

Public Accounts Committee

Oral evidence: 16– to 18–year–old participation in education and training, HC 707

Monday 3 November 2014

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Members present: Margaret Hodge (Chair); Chris Heaton-Harris; Meg Hillier; Stewart Jackson; Austin Mitchell; Stephen Phillips; John Pugh

Amyas Morse, Comptroller and Auditor General, Tim Phillips, Director, and Sue Higgins, Executive Leader, National Audit Office, and Marius Gallaher, Alternate Treasury Officer of Accounts, were in attendance.

Witnesses: Chris Wormald, Permanent Secretary, Department for Education, and Mike Keoghan, Director of Vocational Education, Department for Business, Innovation and Skills, gave evidence.

Chair: May I start by saying a couple of things publicly, before moving on to the agenda? First, I want to put on record our thanks to our Committee staff for organising the very successful conference we had on tax avoidance on Thursday—we got all the players into the room. I know you worked like mad, Sarah, and I want to say a big thank you from all of us, because it could not have gone better. Thank you very much for that.

Secondly, I have only just learned that Joel Barnett, sadly, died over the weekend. As well as being the inventor of the Barnett formula, he was Chair of this Committee from 1979 to 1983, so we should remember him with sympathy and, indeed, with admiration, because he did a lot in his life.

I also want to thank Mike for coming today. We did not give you a lot of notice. It is one of those things that happens: I read the Report, and I thought, “Oh my God, we will need to talk about apprenticeships.” So I am grateful to you for coming. The questioning will be mainly to Chris Wormald, as the accounting officer, but we will clearly want to cover some aspects of apprenticeships, as the Report does.

Q1 Chris Heaton-Harris: Thank you for coming—not that you had much choice, I suppose, but thank you anyway. There are loads of questions about the issues in the Report, but the main one, which I would like to use to frame them, relates to the law change we had not so long ago, which meant that you had to stay in education, employment or training up to 18. This very good

report shows a number of improvements in educating 16 to 18-year-olds, but can you tell me whether it is the Department's initiatives that have actually improved things or just the law change?

Chris Wormald: The first thing to say, of course, is that the law change is very important—that is why the law was changed. That was both to create a legal duty and to put a spotlight on the issue where, historically, England had not done well compared with its competitors, so I do not want to downplay the importance of the law change at all.

The Department's aims in this area, which are set out well in the Report by the National Audit Office, are threefold: to raise participation; to improve efficiency and reduce cost; and to improve effectiveness. It is quite difficult, as the Report sets out, to distil on the participation side exactly what causes what. It is of course an unrepeatable experiment what would have happened if you had just changed the law and not done anything else.

On those other two measures, effectiveness and quality, you can point clearly to things that the Department and wider policy have achieved. Those were set out very well in Amyas's Report. I cannot give you an exact answer, such as this percentage of the improvement in participation is related to the law change and that percentage is related to other initiatives; it is the hitting of all three of those targets.

Q2 Chris Heaton-Harris: Will you give us some anecdotes of where departmental initiative other than the law change has made improvements? Have you got some sort of provable validity behind your assertion, which said anecdote works through?

Chris Wormald: In terms of participation?

Chris Heaton-Harris: Yes.

Chris Wormald: There are all sorts of things. In particular, for example, if you look at the reduction in the number of NEETs, which is not directly related to the law change, but affects participation rates, you can see a range of things that the Department and the wider Government have done in that area around traineeships, apprenticeships or all sorts of initiatives and where the law change is not specifically biting. That is a lot more than anecdote. Certainly if you talk, as I do a lot, to further education colleges and schools, they do not actually talk very much about the law change as such; they talk about the quality of what is on offer being what attracts people to stay on in education. Clearly, as I said, the law change is very important in setting the scene and doing all that, but given that we are not going around prosecuting people for not attending, I do not think that you could argue that it is simply the law change.

Q3 Chair: I was going to ask about that. Why have you decided not to enforce the law?

Chris Wormald: It is not that we are not enforcing the law. We did not activate one clause—

Chair: Page 13, paragraph 1.3.

Chris Wormald: Yes, it is a clause that we have not activated in the legislation. The view that was taken on that was that we wanted the main focus of raising participation to be voluntary—

Chair: Why? I understand that, but the paragraph states: “The new legislation includes provisions to enforce participation; however, the government has decided not to bring this part of the law into force.” So that is the very thing—looking at the Report, I agree with Chris—that looks as if it has had the greatest impact on participation, but you then take a decision not to enforce what appears to us to be the most effective thing.

Chris Wormald: Just to be clear, it is not that we are not enforcing, it is that we did not activate that clause of the Bill. Parliament gave us a power, but—

Q4 Chair: I get that. So why did you choose that course?

Chris Wormald: Because we wanted the focus of activity in this area to be voluntary—

Q5 Chair: Why?

Chris Wormald: Because we would rather people participated by choice, rather than by enforcement. As the Report sets out, we were seeing quite good evidence straight away of participation rates rising without enforcement, so the question of why we would want to enforce when what we wanted to see was happening anyway was pertinent. Thirdly, this was a period—the period when this was going through—when the economy as a whole and particularly business were under considerable pressure due to wider economic circumstances, and we did not want to add to the regulatory burden on business when we did not need to. So we have held that power in reserve. It is still open to us to enforce it at some later date, but we have not seen the need to do so far, given that all the numbers we are talking about are headed very firmly in the right direction.

Q6 Chair: Can I pursue this a bit? We will undoubtedly come to the resources available to you on 16 to 19-year-olds. They are declining. There is certainly a question that you do not know what is effective. There is then an assumption, looking at it, that changing the law appears to be the most effective. If you have less money, it is probably cheaper and easier to enforce the law than it is to do some of the other things that you have played around with that have not quite worked.

Chris Wormald: I would not say that. As I said, we are not aiming only at the target of participation; we are aiming for quality and efficiency as well.

Q7 Chair: I accept that, but getting them there is step one, isn't it?

Chris Wormald: Yes. And, as the report sets out, even without using the powers in the Act, the numbers have been headed firmly in the right direction. So the question now is a policy question as much as a delivery one, but the question back to you is why we would jump to enforcement when the voluntary approach appears to be achieving the changes that we want to happen at the moment.

Q8 Chair: It is getting better, but if you look at the chart in figure 5 on pages 22 and 23, there is an improvement among 16-year-olds, but when you get to 18-year-olds—the law talks about 16 to 18-year-olds—it is really worrying. It is down a tiny bit, but it is still 12.5%. We will come in a bit to

the ones that aren't counted. Those are the known. That's the known figure, isn't it? Am I right about that?

Tim Phillips: In figure 5, that is the Office for National Statistics estimate as a whole.

Q9 Chair: So that is the total figure. Okay. So it is 12.5%. We also read in the report that you are cutting the funding specifically for 18-year-olds yet again because of budget constraints, which we can understand. You are cutting the funding—this is where you have a challenge—and still saying to us, “We don't want to trigger our power of enforcement.” It just seems odd.

Chris Wormald: I can take that away as your view. As I said, it is partly a policy question.

Q10 Chair: It is effectively a value for money question, really. If you have got less money, the policy intent is to increase participation.

Chris Wormald: Looking specifically at 18-year-olds, you raised two questions about that. One was on the participation rate, and one was on funding. In terms of participation, the legislation to raise the participation age will work through reasonably gradually, so it will not apply to 18-year-olds until summer 2015. Even if we were enforcing, we would not be enforcing for that age group at the moment, so that certainly would not have been an answer to the numbers you are showing. Time will tell whether we see—we certainly hope and expect to see—the excellent numbers of 16 and 17-year-olds work through the system as the legislation to raise participation age is applied fully from summer 2015.

The overall numbers on 16 to 18-year-olds for participation and reduction of NEETs are the best that we have seen since records began in 1994, so this hope is not a shot in the dark. We have some very serious evidence that our approach is working. I completely agree with you that the job is not finished, from two points of view. Even with the best results that we have ever seen in terms of participation, we are still slightly below the OECD averages for both participation and NEETs, so we have a lot further to go, and we need the same effects to happen for later age groups as we implement RPA as for previous age groups. I do not disagree with you at all that there is more to do; I am only questioning whether the jump to enforcement should be done right now, given the trends we have seen in participation without requiring enforcement.

Q11 Chair: Let me quote your favourite person to you— Michael Wilshaw, from September: “I am very concerned that too many young people drop out of their post-16 education and training course at too early a stage. Too many of these young people who do drop out simply disappear from the educational radar and are not properly tracked by the local authorities.” So if you just used your statutory powers, not only would it be an added push, but it would also make local authorities—which is another area of this—to monitor this much better than they currently do.

Chris Wormald: Yes, as I say, our statutory powers—the ones we have not used—do not really bite on that. I mean, our statutory powers bite largely on people who are employed who are not receiving training. They do not bite on NEETs. So I completely agree with what Michael Wilshaw says there, because although we have seen an extremely encouraging decline in the NEET numbers—

Q12 Austin Mitchell: At what point do you intend to use the statutory power?

Chris Wormald: Sorry, we have not taken any decision to use the statutory—

Q13 Chris Heaton-Harris: Bearing in mind my first question, which is about the law change, are there not other factors that have played into these good figures for the 16 and 17-year-olds? Obviously, you have got the financial incentive for schools to maintain pupils—students—going throughout and you have the economy changing direction. I am sure my boss would want me to say that 2 million new private sector jobs have been created—*[Interruption.]* More than 2 million. Sorry, I am always behind message. So there are other factors out there.

