthening compliance with that. I was quite surprised, when I became an MP, that we have had to legislate to ask schools to make sure that young people were aware of all their options and all of the different routes, but the system has to be strengthened, so that young people are aware of all the routes.

On the strength of the apprenticeship system now, I speak to a lot of young people who are graduates doing levels 4 and 5; they are saying, "I wish somebody had told me. I could have avoided some of that. I am doing Cyber Security Technologist level 4 now", or nuclear operative or whatever it is, as an apprenticeship.

Q223 Lord Clarke of Nottingham: Minister, one of the strange things that has happened over the last few years is that the use of levy money has very much shifted towards existing employees, higher levels of training and even management training for long-standing employees. The proportion that is spent on under-24s has steadily fallen, as well as the proportion spent on the lower levels of apprenticeships. Is that a good thing or do you share my view that it is rather a worrying thing?

Management training, even to degree level, as you prepare people for promotion and going up the management chain, and improving the skills of your existing employees in response to technological change are things that employers should regard as a normal cost of their business, and levy money should be much more concentrated. A large proportion of it should be obligatorily concentrated on under-24s and people beginning to go into their career. Is it a bad thing that so much is now being spent on just

the ordinary training and retraining of long-standing, older employees? Should, say, two-thirds of the levy money be obligatorily concentrated on under-24s moving from education into their future careers?

Gillian Keegan: It is important that we do not squeeze out the opportunities for young people. That is very important. We have had just under 5 million apprentices trained since 2010. About half are young people and half are adults; half are men and half are women. They are at different levels, and there is definitely much more than half at levels 2 and 3 as opposed to the higher levels, so it is quite balanced.

I remember when the levy was introduced and it was quite a tough ask of business. If you had a pay bill of more than £3 million, you had to pay a levy of 0.5%. It was seen as a tax on jobs. This has, in a way, changed the conversation about building the skills pipelines and using the apprenticeship system to have that conversation.

On what skills you need, one of the strengths of our system is that it can be used for adults. These are often adults who did not get a very good opportunity the first time around, so they are people who left school with very few qualifications and have done relatively low-paid work or work that really does not fully recognise their potential and what they could give.

Also, about 80% of our workforce who will be in place by 2030 are already there. If you think about all the things that the Government talk about doing by 2030, mostly driven by our net-zero goals, whether it is how we are going to change our energy system, the way we drive our cars and many other things that we are going to change, we are going to need to upskill a lot of workers. Before the pandemic, that was a huge focus: how are we going to get people to be able, organically, to re-engage with the education system, particularly as adults and particularly if they did not have a very good experience the first time round, and how do we make that easy?

The apprenticeship system has been very successful at doing that. Because I am an apprentice myself, I end up attracting a lot of other apprentices who run after me wherever I go. People say, "I am 45 and I have my first opportunity ever to become a paediatric nurse. I have been working as a cleaner in the hospital for 16 years". Those stories are real and I find them very inspiring.

Right now, we do not use all of the levy money. Where the question will potentially become a harder one to answer is about whether it is being fully utilised; there has to be some kind of prioritisation. One of the first things that I was involved with as a Minister was removing the MBA apprenticeship, because that was certainly very expensive. I did a Sloan Fellowship but I had to pay for it myself. These are things where, often, there is a model that has been there for years. Employers and employees usually foot that bill between them. It is an expensive use of the levy. There are such benefits to the individual of doing an MBA that it would not be fair—

Lord Clarke of Nottingham: Are you contemplating stopping it? That is

a perfect example of what I have in mind. Most of the people doing these MBAs are long-standing employees already, and they are probably very surprised to find that their company is describing them as apprentices doing apprenticeships when they do the MBAs. Frankly, it is a bit of a fiddle to use levy money for that. Are you contemplating doing that? Is there a case for setting some sort of minimum of the levy funds that have to be used on under-24s, until they acquire the skills that they are going for, including for levels 2 and 3? That is really what we think of when we think of the key role that an apprenticeship has to play in getting people from school into work. It is young people who we are looking at on this committee.

