



Business, Innovation and Skills Committee

Oral evidence: [Adult Literacy and Numeracy](#), HC 1073

Tuesday 8 April 2014

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Witnesses and written evidence where submitted:

Matthew Hancock MP, Minister of State for Skills and Enterprise, Department for Business, Innovation and Skills [[hyperlink to evidence](#)]

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Members present: Mr Adrian Bailey (Chair); Mr William Bain; Paul Blomfield; Mike Crookart; Caroline Dinéage; Rebecca Harris; Ann McKechin; Mr Robin Walker; Nadhim Zahawi

Questions 193-267

Witnesses: **Matthew Hancock MP**, Minister of State for Skills and Enterprise, and **Catherine Paulson-Ellis**, Assistant Director, Department for Business, Innovation and Skills, gave evidence.

Q193 Chair: Welcome, Minister. Would you like to introduce your colleague?

Matthew Hancock: This is Catherine Paulson-Ellis, who is the assistant director in vocational education in BIS. One thing I have learned this morning is always to notify you of which officials will be accompanying me. I apologise for that.

Q194 Chair: Good. The previous session was not recorded, so I will invite you just to introduce yourselves for voice transcription purposes, starting with you, Minister.

Matthew Hancock: I am Matthew Hancock, the Minister for Skills and Enterprise.

Catherine Paulson-Ellis: And I am Catherine Paulson-Ellis, an assistant director in vocational education in the Department for Business, Innovation and Skills.

Q195 Chair: Thank you very much. Just before I open the questions, I have a comment to all members of the public, of which there are not very many today. Could I remind them that they should not make audible comments on the evidence that is being given, and neither should they make gestures to the Committee in response to answers? That arose from a member of the public who seemed to get very enthusiastic about some of the things

that were being said at a previous session; so, all members of the public, please bear that in mind.

First of all, Minister, how would you define the term “basic skills”?

Matthew Hancock: I think “basic skills” has a lay meaning, which is the skills that you need to succeed in society—the skills especially of English and maths, and increasingly of IT literacy, that are needed to operate as a citizen and increase your likelihood of getting and holding a good job. Of course, “basic skills” also has a technical definition. There used to be a set of exams called adult basic skills certificates. They were very low quality and were based on a system of very low expectations, and we have moved away from them.

Q196 Chair: Can you give us the latest statistics on adult literacy and numeracy levels?

Matthew Hancock: This is one of the most important challenges facing society. I know that you have had a whole series of very interesting and informed witnesses. Just before answering the question directly, let me say that I am really looking forward to reading the report, because what matters in this space is what works, and you have obviously gone through a whole series of evidence-gathering.

Some 78% of working-age adults in the UK do not have the maths skills we expect of 16-year-olds, and just under half—46%—do not have the same grasp of English that we expect of 16-year-olds. And not only are young people beaten in maths and English by their peers abroad, but we are also unique in the OECD in having no better skills amongst young people than amongst those of their grandparents’ generation. Adults with poor literacy in the UK are eight times more likely to have poorly educated parents compared to the OECD average of five. So our system entrenches disadvantage, and it is a mission to solve it.

Q197 Chair: How do you get this information? How is it collected and analysed?

Matthew Hancock: The most authoritative survey is the OECD’s PIAAC survey. The PISA survey is of 15-year-olds, so it is a flow survey of those leaving school. The PIAAC survey, of which there has only been one recently and then another just over a decade ago, which was comparable but not exactly the same, was a very large and significant study by the OECD. I think it is the most authoritative survey of English and maths to date.

Q198 Chair: Does it break attainment down by region, gender, social and economic factors?

Catherine Paulson-Ellis: The international survey of adult skills, which is the PIAAC survey that the Minister referred to, does break those down. We have not got the breakdown of the data with us, but if you would like us to, we can supply that.

Chair: I think that is very important.

Catherine Paulson-Ellis: Just to clarify, the last international survey—so you were basically testing people’s skills and comparing them across countries—was done 20 years ago. However, we did do a domestic survey—the Skills For Life survey—which was last done in 2011. That was against the previous survey, which was 2003. So we have both domestic survey data and international survey data.

Q199 Chair: In your written evidence, it says that the Government investment in adult FE and skills in 2013-14 will be £4.1 billion and that “this investment has the capacity to support more than 3 million learners”. It would appear that that 3 million does not encompass the full range of those who have learning problems.

Matthew Hancock: Sure.

Chair: What would you wish to do about those?

Matthew Hancock: Solving this problem needs action across the board, so the £4.1 billion adult skills budget is only part of the answer. Of course we need action in the early years, not least because disadvantage tends to be—not in every case, but on average—entrenched already by the time children arrive at school. It needs stronger maths and English in primary school, and a stronger focus on maths and English teaching, as well as on IT. We are changing the curriculum there to be more focused on maths and English and on coding, and to be more stretching.

It needs action at GCSE level, and part of the problem has been that we have had a GCSE that has not had the practical aspects that there are in, for instance, the functional skills exam. The new GCSE will be both more stretching and have higher expectations, but it will also be more grounded and practical in terms of the skills that you need for life.

We then need action between the age of 16 and 19. One of the most shocking statistics there is is that, in colleges and sixth forms, only 17% of people who do not get a grade C in GCSE maths go on to study it at all after the age of 16 and, of those, only 7% achieve a pass. Likewise, 15% of those who do not get a C at GCSE English go on to study it, and just 8% get a pass, where a pass is defined as a C grade. We now require anybody who does not get a C or above at GCSE in English or maths to carry on studying those subjects, and that will be a requirement to get funding for those pupils from this September. We are one of the few places in the developed world that did not have this rule in place, and I am absolutely delighted that we are doing this, although it is creating a pressure for more maths and English teachers, especially in FE colleges, because about three quarters of those who do not get their GCSE C in English and maths end up in FE colleges.

Of course, in the adult space, we now fully fund any adult up to GCSE English and maths if they do not have it. In terms of reaching more people, that entitlement is there and, of course, the more people who take it up, the better. We are focusing the adult skills budget on subjects and qualifications for which there are higher expectations and that are more stretching. I mentioned the adult basic skills certificates. They counted in the statistics as helping somebody, but they were multiple-choice exams that frankly did not get you very far. Instead, we have higher expectations of the teaching and of adults who want to improve their English and maths.

Then there is another part of this, which is about technology that increasingly can help in this space, especially in English and maths. There is a big opportunity to get more value for money out of the use of technology, not only with online-only courses, which can be delivered effectively for very low marginal costs, but also with blended learning, where you can get more out of every teacher by some of the lessons and some of the time away from the teacher being spent on online courses, which are increasingly good.

There is a whole swathe of things we need to do, and that is even before we get into improving the calibre and quantity of maths and English teachers in schools, colleges and apprenticeship training providers and other private providers, for which we have a whole series of policies, because you need to make sure that the teachers are good as well. This is a massive effort within a constrained budget, but one that we think we have got some tools for at our disposal. Undoubtedly, the most useful tool we have got in this space is to have high expectations for everybody.

Q200 Chair: I think in that answer you covered a number of things, some of which I was going to ask about. You did make an allusion to, in effect, low achievement being embedded in disadvantage. In terms of the impact on a whole range of issues, including economic ones, competitive ones and cohesion, do you agree with unionlearn about the fact that having failed to address that has had major impacts upon society?

Matthew Hancock: Absolutely. I work closely with unionlearn because they can reach some people who cannot be reached as easily in other ways. Building English and maths, for instance, into traineeships for those who are unemployed but are within about six months of getting a job is a very important step—to say that, “If we are going to help you get a job, you have got to do your English and maths at the same time”.

Likewise, we have got a pilot for 18-to-21-year-olds claiming jobseeker’s allowance who do not have GCSE C in English and maths, requiring them to study in order to get their benefits. We are using a whole series of policy tools across this Department, across DfE, across DWP and across the Cabinet Office, not least through their NCS programme. We are using a whole swathe of different policy areas in order to try to tackle this.