Chair: Do you want us to tell you what our boss tells us to say?

Q14 Chris Heaton-Harris: Yes, because it helps us.

Chris Wormald: At this point, shall we leave the Committee to the debate?

Q15 Chris Heaton-Harris: There are other factors behind this.

So going back to the original point about how you can tell us that the initiatives you have taken are actually being beneficial—that is quite important for us. It is a £7 billion budget that you are spending on 16 to 18-year-olds.

Chris Wormald: Yes and, as I say, that budget is not solely about participation, which is the main point in the answer to the question.

Looking at the numbers, given that these are the best numbers since 1994, I think it would be difficult to argue that they were solely the product of current macroeconomic conditions, although that clearly does have an impact on these factors. But given that, since 1994, we have been through all points of the economic cycle, I do not think you could say that the fact that we seem to have had the best figures now is purely a result of that. Indeed, particularly around the NEET numbers, over the long period up until very recently they have actually been pretty static—they have been pretty immune to economic changes for 20 or 30 years. So it does look as though there has been a specific change in the last couple of years that is not explained by wider context. I do believe a lot of that is to do with the legislation change, both in terms of the fact that it does have the force of law and that it puts spotlights nationally on the issue, and the—as it were—expectation that it sets, both for students and institutions, that that should be the way it is.

The challenge for Government policy and the good use of our £7 billion is not only whether people are participating, but whether they are participating in quality activities that will lead to success in later life. When you are looking at the Government's wider initiatives in this area—if you look at what we did around the Wolf review of vocational education and the Richard review of apprenticeships—they have been not specifically about how we get people to stay in education, but about how we ensure they are doing the most beneficial education while they are there. So when you are talking about the wider initiatives we are much more on that part of the agenda.

Q16 Chris Heaton-Harris: You have said that you have got excellent numbers coming through of 16 and 17-year-olds for NEETS. When those work their way through—have you got a projection? At the moment we have roughly 148,000 NEETS, which is some 7.6% of this particular population. Do you expect that to come down when that cohort moves through?

Chris Wormald: We will hope to see those numbers go down further. The current OECD average for NEETS is 7.2%, so we have got a bit to go before we are OECD average, and our hope is to be better than our competitors in this field. We have not—we have not done this across the range of our policies—set ourselves targets; we have set ourselves the objective of being constantly improving and being better than our international competitors. So what I would hope to see is for us first to reach the OECD average and then to exceed it. Because, as I said, although these figures are extremely encouraging—they are the best since 1994 and all that—it is still quite a lot of people, with still quite a lot of cost to the economy. So, going back to Michael Wilshaw's correct quote, there is absolutely no place for complacency. Although the number of people who are not participating is better, it is still considerable.

Q17 Chris Heaton-Harris: The National Audit Office kindly dug out our constituency figures and put that in our brief. I do not know whether you have seen them.

Chris Wormald: You will be better informed than I am.

Q18 Chris Heaton-Harris: It is quite interesting reading. There are regional variations, which you can completely understand, but, on the percentage of 16 to 18-year-olds whose activity was unknown, I was surprised to see such massive variation by local authority area. Margaret's local authority, Barking, was the worst performing—along with Meg's—with 19.8% unknown, whereas essentially next door in Thurrock the figure was 0.3%. That is a big variation, so can you explain or second-guess the difference between those figures? What is the importance of those whose activity is unknown—

Chris Wormald: It is extremely important. I will say straight away that I cannot answer your question scientifically and I cannot off the top of my head see why similar authorities next door to each other should have such big variations. We will have to ask the local authorities in question.

I would expect to see regional variations, because, as I have discussed with the Committee before, some parts of the country—Barking and Dagenham is one of them—face big issues with population mobility, which would lead to more people entering and leaving that authority on average. So it would not surprise me if those sorts of authorities had a greater challenge in keeping track of everyone, but I cannot explain differentials of the size you are describing.

An element of this is definitely the extent to which the local authorities prioritise this issue. I was in Leeds two weeks ago, which for some time have set themselves the aspiration of having no NEETs at some point—they call it “NEET-free Leeds”. They have put a huge amount of resource into tracking NEETs, with the result being that their headline declared NEET rate had gone up slightly, but their number of not knowns had gone down hugely. There is definitely an element of how much the local authority prioritises it, but I am not sure whether that would explain it. I have not seen the run of numbers that you have seen—

Q19 Chair: I picked up on the Barking figure, but I see that Hackney's is the same. Out of the 16 to 18-year-old cohort, one in five is not known. That is a massive gap.

Chris Wormald: In that particular local authority.

Chair: In Barking, but the same is true in Hackney. There is obviously a London factor, because Enfield's figure is 9.1%. But Stephen's local authority—

Stephen Phillips: Don't leave Lincolnshire out of the count—it happens all too frequently.

Q20 Chair: If you are to get on top of NEETS, you have got to know where they are. If you do not, you will never be able to think of anything—

Chris Wormald: Yes, and I am not disagreeing with you at all. I cannot comment on the individual numbers. I am quite happy to go away and look at the individual cases—

Q21 Stephen Phillips: Is there any reason to suppose that the information is being captured inaccurately by the local authorities concerned? It is surprising that you have similar authorities in adjacent locations with such dissimilar figures.

Chris Wormald: It is possible. I would not like to comment.

Q22 Chair: Interestingly, Thurrock, and Barking and Dagenham still, just about, share a chief executive.

Chris Wormald: As I said, I will not comment on individual authorities without having discussed it with them. The figures you are giving me are intrinsically surprising and I do not, off the top of my head, see an obvious explanation.

Q23 Stephen Phillips: You will definitely do some more work on them and write to the Committee?

Chris Wormald: Yes, I am quite happy to look at those cases and come back to you.

Q24 Chris Heaton-Harris: There might even be some best practice out there.

Chris Wormald: Exactly. A reason that I mentioned Leeds is that there are a number of local authorities around the country that put a particular emphasis on this. Some of them are quoted in the NAO Report. It is quite clear that the level of priority that is given by some local authorities has a big impact. Spreading that good practice is important.

Q25 Austin Mitchell: The population of NEETs is high in Grimsby. I wonder if it is a pattern that there is a higher proportion of NEETs in the old, one-industry towns, where the industry has died and where there is a weaker tradition of going into education because people could go into the local industry and earn big money without being educated, and that sort of lingers on. Is that the case?

Chris Wormald: Again, I could not scientifically say that it was, but it would be surprising if there was not some truth in that. When I discuss the matter with people around the education sector, the biggest single cause they tend to point to as driving the NEET rate is educational performance at 16. Basically, if you have achieved five A to Cs including English and Maths by 16, you are very unlikely to be NEET, and the fewer qualifications you have, the more likely you are to be NEET. There is a clear relationship with the wider performance of the education system. There is clearly an element of aspiration in that, and whether you see job opportunities, which would support the point you just made.

I discussed the issue with Leeds local authority; its tracking demonstrated that a lot of its NEETs were in specific categories from earlier in their educational career. None of them were surprising: people who were persistently truant, people from troubled families, and people who had been in, or in and out of, the care system. I would not like to say that there is a single cause for people becoming NEET but it would not surprise me if the cause you point to is part of the picture.

Q26 Austin Mitchell: The figure for NEETs is high in Grimsby, but the figure for those whose activities are unknown is low. It is much higher in these two urban constituencies, which I am surrounded by. Is that because folk are just disappearing in an urban environment, or what? How do you keep tabs on these people? How do you know? Who is tracking them, and is it more of an urban phenomenon?

Chris Wormald: Exactly, it is the responsibility of local authorities to do the tracking. As I said, I am reluctant to discuss constituencies that you know far more about on your side of the table. You would expect the number of not knowns to be higher in areas that have high levels of population mobility. I do not know whether Grimsby does or not. In areas with a relatively stable population, it is easier to track where people are than in areas such as parts of east London, which have high levels of demographic change and mobility. That clearly makes the local authority's job more difficult.

Q27 Austin Mitchell: If those activities are unknown, what is happening to them? Is anybody tracking them down? Who are they?

Chris Wormald: By definition, we do not exactly know.

Q28 Austin Mitchell: There is a big hole in the statistics—19%.

Chris Wormald: In some local authorities, I suspect—I will look into it some more—that quite a big percentage of those are people who attended school in one local authority and then left that area, so that local authority does not necessarily know where they have gone post-16. I suspect that quite a lot of that sort of number are in it. In a number of cases, it will be people who simply have not told their local authority where they have gone.

Q29 Stephen Phillips: Mr Wormald, do you think your decision not to bring into force the provisions of the Act containing penalties, enforcement measures, might have affected the quality of the data or the willingness of local authorities to collect it?

Chris Wormald: I don't see why it would have done. As I say, the penalties mainly apply to businesses that provide training for the 16 to 18-year-olds they employ. Almost by definition, it is difficult to apply a penalty to an individual if you do not know where they are, so I don't see that those two things are related.

Q30 Stephen Phillips: On the general point, the Government came to Parliament and said, "We need a Bill with enforcement measures in it", presumably on the advice of officers in the Department. But you went away and subsequently said, "Actually we don't need that Bill and those enforcement measures at all."