Gillian Keegan: We have stopped the MBA element of that apprenticeship.

Lord Clarke of Nottingham: I did not know that.

Gillian Keegan: We have stopped that, yes. There are still level 6 and 7 degree apprenticeships and master's apprenticeships, although very few at level 7. They tend to be clinical specialisms and mostly health roles. The MBA one has been removed as an option.

We want more people to be doing levels 4 and 5 at any age. Levels 4 and 5 are where you get a lot of the high-quality technical skills. They tend to out-earn graduates as well, even five years after, so they are highly valued. Having all the routes in is important, but levels 4 and 5 are vital as well.

As a result of the response to the pandemic, we have also really been focusing on adults. The lifetime skills guarantee was something that the Prime Minister introduced, which is offering about 400 free courses for jobs; again, they map to where we have skills gaps. There is a lot of hiring of young people, because they are digital natives. They understand the technology because they have grown up with it. They are very highly valued in the workplace, but building the skills pipelines and ensuring that you have young people, as well as the ability to retrain adults, is an important balance. We would certainly never want to see young people's opportunities squeezed out, and we may have to make priority choices. The MBA was the first one that we stopped.

Lord Clarke of Nottingham: Are enough SMEs—small and medium-sized enterprises—getting involved in providing apprenticeships? Could the Government contemplate measures to increase the number who realise that they can no longer recruit from eastern Europe and expect other people to train them, and that they are going to have to get involved in the apprenticeships that we need? Have you contemplated lowering the threshold for turnover at which companies are liable for the levy? It would be unpopular in the immediate reaction but it could get medium-sized companies more involved.

Are the financial incentives good enough at the moment? I know that there are financial incentives, but are they good enough to get small and medium-sized enterprises to face up to the fact that they have to start training their workforce contemplating apprenticeships? For example, you

could relieve employers of their national insurance contribution as long as they have an apprenticeship of the necessary quality. What do you think of those ideas?

Gillian Keegan: First of all, the most important thing is to get more SMEs involved in apprenticeships and to be a key part of training the next generation; they always were. They tended to take younger apprentices and it was a key part of building the skills pipeline. We are really focused on that. Initially with the levy, there was an incentive in the system, which was probably so that the system would be accepted, whereby large employers could draw down and use their levy money as much as they possibly could, both on bringing in new skills and on upskilling and retraining their current workforce.

Where we go in terms of raising the levy is up to the Chancellor; it is a Treasury function. I am sure that they look at this stuff all the time. One thing that we were very keen to do and which was introduced in the Budget a couple of years ago was to enable levy payers to transfer up to 25% of their levy to smaller employers.

We have been doing a number of things. The first thing is that, to get SMEs involved, we have to make it simple. It has to be really easy. They do not have time to be going through a long, drawn-out process that is too bureaucratic, so we are introducing some changes to the system in August, which are aimed at making it really simple for SMEs to get involved, find an apprentice and draw down this money from the levy payers, not just within the supply chains but maybe within the local area or within industry sectors. That is something that we are very much focused on.

Flexi-job apprenticeships are something we have recently introduced and are piloting to solve some structural issues. The first industry that came along, which somebody mentioned, was the creative industry. Lord Puttnam brought Barbara Broccoli along, and they basically said, "We are really good at creative in this country; it is a huge export of ours and we are really struggling to get the skills". The way that it is structured is that, for films, et cetera, you set up a special purpose vehicle, so you cannot employ people. The apprenticeship system does not work because of that structural difference, so the flexi-job apprenticeship is aimed at solving that. It is also a factor in the construction industry. They are two things that we are piloting with construction, the creative industries and others. We are also looking at some mega-employers that may help to train their supply chains.

We also have some brokering pilots, which is where, in local areas, we have people putting it all together and saying, "Why do you not take these? We have some money over here?" They are brokering apprenticeships.

