



Education Committee

Oral evidence: [Apprenticeships and traineeships for 16-19 year olds](#), HC 597

Wednesday 10 December 2014

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Written evidence from witnesses:

- [Federation of Small Businesses \(AAT0023\)](#)
- [Construction Industry Training Board \(AAT0077\)](#)
- [University and College Union \(AAT0061\)](#)
- [Chesterfield College \(AAT0059\)](#)
- [SkillsActive \(AAT0036\)](#)
- [National Grid \(AAT0055\)](#)
- [Smart Training \(AAT0029\)](#)
- [Federation for Industry Sector Skills and Standards \(AAT0075\)](#)

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Members present: Pat Glass (Chair), Neil Carmichael, Alex Cunningham, Bill Esterson, Siobhain McDonagh, Caroline Nokes, Mr David Ward

Questions 278 – 383

Witnesses: **Dan Hooper**, Policy Advisor, Federation of Small Businesses, **Steve Radley**, Director of Policy and Strategic Planning, Construction Industry Training Board, **Sally Hunt**, General Secretary, University and College Union, and **Paul Champion**, Assistant Principal, Work Based Learning, Chesterfield College, gave evidence.

Chair: Good morning, everyone. For those of you who have not been to the Committee before—I know that you have, Sally—our job is to scrutinise and challenge Government policy. Therefore, we tend to look not at the things that the Government are doing well, but at the things where there may be issues—a lack of clarity, for example. At the moment, we are carrying out an inquiry into apprenticeships and traineeships for 16 to 19-year-olds. The purpose of today’s session is that we will write and publish a report at the end of this, and the Government will have a fixed period of time in which to respond. We make

recommendations, so the business end of today is, if you have something that you think we need to recommend to the Government, would you let us have that?

Q278 Bill Esterson: Good morning. The Government are proposing an employer-led funding regime. In the written response from the Construction Industry Training Board, you expressed some grave reservations about that, Steve. You said that 86% of those surveyed in the construction sector—mainly small and medium-sized enterprises—are worried that the increasing employer contributions to the cost of apprentices will reduce their apprenticeship recruitment plans. Can you expand on that for us?

Steve Radley: Yes, sure. I think the reforms are good in principle. Routing funding through employers to encourage new behaviours from the training providers, encourage new entrants to come into the market, get a market going and improve flows of information is a good idea in principle. The issue is whether it has to be the approach for everyone, and whether it has to be brought in for everyone immediately.

A lot of the companies in the construction industry that offer apprenticeships are small. Seven in 10 apprenticeship places are provided by companies with fewer than 49 employees. The issue with them is their understanding of the apprenticeship training market and their ability to devote time to negotiate with individual providers. There are also concerns for particularly the very small companies—a lot of these apprenticeships are provided by companies with four employees or less—and their ability to make the co-contribution and deal with some of the cash-flow issues associated with apprenticeship reform. So it is a good idea in principle, but there are particular issues for the smaller end of the industry.

Q279 Bill Esterson: How would you see those issues being resolved?

Steve Radley: I think the best way forward is to allow a menu of options. For those companies that want to go down the route of having the funding routed through them and negotiating directly with the provider, that is fine. Over time, with those companies doing that sort of thing, we will see new providers coming into the market and the market working better, and perhaps in time it will become easier for smaller firms to take part in that type of market. But, in the short term at least, we would like there to be an option where if, as a smaller firm, you do not want to go down that route, you have another option. We have suggested that you are allowed to work with a third party who would manage those relationships with you.

Q280 Bill Esterson: So you want to see the option of outsourcing the whole management of it.

Steve Radley: Yes, if a company would like to go down that route.

Q281 Bill Esterson: Is that not quite similar to what has happened in the past with further education colleges and other training providers? Is that not similar to what has happened in the past?

Steve Radley: Possibly, but you could see organisations—it could be an organisation like the CITB—that could operate at scale, combine a lot of providers together, and work with the providers to set up the best arrangements for them.

Paul Champion: A key thing is that all of these reforms are about employer choice and employer-controlled funding. We work with 85% of SMEs in Chesterfield. I agree with Steve that there need to be clear options. If you wipe the board of what is actually happening now—I know you have just asked whether that is what happens in FE colleges, anyway—we need to be careful about making wholesale changes. Trailblazers, as we know, has engaged large employers. There are some small employers, but all of the employers at the same level that Steve is talking about are telling us that they would disengage from the apprenticeship delivery programme. We have the opportunity here to engage further with employers. We engage with employers every day. But to think that you have got to have wholesale change in the apprenticeship system is a mistake. I just wanted to make that point.

Q282 Bill Esterson: Sally, you are nodding.

Sally Hunt: I am nodding because, in preparation for this session, I sent out a questionnaire to all of our members who are involved in working with apprentices. The theme that came back from them really reflects what Paul is saying. Their concern is that, working with SMEs, they know that the admin burden on them is much greater. If we are looking at a change that will mean their having to shoulder the admin, the training and the development, that will impact in a very negative way on the students. What they are not saying is that employers should not be involved. They welcome that. They say it only works if you have a proper two-way engagement, but that has to be respectful of what the student needs, and the student needs both. They need a clear programme led through the employer, but they need that to be supported and underpinned by clear educational boundaries. The two are together, and one size in this case simply does not fit all.

Q283 Bill Esterson: Dan, the Federation of Small Businesses has said that you support the employer-led approach to funding, although you did have some reservations.

Dan Hooper: Yes, we support the employer-led approach to the point that financial and administrative burdens are reduced for small businesses, so there is a debate to be had around the amount of administration that training providers and employers take on. We do not have an especially strong view either way in terms of the menu of options, but if that was on the table we would have to consider cost implications for small businesses,

Q284 Chair: You can see where the Government are coming from. Employers are going to be the people who benefit from this, so why should they not pay for it?

Dan Hooper: We have said all along that we recognise co-investment and that there is an opportunity here for business to have a direct stake in taking on apprentices. There is evidence to support the fact that if businesses do have a direct stake in it, the quality of provision should go up. We expressed reservations in the original funding consultation response that if it were set too high, employers would back off. The Government's research also suggests that, so we were happy with the one third contribution to that extent.

Going back to the previous point about understanding complexity in the system, if the administrative burdens were split either way, we would have concern that small businesses would look at a menu of options and become slightly confused about the options available. Therefore, we would have to ensure that, if that were on the table, it was underpinned by effective communication and support to small businesses for them to understand what is already a complex framework.

Q285 Alex Cunningham: Thirty, forty, fifty years ago, it was small organisations that created and ran the apprenticeship programme in this country. Although I accept that small firms might struggle with the administrative burden, I still think they have a tremendous role to play. I also wonder about this. A lot of the organisations you speak of are subcontractors working for large organisations on construction projects. Don't you think there is a responsibility on the larger firms to enable the small firms, whether it is 10, 5 or 50 people, to run proper apprenticeship programmes? After all, they are the beneficiaries, as the Chair has said.

Steve Radley: There are a number of ways to skin a cat. One thing we will look at is whether we can develop models. It is partly the way we support it through our funding regime as well, to get small and large firms to collaborate more on apprenticeships. One thing we do at the moment that has been very successful—we launched it in the recession but it is equally useful in this growth phase—is a shared apprenticeship scheme, where companies come together to invest in apprenticeships. It is good because it means that a number of firms can share the burden, which one on its own might not be able to do. It also provides a richer experience for the student, because they can move from company to company and get different experiences. That is the sort of thing that might be worth exploring.

Q286 Alex Cunningham: What needs to happen as far as the Government's proposals are concerned to allow that collaboration to ensure that we maximise the number of apprenticeships and also have the high quality required?