Chris Wormald: To be clear, the Government have not gone back to Parliament to trigger those enforcement measures; Parliament decided not to enforce them at the time. You always have a choice about whether to put something on the face of a Bill, so it is automatically implemented with the passage of the Bill, or whether to introduce a subsequent parliamentary Act. Built into the Bill was a choice about whether to trigger the power or not; otherwise, I presume Parliament would have put it on the face of the Bill.

Q31 Stephen Phillips: But that doesn't really answer my question. When the Government brought the Bill here, they said the power was necessary, but you are now saying it is unnecessary.

Chris Wormald: A civil servant cannot debate what was in the mind of Parliament, but the fact that Parliament decided to make it a power to trigger, not a requirement to trigger, left the Government with a choice.

Q32 Stephen Phillips: Thank you for that, but you are answering a different question to the one I am asking. When the Bill was brought here, the enforcement power was thought necessary, but now you are saying that you don't need it. I understand the reasons why—you are saying that we don't need to bring the provisions into effect because it is working perfectly well without enforcement. But what was the reason for the change? Why was it first thought to be necessary, and why is it now thought to be unnecessary?

Chris Wormald: As I say, we are getting into territory that it is difficult for me to debate.

Q33 Stephen Phillips: I am asking you to answer on the basis of the fact that you are the permanent secretary in the Department. The Department thought it was necessary, and now it thinks it is unnecessary. Why?

Chris Wormald: Sorry, I'm afraid I don't accept the premise of your question. Parliament granted a power, not a duty. That brings with it, by definition, a decision about whether to use the power. It remains open to this or any subsequent Government to use the power at some point in the future, should they feel it necessary. That is the power Parliament granted to the Government.

Q34 Stephen Phillips: Who advised the responsible Minister that the provisions of the Act containing the enforcement measures should not be commenced?

Chris Wormald: As I'm sure you know, by long-standing precedent we don't discuss advice that we give to our Ministers. The Government's decision is their decision.

Q35 Stephen Phillips: But you can at least say that the advice given in the Department was that it was unnecessary.

Chris Wormald: No, I am sorry. I am not prepared to discuss advice that we gave or did not give Ministers. The Government's decision is their decision, and they have explained why they made it.

Q36 Chris Heaton-Harris: Paragraphs 2.40 and 2.41 on page 35 wrap up the points we were making about young people whose activity is unknown, NEETs and best practice. Like other MPs, I have visited projects in my constituency where NEETs are being looked after, brought back into education gradually and possibly pushed out for training. From reading the Report, I am not convinced that the Department is mad keen on either capturing that information or spreading best practice. Can you alleviate my anxiety on that point?

Chris Wormald: I think there is more we can do. As with all aspects of the Report, I think the National Audit Office was fair, both in where it praised what the Government have done and where it said further work is needed. That is one of the areas where further work is needed. However, I would say that it is not an easy thing. It is one of those areas where very localised approaches are probably the most effective. It has come out, even in the questions that the Committee has asked, that someone who is NEET in Tower Hamlets does not necessarily—indeed is unlikely to—have the same characteristics as somebody who is NEET in Grimsby, or in a rural area or in a coastal town. There is certainly not a one size fits all for what a good local authority does. There is more that both we and local government can do to share good practice in this area. As I have discussed with the Committee before, we are doing quite a lot in that area, particularly the work that the Early Intervention Foundation is doing and also what we are doing with troubled families to develop and disseminate all that good practice. However, I would not disagree with you or with the Report that there is more that the Government and the wider public sector can do in that space.

Q37 Chris Heaton-Harris: I just want to ensure that you are keen to go away and identify and share good practice.

Chris Wormald: Yes. As I say, things such as the various work centres, the things that the Education Endowment Foundation is doing, particularly around people who might become NEET who are currently pre-16, the Early Intervention Foundation and a lot of the work that Graham Allen is championing are all very relevant to that. At the heart of all of it is: can we identify what works and then spread that around? To be clear, I would not say we are anywhere near as good as we should be as a country in those areas. What has tended to happen is that people have developed good practice in one area, which has been very good for that particular place, but it has not necessarily been copied and adapted in other places. That is what we have been looking at from the Early Intervention Foundation and other interventions.

Q38 Meg Hillier: I am interested in what the NAO discovered about careers advice in its recommendations. On page 26 in part 2 it summarises some of its findings and it certainly chimes with what I pick up locally. I should declare that my husband is a non-executive director remunerated for an organisation called Prospects, which I believe sometimes provides careers advice. It does lots of things so I had better do a blanket declaration.

In 2013, Ofsted visited 60 schools and found that only 12, that is one in five of that small sample, were ensuring that all students received sufficient information about career options. Perhaps you could start by explaining the rationale of giving schools the role of providing independent careers advice when they have a vested interest in keeping students and the money that comes with them.

Chris Wormald: As various people around this table will know, particularly the Chair, that has been a long debate. It is probably fair to say that a whole series of different approaches have been tried and none of them has been absolutely satisfactory. As I am sure everyone around the table knows, the Government took a decision in 2010 to end the previous Government's approach of having the Connexions service and transferred it to be a school responsibility.

Chair: Without transferring the money.

Q39 Meg Hillier: And on an 8% cut from 2010-11.

Chris Wormald: It is not a secret that at that time and at every point since, the Government has been seeking to reduce expenditure.

Q40 Chair: You lost £200 million.

Chris Wormald: I will dispute the word "lost". The Government made a—

Q41 Chair: The service lost it.

Chris Wormald: I am sure we will come on to this more widely. The Government took some specific decisions to reduce Government expenditure in that area, of which that was one as a part of their contribution to deficit reduction. I am not going to debate with the Committee deficit reduction and what was good and what was bad, but that is just a fact.

Q42 Meg Hillier: Everyone is trying to do more with less money.

Chris Wormald: In terms of your question and the policy rationale, the view that was taken—there is quite a lot of evidence to support this—was that careers advice works best when it is fully integrated into what schools do every day, as opposed to being a service that comes in from outside. Although the Ofsted report that has been referred to rightly highlighted what I have previously described before Select Committees as the very patchy performance in this area, it also

demonstrates that where schools do do it properly, they do it very well. Therefore, it is clearly possible to provide an excellent careers service based on this model. We need a lot more of that, and I don't shy away from that at all. The basic logic is that, given that pupils are in school every day, the messages that schools give as part of what they do with those pupils every day are likely to be more powerful than a service that comes in once—

Q43 Meg Hillier: You say that, but the one unique trait of people who are trained is that they are trained. Teachers, however well trained they are in their own subject area, are not necessarily trained in giving wider careers advice. Also, even if you look at the online advice that is available, only one in 71 pupils went and got advice online, so whatever is happening is not penetrating to everybody. In fact, the Association of Colleges came up with this very interesting piece of research that showed, among other things, that only 17% of all 11 to 16-year-olds—this is across a broader base, I know, but it covers 16-year-olds—had actually heard of apprenticeships. It is clear to me that something is going wrong with our careers advice if we are trying to promote apprenticeships—we recognise there has been some progress along the way—trying to promote staying on and trying to promote careers advice more widely, yet one in five schools was not doing a good job and only one in five 11 to 16-year-olds had heard of apprenticeships. There is something missing, isn't there?

Chris Wormald: Yes—

Q44 Meg Hillier: And what's your answer? How are you going to solve this?

Chris Wormald: As I say, I have publicly said before that I think the performance is patchy in this area. My Secretary of State has set this out as one of her priorities for action over the next few months. She is currently discussing with education and business leaders and others what more we might do in this space and she expects to make further announcements around careers in—

Q45 Chair: Have you got money for it?

Chris Wormald: I don't really believe this is a question of money—

Meg Hillier: I tend to agree with you, perhaps surprisingly, Mr Wormald—

Chris Wormald: That doesn't surprise me at all!

Q46 Meg Hillier: Well, no, but I'm not sure that some of the schools think it's important—they talk about not having enough money, but some of them have money; the issue is just the way they are spending it. One of my thoughts is this, and I wonder what your thoughts are on it. Are schools too small to be providing careers advice independently, on their own? If you look at the number of potential medical students, engineers or whatever in a school, there are not going to be very many in a school with a small sixth form, but across a borough, constituency or cluster of schools even, you will have a critical mass that enables you to buy in the expertise to support that. At the moment, it is down to individual schools, colleges and sixth forms, and they are competing against—

Chris Wormald: And some of them, as the Ofsted report showed, do it excellently, so it is clearly possible to do it excellently where schools take their responsibilities seriously—

Q47 Meg Hillier: But if they are worried about their roll, they need to keep those pupils in the sixth form, don't they, because it's a lot of money?

Chris Wormald: That is a slightly separate debate. The point I am making is that it is clear from the Ofsted report that not only is it patchy at the moment and further work needs to be done, which my Secretary of State has set out very clearly, but it is perfectly possible for schools to do this extremely well on their current resource. There may be resource questions that arise out of what we are doing. What I am saying is that it doesn't necessarily follow that you have to put more money into an area to make improvements.