What matters is what works. In some cases, simply getting somebody to repeat classroom learning in the same way that they have failed for many years does not work, hence the need to have more on-the-job training and to put higher English and maths requirements into apprenticeships, for instance. If somebody is motivated by what they are doing in their job, they may be more likely to be keen on studying their English and maths. Yes, in some cases, this is about giving them the same exam, but sometimes it is about teaching it in a different way. Until we get the reformed GCSE through, which is far more practical, I think functional skills is a really important part of the mix here, because it teaches the English and the maths that you actually need in a day-to-day setting.

Q201 Caroline Dinenage: Just briefly, I know that your portfolio has a foot in Education and in BIS as well, but I just wondered—you alluded to this in your last answer—how much correspondence is there with other Departments on tackling this issue? For example, you mentioned DWP. I know that, when the Government introduces universal credit, it will not only presuppose an element of literacy and numeracy, but also of computer literacy, and there will be all sorts of knock-on problems with that unless we can get a grip of this problem.

Matthew Hancock: I work with DWP a lot. I see Esther McVey all the time and she is as passionate about this agenda as I am. As I say, there is the Cabinet Office as well. But the main three Departments in this space are BIS, DfE and DWP; there is no doubt about that. Putting English and maths into benefit conditionality was quite a controversial decision, but it is absolutely the right thing to do. Making sure that people have the support as well as the incentive to do these things is important. Of course, somebody who is being strongly incentivised through conditionality to learn English and maths might have a different approach to it from somebody who decides to go to college out of their own accord. But we cannot say that that means that we should not do that; it just means that we have to make sure that we take that into account when designing the policy structure. So if the question is how much collaboration is there across the Departments, the answer is, loads.

Chair: I was going to bring in Mike Crockart as this point, but I know Nadhim has got to go, so I am just going to ask him to ask his question and then come back to Mike.

Q202 Nadhim Zahawi: Thank you, Chairman. Minister, are you fundamentally funding the failures of the Department for Education to educate children properly through this—

Matthew Hancock: I am funding the failures of a culture of low expectations that existed over a long period of time. All the evidence shows that almost everybody can get up to a decent standard of English and maths if they are taught in the right way and have the right incentives. There are very few people who cannot do that. For them, we need support as well, but that is in the space of people with learning difficulties and disabilities.

I think partly because of a drive that 50% must go to university and not really caring about the rest, which has certainly existed in the past, and because of a feeling that if something is difficult, therefore we need to supply something easier so that people can get through it—these attitudes have left people languishing without good enough English and maths for decades. I find it outrageous, but it does get me out of bed in the morning, because it is hugely motivating and the single most motivating thing is seeing when it happens: if you can get people's expectations to turn around, you can turn their lives around. One of the joys of my job is meeting people for whom that has happened. It is particularly satisfying when they have done it on a programme that you yourself have invented, like a traineeship.

One example of this relates to the question about IT and the use of benefits. I have not got the statistics to hand, but I can go away and find them if you like—the statistics on the proportion of people who have become IT literate coincidentally with needing to become IT literate in order to claim benefits. Statistics do not on their own imply a causality, but there is a strong coincidence of people needing to use IT to claim benefits and them becoming IT literate. That is an incentive of one sort or another. You have got to take into account all of the implied incentives in the system, whether they are there for practical reasons or they are unintentional, in order to try to design a system that raises expectations and gives people the support that they need in the process.

Q203 Nadhim Zahawi: You mentioned that you work closely with unionlearn. How does BIS target groups that have low numeracy and literacy skills, and how do you measure your success of reaching those? What does success look like in reaching those people?

Matthew Hancock: Ultimately, success is going to look like improving the next time the OECD do a PIAAC report. Success is measurable more easily at the younger age. Now, in 2013, 67% of young people got an A* to C in maths GCSE compared to 60% in 2010, so things are starting to move in the right direction at that age. At an older age, you have got to wait for these big surveys because that is the best way to measure it.

In terms of targeting, we target resources on the growth in apprenticeships, on traineeships and on support for the unemployed. When the SFA finds underspend in its adult skills budget, they are the three areas that it shifts money to. In the previous closed session, we heard about how that shift happens, but I will happily go through it all again in public if you want me to. Targeting those who are unemployed is a legitimate way to prioritise the budget that we have got. However, at the same time, we have a demand-driven system, which means that anybody who turns up at college and can show that they have not got a GCSE is entitled to continue to study. Unionlearn is one example; they are good at getting the message out about those entitlements that exist.

Q204 Mike Crockart: You talked earlier on about the OECD report, particularly the ISAS one—the International Survey of Adult Skills. You said how large a study that was,

but can you briefly describe what level of research you have done into establishing trends and suchlike in that report?

Matthew Hancock: It is a good question. First, it is a massively detailed report itself. It is over an inch thick and it has its own analysis in it. The second thing is that the OECD then produces country-specific analysis, and then they go and analyse specific things within it. For instance, a couple of weeks ago, they launched a country-specific UK analysis of our problem-solving skills. That was based on PISA, not PIAAC. That is an example of the sort of continuing analysis. Of course, within that there is analysis of the UK's position, but there is also analysis of what works around the world, which we are constantly studying.

Catherine Paulson-Ellis: In addition to what the Minister has mentioned—and the OECD has an ongoing programme of work—we have also commissioned some further research based on the information, particularly on young people's transition from school and college into the labour market, and on skills in the workplace. Those pieces of work are happening now, so they should be published later this year.

Matthew Hancock: In fact, I can give you a new piece of news, because one of the announcements that we are making today—I was going to make it this afternoon, but I can make now, if you permit me, Mr Bailey—is that we are setting up a behavioural insights research centre for maths and English, jointly with the behavioural insights team, to bring scientific analysis to the question of how adults best learn English and maths. It is a research project of over £2 million, and the aim of it is to understand the incentives and people's behavioural responses to why they do not learn—what we can do and how best we can ensure that they learn English and maths. That is a new research project; I do not have the results yet.

Q205 Chair: Could I just intervene at this point and ask you whether you have you any idea when it will conclude its research and give us the benefit of its conclusions?

Catherine Paulson-Ellis: This centre has just been set up now.

Matthew Hancock: Well, I have just announced it.

Catherine Paulson-Ellis: They are starting to recruit now. We have put in initial funding for three years, but it is meant to start becoming self-sustaining and draw funding from other places. So it will be ongoing, and an ongoing resource to everybody. We are hoping that there will be some initial trials starting in the autumn, building up to some larger trials next year. So we are talking, in terms of more substantial research results, at least a year if not two years down the line.

Q206 Mike Crockart: Just to pin you down a little bit—it was a marvellous tangent, and thank you for that, but it was rather a tangent to the question I asked, which was around the OECD data—we are talking about the large amounts of OECD data that we have, and you mentioned that there were a couple of reports linking into that, and I am glad to hear that. The evidence that we have had, especially from Scotland's Learning Partnership, suggested that we should be looking at that data in far greater detail and that perhaps that is a way of figuring out what is going wrong with what they describe as the ladder of provision. Is that the aim of the studies that you are going to do into the OECD data in a further way?

Catherine Paulson-Ellis: Yes, absolutely. There is a really, really rich data source here that we want to make the most of. What was published back in October by OECD—there was a lot of it, but of course, in some ways, that was only the top layer of it. So we have got some initial reports that we have already commissioned and we will have a further programme of research looking into that data on England. What we are also really keen to

do—both ourselves and with the OECD—is to do more comparative studies, not with every other country in the survey but with certain countries in the survey from which we think we have something to learn. We are talking to the OECD now about that.

Matthew Hancock: The OECD study is into England and Northern Ireland; it does not include Scotland because the Scottish Government chose not to participate, and likewise the Welsh Government. It is interesting that it was a Scottish group who suggested we use the OECD data. Personally, I am in favour of as much information as possible about how we are performing and how we can improve; you cannot drive up standards without it.

Q207 Mike Crockart: Can you give us more detail of what you are going to be looking at?

Matthew Hancock: We will write with the full research programme on this.

Q208 Mr Bain: The Minister is right to point to the richness of the data that the OECD report contains, but the fact is that it is several months since it was published. When can we expect a comprehensive response by the Government to the report, with action plans in terms of what specific steps will be taken to improve what was a very depressing picture painted by the report? What it indicates is that if we do not get to grips with skills now, then there could be long-term damage done to the British economy, given the type of rebalancing we want to see.