Steve Radley: The key thing, if the Richard review reforms are implemented, is that we allow this choice of options. If a firm is larger and feels better informed about the training market it is allowed to go down the road of negotiating directly with the provider. If a firm wants to opt out of that and go through a third-party organisation that will manage some of that, it has that option as well. If you were able to cut out those concerns of the potential bureaucracy for smaller firms it will free up their time to collaborate with others, and give them more confidence to invest in apprenticeships.

Q287 Chair: When I said earlier that the Government's view is that they should pay for this, I was playing devil's advocate. If you are Pfizer, a law firm or an accountancy firm, the Government pay for the training of your staff and you get a good graduate, but if you are a builder or bricklayer then you have to pay for it yourself. It is the kids at the bottom end that we should be funding rather than the ones at the top. Do you have a view on that?

Steve Radley: It is a complicated issue. We estimate that, on average, a construction employer puts around £10,000 per year into training costs, so it is a significant investment. In construction we are looking at an apprenticeship that is typically two or three years, so it is a significant investment of time and cost. It may be that larger firms are better able to pay for it and it is more of an issue of supporting smaller firms. In terms of the ideas that have been piloted in the first phase, if a smaller firm takes on a 16 to 19-year-old who successfully completes the course, it would in theory get full funding. Even there, there are some concerns because the firm has to make the payment up front and then get reimbursed. If you look at industries where operating margins are extremely low—they are wafer-thin—that cash-flow cost could be a significant deterrent for some firms to get involved.

Q288 Bill Esterson: So even with grants that is still not going to solve the problem, because it is about things like cash flow.

Steve Radley: If we can get round the cash-flow issue and avoid companies having to pay up front, we could see it work.

Q289 Bill Esterson: How would you do that—get the grant before paying out? Pay direct?

Steve Radley: Those are the sorts of ways we would like to explore.

Paul Champion: When we talk about big companies, as you just did, it is quite easy for them, isn't it?

Q290 Chair: The system seems to provide them with fully qualified accountants or lawyers, or whatever.

Paul Champion: Yes, but if you have Bill round the corner, who is making parts for local businesses, for him to take £1,000 out of his cash flow, even at the lower end of the spectrum, is really tight. We have to realise that these are the businesses that need young people and can invest time and energy into teaching them the skills that they need.

As a recommendation, one of the things that we have put in our evidence is that we have been trying to work with a couple of banks to see if they can offer financial products that will help small businesses pay for the up-front investment and then make the terms easy for them to pay it back. With the best will in the world, we need to support small businesses to continue with apprentices. We have to do something to get rid of the bureaucracy, because there is enough bureaucracy as it is, and we handle that already. We need to do something about that and something about the cash flow.

Q291 Bill Esterson: It sounds like this is creating more bureaucracy and making it harder.

Paul Champion: It is.

Sally Hunt: Some of the Trailblazers feedback we have had is that the forms that they have had to fill in, even in terms of the funding rules document—this is where we are meant to be going into the great new dawn—you are talking 60-odd pages. It is not really fit for purpose, even in terms of looking at the realities of day-to-day and trying to improve it and incorporate the skill sets from small businesses to enable them.

Q292 Chair: For how much money? Sixty pages for how much?

Sally Hunt: That I don't know. That is just in terms of the paperwork that you have to do in terms of filling in the documentation that you are asked to.

What we need to keep in mind here is the issue of quality. If we are saying that we want to have small and medium-sized businesses enabled to create good-quality work for apprentices, I don't think you are going to find anyone who would disagree with that. We all know that that is how the British economy is going to be regenerated—and has been, as your colleagues said. The key has to be, does one size fit all and does one model enable all? I mean that for colleges, students and employers.

When you ask what can be done, I would flag up that there needs to be some recognition of difference and change—difference for the students who are coming in because what a 16-year-old needs is not necessarily what a 24-year-old needs—because the apprenticeship label is used for everything. What a small employer needs is different from, for example, Barratt. Barratt is paying you £2 billion per year in terms of training as oppose to a small bricklaying firm. They are completely different, but the skill level that they are trying to attain is the same. It is the route through that we have got to be creative about.

The one thing that I get all the time from staff that I talk to is that the structures are very rigid and sometimes do not enhance that co-operation between employers and the college to enable that student to get through. If there is one message I want to get over, it is what they are saying to me, which is that it is important to really enable flexibility and change, so that there can be contributions in different industries and with different-sized employers, and that that would enable them to participate.

Q293 Bill Esterson: Is there anything that would particularly help to ensure that there is an individual approach for each apprentice? One of the concerns that I hear from employers and colleges is that there is a sheep-dip type approach where you get a whole group. It is an old model, but it is still there in some places. You are talking about an individual apprenticeship, tailored for each individual to meet that person's needs.

Sally Hunt: In my dreams, yes, but I recognise the scale.

Q294 Bill Esterson: How would you do that?

Sally Hunt: I do not think the scale would allow that much detail, but there can be a recognition that different industries require different methods.

Q295 Chair: Is it about size?

Sally Hunt: Yes.

Q296 Chair: So if we are talking about options, it is about size?

Sally Hunt: Yes.

Q297 Chair: There is a different option for the small businesses from ones with more than 50 employees?

Sally Hunt: Yes. The point that Steve made earlier is very important here. If you have got ways that smaller businesses can pool the co-ordination of training and use the resource in a way that enables them to share the risk and the burden, that is massively important for them. If you can ensure that they are not having to, in effect, do a loss-leader in order to take someone on, that is very important, particularly for the kids that you are responsible for in this Committee—16 to 19-year-olds—because they do not have the skills. What you are asking of an employer is to make the choice, on the current apprenticeship model, where they say, “Do I take the 23-year-old who has got the work experience—they might not have the absolute skills but they certainly have the soft skills coming in that I know will make it easier for them to enter a workplace—or do I pick the 16-year-old?” You are setting up barriers for those kids coming in unless you make it very incentivised, and by that I mean you remove the barriers. One of the main barriers is funding, and the second is their ability to share the risk and the support on training.

Paul Champion: One of the models that I have been involved in, and there is a sort of Marmite view on this, is apprentice training agencies. I ran the North East Apprenticeship Company for two years, which was part of finding different ways of delivering apprenticeships. In Chesterfield we do that and it allows us to engage with a group of SMEs that may not have the infrastructure to manage HR and all of that sort of thing, and that may not have the breadth of delivery that allows the apprentice to get all the skills that they need, so we can group employers together to have one or two apprentices working between them. We take all that administration and we employ the young person and host them, but we only host them with employers who are willing to commit to the full length of the apprenticeship. It was set up a long time ago for temporary things—people who did not have order books when the recession hit—but we make sure that we have employers who are willing to commit to the apprenticeship and beyond.

That is like the group training association model, and I notice in some of the evidence from the past hearings that there has been a lot of talk about GTAs but nothing about apprenticeship training agencies. I think that if some sort of investment could be put into that, in time—not necessarily money, because there are people still doing it from the pilots—that would be a good move to make as well.

Q298 Mr Ward: How does that work? The selling point for the ATA to the young person is that if, God forbid, something happens and an employer cannot keep you, you have the continuous support from the ATA. But you have said that you would only do it with employers that would sign up for the duration of the apprenticeship. The selling point to the employer is that if something happens, God forbid, and you have to release them, it would come back to the ATA.

Paul Champion: That is still there, though. We try to squeeze out the cheap labour element of that, which was one of the concerns about ATAs in the past. What we try to do is to get a commitment for the period of the apprenticeship with the employers but, as you say, we do not know what is around the corner. If they do lose their job, we are committed to finding that young person another job. In our college, we have created an environment in which we can bring them back in to continue that apprenticeship until we find them another place. I think it is about getting the model right, not just being some short-term thing that is just a numbers game. It is about getting young people the skills that they need to get employment and continue that.