They are three new initiatives, but we will not stop until we have a fully functioning and effective Apprenticeship Service system. Of course, that means SMEs. During the pandemic, we also increased the number of reservations that they can book on the system from three to 10, which makes some of these a bit easier. It is absolutely vital. We are making

some progress. It is about half the apprenticeships, but we need many more.

Lord Clarke of Nottingham: What about lowering the threshold or improving the financial incentives?

Gillian Keegan: Lowering the threshold would be a decision for the Chancellor. It is the Treasury that sets those limits. We have improved the incentives. The first incentives that were introduced during the initial plan for jobs were £2,000 for a younger employee and £1,500 for somebody over the age of 25. We then improved it to £3,000 for all, with an extra £1,000 for 16 to 18 year-olds. They seem to be going really well and are very much appreciated by the industry. We are getting an acceleration, with 71,000 applications at the moment. It ends at the end of September and I am sure that the Chancellor will be looking at that.

As you know from these jobs, the biggest thing is to make sure that you can successfully show that, if you have done something, it has had the desired impact that you want, which is getting extra roles for people who would not have got an apprenticeship anyway. What is really interesting and very encouraging about the levy is that more than two-thirds of it is for young people being taken on, not older employees, so it is having the desired effect. I am sure there will be a lot of people who will be asking for it to be extended, if it is successful.

Q224 **Lord Layard:** I wanted to follow up, Minister, on the lifetime skills guarantee, which we have already discussed once. I still do not see how you are going to implement it, and that is completely crucial. It is wonderful to say that anybody of any age can do a level 2 or 3 for free, if they have not done it before, but how do you make the places become available in the colleges and other providers, unless you automatically fund them? It seems to me that you have to move from this annual contracting system to one where there is, as there is for under-18s, automatic in-year funding for everybody who is entitled to the lifetime guarantee. I would really like to press you on whether you have had time to consider whether that is the way you have to do it, if you really want the guarantee to be a guarantee.

Gillian Keegan: It is a very good question about making sure that you have the provision that follows the government announcement, and that people are aware of it and can easily find it in their area. That is the challenge.

It was announced in April that we would be introducing it from April 2021. We have not had all the figures come through yet, but the early indications are that it has accelerated the number of courses and the number of adults enrolling on them. We do not have the full data, but let us just say that it has had a promising start.

You are absolutely right that funding and accountability are key parts of the *Skills for Jobs* White Paper and of one of our workstreams in terms of reforming technical education, to make sure that we simplify funding and accountability, making it more multiyear rather than chopping and changing, so that there is this security and the provision can be put on.

Everybody then knows it is there and people start to understand what is available locally.

That is also where we are trying to make sure that the skills accelerator and the local skills improvement plans really take those sensible choices about how you prioritise provision for which group—young people and adults—in a local area, which will match the local market needs. It could be different in Grimsby to Chichester, for example. That is where we are headed. The funding, accountability and simplification of the system will be an enabler that we need to focus on.

Lord Layard: If I could follow up, the academic route in our country is demand-led funding. We are talking about trying to establish parity of esteem for technical education. I do not think you really could claim to have established parity of esteem unless you introduced demand-led funding for people to whom you are offering the guarantee. Simplifying something that remains complicated is perhaps less helpful than radically simplifying it and going to demand-led funding.

Gillian Keegan: Funding and accountability is a key pillar for that reason—to make sure that we have the right funding models that will encourage the right things. We do things like making the eligibility much broader. It is a challenge, and the biggest challenge is how simple the other route is. The other route is really very clearly understood and very simple. You do your GCSEs, you stay on and do your A-levels and you apply to UCAS. There is this place where you can go, and it has every bit of information that you need. The school is set up to support you in that. It is a very simple route into university. Unfortunately, the other route is always going to be a bit more complex by design, because you have employers involved and a massive range of subjects.