Matthew Hancock: You are quite right. If you ask, “What is the action plan in response to these damning reports?” the answer is our reform agenda. You can get chapter and verse on it from everything that we are doing in the Department for Education and the Department for Business, Innovation and Skills when it comes to skills and education.

What the report showed was that we have been damned in England and Northern Ireland—for that is what it refers to—by a culture of low expectations and by poor quality provision that has meant that most countries in the world have gone from being behind us, in terms of capabilities, to ahead of us over four generations. There is a radical reform programme under way, all the way from early years through to adult skills, and this report demonstrates just how necessary that radical reform is. I think anybody who looks and reads the report will understand entirely the motivation behind the Government’s decision to, in some cases, take on vested interests and improve this system, because it is absolutely necessary to change.

I completely accept the premise of your question, which is that the report shows we need to improve our education system. It supports the reform across the board that we are making. There was action published before; there has been more action published since. We will not rest until we can sort it out and I hope that we are gradually winning over a consensus across the political spectrum that improvement in standards and raising expectations is necessary, and we can get rid of this approach—which has damaged so many hundreds of thousands, or millions, of people—that it is somehow okay to do okay.

One example that always frustrates me is that, particularly in maths, we have a cultural problem in that some people who get very high maths grades—for instance, they might have got a B at maths and As or A*s at everything else—think it is okay to claim that they are not very good at maths. It is not okay; it is completely unacceptable for people in positions of responsibility to claim that. Maths is as important as English, if not more important. In terms of the research, the research shows that the likelihood of getting a job is increased more by maths than it is by English. We are further behind on maths and we absolutely need to turn that culture around.

Q209 Rebecca Harris: There were a couple of things that came up in our previous evidence session, one of which may mean we slightly ask you to repeat some of the things you have already said. The National Institute of Adult Continuing Education said that they felt that BIS spends a lot of investment on those who are already at level 1 and 2 in terms of literacy and numeracy and that it misses out an enormous number of people at entry level. Specifically, it is about what the Government is doing to try to ensure that adults at or below entry level get investment in their training.

Matthew Hancock: This is a perennial challenge of persuading those who do not have very low-level skills, to first give them the confidence to know that they can get the skills—they will be paid for and that they can themselves do it—and it is also about reaching people. It is a challenge, but we certainly fund a lot of entry-level qualifications. But as I said earlier, a lot of it is about getting the context right and the motivation right and raising people's expectations, which includes expectations of themselves. That is a very difficult challenge.

Catherine Paulson-Ellis: It is the case that, of total English and maths provision, 20% is entry-level. But that includes all the English and maths within apprenticeships, which is nearly half of our total. If you just look at classroom learning—so, non-work-based learning—47% is entry level and the rest is level 1 or level 2. Actually, we do spend—

Rebecca Harris: Funding is going to the entry level.

Catherine Paulson-Ellis: Funding is, indeed, going in and a lot of our learners are at entry level.

Q210 Rebecca Harris: The evidence from the Reading Agency said that the Government is missing a trick by not making sure that formal education is supported by an infrastructure of professionals and volunteers to roll out reading as pleasure, and the things that might come under community learning and how valuable that was. I was just wondering what resources in terms of money and facilities you allocate to that.

Matthew Hancock: So community learning and family learning are both very important. In fact, we have protected their budget at £210 million. We are trying to get better value for money and bring in private investment alongside through community learning trusts, which have largely been successful. Community learning is an important part of the mix and, in fact, has been protected.

Q211 Rebecca Harris: Have you considered things like investing in promotion programmes, such as the Six Book Challenge and that kind of thing?

Matthew Hancock: There is a huge array of charitable and private sector challenges like the Six Book Challenge, which I have been engaged with myself, and a whole series of others. That is on the English side. On the maths side, National Numeracy is an absolutely brilliant organisation. We support a whole range of organisations like that, including financially.

Q212 Caroline Dinenage: Just very briefly on the subject of entry-level training, quite a lot of the evidence we have gathered indicates that, where it is delivered right in the heart of a community, particularly in some of the more hard-to-reach communities, it is best done in a way that is not necessarily about people going to seek help for numeracy and literacy; they may be going to do a course on how to use eBay or how to decorate a cake, and

from there they are signposted. People are less likely to want to go to a formal-looking education provider. Is the funding flexible?

Matthew Hancock: Yes.

Caroline Dinenage: Could you talk a bit more about that?

Matthew Hancock: Yes, absolutely. The community learning in particular, but the adult skills budget, too, can be delivered in that way. Traineeships are designed precisely to give the flexibility to the training providers to embed the English and maths in a way that best suits the learner, taking into account the motivation. One of the things that the behaviour insights project will look at is how we get people motivated in order to learn.

Q213 Caroline Dinenage: Because clearly if a formal educational environment did not work out for them very well the first time around, the prospect of going back in is utterly terrifying and you need to try to grab people in a different way.

Matthew Hancock: Absolutely.

Catherine Paulson-Ellis: If I could just add something, the majority of providers who are funded for community learning also have an adult skills budget allocation that allows them to do formal accredited learning, so it is actually quite common to start people in something quite informal and engaging, build up their confidence and then move them on to a more formal course that leads to a qualification by the same provider.

Matthew Hancock: There is also a role for technology here, because the research from the States shows that those who are most disadvantaged from learning gain the most from using technology. The explanation they give for this research is that if you have got a class of people with a standard teacher, then the teacher has to teach to the middle of the class. There are some people who could go faster and there are some people who get disengaged. Those who get disengaged tend to get disruptive or, to correct myself, are more likely to get disruptive or to just walk away from it.

Because technology can go at the pace of the learner and use algorithms to work out what the learner is finding difficult and analyse the keystrokes to work out where they are going fast and where they are going slow, it can keep the learner engaged and keep the feedback that you get from learning something going and so keep people engaged. That is not necessarily at the stage of getting somebody initially hooked on learning, but at the next stage. The power of technology is great and is not yet being exploited nearly as much as it could be.

Q214 Mr Walker: I want to ask you about National Numeracy, which you just brought up, Minister, but before I do, I just want to follow up on Caroline's point. Breaking down the barriers between formal learning institutions and community learning is a key opportunity that we have. It is not quite in your area of BIS, but, in Worcester, we have a joint university city library, which is also a community space. It frees up all those books that would otherwise be tied into the university for public access, and it brings people in from all walks of life to a community space. With all the colleges that you have under your remit, do you think there are more opportunities for breaking down those barriers and opening up libraries and collections of books to being in a more public space, rather than behind the walls of colleges and universities?

Matthew Hancock: Yes, I have no doubt about that. I have no doubt that there are more opportunities to do that. My approach to colleges in this space is to try to encourage them to see themselves as social enterprises, not as delivery arms of the state, and to therefore be innovative and creative about how they can deliver on the ground, following best practice

and the research. Our job is, yes, to provide the funding and standards of rigour, as we do in apprenticeships, but also to give flexibility on the ground for colleges to be able to do exactly that sort of thing. The best thing would be if they could do that sort of thing without having to check with me first and to just get on with it. Colleges are engaged in some of the community learning. Some of the community learning budget goes through colleges, which allows them to get into this space. But there is nothing to stop them. They have got a power of competence. They are technically charities that can do what they like. I am just one customer who happens to provide them with a large proportion of their money.

Q215 Mr Walker: You brought up the National Numeracy campaign, which I strongly support; it is a great campaign. What is the Government actually doing to support that?

Matthew Hancock: We fund them in part. We support them with PR and in communications. In a sense, it is best if we are not too hands-on. It is best if it is run with the enthusiasm, flair and brilliance of its leadership. However, as I said to Rebecca, it is only one part of the solution.

Q216 Mr Walker: Some of the evidence that they gave us highlighted a conflict between functional skills versus GCSEs. They maintain that GCSE maths should address everyday maths skills more successfully, which 78% of the population do not have.