Q299 Mr Ward: Okay. Can I just ask you a very broad question? Obviously, if we are going to be successful economically as a nation, it is about the development of human capital and the investment in people through training and development. In what we are talking about today and the context within which that sits, do you have any sense of whether there is an overarching strategy for the development of human capital—from the Government, I mean—and, in particular, the relationship between the contributions made by the employer, the Government and the employee, and getting that balance right, particularly where we are in the economic cycle?

Sally Hunt: How do we do this? Do we just answer you, or go through the Chair?

Mr Ward: Yes. Eye contact.

Sally Hunt: I don't know the rules. This is your playground, not mine. I do not profess to be an expert in all this, but there are a couple of things that I would throw into the pot, if you are talking about the employee and you are talking about taxpayers' money. If that person is committing to a training programme that is being supported and funded, we need to make sure that they are signing into something realistic. By that, I mean that a two-year programme is not necessarily, it seems to me, what we need economically to get good-quality jobs and skills. I would argue that there is a real case for looking at a three-year rather than a two-year programme. I say that on the basis that the necessary skill levels that we are talking about, as opposed to just getting someone into a job, are not necessarily being hit at the moment.

Secondly, we have a serious issue with the qualification levels that are built into the current model, particularly in relation to English and maths. They are having a very negative impact on good-quality employees being able to qualify because they are not necessarily able to hit the mark in terms of the current maths GCSE. The feedback that I have had most recently, of which the Committee may not be aware, although it needs to be, is that the English GCSE is now actively focusing more on traditional literature—that is, Shakespeare or 19th-century literature.

Q300 Mr Ward: We will come on to that later.

Sally Hunt: Yes, but of itself, that is making it more difficult for some groups of students to be able to qualify in a way that I think is important, because it is not enabling them to hit the mark. If you are going to look at that, you really must recognise that it is an impediment.

Q301 Chair: So what would you do about that, Sally? Are you suggesting some form of qualification other than GCSE maths, because that is going to be a problem?

Sally Hunt: Yes, actually. I am not saying that it is not important—I am not saying that at all, because, in terms of your original question and how the economy is going, David, it is clear that we need people who have the skills within jobs to progress. You need to have those skill sets, but I will give you an example that I heard recently from a principal. He was sat with a group of hairdressers. He described them as fantastic students, but the maths that they were studying was about how they could calculate the number of grass seeds in a semi-circle. He said that they did not have the ability within the structure of the course that they had to do to say to them, “Let’s work out what you have to do in terms of a business model: how much conditioner do you need to organise? How much shampoo and so on?” There were good maths business skills that he felt were outside the curriculum.

I have a lot to say on this. Other people are telling me very clearly that they are not now able to give students the quality of training that they need, and they are being punished as colleges for taking on students who are unable to get that qualification through their school. They are being punished as a college—

Q302 Mr Ward: At the macro level, we have had the Secretary of State here saying that we need 83,000 new engineers, and I have heard her say that elsewhere. I asked whether, if we do not get them, that will be her fault. She said, “Well, no, it won’t be.” If we need 83,000 new engineers and however many bricklayers, whose job is it to ensure that we have an industrial strategy for skills and training development that gives us what we need?

Steve Radley: The simple answer, which obviously needs expanding on, is that it is everyone’s job—that includes the learner, the employer and the Government.

Q303 Mr Ward: What belongs to everyone belongs to no one.

Steve Radley: To break it up for you, I think that the Government probably need to do a bit more in terms of developing the overarching strategy by looking at how apprenticeships and other forms of learning at this stage—such as traineeships and work experience, as well as people who go through full-time routes in higher and further education—join up. For example, one concern we have is that around about 50,000 people have gone through FE and learned construction courses full time, but they lack the necessary work experience to go and have a successful career in construction.

Sally Hunt: I hear that as well.

Steve Radley: We are currently looking at whether we should be developing some form of conversion programme that would free that up. That would enable a lot of these people to have rewarding careers in industry while also addressing the skills issues faced by companies.

We must also look much more carefully at what we mean by quality in apprenticeships. We are going on to slightly dangerous territory, which is to equate quality with levels. Many people may need to get more breadth in their apprenticeship experience. In the construction industry, the route to success in terms of building buildings and other things that work is to get the different trades working together much more closely and understanding each other. We may need to move to a model with much greater breadth in apprenticeships.

On the role of the learner themselves, I do not think it is a case of putting greater responsibility on the learner in terms of their making a financial contribution, but there are probably things that they could do more of in terms of providing better information on apprenticeships. For example, if you have gone through an apprenticeship, perhaps you should be playing a greater role as an ambassador, going back to talk to other young people who are thinking about a career and potentially going down the apprenticeship route. If you are looking to create a proper, functioning market in apprenticeships and learning, perhaps we should be looking at a requirement for apprentices, once they have gone through the course, to provide information on the providers and the experience that they have had.

Sally Hunt: Forgive me, but you do not ask someone who does a degree to do that; why on earth would you ask someone who is doing an apprenticeship?

Steve Radley: Well, why not do it for both?

Sally Hunt: Because I think that what you are talking about is ridiculous.

Q304 Mr Ward: That may be the question that I should have asked. What prompted my earlier question was the principle of employer ownership. One of the reasons for the funding focus and the suggestions that have been made is that it is about the principle of employer ownership. Isn't it really about whatever works?

Paul Champion: May I answer? What you are asking is who should pay for it. Is that what you are asking?

Q305 Mr Ward: At this point, and it may change depending on where we are in the economic cycle.

Paul Champion: One of the things we said earlier is that it is about size, not context. For some SMEs, the employer will eventually be able to contribute if we invest in that business by putting apprentices in there who can grow the business—the business can then invest in the future by paying back. There is something about scale, size, when investment should be fully funded and when it should drip into a percentage of funding, depending on size and what you are trying to do. At the minute, everybody is going to pay, no matter what. That will squeeze those businesses out of the system, which is the key thing.

Dan Hooper: May I jump in there? We have to be realistic about expectations in that regard. When you ask what works, we have to answer the question for what is practical in that sense. You talk about co-investment funding, and we have fully supported small business grants because, for a small business, there is an opportunity cost of taking on an apprentice and taking time out of the working day to train and do the extracurricular, non-selling point of the business to support that apprentice. That is an almost immeasurable amount, so we fully support any support offered during that transition.

The grant was very good in terms of getting small business take-up. I fully endorse what Steve was saying about quality and linking it to levels. There is a lot more scope for wider business partnerships, both across businesses and with training providers. Going back to an earlier point, the outcome of the Richard review was that employers will have more direct engagement with training providers than they have ever had before to negotiate training packages. “Negotiate” is a word that we don’t like to use, but we have to be realistic about what training packages are on offer in terms of the bespoke levels. There is going to be a more direct relationship with training providers, so there should be more direct support from training providers to make those links between businesses and other businesses and between businesses and other programmes that are available. That is almost an in-kind benefit, so the co-investment funding model buys you an in-kind benefit of further support. When it comes to the quality and the point that Sally was making earlier about the impact that it will have on the student and the learner, if those two sides—the employer and the training provider—are working in tandem, whether that is a college or an ATA, the relationship should feed a benefit directly to the learner, which will represent value for money for the Government.

Q306 Chair: In a sense, it seems quite simple to me. We need a system that will provide young people with the skills they need to get jobs. We need young, skilled people, so that when people want a bricklayer they don’t have to go to Portugal, and when people want a plumber they don’t have to go to Poland. Is this going to make that system better or worse?

Steve Radley: Worse.

Paul Champion: I think it is going to reduce the number of people who are trained. I think it is going to squeeze out the opportunities for young people to get those skills, because they will need to get them in business.

Dan Hooper: But if it increases the quality, you would almost take a reduction in numbers for the increase in quality.

Q307 Chair: But is it going to increase the quality?