Another key question is where the demand has really come from. The demand for the skills really comes from the employers, which is why we want the employers to be brought in, but what we often have is the demand coming from the sector. That is why we need the sector to be working together much better with the employers, because we end up with some anomalies, where the sector would be incentivised to put on certain provision that is not necessarily what the local employers think is the priority. That is the Catch-22 situation and the holy grail, as it were. That is really what we are trying to solve. It will never be perfect, but it can be better than it is now.

Lord Layard: On the academic route, we try to educate our students to want to do useful things but, in the end, the pattern of study is what young people choose to study. Of course, it is influenced by job opportunities and all the rest of it. Should that not be the same in the rest of the education system? It seems to me that, ultimately, you have gone, very impressively, to establishing a right—a lifetime skills guarantee—that puts the young person, or indeed the older person, in the driving seat, ultimately. We are talking about further education and training providers. Why would that then not have to be accompanied by automatic funding to deliver the guarantee? If you have a funding settlement for three years now, should this not be an issue that you are

raising with the Treasury?

Gillian Keegan: Everybody has been raising their longer-term spending reviews, but it has of course been a very difficult time for the Treasury.

Just so we are clear, the lifetime skills guarantee has £95 million to support it. There is enough money there for the provision to be generated. It will take time and, as I say, it is in 406 course areas. That is there for the funding, and anybody who wants access to them has that entitlement and will get access. That is way that it works.

The more challenging thing is making sure everybody knows that they have the right to do it, and that they know what the provision is, where they can go and how they can access it. That is a bigger challenge. One of the things we found during the national retraining scheme, which was one of the pilots that we did, is that adults absolutely need a clear line of sight to a job, with promotion, more prospects and more money, to incentivise themselves to go back into training when they have lots more demand on their time, et cetera.

That is the other thing that we are trying to make sure is much clearer, and that is why the skills bootcamps, which are another new provision for all adults and are being rolled out across the country, are there with a guaranteed job interview that is going to get you a better job, or a job, if you do not have one. They are really focused on an intensive 12 to 16 weeks, giving you those skills that you need to be able to really get on to a much better career path. That is something that could be really valuable and very flexible and scalable, so we are very excited about that development as well, which will be expanded in the coming weeks.

Q225 **Lord Baker of Dorking:** Gillian, I want to thank you first, because you are the only Minister since 2010 who has had anything nice to say about university technical colleges. You complimented the one in Coventry and the number of apprentices it produced, so thank you. You are a solitary, lone figure of excellence, as far as I am concerned. You have the most interesting and challenging job in government. You have to upskill Britain, and thank God you are a round peg in a round hole, because you really know about it.

I want to ask about parity of esteem. The difficulty with the Bill in the House of Lords at the moment is that it separates education into two very distinct areas. One is academic, at school, where there are no skills to be taught at all, quite frankly, leading to employability, and the other is vocational. That is very difficult to handle, as you said yourself, when you talked about the two sides. The trouble is that apprenticeships do not have much status. The evidence that we are getting is that at least a third of all students never get told at schools about apprenticeships at all. They have never heard of them and do not know about them.

How can you enhance parity of esteem to enhance the status of apprentices? You could require all companies, big and small, to state in their report how many apprentices they employ and the salary they pay them. That would focus attention. It is a low-cost proposal.

Secondly, following Lord Layard's point about money following the

student, we have discovered that small and medium companies are very reluctant to take on apprentices, because it is a cost. They have to pay the salary. You could say to all companies below 200 employees that, if they take on an apprentice, the Government will pay the apprentice's wages in full. That is money following the student, which is what Lord Layard wants. At the moment, they pay £3,000, and it would probably increase by £4,000. I think the living wage is about £7,000 or something of that level. You could do that and then say that companies that employ fewer than 400 would get only half of that. You could encourage small businesses not to take on a huge cost, because small businesses are reluctant to do so. That is really an example of Lord Layard's money following the student, is it not? I think it is. What do you think of that idea?