On the question of schools providing impartial advice, I think the vast majority of schools want to do well for their pupils, so I take that as my starting point. The thing—

Chair: You may think that—

Chris Wormald: Am I allowed to finish my—

Q48 Chair: Chris, I'm going to stop you on that. Look at all the evidence. The Education Select Committee did a report on all this, probably over a year ago now. They were very critical of giving the authority back to schools. Look at the evidence, rather than the belief. Of course you're going to find that some schools do it well, but the OECD found a lack of impartiality. Ofsted looked at 60 schools, and only 12 out of the 60 were providing sufficient information—that is a poor, poor performance. All the evidence, wherever you go, indicates that people would have made different choices. One in four young people—it is a massive figure—would have made a different choice, if they had known about the options that they had before them. So you have a problem here. If you honestly say to us, "We can't do more, because we haven't got the money and we have decided to cut this", I can buy that, because I understand the difficulty—although I don't like it—of getting a decent careers service going, but to pretend that schools do it well, when the balance of evidence is against you, is a bit difficult.

Chris Wormald: I fail to see why you are making that suggestion. I have been very clear about what I think about careers provision at the moment. As I say, my Secretary of State has set improving that—

Q49 Chair: In schools is not the right place.

Chris Wormald: We would dispute that bit.

Q50 Chair: Where is the evidence?

Chris Wormald: I could give you an equal sheaf of evidence, including a number of reviews, that the previous service—

Q51 Meg Hillier: I would not particularly be a defender of the previous system either. What are you doing to ramp it up, because you issued new guidance after that Ofsted report, didn't you?

Chris Wormald: Yes, so there has been a two-stage thing. We reissued our guidance, in light of the Ofsted report, to make it very clear what schools' responsibilities are.

Q52 Austin Mitchell: In how many areas does Connexions survive?

Chris Wormald: I don't know off the top of my head.

Q53 Austin Mitchell: And have you evaluated the quality and results of the advice, where it survives, as against the schools?

Chris Wormald: I do not know if we have that information, off the top of my head—I'll go and have a look. So, we reissued our guidance. As I say, the Secretary of State has made it clear that there is more to come in this area, so I am not disagreeing with you that further action is needed. The third part, which I think is a very important part and goes to the incentivisation of schools, is what we are doing to develop destination measures for secondary schools, so that increasingly, what we do is hold schools to account for how successful their pupils are when they leave as well as what they achieve when they are there, which is very important. At the moment, we have destination measures that are—I think the correct statistical term is "experimental": i.e. they are not currently good enough to use as an accountability measure, but they are potentially hugely powerful. So we are slightly violently agreeing with each other. More needs to be done in this area and we do need to address some of the concerns that have been raised about how the system is operating right now. The bit I am not accepting is that a school-based system cannot work.

Q54 Chair: Okay, you might send us a bit of evidence to show that. Do you run the National Careers Service?

Mike Keoghan: I run the National Careers Service.

Q55 Chair: Let's deal with that, because again, there is huge regional variation on that, isn't there?

Mike Keoghan: Which particular aspect of the regional variation?

Q56 Chair: A postcode lottery on it is what I am told. If you want a face-to-face interview, do you have to come to wherever it is based? Is it based in Sheffield or—

Mike Keoghan: Typically, there are three aspects to the NCS. The NCS is basically an adult service, so it is post-18. It is largely aimed at unemployed adults, offenders, and people with special needs.

Q57 Chair: But it gets money for 16 to 19-year-olds as well.

Mike Keoghan: There is provision for 16 to 19-year-olds but they do not have access to face-to-face; they have access to websites and to a telephone service.

Q58 Chair: Why not face-to-face?

Mike Keoghan: There is not the resource for face-to-face.

Q59 Chair: And where does the face-to-face go?

Mike Keoghan: The face-to-face is for adults, and that is typically in jobcentres.

Q60 Chair: Is it true that if you want to get through, you are charged 40p for a phone call, before you start chatting to anybody?

Mike Keoghan: I wasn't aware of that.

Q61 Chair: Yes. If you ring the National Careers Service, you are charged 40p before you start. Is that true?

Mike Keoghan: I don't know if that's true, but I can find out.

Chris Heaton-Harris: We have a brief about 0845 or 0843 numbers and all that sort of stuff.

Q62 Chair: Would you agree that, particularly for young kids, that would be a terrible turn-off? Is it an 0845 number?

Mike Keoghan: I do not know the number, so I would be speculating. But we can find that out and report back to the Committee.

Tim Phillips: I am just looking it up now. It is an 0800 number. It seems to be 0800 100 900. That would be free.

Stephen Phillips: I am not sure that you can resolve it now.

Q63 Chair: We need to ring them up and see whether they charge.

Chris Heaton-Harris: We fit their profile perfectly.

Meg Hillier: We can tell them we are a bit worried about 7 May.

Mike Keoghan: The contract is also being retendered at the moment so, if that is the case, it is something we can act on.

Q64 Meg Hillier: I have been working locally with a charity called My Big Career, which provides face-to-face careers advice. What it does very cleverly, and what I have done—I know that colleagues of all parties do this in their own constituencies, notably Hazel Blears—is ask professionals to come in and give an hour of their time. They are sometimes networking events or there might be a speaker. I have never had a professional refuse, and it is not because I am the MP; it is because they want to give time to those young people. It seems to me that it is not rocket science to find some way of connecting a group of professionals to a group of students. Doing it school by school is very cumbersome and relies on a lot of organisation. We are looking to do some group work in my area, and I will tell you if it works eventually.

You give guidance to individual schools. I was a school governor, and the amount of guidance that came from the Department—I had two huge wall posters of it, and not a big enough wall to put them on. It becomes too much. This is surely about getting back to basics. There are people in the workplace who want to give careers advice. There are some careers specialists who give very specialist advice when it is needed, and there are websites that can give people a general direction. All that exists, but we are hearing from all this evidence that young people do not know where to go. Everywhere I go in my constituency, which is one of the youngest in the country with over a third under the age of 25—a very large percentage of the cohort that you deal with—they say that they want decent careers advice. It is a really big cry. Yet, under subsequent Governments, we have failed.

Give us a hint about what the Secretary of State is saying. You are defending the school model but the old model did not work and this is not working. What are you going to do at the Department to ensure that these young people get good advice?

Chris Wormald: The school model has not been in place for very long so I do not think it is correct to say that it cannot work. I am not going to give you any previews of what my Secretary of State might conclude because, for one thing, she wishes to discuss it with a number of people before doing so.

Meg Hillier: It was worth a try.

Chris Wormald: I completely agree with what you said about the important role of business in this. If I was to be blunt, that is another patchy area. We see some excellent businesses around the country that put in a huge quantity of effort to working with schools and dealing with some of these issues, and we see areas where that is less the case. It is also very geographically mixed; it goes with the economy in the area. Business stepping up to the plate in this area is certainly extremely important.

It is also simply about the culture of schools. This is entirely anecdotal, on the basis of the schools that I visit, but when I go to Ofsted “outstanding” schools, they are almost universally continuously looking outside for who can help them. They are inviting in speakers, businesses, politicians and others to talk to their students. When I go to schools at the other end of the spectrum, they are normally looking inwards and are not doing any of those things. There is a challenge for schools to be outward looking to exactly the kind of groups that you are describing.

There is also a challenge for business and the private sector to do its bit in helping its employees of the future. So there is a double-sided bit to this challenge.

Mike Keoghan: And there is a bit that we can help with.

Q65 Meg Hillier: Your Department brings the two together.

Mike Keoghan: We are bringing the two together. We have re-let the contracts for the NCS at the regional level. Those came into effect on 1 October this year. With those contracts there is now specific ring-fenced activity; 5% of the total contract is now to do exactly that kind of brokering between business networks and schools, so that it becomes easier for both parties to have the kind of opportunities that Chris has talked about.

Q66 Meg Hillier: So 5% of it. Remind me of the budget for the service.

Mike Keoghan: Maybe £10 million.

Meg Hillier: So it is a start.

Q67 Chris Heaton-Harris: I don't think you will get careers advice right. At my school, the careers advice was, "Go to university or join the army." Can you imagine the shame when I went to sell fruit and veg for a living, and the massive disappointment when I became a Member of Parliament? Good luck on that.

I want to talk about one of the facets of trying to get this group engaged, which is the Youth Contract. It has not been an almighty success, and you do not intend to continue with the contract. Will you take us through some of the lessons your Department has learned from how it launched the Youth Contract, what its expectations were and tell us about the method of rewarding contractors, which has worked in other Departments but does not seem to have had the same engagement here? Take us through the Youth Contract.

Chris Wormald: I do not think it is correct to say that it has not been a success. It has not reached the number of people that we originally planned. The EFA's current estimate is that it will hit about 35,000 people rather than the 70,000 who were originally expected. It was a payment-by-results contract, so at that level it was extremely successful, in that we have paid for what it has delivered and not for anything that it has not delivered. There has been quite extensive evaluation of it, and that evaluation shows that for the people it has assisted, it has been effective. In terms of the public money that has actually been spent and the results, there is quite a positive story. As you say, it has not reached the numbers we originally profiled, but I would not use that as the single definer of whether it has been successful.

We are ceasing Youth Contract funding. That is in line with the original policy decision. It was announced as a time-limited programme specifically related to the recession and the economic downturn. It was always designed to run for a certain period and then stop.

Q68 Chair: Let me be straight on this. You are seeking funding, so you are seeking to extend it?