Paul Champion: Is the quality not good enough? Have we not had a massive increase in quality over the years already?

Chair: We ask the questions, Paul.

Paul Champion: Sorry. I get a bit agitated because five or 10 years ago the quality was 50%, but colleges and good training providers are now turning out 85%. Okay, 15% are not succeeding, but that can be for myriad reasons. Quality has increased and will continue to increase. You will damage that by changing the system.

Q308 Caroline Nokes: The Government's interim funding model for 2014-15 includes employer contribution, but funding is routed via the training providers. Do you think that model is preferable to the two employer-routed funding options?

Dan Hooper: No. We said right from the start that we endorse the apprenticeship credit model. We endorse employer contribution in line with Government contribution, and the send button to training providers, as it were, comes from employers, not from Government. From a practical point of view, we realise that that could be difficult for the Government; but from a perception point of view, small businesses have control of the funding and can account for that within their own accounting practices, whichever one they use, and can therefore have confidence that they understand the complete funding package, are sending it to the training provider and have more leverage to negotiate with training providers on the training package they are receiving. We think that puts the risk profile, in terms of the quality of the apprentice, with the training provider and away from the employer. With the part employer-ownership model for the 2014-15 pilot, the Government contribution goes directly to the training provider and bypasses the employer. The Government schemes have been reluctant to give employers any kind of direct funding. Even the grants go directly to the training provider and back out. We think that puts all the funding into the training provider. Steve may disagree with this, but the risk profile of the quality of the apprenticeship then rests with the employer because the training provider has already got funding.

Steve Radley: There is the danger with the pilot approach that we could end up with the worst of all worlds. As Dan has been saying, we may not get the diversity we need, but at the same time we will require employers to make a co-contribution that could cause them to walk away. It is very difficult to know at the moment because none of the money has gone through yet. You have to have gone through the second phase of the Trailblazer, so it is very hard to judge whether this approach has been successful.

Q309 Caroline Nokes: Do you think it will affect SMEs and employers who have previously been willing to take on apprentices? Do you think it will make them more reluctant to take on apprentices?

Steve Radley: There are two problems. First, it could cause smaller firms to walk away from it. Secondly, we have to drive up quality—you have all been repeatedly asking us about that. With this and the Trailblazer initiative, about which Sally made some really good points, the danger is that you are making small firms focus on dealing with bureaucracy. They should be left to deal with what they do best, which is driving up the quality of the experience.

Sally Hunt: I completely agree with that. The feedback we get from smaller employers—I suspect you must be getting the same—is that this is not something that they are going to want to engage with. Some of that might be ignorance—a sense that it is going to be onerous—but I think there is a genuine disengagement. The feeling is that they don't need to do it and they don't have the skill sets. We can't pretend that we are getting better feedback about it; that is the feedback we are getting. Paul, I don't know whether you are getting the same.

Paul Champion: Yes. The thing for me is that if you start routing funding totally through employers—this is about affordability and the employer's ability to deal with the bureaucracy that we deal with day in, day out—and you end up in a bunfight about price, quality will suffer. If somebody comes to me and says, “Can you deliver an engineering apprentice for £6,500?” and I can't do it, and they go to another college or training provider that can, and they eat into the money to get it cheaper so their contribution is less, the quality is bound to suffer.

Steve Radley: There seems to be an inconsistency here. On the one hand, we are looking at the trend towards more localism and devolution. There is an encouragement of diversity, local solutions to local issues and the ability to adopt different configurations at a local level and to find different solutions to different challenges. At the same time, the Richard review is potentially going to be implemented in a one-size-fits-all way, which gets away from what we have all been talking about, which is the need to have a diversity of approaches to the challenges that employers face.

Dan Hooper: What is interesting is that the model in the pilot is one that we have not seen before. The pilot is there to look mainly at the impact of the standards, and not necessarily at the funding itself. On the funding model, we have not seen that at all from representative groups, so it is quite confusing. The question is, how is it going to be evaluated against what could happen, and how is it going to emphasise the importance of sustainable outcomes? If the end goal is sustainable employment, we are two or three years down the line from figuring out whether that is possible or not.

Chair: Bill wants to ask about employment.

Q310 Bill Esterson: Yes, but before I do, I am hearing four different descriptions of a train wreck here, which is not encouraging.

Sally Hunt: It is a nice thing first thing in the morning.

Q311 Bill Esterson: Well, yes. How do we get enough quality apprenticeships and give young people what they need? Are the conclusions of the Richard review right? Is it just that the Government have interpreted them wrongly? Is that what you are saying?

Sally Hunt: I think we all agree—however differently we might be representing it—that there needs to be full engagement between employers and colleges. That is something that we support. What we are all talking about, though, is the methodology to achieve that and the underpinning quality that comes out of that. Others will answer for themselves, but we believe at UCU that there needs to be a very clear understanding that one size does not fit all.

Q312 Chair: That is coming over very clearly from everyone.

Sally Hunt: We absolutely must not carry on with that route, because it is damaging all of those who are going down it—be it the employee or the employer. We believe very strongly that there needs to be a reflection of the time that a student or an employee is given in their apprenticeship to become properly qualified—in other words, making sure that the proper quality is enabled through education married with work experience. That is not there at the moment, and it is incredibly important for those who are younger that it is reflected on.

I would also say that we have to be honest with them about this and say that an apprenticeship is not always the only route for someone. For example, you will often hear someone pitch the argument, “You go into an apprenticeship. You come out and you’re earning more than someone who has a degree.” We have to be realistic with people and say, “At the moment, you can get a surge in terms of your employability and your income, but long term, that is not necessarily going to match up against someone who has gone a different route.” That brings me back to why it is so important that the qualification we are giving them has quality in it. If it has quality in it like the old engineering apprenticeships, they will have a great life and a great career. If it is trimming round the edges and being asked to be done in a narrow way, they are not going to have something that is realistic and reasonably long term.

Q313 Bill Esterson: So are you hoping for fewer, better apprenticeships?

Sally Hunt: Yes, I would think so. I recognise that that is a very difficult argument for any Government.

Q314 Bill Esterson: Do you all agree with that?

Dan Hooper: I would agree, from an FSB point of view, that the new standards, with employer involvement in the Trailblazers programme, should lead to better apprenticeships and, by contrast, there will be fewer. It will start to get rid of the frameworks, which will

make it a lot clearer for employers in terms of delivering what they want and hopefully receiving the quality that they expect.

Our concern would be that the Government do not seem to have a clear vision of what will happen when Trailblazers end, and that employers then take control of the standards. From a small business perspective, many small businesses are involved in more of the niche industries that large businesses do not get too involved in. When it comes to standards, small businesses will be cast aside and the quality expected and wanted from small businesses will therefore not be there.

Steve Radley: The Trailblazer aspect of the reforms is a good idea in principle. Sally has already made the points very well about the bureaucracy, so I do not need to repeat them, except to say that I do not think that this is just an issue for smaller firms. We are already finding that some of the larger firms are finding the process incredibly frustrating. One of the real concerns is that the people being required to assess and review the submissions do not have the necessary expertise to actually pass judgment on them. We have a major issue in the construction industry. By 2017, we have to convert 170 existing frameworks to it. We have made progress on two or three so far, so the process needs to be massively simplified.

One of the other risks in improving quality is that the approach followed so far is that employers have been able to go in, pretty much on an individual basis—I know that there is this proviso that it has to be 10 employers, but that can often be one large firm and then a fairly tame supply chain. You could end up with standards that are incredibly narrow and not providing the breadth that learners need.

Paul Champion: That is my view—less apprenticeships, as long as it is transferable in some mechanism across all sides of business, or there is no point.

Q315 Bill Esterson: But with another option for people who are not doing apprenticeships?