Gillian Keegan: Thank you for your kind words at the beginning. Parity of esteem and ensuring that apprenticeships are seen as a great route into employment is very important. If you look at the 625 standards that we now have, one that we signed off recently was a space engineer. There is literally nowhere that you cannot go in this country with an apprenticeship, up to master's degree level. That is a very important message. The reason I was very keen to keep the degree and master's degree ones is because I did not want to be constantly having this battle about whether you were academic if you were an apprentice. I was an apprentice and I was academic, but it was the only route available. For some roles, particularly fast-moving roles, it is a brilliant way of getting those in-workplace skills and experience, and supplementing that with a formal education. There is a lot that is happening.

On your idea to publish, that is something that we have committed to doing. I do not quite know yet how we are going to do it and at what point. We are working through how we are going to do that, but it is very important that we do. If you look today, median graduate earnings five years after graduating are £27,400; for a level 5 apprentice, it is £29,030, so a level 5 apprentice is out-earning a level 6 graduate five years after graduation.

Lord Baker of Dorking: Most people do not know those figures. That is the trouble.

Gillian Keegan: Yes, that will be important. In some cases, there will just be a different route to the same place. For the nursing or teaching apprenticeship, you have a starting salary now, so they will be equal. It is a different route to get to the same place. That is an important part.

If you look at what employers are doing, I find this quite interesting. Amazon and the BBC are taking on 1,000 employees, 100 of whom are degree apprentices. PwC has stopped its graduate programme and moved it all to degree apprentices, because it found that the results were better from the degree apprentices than via the graduate route. We will see a movement, particularly if you are looking for high-tech skills, which are a lot of the skills that we are missing. Many graduates who I meet now are working in companies and doing level 4 and 5 apprenticeships in

robotics engineering, cybersecurity, data analytics and digital marketing, and they are doing that to get the skills that businesses need.

That is great; they have had their experience at university and then they use an apprenticeship afterwards to get the skills. It is okay, as long as they made a conscious choice to do it that way. Many young people think that university is the only route and do not understand that they could get a degree via a degree apprenticeship, or a level 5 apprenticeship that would be highly valuable and where a company could make sure that you are doing something really valuable.

There is a lot of change that is happening, and we will publish. We have to work out how we do that. That will also start to change minds.

Lord Baker of Dorking: Do you agree that companies should publish in their annual report the number of apprentices they employ and the salaries they pay them—yes or no?

Gillian Keegan: Publishing the salaries is something that we are working out how to do. Whether it is in the annual report or via a different mechanism, we have not worked through the detail.

In terms of how many apprentices they employ, there are a number of things that we have been working on. First, we have a public sector target, which is to try to get more apprentices in the public sector, again changing mindsets. The DfE is one of the newest members of the 5% Club, which was set up by Balfour Beatty's CEO, Leo Quinn. Similar to the 30% Club, which was trying to get 30% of women on boards, it is trying to get 5% of employees via an apprenticeship or a graduate training scheme, just to get that youth offer that Lord Clarke was talking about and to make sure that there was a focus on that. The DfE recently joined the 5% Club to make sure that we also show our leadership.

There is more and more talk of more and more companies joining those things, and that is the way to get clear leadership. As we saw with women on boards, it can change mindsets very quickly. The one thing that you know is that, as soon as people have started to employ apprentices, they are super keen on employing more; they see it as a really great route to get young people into the workplace and build up their skills.

The quality of the system was very important. We had to take a bit of a step back to get the quality high enough with the minimum requirements that we put in place. The most important thing is only to have high-quality apprenticeships that lead to good outcomes.

Lord Baker of Dorking: Could I just ask again whether it is worth pursuing this idea from Lord Layard that the money should follow the apprentice? The example I gave is that, if a company has fewer than 200 employees, the Government should meet the full wage cost of the apprentice, which would mean more than the £3,000 that they give at the moment. That is money following the student. Is that a runner?

Gillian Keegan: I do not think that is a runner, and I will tell you why. First of all, the minimum wage for an apprentice in the first year is two-

thirds of the minimum wage today. Many of them are paid much more than that.