Matthew Hancock: Yes, they are right. The current GCSE is pretty analytical, even amongst the easier parts of the GCSE. The new GCSE, which we published the spec for a couple of months ago, is designed both to be more stretching and more challenging, especially at the top end, but also more practical and more—you could call it functional, not least in order to get a pass mark. It is designed precisely to be able to serve the needs of the whole spectrum of the population, so that getting a good pass at GCSE should not only be a marker that you have got what it takes to succeed in life in English and maths, but also that it has been done in a way that is practical and relevant to your everyday life. One of the complaints of kids at school with maths is, “What am I ever going to use this for?” In the new GCSE, I hope the practical consequences of the learning that they are doing will be clearer to young people and adults who take it.

One example—not in the GCSE space, although it is relevant—is making sure that maths includes financial education. Financial education is something everybody needs and it is part of the maths curriculum.

Q217 Chair: Can I just intervene at this point? I agree with what you are saying. I believe that in the evidence that you submitted you say, “We are undertaking a cross-Government review on the future of other post-16 English and maths qualifications”. Which Department is leading on this?

Matthew Hancock: It is cross-Government, so this reports to me and I am a BIS and DfE Minister.

Chair: Sorry?

Matthew Hancock: Both. I am in both Departments, so it reports to me. I do not do things with a BIS hat on and then with a DfE hat on; it just reports to me.

Q218 Mr Walker: I completely agree with you about financial education. It is absolutely crucial. It makes it much more real to people when maths involves financial education and relates to real life in that way. I do think that is crucial. At the moment, £300

million is being spent on adult numeracy qualifications, but, as you described earlier, we seem to have been going backwards in terms of overall adult numeracy. Do you think these changes will actually address that?

Matthew Hancock: I fully expect them to, yes. I am confident about that. We are going backwards over a few generations. I think we are going forwards in terms of the qualifications that are used in the last couple of years. Getting rid of key skills as a recognised qualification was an important step. Functional skills has its value. In fact, as somebody with quite an analytical brain, one of the first things I did when I got into this job was to take GCSE maths and English exams and functional skills maths and English exams, because I wanted to see if these exams were any good. I found the functional skills maths and English probably a little bit harder than the GCSE. But that is because I have quite an analytical approach to English and maths. I am an economist. I have done pages of pointless algebra. I am quite good at those sorts of abstract things and found it as challenging, if not more challenging.

However, functional skills does not have the labour-market value of a GCSE and we cannot change that overnight. I hope that the new GCSE is able to cater to everybody—cater to those who at the moment we put through functional skills, and cater to those who do a GCSE for analytical purposes. It is part of a fusion between vocational and academic education. This divide has been around for decades and is increasingly irrelevant to modern life and to the modern workplace. There are very few places that you can work that do not require a combination of knowledge—that is to say analytical capability—skills, or “can do”, and behaviour. These are the three things that you need to be able to hold down almost any job, and different jobs have different combinations of the three.

So, in a sense, we are making maths and English more vocational at GCSE at the same time as making them more stretching. This is doable. It is only because of a crass attitude that we have seen in the past—the view that if something is functionally applied, it therefore must be easier. That is just because we have taken a patronising approach to making applied qualifications easier than academic ones because of a certain view regarding whether we care or not about the 50% of people who are deemed not able to go to university. We completely reject that approach and it is part of the broader culture change and change in attitude that we are seeking to bring about.

It has its critics, and I manage to duck under a lot of the criticism but others do not, but we take it on foursquare, because if we do not change the attitude we will not be able to change the country and raise people’s life chances and tackle social immobility, which is what this is all about.

Q219 Mr Walker: Talking of changing people’s life chances, I was quite struck by something you said earlier, which was, “Get people’s expectations turned around and you can turn people’s lives around”. That is a very admirable aim. Clearly some of the people we are dealing with in terms of low literacy in particular are, unfortunately, in a position where they desperately need their lives changed around—people who are in homeless hostels who have very high degrees of illiteracy.

Matthew Hancock: Yes.

Mr Walker: We took some evidence from St Mungo’s—and I have also heard the same thing from St Paul’s, a homeless charity in Worcester—that Government funding for adults, which focuses on providers needing to prove they can get learners to complete courses and therefore gain qualifications, passes them by to a certain extent. They then rely on

charitable funding to do the work that they do—very valuable work—in terms of literacy. Do you feel that there is scope for the Government to do more in that space? Does the focus on GCSEs and all the work that we are doing on the schools side leave enough space for Government intervention to help people in those situations?

Matthew Hancock: Not yet, is the answer. Having made one announcement, I do not want to make a precursor to next week's announcement, not least because it is to be made jointly with the Housing Minister and he is a very big guy and he will kill me, but I was shocked when I went to St Mungo's to find that they did all of their teaching on charity money. Out of this £4.1 billion, if there is an area that we need to focus it on, it is people who are homeless and are at the roughest edge of life. By the way, the same goes for prisoners, and we can talk about education of prisoners as well.

Mr Walker: I am going to move on to that.

Matthew Hancock: I was appalled. It is because of a dogmatic decision, totally driven by a bureaucratic approach, to say that unless a qualification is on the QCF then it cannot be funded and to design the QCF in a way that people lost all of their intellectual property over their qualifications, which led in one area to this massive explosion in the number of and confusion around qualifications but at the other end also meant that we could not support teaching that was not based on a qualification. You may think of a qualification as an assessment—the exam that you do. The vocational system thinks of a qualification as a process that may or may not have an assessment at the end. Separating out what is essentially teaching and what is assessment is an important change that we need to bring about, and there is a whole programme of work on that. That is a rather technical, policy-based answer. When I went to St Mungo's, I simply said to them, "We have got to fix this". It is not acceptable that we spend £4.1 billion and we do not spend any of it on the homeless people who come in through the door of St Mungo's, and that, just because you do not fit in the system, the system needs to fit you. We are working very hard on designing a way to spend public money in a way that is effective—because we need to get value for money—for people who are in desperate need of it and at the moment are relying on charity.

Q220 Mr Walker: That is very good to hear. You mentioned prisoners. Another problem that was brought to us in our evidence was that prisoners have an exam in functional skills every month but they are often transferred to a different prison before they can take their exam and therefore the paperwork does not follow, which leads to demotivation and people becoming disengaged. Is there something that can be done in a cross-departmental way to deal with that?

Matthew Hancock: Yes. Another person I work closely with is Jeremy Wright. My assessment is that the OLASS contract, which is the contract through which we deliver in prisons, works really very effectively in prisons with a reasonably stable population. For instance, at Highpoint Prison, which happens to be in my constituency, which is one of the largest open prisons in the country and does a lot of education, it appears to be working well. It is, by the nature of the situation, harder to give adequate training to people who are on remand and who are moving between prisons. It is harder to engage in long programmes; it is harder to engage even in short programmes, just because of the

bureaucracy of people moving about. They are more chaotic environments and so it is more difficult. There is more work to be done in that space.

Q221 Chair: Could I just pick up that point? It is ironic that it is probably easier to have an educational programme for a prisoner serving a long sentence—the economic and social benefits accruing from that prisoner’s education are going to be less easy to materialise—than a prisoner with a short sentence. The irony is that that prisoner is going back into the community earlier but it is actually much more difficult to put an education regime in that will improve that prisoner’s prospects when he does get back into the community. Could that be looked at?

Matthew Hancock: I acknowledge the challenge. My attitude would be, that does not mean we should not try.

Chair: No, absolutely. I wanted to know if anything was being done about this.

Catherine Paulson-Ellis: We have been running a pilot in six prisons of intensive English and maths, so the same amount, perhaps, as in longer programmes but over a shorter period—more hours a day. The evaluation showed it worked very well in improving prisoners’ maths scores. Indeed, there was an average improvement of 18%. The intention now is—as education commissioning decisions come up, when governors are getting in a new provider and a new way of doing things—that they will be looking to use more intensive learning, because it works well particularly for those people who are not there for very long.

Q222 Chair: Yes. Could we have some further evidence on that, Minister?

Matthew Hancock: Yes. I did not know that. That is great.

Q223 Rebecca Harris: You said earlier that adult learning was one of the most important challenges facing society. The question really is: how do we justify the fact that adult skills funding is going to be cut by 19% in 2015-16?