Paul Champion: Yes. I think that it needs to be reduced to give employers a bit more clarity on what they are doing and a clear line of sight. But the framework or the standards have to be transferable across all sides of business.

Q316 Bill Esterson: Right. I could ask you what that option might be, but that is probably another inquiry.

Paul Champion: I will write.

Q317 Bill Esterson: We have had evidence suggesting that employers and providers are maximising recruitment under the current funding arrangements due to uncertainty about what is to come. Is that likely to disadvantage young people looking to start an apprenticeship in the next nine to 12 months?

Sally Hunt: Any uncertainty will do that, particularly because they have to take advice, be it from their teachers or their tutors. If there is not certainty in the system, you are making it more difficult for any young person to access it. That is just a basic point.

Paul Champion: For me, uncertainty always breeds uncertainty, in whatever part of the market it is. Chesterfield college is trying to look at solutions for us, if this does go ahead, to continue to engage employers and make it easier for them to engage with young people and apprenticeships.

All things put aside, we want the market to continue, so we are looking at options. What those are I don't know, because we are still uncertain about what it is. We are continuing to engage and grow employers. You will see from the evidence that we have gone from 200 in 2008 to 5,000 apprentices this year. How do you engage more employers? You do it by giving them a great service.

Dan Hooper: We take an approach from two perspectives. First, we have seen an increase in higher apprenticeships and those for over-25s. But the Government in the first year put £250 million into higher apprenticeships, so the statistics seem to have followed the funding, and not enough has been focused on the 16 to 19 group. There is an element there.

The second point we hammer home is that we do not like to see apprenticeships linked with youth unemployment, because from a small business perspective our members tell us that makes them think it is a Government programme and they are getting poor-quality students. To bleed the point dry on quality, it would help if Government rhetoric changed. Government has a powerful voice in talking about youth employment opportunities rather than talking about supporting youth unemployment initiatives. That would change business perception and would hopefully feed down into schools, and then the most important influence on a young person's choice is family.

Bill Esterson: Raising the status has been a long-running problem in this country.

Chair: Can we move on to value for money?

Q318 Siobhain McDonagh: There is consensus in the written evidence received that the Government investment in apprenticeships represents value for money. Is that the case? Is there any need to reform the system?

Steve Radley: In terms of delivering value for money, talking for the construction industry there is a lot of evidence in the returns it provides. One is the quality of learning opportunities and the employment opportunities they lead to. In the construction industry, the earnings boost from going through an apprenticeship is significant. People often go through apprenticeships and in time go on to earn six-figure salaries. That suggests that this is providing a really strong basis for the start of working careers that is leading to productive working careers that make a significant contribution to our economy.

We need to continue to innovate in apprenticeships to deliver better value for money. That is about developing more collaborative models and providing greater breadth within apprenticeships. The area that is quite rightly receiving greater attention is how to use

apprenticeships to deliver high-level skills that go beyond the traditional level 2 and level 3 skills. That is probably the area that needs significant attention in future.

Paul Champion: We would not be continuing to grow apprenticeships in our area if we were not giving value for money. Businesses are obviously getting value for money. I could say it has provided me with value for money. I was an apprentice; I don't know how many people in the room were. I am sitting here, so it has given me value. That has been my journey. We have to realise that there are people doing apprenticeships now that might not be relevant in 10 years' time. My apprenticeship was for what is now an obsolete job.

Value for money is not a tangible thing. You can be doing an apprenticeship for that period of time, but when you look at in 10 years it might not be value for money because that role might not exist. The continued investment and the increase in quantity and quality of apprenticeships prove for me that it does provide value for money. If you tamper with it too much, the value for money will go down.

Sally Hunt: I am not going to reprise the stuff that I have already said but I think there are key points. Yes, there is value for money but there are issues of scale now and deliverability. There are issues of equality that need to be looked at in terms of who has access to what type of role. I am not picking on—yes, I am—the construction industry. I will talk about how many women do not get into the construction industry. I will talk about engineering and other STEM subjects and say how many women do not get into that. I look at where BME candidates are not getting employability, and that is within the current system. I think that that is something that needs to have attention paid to it. To labour my point, it is often about making sure that people have the appropriate amount of time and support, and that they are not rushed through a programme in a way that leaves them disadvantaged.

There are issues in terms of pay for apprentices, which have to be looked at, whatever system is in place. At the moment, I think that is too low. You will not be surprised to hear me say that, but that is within the current system, and I do not think that that is appropriate. I think you also need to make sure—I know you have looked at this in previous evidence—that what is going on in terms of careers advice in schools or colleges is dealt with, because that is having an impact.

Steve Radley: Do I have your permission to respond to—

Sally Hunt: Well, I want to get the six-figure salary that all your members get, apparently. It sounds amazing.

Steve Radley: Not all of them.

Sally Hunt: Exactly.

Steve Radley: Sally makes a very fair point about the under-representation in the construction industry of a number of groups. What the industry has to do, and we are trying to co-ordinate this, is to work a lot more closely with the education sector to provide some common messages about the industry and information, common gateways coming into the industry and a common framework for employers to work with the industry. I think you will also find increasingly, in time, that the sort of jobs that will be created in the construction

industry—particularly if you look at the off-site industry, the greater use of modelling and design and things like that—are jobs that will appeal to a wider group of people. We now need to take advantage of that to bring a greater pool of talent into it.

Dan Hooper: We would say as a stand-alone point that it only in part achieves value for money. It achieves value for money from a Government perspective, because the Government put in less direct contribution, but as I said earlier, businesses have a direct stake, so you would hope that that would link to the Trailblazers and link to standards. On the point that Paul made about obsolete apprenticeships down the line, with employers having a more direct stake and a bigger voice, there are opportunities to evolve as times change.

We would also make the point that, as with any policy, there are policy influences and levers, so it is not just about the funding model itself; it is about the infrastructure that surrounds it. You have already had a session on careers guidance and careers education. There is a very big link between schools, training providers and employers in that relationship, and then the Trailblazers on the other side to ensure that they are sustainable, and that that process is ongoing and has Government backing, whichever Government may be in power at the time.

Finally, I go back to the point that I made earlier about sustainable outcomes to ensure that there is an infrastructure there for constant monitoring, review and evaluation, so that the apprenticeship framework is flexible enough and has consultation with employers, training providers and other groups to ensure that that can also evolve as standards evolve.

Paul Champion: May I make one more point very quickly? It depends on value for money for whom. Value for money for Government is very different from value for money for Bill who runs a garage in Chesterfield.

Q319 Siobhain McDonagh: Will the new funding arrangements represent better value for money?

Paul Champion: For whom? It is a difficult one to answer, because it is an unknown. For Government, it probably would. But I think longer term it might not, because I do not think that you will have enough people coming through it because of the drop-off. It will not offer value for money for Bill who has a garage in Chesterfield, because he will think, “I can’t afford that. I can’t do that,” so he will just stop doing it.

Q320 Chair: So it may be saving money in the short term, but it will cost the country more in the long term?

Paul Champion: Yes. I think in 10 years I will probably be sitting in this very room asking why we have only got 200,000 apprentices going through the programme when we had 500,000 in 2014.

Q321 Chair: Right. Hopefully I will not be with you.

Steve Radley: It is really hard to answer your question, because I think it depends on how these reforms are implemented. There is a real opportunity at the moment to drive up the quality and status of apprenticeships. If we get it right, we will deliver better value for money, but if we force employers into a straitjacket that they are not comfortable with, the danger is that we will diminish it.

Sally Hunt: I have to be honest; the experience that we have had previously where funding has gone through the employer route as opposed to the college route has not just lacked value for money but has had fraud involved. That would be my concern. Whatever system is put in place—I am not making a party political point here at all—it has to be robust. At the moment, for example, Ofsted looks at what is taking place in colleges, the courses that they are running and what is happening to the students. You have to ask how you will make sure you are policing what is, in effect, the use of public money if you go down this other route. Some of that will be by mistake, because small employers find it more difficult. Some of it, bluntly, will not be by mistake. That really needs to be thought through.