Chris Wormald: No, we are not seeking to extend it. It will stop when we said it would stop when we first announced it.

Q69 Chris Heaton-Harris: Will it be replaced?

Chris Wormald: There are obviously a lot of future decisions on what we do in this area. It comes to an end in 2015, so people will need to decide what they want to do in this area. The only thing I would say is that, assuming that you are keeping 16 to 18 budgets where they are, for any decision you took to do something more that was similar in that area you would have to find the money from elsewhere in the 16 to 18 budget.

Q70 Chair: Chris Heaton-Harris is right to say that it has not been as successful as it ought to have been, but you have 10,000 young people who have gone through this system, or are going to. One assumes that they are not a one-off. There will be a group of people similar to those 10,000 who could benefit from this and be re-engaged in education and training. What are you going to do for them? You think this is not the right thing, so what are you going to do?

Chris Wormald: No, that is not what I am saying. I am saying that we introduced a policy that was designed very specifically for the economic circumstances of the time and we are not allowing any mission creep.

Q71 Chair: So what are you going to do for that group? I can understand that you introduced it for a period, but that does not mean that this sort of young person is going to disappear off the scene. I can tell you that they will reappear. I know them.

Chris Wormald: No, not necessarily.

Q72 Chair: No, not necessarily, but I can tell you that they will.

Chris Wormald: We were dealing with a specific group, because we were dealing with people who were facing economic circumstances that were completely unique at the time, so I do not quite agree with your question.

Q73 Chair: These are NEETs. You cannot say that NEETs will disappear as the economy grows. This is a bunch of kids for whom this sort of intervention worked, although not as much as you or we would have liked. It worked. The funding is coming to an end, but there is a bunch of kids for whom this sort of intervention is effective. What will be available for them?

Chris Wormald: There is not a specific replacement policy, because we are not facing the same economic circumstances. We have discussed NEETs already. The best way to get NEET numbers down is to have higher achievement at 16, and that is the central point of the—

Q74 Chair: You are trying to divert from it, Chris.

Chris Wormald: No, I am not.

Q75 Chair: Let's all be honest: the problem of NEETs has been long term. Some of it has come down. We think some is the economy and some is the new statutory thing. There will still be within that 140,000 or so—you captured 10,000 through this, for whom it worked. You are now closing the programme because it was time-limited. It is a simple question. They will not go because the economy is going up or because—you are hoping—more will achieve at 16. I know them in my constituency, and I am sure Meg and Stephen know them from their constituencies. Stewart probably knows them from his. We know them, and they will need something that will respond and to which they can respond. All we are asking is, have you got something, or is the money so tight that you are not going to have anything?

Chris Wormald: We are not having a specific programme like the Youth Contract, or there is not one planned at the moment. There is a lot of future decision making—

Q76 Chair: You are not having anything.

Let me ask you a supplementary. Sorry to keep on about this. What has also happened is that a number of local authorities have run programmes rather successfully. You have the Leeds-Bradford-Wakefield consortium, the Newcastle-Gateshead consortium and the Liverpool consortium. Surprise, surprise, they have been more effective than the Youth Contract was in picking up young people.

Chris Wormald: Sorry, but they were part of the Youth Contract. That was part of our delivery mechanism for the Youth Contract.

Chair: Was that not Youth Contract? It was Youth Contract?

Chris Heaton-Harris: It was part of it.

Q77 Chair: It was part of the Youth Contract. Apologies. That worked well. With the Leeds-Bradford-Wakefield consortium, there was 57% take-up. In Newcastle-Gateshead, there was nearly 50% take-up. Returning to the point on using the evidence we have, that would give you some feel for what might work better than your national scheme. It is a bit disturbing to hear you say, "We are not going to do anything to build on that experience."

Chris Wormald: No, that is not what I said. I think I have been very clear. We are ending the Youth Contract when we said we would end it. There clearly are future decisions around future spending reviews on what one does—

Q78 Chair: You said that you are not intending to replace it.

Chris Wormald: There is no current plan to replace it, because we announced it as a time-limited programme and we are not—

Q79 Chair: So what are your plans for these sorts of kid? What are your plans to pick up on what you have known to work, which is the Leeds-Bradford-Wakefield and the Newcastle-Gateshead experiment?

Chris Wormald: Yes, we will certainly want to learn the lessons of the Youth Contract, but the approach will be to mainstream that into more general policy on how we deal with NEETs. It comes back to the discussion we were having earlier on good practice in the NEETs area. We are not continuing specific funding for that type of initiative.

Chair: There is not going to be any money for it. John, did you want to come in on that?

Q80 John Pugh: I was going to follow that through, but you took the words out of my mouth, Chair. You are convinced that the locally administered schemes work better, are you? Is the NAO similarly convinced?

Tim Phillips: The local schemes had slightly different set-ups. It was about having the freedom to do it. The rates were higher in some areas, that is true.

Q81 John Pugh: So you cannot say for sure whether they worked better or didn't work better?

Tim Phillips: That is right.

Q82 John Pugh: What is your instinct, Chris?

Chris Wormald: I am not going to give you an instinctive answer, although clearly, if you look across the Youth Contract, there have been some things that have worked and some things that—

Q83 John Pugh: In terms of the Department, did the suggestion to do some schemes differently in Leeds-Bradford-Wakefield and Newcastle-Gateshead come from the Department's advice to the Minister or a Minister suggesting it?

Chris Wormald: As I said previously, we do not discuss the advice we give to Ministers. The reason it was done like that is because at the same time as we were doing the Youth Contract we were doing the City Deals, about which we have heard rather more in the last few hours. In some places, there was an infrastructure in place to do a more localised version and that gave us some diversity in the programme and allows exactly what this Committee is doing, and we will be doing, which is to look at different approaches.

Q84 John Pugh: Retrospectively, are you doing any assessment to see whether that mode of delivery, as the Chair suggested, actually works?

Chris Wormald: Yes. We have been evaluating the whole of the Youth Contract and will certainly be looking to learn the lessons. That goes back to my discussion with Mr Heaton-Harris earlier that good practice in the whole area around NEETs is something we have to do better.

John Pugh: Can I take you on to apprenticeships very quickly? I apologise, Chair, if this has already been dealt with. I did turn up late so it may well have been.

Chair: We have not done apprenticeships yet.

John Pugh: You have not done apprenticeships? Then I will wait until apprenticeships come round.

Q85 Chris Heaton-Harris: You say that there are things that have worked in the Youth Contract, and doubtless that is correct. Forgive me, Margaret, but forget the Chair's line of questioning about what you are going to replace it with. In 2015, a new Minister might come in and, having looked at the Youth Contract, ask which elements have worked. Was it the payment by results? Was it the flexibility that it brought in? What were the bits that worked?

Chris Wormald: The intensive focus on people in need worked and the payment by results bit worked, particularly, as in this case—this is where payment by results works best—where the demand for a particular programme is uncertain. I think that element worked. This conversation has brought it out that the mix between having some national delivery and some different places doing things entirely differently means that you end up with a much richer evidence base of what works in future.

The policy-making lesson that you don't always want either a big national programme or an entirely localised one is quite a big policy lesson that could be applied in other policies. Those would be the big things. There is an evaluation of the Youth Contract, which I am happy to send you, and that includes a lot more, but those are the things that jump out at me.

Q86 Chris Heaton-Harris: Just one more thing about the people who delivered the Youth Contract. Was that pond big enough to make the choices? Equally, was the profit incentive big enough for those within the pond that were not local authorities to come in?

Chris Wormald: I don't feel able to give you a top-of-the-head answer, because I can't say that I have looked at the numbers on that in particular, so I will write to you on that if I may.

Q87 Chair: May I just ask one more question on this issue, and then we should move on to another one? As I understand it, you cancelled the wage incentive. Is that right, or am I wrong about that?

Chris Wormald: I don't think we did.

Q88 Chair: I picked this up. No? Am I wrong? There was a wage incentive to employers around it?

Chris Wormald: Yes, but that remained throughout.

Q89 Chair: That remains in place? So it has not been one of the things that you cut out of it?

Chris Wormald: Now that you have asked the question, I wonder where you have read that. I will go away and check, but I don't think we changed anything around that area. I will come back to you if I have got that wrong.

Chair: Okay. It would be interesting to know that. Shall we do the travel and then we will do apprenticeships?

Q90 Chris Heaton-Harris: There is a nice page on travel, which I am just trying to find. It is one of my folded-over dog-end corners. My teacher would be delighted if she looked at my research. It is on page 30. It is one of the big bugbears in my constituency. As soon as you get to a certain age there is a £600 fee to be paid to access education in my very rural constituency—to pay for the transport.

Figure 8 on page 30 says it all about the distance to nearest provider, within 5 miles of school, take-up and all that sort of stuff. Figure 9 talks about how local authorities subsidise transport costs. Mine is one where you have to put in a significant contribution. That seems to be an area where you can inhibit access to the services that you wish everyone to provide. I wonder what evaluation the Department has done on that so far.

Chris Wormald: As it happens, one of the things I was asking for before coming to this hearing was what we knew about different local authorities' policies in this area. If I am blunt, we don't know enough about what individual local authorities do, and that is one of the things I will have a look at post this hearing. It is a clear statutory responsibility of local government, and that is right given the vastly different challenges that will be faced by a constituency like yours from an inner-city constituency or a different type of area. It is right that it is a local authority matter.