Matthew Hancock: By looking at what is happening. That figure has been bandied around by some and is an incomplete description of the situation. We are moving a series of provision towards loan-based funding. Loan-based funding in HE has led to more applications from people from disadvantaged backgrounds than ever before to university. There are courses that previously had to be co-cash-funded—as an adult you would have to pay part of the course yourself and the Government would pay part—that we have moved to loan funding. When you take away that co-funding from the Government, that looks like a reduction, but the cash flow to the person taking on the course is better, and then they have to pay back over time. Because they do not have to pay back until they earn £21,000, on exactly the same basis as university tuition fees, we expect not all of that to be paid back, but it is a better deal for the person doing the course because they only pay back if they get a good job. Apprenticeships were going to be part of this. It did not work. We have taken them out, but we have kept the budget for loans the same. In terms of cash on the ground, the budget is broadly flat but down a little bit, because we have got

an enormous deficit that we need to clear up. The explanation is about how it is funded rather than the total amount.

Chair: I will just caution the Minister: at our current rate of progress we are likely to be here for another two hours. I do not know if you have got an appointment.

Matthew Hancock: Crikey. I love this subject, but steady. Okay, I will give shorter answers, if you like.

Chair: Yes.

Q224 Paul Blomfield: Specifically on the point you just made, Minister, whatever else you can say about loan-based funding in higher education, it has led to a dramatic drop in the number of part-time students and mature students. Are they not exactly the demographic that we are looking at in this case?

Matthew Hancock: The funding for Level 3-plus, in terms of loan funding, is going really well. The take-up has been higher than expected on full-time courses on all non-apprenticeship funding, so the evidence does not support that.

Q225 Caroline Dineneage: Our visit to Leicester and the oral evidence that we have collected talks about the inconsistency of some of the BIS funding streams. For example, organisations have to re-bid for training funding every three years, which leads to insecurity of courses, short-term contracts for staff and sometimes staff having whole different terms and conditions once they start the new contract. Could you make changes to the funding streams to ensure greater continuity?

Matthew Hancock: One more point I should have made on Paul's question is that loans are for those who are on Level 3-plus, so this is not about basic need. That is another caveat; even if you do not like loans, it is in a slightly different space.

On funding streams, there are two different types of funding that the provider may have been referring to. The European Social Fund money is contracted on a European basis and the rules around that I cannot change, short of having a renegotiation of our relationship with the European Union, to which I am looking forward for broader policy reasons. I am sure we would be here for longer than two hours if we went down that route, Mr Chairman.

Chair: Yes.

Rebecca Harris: Yes.

Matthew Hancock: Within the adult skills budget, we tend to base next year's allocation to an individual provider on what they have delivered this year, and then, as we heard in the private session, if they under-deliver we recoup the money and if somebody over-delivers then they ask for a growth case, and if the growth case provides good value for money then we fund it. In a sense, I would not want to give very long contracts, because where there is under-delivery or poor-quality delivery I want to be able to tackle that. If Ofsted come in to any provider and say, "You are inadequate", then we want to come in and be pretty tough on them. It is true that we hold providers to account for what

they spend, and it is right that we do that, because it is public money. Should they have confidence to employ people on permanent contracts and what have you? Yes, they should, because they should have confidence that they are delivering a high-quality product that we are going to like. There is one other point, which is that only part of the budget for a college should come from me. Colleges should be looking increasingly to be training providers in their local communities, irrespective of me, and that can help to stabilise budgets as well.

Chair: Paul, back to you. Some of this has been covered, but I have no doubt there will be other angles you want to tease out.

Q226 Paul Blomfield: I think it has. It is about contextualised learning. Notwithstanding the outcome of the behavioural insights project, I think we have all recognised—and you have spoken passionately on this—that contextualised learning is a much better way for many people to improve literacy and numeracy skills. A condition of funding for post-16 students from this September is achievement of GCSE maths and English. How are you going to make sure that the Government adequately funds contextualised learning in a pre-reformed GCSE context?

Matthew Hancock: Because they have to be working towards the GCSE—they have to continue in maths and English—and because the study programmes mean that we have taken off a huge array of restrictions on what colleges and schools and any 16-to-19 provider can do. We now fund per pupil instead of funding per qualification, so schools and colleges have got the flexibility to deliver the training however they see fit in order to reach a qualification. This comes back down to the split between what is a qualification—delivering the training in a contextualised way and then taking the tests as separate things. We give them a per-head funding amount and then we say, “You do it as best suits your learner”, and then we hold them to account for the outcomes.

Q227 Paul Blomfield: Do you think that gives sufficient encouragement to ensure the most effective mode of learning—contextualised learning?

Matthew Hancock: Yes, because I say to you, as a head teacher, “We are going to hold you to account now not only for exam results, as previously, but also for the destinations where your pupils end up and whether they get maths and English”. This new destination data and accountability system announced last week is a really powerful driver in this area. We say to you, “You teach this according to the best interests of your pupils. I bet you would have a better idea of how to do that than me.” I would far rather hold people to account but give them the flexibility to deliver. There is a whole range of evidence of what is best practice that teachers and head teachers can draw on.

Q228 Paul Blomfield: On a different point, we have heard evidence from NIACE that as the SFA budget diminishes, some of the hard-to-reach adults are getting pushed aside. What is your response to that?

Matthew Hancock: They are one of the priorities. I am sure there are training providers within the system who cannot deliver and therefore do not get the contract, and

that is unfortunate, but that does not mean that we do not support those who deliver. More importantly, as Catherine explained, almost half of the funding outside of apprenticeships goes to early years, and so I just do not think that that is reflective of what is happening on the ground. If you have got examples, I am always happy to look into them.

Catherine Paulson-Ellis: Just to be clear, we do not mean early years.

Matthew Hancock: Did I say “early years”? I meant entry level. I apologise; I mis-spoke.

Paul Blomfield: That is probably worth following up on, but I am conscious of time.

Q229 Caroline Dinenage: Minister, you have already highlighted some of the benefits of family learning, and that has certainly been borne out by some of our evidence, particularly in relation to adult literacy and numeracy, but some of our witnesses agreed that it was poorly funded. Is there more that BIS can do, in partnership with the Department for Education, to support this approach?

Matthew Hancock: Yes. Funding it is at reasonably early stages and we are looking at the results. On the basis of what works, we will move money towards what works.

Q230 Chair: Can I just raise a question myself on this? We have looked at, shall we say, this issue of education being affected by social factors outside the educational or training process. We have mentioned St Mungo’s as being a very good example of an organisation that manages to identify, recruit and train people to make something of their lives. I do not know if you have come across it, but Heart of England—it is not a charity; it is a housing association in the Birmingham area—does something very similar, basically drawing on its experience in housing difficult families with chaotic lifestyles. You will also be aware of Premier League football clubs holding community education projects. You have got a whole plethora of extremely good, not necessarily voluntary but charitable and community organisations pursuing this. How do you tie these into the educational process so that we can deal with those factors that the current education bureaucracy does not adequately address?

Matthew Hancock: This is a really important question. In fact, I was at the launch of the Premier League work on this this year. They are a really good example because they can reach people. In some cases they want to do it charitably and they do not want Government funding, and that is fine. In other cases they could do far more with Government funding and we have got to find a way, like through work with St Mungo’s, to get the funding to them so that they can then deliver it, and that supports the aims both of value for money on the one hand but also of reaching people, which Government, by its nature, finds it hard to do. You talked about housing associations. Some housing associations have SFA contracts and are training providers, or team up with the local college to get skills funding. Having a contract with the SFA is an open process. Anybody can apply. It is quite rigorous, for good-value-for-money reasons. You have to then be inspected by Ofsted, for instance, which some people like and some people do not like, but is important. Any of these people can, and we actively encourage people to consider that.

Q231 Chair: Can I just intervene at that point? I asked Heart of England about whether they engaged with the SFA or the traineeship programme, and their response was it was so bureaucratic that they preferred to do their own thing and provide their own apprenticeship. I do not expect you to be able to give a full answer at this point, but could you investigate what could be done to enable those organisations that have got a demonstrable track record of addressing these problems but are not engaging with some well intentioned Government programmes to do so?