Dan Hooper: We say the opposite.

Sally Hunt: Of course you would, because you are all honest.

Dan Hooper: You would hope that employer-routed funding would drive up quality and standards, but it does raise the issue of—

Q322 Chair: Is there any evidence to back that up?

Dan Hooper: This is anecdotal evidence and member surveys. We can send information to the Committee to support our claims. We would also say that it drives home the point that this needs to be comprehensively piloted. We currently have one model piloting through the Trailblazer programme, but we need to ensure that any issues that arise across the different stakeholder groups are tested and reformed in consultation, well in advance of direct implementation. That is where you might see a difference between take-up and lack thereof, as well as the impact of a menu of choices against a universal roll-out.

Q323 Bill Esterson: I think that we have already heard some evidence this morning about whether employers feel that they get any financial benefit in the course of an apprenticeship. Sally, your evidence suggested that in Switzerland they can quantify a financial benefit over the course of a three-year apprenticeship. What is different about Switzerland?

Sally Hunt: Quite a lot of things. Sorry—where do I begin? What is interesting there is that there has been a long-term, sustainable model in which it is not just about the individual trainee being—how would I put it? The skills and training that they get is seen as a collective benefit. The system is set up in a way that is much more beneficial for not only the individual employee or employer but the industry type, and consequentially, I would argue, for the rest of the country as well. We could learn a lot from that. What they have done very well is to co-ordinate skill and programmes of work in a way that we simply have not done. There are examples coming through and Steve has spoken about them very eloquently, and I

have certainly seen them here on a small scale, but I would say that the difference is that the model there is long-term and cross-skilled in terms of contribution to what is happening, and there is a recognition that there is an investment over the long term from which everyone benefits.

Dan Hooper: Quality assurance is also enshrined in Swiss law. It is laid out in statute, which we do not have in this country.

Paul Champion: I think that everywhere that we think delivery is better than ours, there is a different culture. That is what Sally was saying: it is part of the culture. Do you know what I mean? I think that we in this country just do not have that.

Q324 Neil Carmichael: Following on from those answers and picking up the culture point, as well as the difference between ourselves and Switzerland that Bill asked about, is it something to do with how our sectors are organised, led and involved or not involved in the whole process? We have been talking a lot about apprenticeships and businesses, but we have not really talked about the sectors that represent those businesses and effectively help to shape the overall package that you, Sally, referred to in relation to Switzerland.

Sally Hunt: We at the UCU believe that there is a real role for that. We think that if you can find industry-wide standards—where they are able to use their own skills and knowledge and set benchmarks that are validated, in co-ordination with colleges and under some kind of global assessment—that has got to be to the good. I go back to the example that I gave earlier: hairdressing is very different from, for example, an engineering apprenticeship. That does not mean that one is necessarily better or harder than the other; it just means that the routes and skill sets are different.

I would strongly advocate that you recognise and respect the employer bodies. It says a lot that it is a trade unionist telling you this, but the employer bodies that have that knowledge are ones that should absolutely be respected and brought into the process. At the end of the day, I know it sounds odd, but colleges don't create jobs and the Government don't create jobs; in this environment, businesses create jobs, so you have to find an appropriate space for them. If you can use the sector-wide approach, you are also adding support rather than the burden that, as we described earlier, some small and medium-sized enterprises are currently viewing this proposed change as. You are enabling, being respectful and saying, "Let's do this on an industry-wide basis." I think that everyone benefits from that.

Steve Radley: May I add something to that very quickly? The sector-wide approach has a lot of potential. Some sectors naturally come together closely, such as the car and aerospace industries; others do not. We need a period of policy stability. If we are going down the route of industrial partnerships, we need to give them some time to work.

Q325 Neil Carmichael: If I may answer that myself, I think that is a really good point. I drive home in my constituency the importance of engineering; it is quite easy to quantify what that is and to identify the sort of packages that would fit an apprenticeship scheme, but it is less easy in other sectors. We discussed hairdressing briefly in this

Committee and a similar point was made there. You mentioned construction, Steve. Is that because it is one of your key issues or are you just using it as an example?

Steve Radley: Construction is the sector that I represent, as I work for the industry's training board. It is an incredibly diverse and often fragmented industry but it has had the advantage of stability, in that it is an organisation that has been running for 50 years so it has had that period of time to bed in and form partnerships within the industry. The industrial partnerships that the Government are looking to encourage are very young in most cases and need to be given the time to flourish.

Chair: May we look at pay now?

Q326 Mr Ward: The Low Pay Commission is looking at the pay for 16-year-old apprentices and may be looking at raising that to the national minimum wage for 16 to 18-year-olds. If that £1 or so per hour increase occurs, what impact would it have on the numbers taken on?

Dan Hooper: Our members tell us that a quick rise would lead to a fall but they are fully supportive of a gradual increase.

Q327 Mr Ward: It is still pretty low.

Dan Hooper: Yes. But we would advocate a gradual increase to reduce the gap between the apprenticeship rate and the next rate up. That is a position that we put to the Low Pay Commission for the past couple of years, including recently.

Q328 Chair: I had an apprentice and, quite frankly, I thought that I could not morally pay that level of pay for a 19-year-old. I thought it was immoral to pay somebody that amount.

Dan Hooper: We do have stories where many of our members do not pay the apprenticeship minimum wage. They pay the next rate up or at least the minimum wage for that next rate. The side that we look at more is the transition between the 16 to 18-year-olds rate and the one above. That is where many small businesses get stuck. Those businesses that are paying that particular rate as the apprenticeship goes through are not necessarily changing it from the apprenticeship minimum wage to the 16 to 18-year-olds rate; they are actually paying the 16 to 18-year-olds rate and then going up and making the mistake beyond that. We have also heard stories about people using the apprenticeship grant for employers and passing that grant directly to the apprentice, so there is a good news story there, if ever there was one.

Q329 Chair: It's £2-something, isn't it?

Dan Hooper: Yes.

Q330 Mr Ward: Sally, you talked about the decision of whether to go for a young person—a 16 to 18-year-old—or somebody a bit older who has maybe got a bit more work experience and so on. Would employers shift their employment from 16 to 18-year-olds, albeit paying more, to take on somebody who probably has more work experience and may be better qualified?

Sally Hunt: If we increase their pay?

Q331 Mr Ward: Yes.

Sally Hunt: I think you will find that employer organisations will argue that. I would argue the opposite. Our experience—my own union experience and from the TUC—is that having what is not an excessive wage, but a reasonable one, by which I am talking about the legal minimum from the Low Pay Commission, is not going to impact negatively on business. I get so angry about this that I find it quite difficult to express it calmly. There is a situation at the moment where even the level of apprenticeship minimum wage is not always being paid. We know, through the analysis that has come through BIS and that has come through separately from the TUC, that the level of pay is not always adhered to. It is the young people who are being penalised for that. There is no justification for that.

Q332 Alex Cunningham: What are the stats, Sally?

Sally Hunt: I will read the stats I have to ensure that I have got it right. According to the TUC, the figures revealed that three in 10—29% of apprenticeships—were paid less than the legal minimum wage in 2012. That is following the publication of the apprentice pay survey from BIS in 2013. That is a shocking figure.

Alex Cunningham: Absolutely.

Sally Hunt: What I am talking about is not about necessarily having higher pay. I am talking about getting to the baselines. That is something that we really should take seriously. First, it is immoral, as the Chair has said. Secondly, it means that if you are actually trying to get people into a quality job and to get them through the employment programme and training and all that goes with that in terms of employability in the future, this is not the way to encourage them. This is the way to encourage them to walk away.