Lord Baker of Dorking: How much is that a year, roughly?

Gillian Keegan: It is just about to go up or has just gone up, but it is around £4.30 an hour, which is below the minimum wage for that age group. It is two-thirds of it for the first year. That is already in place, but the reality is that, if you say you are going to pay salary levels, you get all sorts of consequences and you build incentives that are not good ones.

When I first got involved in politics and was knocking on doors in 2015 and 2016, there were loads of young people who were opening them. I said, "Why are you not at school or doing something?" and every single one said to me, "I started an apprenticeship and it was really lousy". What you got was employers—not good employers; there are some who are not good—who were taking these young people, using them as cheap labour, because they had this two-thirds, and not really teaching them anything. They were not getting properly trained. We saw that they were not being given the opportunities, and that is something that we have to avoid at all costs, because that destroys a young person's hopes, dreams and confidence in the system. That is not a good thing to do.

It is risky. There is a lot of risk in paying salary, because you attract all of those people who want free labour, and they are not going to be the best employers who would give the best opportunities. You have to be careful, and there is already an incentive in the system. We pay 95% of the training costs, as well as the wage costs that are incentivised.

Lord Baker of Dorking: On Lord Clarke's question about restricting apprenticeships to 16 to 24 year-olds, that would including degree apprenticeships as well, which are one of your big selling points. Do you have an additional definition of an apprentice?

Gillian Keegan: I am now in my 50s but I still go back to school reunions. I left a comprehensive school in Knowsley, where 92% of the young people left with fewer than five O-levels, as they were then. I still see those people and I still want them to get their first shot at a proper career. Do you know what? If it comes in their 40s or their 30s, they deserve it as much as anybody else. It is a long time that we work in our lifetime, and many people who are adults and coming back to use the apprenticeship system are those kids who left 20 or 30 years ago, having been let down by the system, and they deserve their second shot. I am as passionate about adult apprentices as I am about young people—92% was extreme in Knowsley, but probably more than 50% of adults did not really get a good shot the first time round.

Q226 **The Chair:** Minister, thank you very much indeed for all your responses there. It has been very helpful, because this is an area where the committee will want to do some further work and thinking. Before I move to Baroness McIntosh, could I just ask you one thing that I am not sure of my own view on and would welcome advice from you? It is about careers education, information, advice and guidance. Should it be more mandatory than it currently is within the national curriculum? At what age

should it start? Is this something that should be in primary schools or that should start later? Have you a view about mandatory requirements?

Gillian Keegan: We are making it more mandatory. We are making it a minimum requirement in terms of who is given access. It is from year 8 at the moment, so that will be an improvement. There will be tougher action on non-compliance. There has even been a school that got an “inadequate” rating in its Ofsted report; part of that rating was due to it not offering adequate careers advice. It is very important, and we are also going to be strengthening the Baker clause in terms of compliance through the process of the *Skills for Jobs* White Paper, et cetera.

The question then becomes about whether you should start earlier. The most important thing is to start then and do it really well. If you ask a young person—it is the worst question that you can ask a 16 year-old—“What do you want to be?” they all sit there and think, “I have no idea”. Some people know they want to be world king or whatever, but most people do not know what they want to be.

I will be very honest: I would have been many different things. I know I wanted to earn a decent salary, to be independent and to have a fun career and be given the opportunity to grow, but I did not mind whether it was in car manufacturing, where I started, or banking, where I went on to, or technology, where I went on to after that. There are many different routes, and the most important thing is giving some idea of the different settings. A hospital is very different to a business, which is very different to being a countryside ranger. There are lots of different routes, and it is about being given an opportunity to imagine yourself in those different routes and then being given some options in one or two of them. The most important thing is to get that right.

One concern often—and this is where Minister Gibb’s concern would probably come from—is that, if you try to take too much out of the core curriculum, making sure that it is a high-quality experience is the bit that is harder to measure. It is not regulated as much in terms of how to make sure that it is a very good-quality experience. That is why we have the Careers & Enterprise Company working with us to make sure that they are good quality. You do not just want a whole load of people traipsing off to somewhere and not really getting anything out of the trip—or the job—or having the ability to ask questions. That is where the concern would come.