What we do at the moment is require every local authority to publish a transport policy statement setting out what it does in this area, but we have not done a lot. Without creating some excessive new bureaucracy, we have not done a lot at looking at what patterns are between local authorities. I want to know a bit more about the subject that you raise, although it remains, rightly, a clear local responsibility rather than a national one.

The other thing we do know is that when we look at what happens at institutional level—somewhere in how institutions are distributing the bursary funding they have to support access to institutions—somewhere a bit under half of institutions currently use transport costs as one of their definers. I think 46% is the exact number. What I suspect, although I cannot prove this scientifically because I don't know enough, is that that half will be in areas where the transport challenges are like the ones you describe and where local authorities are providing less, and the half that is not will be in areas—London is one example—where there is a considerable amount of subsidised transport. That is only half an answer to your question because, as I say, when I came to look at it in preparation for this hearing this was an area where at the moment not that much is known.

Q91 Chris Heaton-Harris: Okay. I'm not sure whether that is a good answer or not.

Chris Wormald: I'm afraid it's the only answer I've got.

Chair: I think we know a bit, don't we? Go on.

Q92 Chris Heaton-Harris: You do have a bursary fund, though, that people can apply for?

Chris Wormald: Yes. When we moved education maintenance allowance, it was replaced with a smaller bursary fund that is held at institutional level and institutions use it to support pupils who would otherwise have difficulty accessing post-16 education. They have considerable flexibility about how they use it. Most institutions use it by having a set of criteria on whom they will support and we do know that 46% of them have transport costs as one of their criteria.

Q93 Chris Heaton-Harris: So was figure 9 about how a local authority subsidised transport costs new information for you?

Chris Wormald: As I say, I don't know anything beyond what we have here. Local authorities are required to publish a transport policy statement each year. What we haven't done is have a look through to see what the trends are, so I don't have anything to add to what the National Audit Office has reported.

Q94 Chair: Can I add a little bit? There is a maximum for the bursary isn't there—£445?

Chris Wormald: No.

Tim Phillips: That is the average.

Q95 Chair: Sorry. I misread this. What we have been told, and this is presumably NAO work, is that Suffolk, Norfolk, Hampshire, Northumberland and Oxfordshire all charge over £500 per annum for bus travel for these kids, whereas the average bursary—my apologies for misreading it—is less than that amount, £445. That can't be good.

Chris Heaton-Harris: You can apply up to what your local authority is charging for transport.

Chris Wormald: I don't know what the institutions in that area do. I will check, but I think institutions have discretion over what they pay out of the fund and I think the highest awards are about £1,300, I think we found. Does that sound about right?

Tim Phillips: The range of the discretionary part of the bursary was between under £10 to a student and £6,000, but the median was £445.

Q96 Chair: And when does the bursary scheme run out?

Chris Wormald: It does not.

Q97 Chair: So it will go beyond?

Chris Wormald: It's continuous.

Chair: Write to us on that.

Q98 Chris Heaton-Harris: Both you and the Report have identified the problem, but I am not sure whether, without any knowledge, you know what the ultimate best solution could be.

Chris Wormald: As I said at the beginning of my answer, this has to be a matter for local decision making, just because the nature of the challenge is so different in different parts of the country. I am pretty sure that whatever the answer is, it is not a national one.

Q99 Chair: Can I just highlight the basic inequity of it, Chris? You are now expected to stay in full-time training or education until you are 18, although that is not enforced. If you are one of two siblings who happens to be under 16, you will get your travel paid, but if you are a 16 to 18-year-old, it is discretionary. Given that we now expect the kids to stay in education and training until that age, that is just inequitable, isn't it? It is something that has arisen out of the new obligation, and although I know that money is tight, you cannot allow it to continue.

Chris Wormald: When you look at the patterns of further education, it is simply a fact that people travel much further to go to further education.

Q100 Chair: But if you stay at the same school and your brother or sister is in year 8, 9 or 10—or whatever—and you happen to be over 16, the brother or sister gets free travel but you are expected to pay—

Stephen Phillips: Even though there is frequently room on the same transport in rural constituencies.

Chair: For a low-income family, it just doesn't make sense.

Chris Wormald: Yes, well, as I said, I do not think that national rules are the way into this question, for the reasons that I have set out. There would clearly be quite a—

Q101 Chair: But you have a national rule for attendance. There is a compulsion that you have to stay in full-time training or education, but you do not have a national rule for costs. All we are saying to you is that, in terms of effectiveness, you have to review your other national rules to ensure consistency across them all.

Chris Wormald: It is consistent. I can see why you would argue that you wish people to pursue a different policy, but there is a very obvious resource implication from doing so. We cannot get away from the financial position. It is not inequitable, in that everyone is getting the same: they are getting it free up to 16, and over the course of their education, your two siblings will have received the same amount of support.

Q102 Chair: It is inequitable.

Chris Wormald: No, I don't agree with that. I am not disagreeing that your argument can be made, but I don't think it is an argument about equity between individuals because the individual you are talking about will have had free transport up to 16.

Chair: I think you should talk to some families, Chris, and not sit here talking theoretically. Just talk to families. They have a kid aged 16 upon whom there is an obligation to stay in the education system, they are not well off, and they suddenly find that they lose their right to free travel. I accept the budgetary constraints, so you have to think about where your priorities lie.

Q103 Stephen Phillips: I want to push you a little on why you say that this must be dealt with at a local level. The obligation to be in education or training is imposed nationally by the Government, correct? We agree on that.

Chris Wormald: By Act of Parliament, yes.

Q104 Stephen Phillips: All right, by Act of Parliament. But it is something that is dealt with nationally, not locally—do you agree with that? It is not local authorities saying, “You have got to be there between 16 and 18,” is it, Mr Wormald?

Chris Wormald: Yes.

Q105 Stephen Phillips: And yet the Government have not come through and given local authorities the money to ensure, particularly in rural constituencies, that those who are aged 16 to 18 can actually get to the place where they have to be.

Chris Wormald: As I am sure you know, we fund local authorities in the round and try not to ring-fence things for specific activities—

Chair: But you cut the funding for 16 to 18s.

Q106 Stephen Phillips: Let's hear the answer.

Chris Wormald: If you took two local authorities at the extremes—one heavily inner-city, where people are not travelling very far, and one like some of the big rural local authorities that are being described, in which people would be travelling very far—it would be incredibly technically difficult to draw up a set of national rules that covered those two eventualities, even if you thought that it was a good idea.

Q107 Stephen Phillips: I don't want to interrupt your answer, even though it is going on for quite a long time, but haven't you just identified the inequity, even if it is not necessarily the same one that the Chair was talking about? Ms Hillier's constituents will get free travel; it is very easy for Hackney to provide it. For my constituents in the North Kesteven or South Kesteven district council

areas, it may be 25 miles to get to their training establishment and the county council cannot afford it, given budgetary constraints. So, you have imposed an obligation and effectively you have imposed it on parents in rural communities when you have not imposed it on parents in urban communities.

Chris Wormald: No. Well, that is to do with local authority choice. I don't know the circumstances of your local authority, but they have presumably chosen to pursue that policy and published it in their transport statement and people can challenge it if they want. Now, the whole purpose of having local government—one of the whole purposes of having it—is to deal with issues that play out in different types of community, and I'm sure we could list out several hundred things than an inner urban authority does differently from a rural authority, and that seems to me to be the right level of decision making.

Personally I don't see a case for nationalising the answer to this question, though what I don't disagree with, and of course couldn't disagree with, is that local authorities face financial pressures just like everybody else.

Q108 Stephen Phillips: Mr Wormald, you are the permanent secretary in the Department. When did you last visit Lincolnshire?

Chris Wormald: When did I last visit Lincolnshire? I'm not sure I've been to Lincolnshire.

Q109 Stephen Phillips: How long have you been the permanent secretary?

Chris Wormald: I've been the permanent secretary for two and a half years.

Q110 Stephen Phillips: Have you visited Northamptonshire?

Chris Wormald: Have I visited Northamptonshire? I can't remember if I have visited—

Q111 Stephen Phillips: Have you visited Norfolk?

Chris Wormald: Yes, I have visited Norfolk.

Q112 Stephen Phillips: Suffolk?

Chris Wormald: Have I been to Suffolk? I don't think I have been to Suffolk. I've been to Cumbria, Devon, a range of rural constituencies—

Q113 Stephen Phillips: It would be a very good idea, if I may respectfully say so, if you took a trip up the A1—it is only two hours to Lincoln—and had a chat with the county council.

Chris Wormald: I would be quite happy to visit Lincoln. I do two days of visiting a month, and I try to visit different types of provision in different types of authority. So I have done a range of cities and a range of rural areas—

Q114 Stephen Phillips: Contrary to popular belief in Whitehall, Lincolnshire is not in the middle of the North sea; it is only an hour and 20 minutes from King's Cross.

Chris Wormald: Yes. As I said, I do a lot of visiting, so I would be happy to come to Lincolnshire.

Q115 Meg Hillier: Another Lincolnshire example that I happened to come across—

Stephen Phillips: Everybody is now an MP for Lincolnshire.