Matthew Hancock: There are two things I can say to that. The first is: yes. If Keith Smith was still here, he would say that over the last year we have changed the process for applying to get an SFA contract to make it easier. In fact, we did it in response to one of Nadhim Zahawi's constituents who runs a training provider. That is the first thing. Secondly, one man's bureaucracy is another man's value-for-money check, and you did not call it bureaucracy when we were talking about Elmfield. You have got to make sure you get good value for money. That is why we are doing this in a different way with some charities, like St Mungo's, and we will learn from that about whether that can be applied more broadly.

Q232 Chair: I accept that basic point. However, here you appear to have organisations that could provide terrific value for money but the regulatory process is putting them off engaging.

Matthew Hancock: Sure. It would be interesting to know when they tried, because in the last 12 months we have made it easier. We are also looking at a slightly different route to be able to get money to people who can use it well in a less bureaucratic way.

Catherine Paulson-Ellis: It is the expectation of all adult-skills-budget-funded providers that they work in partnership with other organisations. We expect colleges to subcontract with other providers who can provide specialist expertise. Similarly, since August 2013 it has also been a condition of funding for community learning providers that they work in partnership with other organisations. The funding is not just going to those with a direct contract but is going to many others as well.

Q233 Ann McKechin: I wonder if I could turn, Minister, now to the issue about workplace initiatives. We talked earlier this morning about the OECD adult skills survey. It supported a focus on developing workplace initiatives to help more adults develop their literacy and numeracy skills. How can the employer ownership pilot and the industrial partnerships better influence employer investment in this particular area?

Matthew Hancock: They are just getting off the ground, so I hope that they do, both through English and maths and through apprenticeships, which have English and maths embedded within them, in exactly the sort of way that we have been talking about.

Q234 Ann McKechin: So you will be encouraging the scheme to develop further initiatives on this level.

Matthew Hancock: The employer ownership pilot is about delivering the skills that employers need. In doing so, we also have requirements ourselves, so it has been a negotiated process.

Q235 Ann McKechin: You mentioned also earlier this morning moving to loan-based funding, but when we look at adult apprenticeships there has been a very low take-up to date on further education loans. If the loan system is not operating in the way that was intended, is the Government considering other funding options to encourage adult vocational pathways for those at lower than Level 3?

Matthew Hancock: The FE loans were only ever for Level 3-plus for those over the age of 24. In-work training at Level 2 has always been funded in the same way. You are right that the take-up for loans was very low, so we reversed the policy last month.

Q236 Ann McKechin: Can you just, for the record, tell us what the new policy is?

Matthew Hancock: We have reverted to the funding system that there was before.

Ann McKechin: The previous system.

Matthew Hancock: Yes.

Catherine Paulson-Ellis: This is for apprenticeships.

Matthew Hancock: Within apprenticeships, yes.

Ann McKechin: For apprenticeships.

Matthew Hancock: Outside of apprenticeships, they have sold like hot cakes. We have kept the budget that was for classroom-based and apprenticeships. That budget is now only for classroom-based, and the apprenticeships we are funding as previously.

Q237 Ann McKechin: The OECD highlighted the fact that workplaces were the best environments for supporting working adults to access learning, and we have taken evidence from the unionlearn pilot. What is the Government doing to promote best practice in the workplace?

Matthew Hancock: We fund a large part of unionlearn, so we are doing it through that. We are also doing it through the massive expansion of the apprenticeship programme. Apprenticeships are the premier way of delivering Government-supported in-work learning, and they combine the skill and competence that you need in that job with English and maths. It is a really important principle. I have strengthened the requirements for English and maths within apprenticeships. All of the evidence shows that they have got great value for money. That is why we have backed them very strongly. Talking about the long-term issues, it is terrific also that there is a very strong cross-party consensus in favour of apprenticeships.

Q238 Ann McKechin: Some of these models tend to dominate in larger companies.

Matthew Hancock: That is not the case.

Ann McKechin: Is that not your experience?

Matthew Hancock: No. The majority of apprenticeships are in SMEs.

Q239 Ann McKechin: But in terms of SMEs, there is still an issue about trying to have basic literacy and numeracy, and about how you reach out to these companies and employers to try to encourage them to take part. Not every one will be going along an apprenticeship model.

Matthew Hancock: Sure. But on the apprenticeship side, it is interesting that a majority of apprentices are in SMEs.

Q240 Paul Blomfield: Just on the point about funding unionlearn, which you mentioned earlier, you talked about what an effective job it does—and it does an effective job at quite a cheap rate: 5% of the cost of a typical FE student. You are cutting £2.5 million off its budget. Are you not concerned about the consequences that will have in terms of the loss of thousands of learner places?

Matthew Hancock: No. We have got very tight budgets. I want as much money as possible to go to the front line. We are reducing some of the costs involved in unionlearn. The Department and I personally have had long discussions with unionlearn about it and I am fully confident that they will be able to deliver within the tighter framework by saving costs. When we arrived, there was not a cost base on unionlearn; it could not analyse its value for money. We have put in place the same sort of strictures as you would expect on any other training provider. They do it in a particular way. We fund the participation—that is what we fund. The adult skills budget across the board funds participation; it does not fund administration. We are moving unionlearn to be more like any other provider, rather than providing for administration within the unions.

Q241 Paul Blomfield: So you are absolutely confident there is going to be no loss in participation.

Matthew Hancock: We struck the deal that we did in terms of the level of unionlearn funding in order to do that.

Q242 Chair: You have got the employer ownership pilots and you have got the traineeship schemes, and it is probably too early to have a totally accurate assessment of the impact they have had, but the impression that I get in some evidence is that they are not really getting hold of the most hard-to-reach young people of the sort that St Mungo's and Heart of England, which we have talked about, deal with. I can see the reason why: because at the end of the day, the great majority of employers are not geared to dealing with people who have got both educational and social problems that affect their education. Have you any thoughts

on how you might supplement those particular programmes with support that might bring in those people who have hitherto been very hard to reach?

Matthew Hancock: This is a question that cuts across the work of DWP as well. Traineeships are specifically designed for people with a reasonable expectation of being six months from being able to hold down a job sustainably. They are designed for people who need that extra English and maths and work preparation to know what it takes to be in a workplace—and work experience as well, which is really important. They are not designed for the very hardest to reach, whom you could not expect to be holding down a job within six months. For that, we have other programmes, like the one that we talked about, but also DWP has the Work Programme, which is a payment-by-results model. The Work Programme provider can draw down funding to support the individual in the way that they see fit. For instance, Work Programme providers sometimes use the skills budget in order to get somebody their basic English and maths. I give them an entitlement to teaching up to GCSE if they have not done a GCSE, and the Work Programme provider can point this out to an individual.

Chair: We will be addressing questions about the Work Programme in a second.

Q243 Mr Walker: Brian Binley raised in a previous evidence session the importance of getting LEPs to work on this agenda. I just wondered what you feel the Government can do to help LEPs support training in basic adult literacy and numeracy skills, particularly within SMEs. There is a concern that their engagement sometimes needs to improve with SMEs, and that programmes like unionlearn might be very successful with large employers but might not reach far enough with the SME community.

Matthew Hancock: The primary in-work engagement is through apprenticeships and, as I say, more than 50% of those are in SMEs. The work of LEPs is very important in this space. They already have the ESF budget; the European funds now go to LEPs rather than being administered by me, so they have a responsibility for it as well as an interest in making it work. I have no doubt that, on the ground, LEPs, local chambers of commerce—which are often engaged—and the IOD and what-have-you are better placed than I am to direct the funding and decide, for instance, whether it goes to SMEs or not, because they will have the local knowledge of what works in their area.

Q244 Mike Crockett: In Scotland we do not have LEPs, so my question is: what can we do to assist business more generally to get into schools and colleges and have an impact on the learning outcomes?

Matthew Hancock: Bringing the world of employment and the world of education closer together is a really big agenda. We will shortly be releasing the new statutory guidance on schools, setting out what more they need to do in this space. This is in England. Through, for instance, the development of “tech levels” that have to be signed off by employers, through the trailblazer apprenticeship programme redesigning apprenticeships, and through LEPs having the ESF money and, in future, having most of the skills capital money, we are engaging business a huge amount more. There is a cultural thing as well, which is about persuading employers that they should get involved and get their employees to get involved, and persuading schools that opening their doors to

prospective employers of their kids is a good thing to do. It is a culture change, because these two worlds have grown quite separate and need to be brought together. The culture change probably can be of benefit in Scotland as well as in England. I hope I am not treading on any toes by saying that.