Q333 Caroline Nokes: I just wanted to ask something about that. I was talking to an employer in my constituency a month or so ago about this, and he made the point, which I am sure is absolutely valid, that even when they were paying above the apprentice minimum—like Pat, I have a 19-year-old apprentice; I pay her the minimum wage, not the apprentice minimum wage—their big problem was that they took on apprentices who quit after seven or eight months, because they felt that they had adequate work experience. They had gained

some skills—it was not a trade or a craft; it was an administrative role—but they would then go off and find better-paid jobs elsewhere, and there was a real problem with apprentices not finishing their apprenticeships.

Sally Hunt: We go back, don't we, to the whole debate that we have been having about quality, and about saying that what you have to do is make this brand one that is worth getting. What is taking place at the moment is that this brand is not always seen as being something that is worth going the full course for. I think that that varies according to industry and employer. It is something that we all keep saying differently: one size is not fitting all at the moment. The Government could take one message away. If we are using public money on this brand, first, we have got to be honest about what the brand is, and secondly, make sure that the brand is something that is fit for purpose, because at the moment it is not hitting either of those benchmarks.

If you link what we are talking about in terms of pay and employability, there has to be a quality job and training for that individual to make them stick to it. There has to be a commitment from them so that they are someone who, through their college or employer, is seen as a serious candidate we should invest in. Also, there has to be some very clear monitoring of what is taking place in terms of quality. What works for that 25-year-old does not necessarily work for the 16-year-old.

Steve Radley: I think Sally has made some important points. The point she made previously about being paid below the legal minimum is clearly unacceptable and needs addressing. Some people are clearly going to focus on the pay issue. The evidence from international comparisons suggests that we are not out of line with other countries on pay. The key area where we are letting young people down is on quality, and that really needs to receive the majority of the focus.

Dan Hooper: This is where we have an issue with the completion bonus. A small business could be penalised financially because the apprentice has left, through no fault of the business.

Sally Hunt: As can the college if they do not get the maths or English. There are real problems here.

Paul Champion: May I make a simple point? There is a balance between the moral and the affordability issue. I think you are dead right, Pat, that it is immoral, but a business has to face that at times. There is something about the value of an apprentice. If I buy a £1.99 pair of reading glasses and I lose them, I do not really care, because I have not paid very much. If an employer has to pay a really good going rate for an apprenticeship, they value it even more and it enhances the brand. At the college, and also through the ATA, in our regular meetings with employers—it goes back to the relationships with employers—we start to talk to the employer about what return on investment they are getting from this young person being in their business, even down to a plumber who perhaps has to answer the phone three times a day. If the apprentice is doing that while doing other work, they are saving £30 an hour. So we start negotiating with them and saying, “You should be paying this young person more.” It is about us having that debate as well.

Q334 Mr Ward: May I just ask about the autumn statement and the abolition of national insurance for under-25s? Will that make any difference in compensating for an increased wage?

Steve Radley: Potentially, yes, but we need to look at it in the round with the other reforms that are going on. If employers are really going to be deterred from taking on apprenticeships because of more bureaucracy or the co-contribution route, the boost from that might end up getting lost.

Q335 Neil Carmichael: On that, have the Government got the balance right on the kind of data they are collecting and interrogating to find out how quality, pay and all the rest of it are happening, or are they getting a bit too intrusive and putting business off? What is the balance between reported data collection and standing back and encouraging businesses to get on with it?

Steve Radley: With your permission, I would like to come back to the Committee with a written answer on that after taking soundings from colleagues a bit more fully.

Q336 Neil Carmichael: Okay. We would like to know that. Has anyone else got a quick answer?

Dan Hooper: Yes. We would say that it is important to have stable outcomes. If employers want to have that direct stake, there needs to be a mechanism in place for the employer to come and report back into either a Government system or certainly to work with training providers to talk about how the transition has been from the end of the training to sustainable employment. That is linked to the direct stake, in that they are not just putting a financial investment in, but a long-term employment investment. Small businesses taking on apprentices will realise that it is not a one-year investment, but a three-year investment in that training, if not more.

We have to give credit to employers who take on apprentices, because they recognise that and are willing to invest so much of their time, albeit for a business model and to fit in with their own plans. Because of that longevity, there needs to be infrastructure in place to allow that relationship to then be reversed through data collection.

Q337 Chair: Sally, can you give us that evidence about how many young people are being paid below the statutory level?

Sally Hunt: Yes, I will send that.

Chair: I think one of the recommendations coming out of this morning is that the Government have to do something about that.

There is a statement today by Nicky Morgan on preparing young people for the world of work, so I think all of us are now well equipped to go down and ask some very pointed questions. Thank you very much for your evidence.

Examination of Witnesses

Witnesses: **Ian Taylor**, Chief Executive Officer, SkillsActive, **Tony Moloney**, Head of Education & Skills, National Grid, **Kate Stock**, Managing Director, Smart Training, and **Brian Wisdom**, Chairman, Federation for Industry Sector Skills and Standards, gave evidence.

Chair: I do not know how many of you were in the room for the earlier session and heard the evidence that we had. While you are getting yourselves together, we will move on to Alex.

Q338 Alex Cunningham: I wanted to talk about the background to Trailblazers and the operation of the programme. First, however, is there any real need to reform the apprenticeship standards?

Ian Taylor: Wholesale, I would say no. A one-size-fits-all solution just does not work, particularly in the light of the understanding of the sectors and the complete changes of direction. SkillsActive covers about 15% of all 16-to-18 apprenticeships very successfully, both at level 2 and at level 3. We are very employer-led and, through our Trailblazer, we engaged with 323 employers. Unfortunately, the process managed to disenfranchise and disenchant them in the skills and apprentices because there was a constant change of direction. The guidelines that were issued were then changed and they were told that funding was not part of the Trailblazer process, but then it was introduced halfway through. We had employers walking away and saying, “We won’t be bothered with this.”

Q339 Alex Cunningham: There is some suggestion that the system is actually working quite well, various standards are being brought in and people are being attracted into these new roles.

Ian Taylor: Yes, and the employers concluded that what we had wasn’t bad. It could always be improved and bettered, but it wasn’t such a bad thing.

Q340 Alex Cunningham: Tony, would you agree that the Trailblazer thing is a bit of a mess, or is it really effective?

Tony Moloney: No, I don’t think that it is a mess at all. The history of apprenticeships for many organisations like us who have been doing them since the year dot is that we have seen various reforms, but most employers will do them because they are valuable—they see it as a long-term investment. That is the way to view apprentices: as a part of your talent.

I think the debate we are probably having now is: how do you make a comparison with something that you have just put in though a Trailblazer, which responds to a lot of things that employers have been asking for, such as more flexibility and the ability to configure them a little differently, and not be restricted by certain standards that define apprenticeships as opposed to what a particular sector or employer would say? We have yet to see how they will pan out, but the standards for the last 20 or 30 years have been pretty robust. In fact, much of what has been going on in good Trailblazer apprenticeships will be lifted from that and applied in a slightly different configuration.

Q341 Alex Cunningham: But there are organisations out there that did not have high standards.

Tony Moloney: I totally agree.

Q342 Alex Cunningham: There needs to be something in the system that says, “This is a baseline.” Is Trailblazer not providing that?

Tony Moloney: We have yet to see. We got all our standards agreed in March—we responded very quickly to get the standards from last autumn constructed for the power industry in power network craftsmen level 3—and we will see how that pans out. We had about 80 new starters in September, so it is early days. I think the initial signs—I heard some of the previous discussion—are that the intended standards, revisions and flexibility, as well as the potential to have a more mobile labour force that could work across many organisations, particularly within a sector, are appealing. It is unlikely that we would have got behind them if we felt that they were less than what we had already got.