Q116 Meg Hillier: No, but in Lincolnshire you have got the grammar schools. So, as a parent, you may get the chance for your child possibly to sit the 11-plus, okay? Otherwise, depending on where you live, your school choice can be dependent on whether that school's bus goes through your village, which is completely different from Hackney, where obviously we have free transport for children—

Q117 Stephen Phillips: There are many problems with school transport. One of them, for example, is that if you get a place at grammar school, it may not be your closest school, so you may not get funded at all to go to the school where you have got the place.

Chris Wormald: Again, these are issues you can take up with local authorities—

Q118 Chair: Chris, before you put all the onus on local authorities, I was pleased to hear that you said they face tough decisions; they do.

Chris Wormald: Well, that's just a statement of fact.

Q119 Chair: We look across the piece at all public expenditure and it is undoubtedly the case that local authorities have had probably the toughest deal of any Department. The only other thing I would say to you—just to be realistic about this—is that you yourselves have cut 16 to 18. That is where you have done your 8% real cuts, and presumably that is a message given out from your Department, which you would expect local authorities to heed. So, just putting the onus on them and saying, "Oh, it is their choice not to do it", is a bit naive.

Chris Wormald: Yes. I am sorry—that is why I said that I recognise the pressures on local government. But I was talking about where decisions are best made. There are obviously resource questions for all aspects of government and—to state the obvious—there are currently not large pots of public money sitting around looking for an avenue. "Where are decisions best made?" and "Is there a resource pressure?" are separate questions, and deciding one does not define the other.

Q120 Chris Heaton-Harris: Just one thing—I don't think the pot for the bursaries ever ran out, so it is just a question of allocating that in the most efficient way. If you look at the ministerial letters or the letters that the Minister in charge receives from parliamentarians—I have sent plenty

from my constituents—you will see parents who have had a conversation with their child about whether the child will stay in education or get shovelled out to work, because of the £600 bill that they will receive. It is quite fundamental to achieving what you want to achieve. One final point: has there ever been a conversation between you and DCLG about this?

Chris Wormald: About what?

Q121 Chris Heaton-Harris: About transport. You provide money to local authorities to provide it.

Chris Wormald: I personally have not had a conversation with DCLG about transport. We talk to them all the time, of course, about the pressures on local government and what the collective Government position is, but I personally have not discussed this issue with them.

Chair: Right, let's go to apprentices.

Q122 John Pugh: The Report mentions in some detail the fact that SMEs are not the most enthusiastic takers-up of apprenticeships, for a variety of reasons. It says in paragraph 3.16: "Less than 29% of firms with fewer than 50 employees, and 67% of medium-sized enterprises with 50 to 249 employees, provide apprenticeships." Yet there is a thrust to give them more of an administrative burden under the new regime and the new way of doing apprenticeships. This is supposed to drive up quality, but won't it further accentuate another trend that we are looking at, namely driving down quantity? My SMEs and some of my trainers are saying very forcefully that the new arrangements will put SMEs off considering apprenticeships at all, and I think that that is a commonly held view among small businesses at the moment.

Chris Wormald: I will ask Mike to comment on that in more detail in a moment, as he knows more than me, but generally, there is clearly a balance to be struck between quantity and quality in this area. Apprenticeships are currently popular across the political spectrum. They are an extremely powerful brand and an extremely successful programme, and we want more apprentices, but we wish to keep the quality high. We took some very specific decisions that reduced the total number of apprenticeships while pursuing greater quality, particularly ending very short apprenticeships and what are known as programme-led apprenticeships. We take very seriously indeed the balance between maintaining quality and quantity in apprenticeships.

As the National Audit Office says, all that affects employers of different sizes differently. It is much easier for a big employer to deal with these things than for a small employer. The NAO was correct to point this out, and we have done quite a lot—Mike will say a bit more about how—to reduce the burden on employers while ensuring that we get the quality that we want for the public money invested. Did you want to pick it up at that point, Mike?

Mike Keoghan: There are two aspects to this. One involves the current programme and how that works. In particular, there has been a lot of activity—

Q123 John Pugh: I am talking about the future programme, the proposals currently out for consultation and the likely effect that they will have on SMEs.

Mike Keoghan: We have been very clear that if we want to grow the programme, we need to get the quality right and ensure that it is more accessible across the piece.

John Pugh: Yes; I have no problem with that.

Mike Keoghan: A few myths have gained hold about what the burden could be on small businesses. To be clear, at the moment, we haven't—

Q124 John Pugh: You say “myths”, but you are actually increasing the burden on business, aren't you?

Mike Keoghan: No, not necessarily.

Q125 John Pugh: You're not?

Mike Keoghan: No. Clearly, what has been happening is that we tend to move, essentially, to an employer-routed funding model. We have been very clear about that. Then there has been some misinformation about what some of the reporting burdens might be for SMEs. We have been very clear throughout that they can expect the reporting burdens on the SME to be placed on the training providers. So I think the way that we are planning to do apprenticeship funding is to make sure that, as far as possible, it is as simple as possible for businesses to engage in it, and all the wiring—the burden; the administration; the MI calculations—are placed essentially on the providers.

Q126 John Pugh: Do the costs for SMEs under the new system increase?

Mike Keoghan: We are currently running a funding trial, looking at the funding policy, and under the funding policy we are looking essentially at the Government paying £2 for every £1 that the private sector puts in. However, there are certain top-ups that go into that, so if you are a small business you get a top-up and, particularly if you are taking on a young person, you get a top-up. The way that the calculation works is that, if you are a small business taking on a young person, you get something like 103% of the cost of the apprenticeship. So, actually, what we think we are doing is putting quite strong incentives in place to deliver greater participation, for younger people but also for small businesses.

Q127 John Pugh: I understand that this is a slightly difficult area, because there has been a change of Minister and there might be some variation in policy, but is it fair to say that the consultation responses from the SMEs about the new proposals—we have not got too good a picture with regard to the old proposals—has been largely negative?

Mike Keoghan: We will be responding to the consultation later in the autumn. I think it is fair to say the consultation responses have been mixed.

Q128 John Pugh: Have not been enthusiastic, yes.

Mike Keoghan: There have been different views.

John Pugh: Okay. Thanks.

Q129 Austin Mitchell: You have two aspects of Government policy pulling against each other here, because on the one hand they want to encourage people to go self-employed and become the acorns from which the oaks will grow, but on the other hand you want firms to take up apprenticeships. It is difficult for small firms to do that. I think the report says, at paragraph 3.16, that less than 29% of firms with fewer than 50 employees provided apprenticeships. If you are going to improve the apprenticeships—I think we all want to improve them; it is a good thing—and you are going to make them 12-month apprenticeships, and include English and maths, and with the employer paying and contributing more, you are going to find that that proportion of small firms able and wanting to take apprenticeships is going to go down. What are you doing to encourage the small firms to take apprenticeships?

Mike Keoghan: In terms of where we currently are today in terms of small firms, we currently have an incentive scheme called AGE—Apprenticeship Grant for Employers—which provides 1,500 quid for small businesses to take on their first couple of apprentices. So we are planning to remove some of the overhead costs of taking on the young person.

We provide much more generous funding for small businesses to take on the apprenticeship, in terms of supporting their provision. We have also had a review by Jason Holt, who is a prominent SME businessman, looking at some of the regulatory requirements around small businesses, and they have been essentially removed to—again—improve participation.

In particular sectors where you have got a one-man band, there is development of organisations called Apprenticeship Training Agencies, allowing small businesses to risk-share taking on the apprentice and moving them around the local community. As Chris has pointed out, in terms of, say, City Deals, there has been a lot of innovation locally, trying to encourage the creation of these apprenticeship training agencies to allow more small businesses to properly participate.

Q130 Austin Mitchell: You have a big educational job on with small firms. I think you are going to have to help them more financially and not demand the employer contributions. A special case has to be made for small firms, because it is important that they take on apprenticeships. It is a way of learning more intimately, but their position is discouraging at the moment. They need more financial help.

Mike Keoghan: I would not say “discouraging”. I think there is quite a lot of financial help in the current system. If you look forward to the one that is being trialled, we do have a particular funding policy that expects businesses to put some money on the table, but it is a much smaller amount for small businesses. Of course, this is a funding trial. With the whole apprenticeship reform programme, the way that we have approached this is to essentially start small, test, trial and see if it works, and if it works, scale.

When this deploys we will have some much better evidence around whether there is any discouragement of small businesses.

Q131 Austin Mitchell: Let me take up one particular branch. I have representations here from the London College of Beauty Therapy, which conspicuously has not yet treated me although I think I will go there when I have retired. It points out the difficulties of fitting the training, particularly for hairdressers and beauty therapists, into the one-year framework for apprenticeships. It points out that the majority of businesses in the beauty therapy section, which has a good record in employing NEETs as does the London College of Beauty Therapy itself, are micro-businesses. It says, "These types of business find it extremely difficult to fund and provide the resource necessary to support an apprenticeship, even with the help of Government grants." It goes on, "You need to recognise that a one size fits all, like the one-year apprenticeship, does not cater for the situation and the needs of the beauty therapy industry," to which I am obviously so much attached. That is a valid point. Most hairdresser and beauty therapists are very small businesses.

Mike Keoghan: You make a good point about beauty therapy. Our evidence shows that it has very good rates of return, in both employability and wages. We will be publishing something on that later this year, which again myth busts some of the issues around that particular framework.