Q245 Mike Crockart: You talk about not having two different hats, but putting your BIS hat on for a second, can BIS do more to make it easier for businesses to take on this role? In my constituency, we have got an organisation called Career Academies, which is doing great work, but it can only really be delivered well in areas where there is an enthusiastic local employer who comes forward and says, “Yes, I will go into this school or that school and do more with it”. It is very patchy. Can BIS do anything to try to make sure that that is—

Matthew Hancock: Yes, we can in England. We are re-contracting the National Careers Service to support this agenda and in particular to support organisations like Career Academies and Speakers for Schools and others, who are superb at getting people from businesses in. It is best done at arm’s length from Government, with the brokerage supported by Government, rather than actually delivered by us, because it would end up being bureaucratic.

Q246 Chair: Can I just ask you a question about the English and maths providers? Ofsted, when before us, commented about the poor quality of nearly half of the providers. There is a real problem if you have got poor quality providers taking on an issue that has historically been very difficult. It is going to be incredibly difficult to improve success rates if you do not have the sort of quality that is needed to deliver it. What are you doing about it?

Matthew Hancock: We have got a whole programme of effort, right from schools all the way through to adult skills providers and colleges. This is a really important part of the agenda to get more good teachers into English and maths. For instance, we have a “golden hello” for maths teachers in FE, which is £7,500 if you have got the right qualifications. We have got bursaries to go and study English and maths. We have just completed 2,000 programmes of professional development for existing teachers. We have set up the new Education and Training Foundation. I would have thought it would be interesting to take evidence from David Russell, who heads that foundation. They have a big programme on to drive up the numbers of and quality of English and maths teachers in FE. In schools we have got Teach First and the National College, which is all about driving up the number and quality of teachers. They have got a massive focus on English and maths. We acknowledge the problem. We acknowledge that part of the problem has been made more difficult by policy decisions we have made to increase the requirements for English and maths. The problem exists in part because we have made that policy decision. What that is doing on the ground is driving autonomous heads, whether of colleges or of schools, to go out and recruit more. We do not regret that at all, but it is a big issue.

Q247 Chair: Would you be able to give us some figures on the outcomes of the initiatives that you have done? If you have got them here, fine; otherwise, if you would like to provide them as a supplementary.

Matthew Hancock: Yes. The over-2,000 CPD figure is in my head, but I can get back to you with numbers of those—

Chair: That is fine. Do that. Can I bring in Caroline on Jobcentre Plus now?

Q248 Caroline Dinenage: Yes, Chairman. Before I speak about Jobcentre Plus, though, I spoke before about family learning and the Minister said that it was something that he was going to look into, study the evidence and potentially fund more. I just wondered what sort of timescales there were on that. The evidence we got from the National Institute of Adult Continuing Education was that they had already done a study on it, which concluded in October and found that the funding and the support was very patchy but the benefits were enormous. I just wondered what timescales we are looking at in terms of the Government's study and potential commitment of funds.

Matthew Hancock: The thing that we need to study is how effective it is. I have not got a specific timescale to hand.

Catherine Paulson-Ellis: No. When you were talking before, Minister, you were talking about the new approaches to funding community learning—and family learning is a part of that—in particular the new system where providers are meant to work in partnership with others and are meant to bring in resource from other partners. That is called the “pound plus” approach. This is relatively new, and that is something we will be evaluating over the next year in terms of how it is going. That is what you referred to, as opposed to examining family learning per se. There is a lot of good evidence already about the benefits of family learning. Our approach at the moment is that providers have flexibility to use their community learning budget for family learning or for other types of learning as they see fit in their local community.

Q249 Caroline Dinenage: But you see, a lot of the places where it is being delivered most effectively are within schools. From what David Hughes from NIACE said, family learning practitioners and teachers are not well supported, their continuous professional development is not well supported, it is not funded in every area, lots of schools do not get involved in it, and lots of local authorities do it but perhaps not in partnership with the schools; it is very patchy. Much more work needs to be done on making it more comprehensive and available everywhere. Where schools do get involved and where they bring parents in and support and engage the parents, the results are staggering.

Matthew Hancock: I was referring to it as part of the review of how the community learning budget is spent, and I will broaden that out. One of the things that I want to do from this study is take the lessons and see what works and, where we can, put that into practice.

Q250 Caroline Dinanage: Good. Thank you. Now I would quite like to talk about Jobcentres, if that is okay. The Work and Pensions Committee found that Jobcentres applied various approaches to assessing claimants' needs, but, unless the Minister can tell us otherwise, there does not seem to be a systematic assessment of basic literacy and numeracy skills at the new claimant interview stage, which is quite staggering, really. Many of the learners we met on our visit to Leicester had found themselves in literacy and numeracy classes eventually, after having lingered for quite a long time without any support.

Matthew Hancock: This is a DWP lead, but this is a broad change that we need to make. For a long time there has been a disagreement between those who argue that for unemployed people you need the approach of skills first and those who say you need work first. There were these two great blocs of thought, one group saying, "No, you do not need to put them into job interviews; you need to train them up" and another group of people saying, "No, the training is not going to get them anywhere; the best thing you have got to do is get them into a job." The truth, as in many of these things—and forgive me if I sound rather Liberal Democrat—is a combination of the two. The combination of work experience—or, even better, getting a job—and learning at the same time is incredibly powerful. We have found that with apprenticeships. We found that in the research that led to the development of traineeships. That culture change is getting through Jobcentres, but it takes time. Jobcentres have quite a lot of autonomy in how they deal with individuals within the benefit rules, for which they do not have any autonomy. They have, for instance, training budgets so that they can put somebody on a training wage—i.e. allow them to train whilst they keep their JSA or whatever benefit they are on. We have got rid of this 16-hour rule for traineeships, which for decades said, "If you train, you cannot receive benefits". Now, if you train, you can, if you do it through a traineeship. It is a big cultural change to bring together the world of education and the world of work. We have talked about it in the context of businesses, but it is just as true at the other end of the scale in terms of Jobcentres. The evidence I have seen is pretty good, but they probably take me to the Jobcentres where it is working well.

Catherine Paulson-Ellis: Can I add a specific point on that? The Minister mentioned earlier the new pilots for offering English and maths training for 18-to-21-year-olds, which will start happening in the autumn. For those pilots, DWP are now developing a screening tool, which will be used with all young people making a claim who cannot already provide evidence of their Level 2 skills through their certificates. There will be much more systematic training for the first time.

Q251 Caroline Dinanage: To be fair, it is not just young people that this affects. As the workplace becomes more technological and more advanced, where you could probably get away without basic literacy and numeracy skills for an entire career previously, these days jobs are shorter and people are lingering in unemployment for longer periods, and so those things need to be identified. We have heard evidence of Jobcentres saying, "We do not have much trouble with literacy and numeracy but we often get people who have forgotten their glasses and cannot fill out the forms". You just think it does not take a rocket scientist to figure out that that needs addressing.

Matthew Hancock: I want to see a basic maths and English test for everybody who applies to go on a maths and English course who turns up at a Jobcentre, but getting there is a big old task. I want to see it for another reason as well, which is that if I fund

somebody, say, to do functional skills Level 2, ironically, I want to be sure that their skill level starts below that. If I am funding a provider to teach functional skills Level 2, I do not want somebody like you to be taking it, because I have no doubt that you could take it tomorrow and pass with flying colours and I would still be paying £900 for the privilege.

Caroline Dinenage: You never know.

Matthew Hancock: Having entry tests is an important part of ensuring that we get progression, because part of the problem in the vocational skills system that had been broken and we are trying to mend is that there was not this progression from one qualification on to another. One of the reasons apprenticeships are so popular is that you can start at Level 2 and go on to Level 3 and Level 4 and, now, Levels 5, 6 and 7. We need to get that sort of progression in the rest of the system, but that requires knowing where somebody was up to right at the start.