The most important thing now is to make sure that it is really good from year 8 and to make sure that we break down some of the misconceptions and preconceptions that people have about careers such as construction, engineering or digital, and to make sure that people see how there are lots of different roles. Not everybody in engineering is an engineer. We have many different options for people to go into really brilliant careers. The most important thing is that they go into areas where there are lots of prospects, not where it is a dying industry or where it is going to be changed by some change of government policy or climate change response, et cetera.

Q227 **Baroness McIntosh of Hudnall:** Minister, thank you very much for

everything you have contributed this morning, which, I have to say, I have found very interesting and occasionally challenging, with plenty of food for thought.

The question that I wanted to ask you was about work experience, which you have touched on in relation to the engagement of employers with schools and other educational environments. Given where we are in the day, it is perhaps a good idea if we ask you to write to us with your view about how we can extend the opportunities for work experience for young people as they come towards the end of their formal education.

I would be particularly interested if you could add into that how we value different kinds of work experience. There is some that is very directed related to the employment that you might be interested in, but there are other kinds of work experience that are much less directly connected to what you might want to do in the future but that are none the less very helpful in giving young people an experience of what it is to be in the world of work. Sometimes, those arise informally. It used to be through Saturday jobs and things of that kind, of which there are many fewer opportunities now.

Could you give us a bit of a sense of what you and your department think about the various kinds of work experience that should be available to young people and how they should be valued in terms of, for example, what young people can say about them when they come to present themselves for employment?

Gillian Keegan: It is very important and has also become something that young people have started to get a bit anxious about, because they do not get as many Saturday job options. Many of us will have done a Saturday job. I knew I definitely did not want to work in fish, because there was a fish shop next door to me and I knew, from the smell, that that was not going to be my future. They do not get many of the experiences that we had.

I was talking to a young person recently and I found it very interesting. She had gone to university and it had not worked out. She came back and was doing a level 4 apprenticeship in cybersecurity. I asked her, "Do you wish somebody had said that you could have started an apprenticeship?" and she said, "I probably would not have done it, because I did not think I was ready for work. I expected that, when I went to university, this magical ready-for-work thing was going to happen, and it did not happen there either". There is something about reducing the barriers that people build up about this work experience. That is why I love T-levels. With T-levels, you get nine weeks' solid work experience, working on a project, which will be very valuable for young people.

You are right. You know what you are and are not interested in by putting yourself in that environment. There is also a lot that will be virtual work experience, which should not replace the real thing but could supplement it. You could do a day in a hospital virtually, or a day in a council as an environmental specialist, or whatever it is. There are all of these jobs in which you could get that experience. If we get the local skills

improvement plans really working, employers should be really interested in going far back into the pipeline to work with local schools via the Careers & Enterprise Company, to make sure that they are offering all that work experience to break down all the preconceptions that people have.

I went to the virtual open day of a construction T-level. I never would have thought I would have wanted to do a construction T-level until I went as a student. If I was doing it today, that is the one I would do. It was fascinating and completely not what I expected. That is the sort of curiosity and confidence-building moment that young people need. We will write to you with more information on what we are planning to do.

Baroness McIntosh of Hudnall: Thank you. That would be very helpful.

The Chair: Minister, thank you very much indeed for your time and for the amount that we have covered, which has been appreciated. You have promised to send us some further information, but can I just add to that list something that strikes me? You have talked about a number of policy changes, reforms and new things being introduced over the next few weeks or in recent weeks. We do not publish until probably the second or third week of November, so if there are things that your officials think we ought to be alerted to, to make sure that we are not out of date when we are publishing our evidence base, that would be extraordinarily helpful to us. I hope it might be possible to do that.

Thank you again. It has been extremely helpful to the committee. I thank you and your officials very much indeed for giving us the time this morning.