We were well aware of the issues around that particular provider. They are participating in the trailblazer process, we have got someone working closely with them, but I am happy to take the response and work with them further on it.

Austin Mitchell: Next time I go to get my hair dyed and my Botox injections, I need to know that somebody particularly well trained and skilled is doing it. It is difficult to provide that under the inflexible formula.

Q132 Chris Heaton-Harris: Austin is the Renée Zellweger of our Committee. You mentioned trailblazers and I have specific question on them. They are sectoral, aren't they? It tends to be the rather larger players within that sector that are setting the standards for those apprenticeships, so how can you ensure that small businesses can deliver on the standards that are being set by bigger businesses?

Mike Keoghan: We are very much alive to that. The way the trailblazing process works is that you don't get through the door unless you can demonstrate that you have got strong SME engagement. The idea is that when they have the rooms like this where they sit round and they decide on two sides what a really good plan looks like, it is not just Alstom in the room, but SMEs. As part of that process, we have to demonstrate to the Department that there has been proper substantial engagement with SMEs. We are absolutely alive to the fact that we do not want this just cooked up between the largest players in the sector.

Q133 Chris Heaton-Harris: Then there is this thing about lengthening the time of apprenticeships. Again, does that really work for small businesses? Looking at figure 13 on page 41, is length a kind of proxy for quality?

Chris Wormald: It is one of them, it is not the only one. We had quite a lot of evidence that short apprenticeships tended to be of lower quality. I think it was the recommendation of the Richard Review, wasn't it?

Mike Keoghan: And of the Committee.

Chris Wormald: As I said in a previous answer, we have been phasing out those short apprenticeships in order to protect the quality.

Q134 Chair: I have to say from my constituency experience that I welcome that move. I think the PAC just looked at it when we looked at apprenticeships, but I think the corollary, Chris, is that the number of starts is down in figure 13. We all want it to grow, but there is a drop of 12%. Do you want to talk through that?

Chris Wormald: I will leave Mike to talk about the overall apprenticeship numbers. If you look at the 16 to 19 bit, which is my budget¹, at its absolute high point in 10-11 it was 131,700². That went down in 2012 to 114,500. Our provisional numbers for 13-14 show them turning up a bit to 117,800. That is exactly what we expected to happen. As I said in response to a previous question, we took some very specific decisions to reduce the number of 12-month or less apprenticeships—those tables set it out—and to remove the 18,300 previous programme-led apprenticeships. Within those numbers—the table shows it—the number of 12-month higher-quality apprenticeships have been going up very rapidly. It has not quite reached the numbers that we had before we took out those two things, but it has headed back in that direction.

It comes exactly to the policy dilemma that we were discussing with Mr Pugh of that balancing between our all wanting higher numbers of apprentices but for them to be of higher quality. We think we have got the balance about right, with the other things that we are doing on apprenticeship quality, so we expect and hope to see the numbers grow but grow at the higher quality end of the market as opposed to the lower end that we saw before. Do you want to say something about the overall apprenticeship numbers, Mike?

Mike Keoghan: Just to add a point on the younger group, the latest data suggest that there has been growth within the 16-18 cohort in 2013-14. That is very exciting. Overall, where we are this year, in terms of the final estimates that we have got, before the full final national statistic comes out, numbers are slightly down overall, but we think they are largely down because of the temporary introduction of FE loans in the first half of the academic year, so pretty much when that was implemented. Overall numbers are 70,000 to 80,000 down. They are largely down in the level 3 and the 25-plus group, which is the group directly affected by FE loans. So they went, the policy has changed, and they have now come back in and it is recovering. We know what has driven some of the numbers.

Q135 Chair: I want to know about the 18-year-old funding, which you have cut per student from £4,000 to £3,300. If you model the impact of that, what do you expect to happen?

Chris Wormald: This has been debated a lot with the previous Secretary of State at the Education Committee. To be blunt, it is not a reduction that we particularly wanted to make. We needed to find some savings in the budget somewhere. We concluded, when we had done the assessment, that doing it for the aged 18 rate, as you have described, was better than spreading the reduction across the whole age range, on the simple principle, which we have discussed with this Committee before, that intervening early is better than intervening late. So we kept the 16 and 17 rate high and reduced the 18 rate as you have described.

¹ Note from witness: Mr Wormald meant to say “area” not “budget”

² Note from witness: To clarify, these are 16-19 year old apprenticeship starts

When the EFA did the equality impact assessment of that, they found basically no difference between the 18-year-old cohort and the 16 and 17-year old cohorts. They are not expecting a differential effect on particular groups from that change. However, we are cushioning the changeover in the next couple of years. As I said, this was budget driven, and we bluntly concluded that that was the least damaging way to make a reduction.

Q136 Chair: Okay, I understand that, but what will the impact be? All I was asking was whether you have modelled. I understand that you have protected the 16 and 17-year-olds. You have taken quite a big chunk; it is about 20% out of the funding for that group. Have you modelled the impact on that group?

Chris Wormald: We have done quite a lot of modelling; I will send you what we have.

Q137 Chair: Okay. Can I ask you another perennial about the differential funding of institutions that cater for the 16 to 19 year-old age group, which has been around for ever and ever? What has been drawn to my attention this time round, is that the academies get the funding for VAT. Correct me if I am wrong on that.

Chris Wormald: I will have to go and check with—

Q138 Chair: And insurance? I think they do, whereas if you are at a sixth-form college, you don't, and you have taken the full brunt, therefore, of the reduction, the cuts, in funding—unfairly.

Chris Wormald: I will have to go and check exactly what we do and don't do in that area.

Q139 Chair: The plea is that it just is unfair between institutions. I know it's an issue that has been around for ever and ever, but if I'm right—you're going to come back to me—

Chris Wormald: I'll come back to you, yes.

Q140 Chair: If I'm right, it has been a choice, in this Government, to create a further differential from the ones that have existed in the past between FE funding, schools funding and sixth-form-college funding. That's always been around.

Chris Wormald: On the general, we have of course equalised all the funding at the £4,000 flat rate for all post 16, so we have brought schools and FE into—

Q141 Chair: But the VAT and insurance—

Chris Wormald: On the general funding—that perennial issue—we have taken steps. I don't know the position on VAT between different types of institution. I will check.

Q142 Chair: I think I probably got this from the sixth-form colleges themselves. What is pretty disturbing about what they say the impact of the cuts in funding has been is that 38% have dropped courses in modern foreign languages, 22% have cut STEM subjects and 71% have removed or reduced extra-curricular activities. That's not good.

Chris Wormald: There is no way of making the reductions that we have made for institutions at post-16 level sound easy; tough decisions inevitably have to be made. I don't know the figures you have just quoted, but are post-16 providers having to take tough decisions? Just like everybody else in the public sector who doesn't have one of the Government's three main protections, yes, they are. I can't say I have discussed this with a sixth-form college, so I will go and check whether there are any specific issues there. I have discussed it with FE colleges, and they are having to take tough decisions. The ones I have been to recently have been meeting that through a variety of means—some of the ones you have described—but have been seeking to protect what they see as their core business, particularly around new requirements on English and maths for post 16, and seeking to diversify their income away from their core funding from either the DFE—

Q143 Chair: I think FE colleges can probably deal with it more easily than sixth-form colleges.

Chris Wormald: That is why I made the caveat that I don't think I have had a conversation with a sixth-form college of the same type. I will check whether there is a specific sixth-form-college issue. In general, the sector is having to make tough decisions, but has largely, as has most of the public sector, been stepping up to the plate in doing so.

Q144 Chair: So can you come back to us both on the differential funding and on the other issue? It's just disturbing—

Chris Wormald: Both your questions are actually about sixth-form colleges, so I'll come back on sixth-form colleges for you.

Chair: Okay.

Q145 Austin Mitchell: I just want to add to that that we have a very good sixth-form college in Grimsby, but it does suffer from this particular problem.

Meg Hillier: On your visit to Lincolnshire—

Chris Wormald: On my visit to Lincolnshire and Grimsby, I will visit.

Q146 Austin Mitchell: I just wanted to get that in. The final point I want to make is this. You have 148,000 NEETs roaming loose. You are reluctant to use compulsion. The University of York study estimates that they are going to cost between £11 billion and £32 billion in the future because they are not employed. They may be breakaways and get into trouble with the police and all sorts of things. With all those costs building up, and the fact we are a market economy that believes in free-market economics, why don't you offer them a cash sum to come forward and de-NEET-ify?

Chris Wormald: That's a policy question—

Austin Mitchell: It's a valid point.

Chris Wormald: That I am sure people will debate over the next eight months.

Q147 Austin Mitchell: The alternative is to hunt them down, but you don't seem to be making any effort—

Chris Wormald: I am not aware that anyone has been suggesting compulsion in relation to individual 17-year-olds. The compulsion we were discussing earlier was the compulsion on business to provide training for 16 to 18-year-olds that they employ. I am not sure anyone has suggested compulsion of an individual 17-year-old to attend a particular institution. As to cash bonuses, well, as I say, that may be a policy question that is for your side of the table and the electorate, rather than mine.

Q148 Chair: And Austin is retiring. Thank you very much indeed. We see you again—

Chris Wormald: Two weeks today, I think.

Q149 Chair: And then again.

Chris Wormald: And then again and then again, I think. You seem to want a lot of me at the moment.