Q252 Mr Bain: If someone is long-term unemployed, we know that their skills can atrophy and it makes them significantly less employable. I met a constituent on the doorstep on Friday morning who has been out of work for 18 months and who feels this problem very acutely. The Help to Work scheme provides intensive support for people who have been unemployed for at least three years but who need help with both literacy and numeracy skills. Why is the Government not extending that to people who have been unemployed for far less than three years?

Matthew Hancock: Because from one year upward we have the Work Programme and, as I have described, the Work Programme can draw down on funding and is a payment-by-results model.

Q253 Mr Bain: But what about that gap between six months and one year?

Matthew Hancock: That is what we are piloting for younger people. The thing is that in the first six months of unemployment, especially because there are a record number of jobs in the country at the moment, the off-flow rate is quite high and so—this is the “work first” part of the argument—you do not want, ironically, to keep somebody out of going for a job because they are on a training course. That is the argument for waiting, but we are piloting starting much sooner to see whether that could be done effectively.

Q254 Mr Bain: Neil Couling, who runs Jobcentre Plus, said that Jobcentre Plus is good at identifying problems with literacy and numeracy skill gaps but is less good at following through and ensuring that the problem is addressed. Is that BIS’s responsibility or that of DWP?

Matthew Hancock: It is both. It is the responsibility of the Jobcentre linking with skills providers. Many, many colleges have very strong local relationships. You have to have a departmental divide at some point, and it happens that the departmental divide is that we do the skills and they do the Jobcentre, but drawing them together is important; it is probably why I see so much of Esther.

Q255 Mr Bain: What sort of co-ordination mechanisms are there between both Departments to ensure that funding for skills training and numeracy and literacy skills gets to unemployed people appearing at Jobcentre Plus?

Matthew Hancock: There is a whole series. We have a cross-departmental ministerial committee, if you want a machinery-of-government answer, but we also have policy answers, in that we fund things for unemployed people that we do not fund for people who are not unemployed. For instance, if you want a licence-to-practise-type qualification, like a forklift truck licence or your card to become a security guard, then we will fund that for you if you are unemployed. If you are in a job, we expect the employer to fund it. A lot of our funding rules include a basis of whether you are unemployed or not, and Jobcentre advisers know what is available and, as I say, locally, in almost all cases, have a good relationship with the local skills provider or college.

Q256 Mr Bain: The OECD report also backs up the point that if people are not using their skills then they tend to lose those skills quite quickly. Funding is removed once adults have reached Level 2, which does not take into account the fact that people might have been out of the work force for quite a prolonged period of time, after which they may have lost the skills gained in GCSEs or Standard Grades in Scotland. Could the funding system not be more flexible, to allow for things such as refresher courses?

Matthew Hancock: That could be a policy decision you could take, but you would be taking money away from, for instance, the unemployed and traineeships and apprenticeships, which we know provide very good value for money. There is a balance to be struck within a tight budget. The truth is I could spend more money if there was more money available, but we all know why there is such a problem with the deficit.

Catherine Paulson-Ellis: Can I add a point for clarification on English and maths? We fund any adult for English and maths up to and including GCSE, regardless of their employment status. Unlike the rest of the funding system, employment status does not matter.

Q257 Chair: Can I just come back to the theme earlier of the pre-employment project funded by DCLG, DWP and yourselves? I believe it is 50 people a year. When are you going to be in a position to assess its success? If you feel that it is successful, what plans have you got to roll it out?

Matthew Hancock: Which one? We have got lots of pilots.

Chair: It is the joint St Mungo's and Crisis one.

Matthew Hancock: Oh, that one, yes. We are going to set more details out on this very shortly. The idea is to deliver English, maths and IT skills, but tailored to people who are homeless. The goal is to have smaller class sizes and a modular structure, because then if people miss a session it is easier to come in and out of. The aim of it is to be more attractive to people who are homeless and to be able to be delivered in a way that works for them. Sorry, what was the question precisely?

Chair: Any idea when you will be in a position to—

Matthew Hancock: It is a three-year pilot.

Chair: When did it start?

Matthew Hancock: It has not started yet.

Chair: It has not. Okay. Any idea when it will start, then?

Matthew Hancock: Very shortly.

Chair: Right. Okay. If you could keep us updated on that, that would be helpful.

Matthew Hancock: Absolutely.

Q258 Caroline Dinenage: You have spoken a lot about this already, but just briefly, the roll-out of literacy and numeracy assessments for all prisoners is really welcome. I really just want to know how you can ensure joined-up working across Government Departments to formulate a single plan, incorporating a sentence plan, a National Careers Service plan and a learning plan for each prisoner during their time in prison and after as well.

Matthew Hancock: This comes down to an MOJ responsibility, but Jeremy and I work extremely closely on it. It is part of their rehabilitation reforms, which are intended to drive in that direction but in a way that is responsive to each individual prisoner's needs.

Q259 Caroline Dinenage: We heard from Ofsted that one of the main issues is the separation of education and training provision, and the prison system, with the governors having no clear accountability for the quality of the English and maths provision. Do you agree that this is something that should be rectified?

Matthew Hancock: The training providers that go in are graded by Ofsted. The prison governor is increasingly held to account, under the reforms, for what happens to their prisoners when they leave; that is part of the rehabilitation revolution. It is a bit like school heads being held to account now for the destination of kids when they leave school. Obviously prison governors being held to account for what happens to the prisoners when they leave is a different level. There is a form of accountability there, but Ofsted is also a form of accountability; if we have a grade 3 or 4 provider in a prison, then we should be asking questions about it.

Q260 Caroline Dinenage: Do you think that the Government's decision to ban books being sent to prisoners will have a negative impact on literacy?

Matthew Hancock: There has not been such a decision. I have been to a prison since the policy change was made to increase security measures of packages going into prisons, and all prisons have a library; prisoners can hold 12 books in their cells and they

can order books. The situation on the ground inside the prison is that education is, in very large part, based on teaching classes and on prison libraries.

Q261 Chair: But libraries are closed at the weekend in prisons.

Matthew Hancock: I imagine they are also closed in the middle of the night. That does not mean that you cannot get books out.

Q262 Chair: If you wanted to access books from a library elsewhere, you would normally be able to get them over the weekend.

Matthew Hancock: The movement of prisoners around prisons in order, for instance, to get to the library is more difficult than the movement of normal citizens to and from their library. There are access hours and there are procedures to ensure that prisoners going to and from the library are moved in a secure way. In some cases they may be closed at weekends; if you can hold 12 books in your cell, then that is reasonable provision to get you through from Friday afternoon to Monday morning.

Q263 Chair: Do you accept that this issue is about prison organisation or a privileges regime? Do you think that access to books in prison should be part of a privileges regime?

Matthew Hancock: In some cases that is for governors to decide. Having been to lessons in different prisons, I know that having keen and non-disruptive prisoners in those lessons improves the ability of everybody in the lessons to learn. You have got to strike a balance here between making sure that teaching is broadly available and making sure that it is done in a secure way.

Q264 Chair: But my understanding is that this is being taken away from governors.

Matthew Hancock: Whoever does it, in a prison you have always got to balance security against everything else that happens. Security involves both moving prisoners around and what is sent to prisoners, because you do not want people sending drugs or knives into prisons.

Q265 Chair: I accept there is a security argument, but what I am asking you is: do you think it should be part of a privileges argument?

Matthew Hancock: I was trying to answer that question. Privileges include assessment of risk and how disruptive a prisoner would be. I am not going to say it should never be, because if a prisoner is highly disruptive you can understand why you might not want to have them taking the place of somebody who would be enthusiastic about doing something.

Q266 Chair: What I am trying to drill down to is whether this is Government policy or whether it is the perfectly legitimate judgment of a prison governor on security issues. My understanding is that this is moving away from the governor's right to decide on security issues to a formalised privileges regime.

Matthew Hancock: You would have to ask the Ministry of Justice about that.

Q267 Chair: I am sure we will in time, but my question to you is: do you support that?

Matthew Hancock: I support the Government.

Chair: Okay. That concludes our questions. Thank you, Minister. Can I thank you both for your contributions? We will be reporting in due course. I will repeat what I say to other witnesses: if you feel there is anything you would like to add, do feel free to do so; similarly, we may wish to come back to you.

Matthew Hancock: Yes, absolutely. I look forward very much to the recommendations.