Q343 Alex Cunningham: So if it is not a mess, Kate, is it too much of a straitjacket on the way that organisations have got to operate?

Kate Stock: I think you have sectors where apprenticeships are very well established. In child care, the apprenticeship is very well established, which has allowed the private day-nursery sector to expand to meet demand over the past 20 years.

Q344 Alex Cunningham: It has some way to go yet, judging by the shortage of places.

Kate Stock: It is possible that it will never be perfect, but that is probably a whole other conversation. Where apprenticeships do not work is outside of those established sectors, because the qualifications that traditionally have sat within those apprenticeship frameworks are not good enough. The really good frameworks add value over and above what a learner would pick up in their day-to-day work. Some standards are fabulous, but there are standards that are rubbish.

Within that, you have hundreds of apprenticeship frameworks, thousands of different qualifications and millions of different jobs. This comes back to one size fits all: you are never going to manage to have an apprenticeship framework that meets the job requirements of individual employers within niches. The niches do not get addressed within the apprenticeship methodology. The Trailblazer methodology is no different from any of the previous four or five iterations that we have lived through.

Q345 Alex Cunningham: Is it adding value to apprenticeships across the different sectors?

Kate Stock: Trailblazers are adding value where they are bringing in new apprenticeship frameworks, but I think you would add more value if you said that an apprenticeship framework should be a certain number of credits, at a certain level of difficulty, of a certain size and take a certain length of time and you then allowed employers to mix and match. We talked about construction where—

Q346 Alex Cunningham: So we are back to the straitjacket.

Kate Stock: It is a straitjacket. Within child care, the Department for Education sets the rules, so the Trailblazer is the Department for Education saying, “Bam—this is what it is.” When you go outside of Government setting the rules, there are a lot of people doing a business admin apprenticeship who do not want to be doing that, but that is the only apprenticeship that is available. That is not adding value; it is not delivering quality. A big reason for companies not getting involved in the apprenticeship scheme is that the qualifications they want the learners to be doing are not fundable through that scheme. The Trailblazer and the Richard review do not address that far more fundamental problem.

Q347 Alex Cunningham: Is that a view you share, Brian—that it does not really address what industries actually need?

Brian Wisdom: If you look at the positives of what has happened, the first thing is that the language expressed in the new standards is much more readily understandable by employers and learners. That has to be a good thing. Sitting behind that, however, is the same real complexity in terms of the detail of the competencies—let’s call them competencies rather than standards. That is what employers want to see at the end of the day; they want that level of competence to be achieved.

How do you express that? In the previous standards, they were expressed in a way that training providers and awarding organisations understood, because they had to create qualifications out of them. This reversal of language actually does help to engage learners and employers, but it does not necessarily do anything else other than shift the balance and the focus to where it becomes more understandable. On the downside, there is a potential proliferation where employers are defining the new standards in very fine occupational ways.

Q348 Alex Cunningham: And it is dominated by larger organisations, rather than SMEs.

Brian Wisdom: I think that all the Trailblazers engage with SMEs, and 80% of the Trailblazers are supported by the organisations that belong to the federation—industry training boards, sector skills councils, national skills academies and so on.

Q349 Chair: Brian, you said that employers want competencies. Just as we have different apprenticeships, we have different employers. Yes, I want competencies, but I also want a good qualification that the young person who works in my office can use to go on to work for other employers later. I see that as my role in bringing this young person to a point where they have a good qualification, good competencies and good experience and they can therefore go on and get a job somewhere else.

Brian Wisdom: That is really important.

Q350 Chair: Is the current system able to deliver that?

Brian Wisdom: Yes and no. I think that the current system can, where the standards are strongly defined and there is a clear qualification outcome. For example, I was talking to our engineering member the other day. They were saying that in some of their maintenance engineering standards within the Trailblazer, there are a number of qualifications and at the end of the day, an apprentice will walk away saying, “I’m not just an apprentice here. I actually have technical certificates in this, that and the other.” Yet, there are others being defined—I think that one is in food and drink maintenance engineering—where there are no qualifications. Where is the transferable thing that that apprentice can take away and say, “I have these qualifications,” to an employer who may not understand it?

The danger at the moment is that proliferation. Where the old system had 200 frameworks and 25 standard-setting organisations, today there are 66 groups working on Trailblazers. There are over 200 of these occupational standards already coming through. Our estimate and our members’ estimate is that this could go to 150 groups and 1,500 standards. Within that is a risk of complexity and the fact that variation could exist. It needs some form of standard supervision.

Q351 Alex Cunningham: So it is very much a mixed bag out there in terms of what the young person comes out with and the quality of what they can achieve in their apprenticeship. I look at the whole panel and ask: what needs to change in order to ensure that every young person going into an apprenticeship comes out the other end with some of those competencies and the bit of paper that says, “Yes, I can do this, that and the other”?

Tony Moloney: Can I reply as an employer and give you an experience from that perspective? Everything that I am hearing is correct, but there is something that has to be picked up. There is the potential to have a disparate approach, and the structure and governance within sectors is important. We found that it was very powerful to come together

under the industrial partnership for energy, and that it was enabling to bring together 20-odd employers. We didn't just pick the big asset owners, such as ourselves; we got the supply chain involved in determining a standard. There is a balance to be struck between having an appropriate occupational standard that is granular enough to decide what the job does and what the function is, and having something that is much broader. There is a breadth and depth issue that you have to keep on top.

It is important to structure the qualification, because the apprenticeship itself—rather than the NVQ or the certificate—becomes the qualification. The endgame is to have something that the sector or employers recognise and about which they will say, “We’ll have that.” You must construct it in a modular sense. A core that lends itself to many within the sector is a critical structure, and then there are some enabling technical skills. On your point about what you are looking for, Madam Chairman, when you assess it you want to see knowledge and the practical ability to apply it in synoptic sense. You want to see someone demonstrating their ability rather than some form of accredited prior learning, which existed in the history of some of these assessments.

Q352 Alex Cunningham: To bring you back to the point, what needs to change, or what recommendation would you make?

Tony Moloney: The recommendation is that you have to have some kind of independent assessment service, so we have created one within the industrial partnership. That is a peer review that can see that each employer has defined operating standards, and that we are running to them. It is not just about determining and defining what those standards are. Because ultimately, if you see a degradation, you get a fall-off and you get fails.

Q353 Alex Cunningham: That is going to scare away thousands of SMEs across the country, isn't it?

Tony Moloney: That is why I think the industrial partnerships are mutually inclusive to this debate. If you left Trailblazers or apprenticeships to do something separately, you would end up having to have some form of governance or structure that would at least keep that sense of an overview of standards. Aligning it and keeping a close relationship are mutually inclusive. The industrial partnerships have a huge role to play in bringing in that group of supply chains—the small and medium-sized ones, right through to the larger ones.

Q354 Mr Ward: I am a few years out of this, but my background was in training, and I thought I understood all this. I will have to do more work outside here, because I am totally confused. You said that the apprenticeship is a qualification. My father stopped being an apprentice when he became a master plumber, so an apprenticeship was not a qualification; it was a route towards being something.

Tony Moloney: That's “was”. What I am talking about is what it will be—the way it is changing. I also did a fully indentured apprenticeship—I came the long route—so I know

the apprenticeship system in that sense, and I agree. The difference is that it is changing. It is early days, so we can determine how we construct them. The previous apprenticeships were somewhat paralysed by the non-value-adding activities and qualifications that you had to do and the ways in which you had to assess them. The change here—and it is a risk—is that you can have specific qualifications that employers value, such as City and Guilds. When they get their “end of” certification, that becomes the new standard and people can say, “Ah, you’ve got that. That’s portable; you can take that with you. We recognise it.”

There are some issues. It works very well, and it has a much greater structure and standards—engineering is a classic example. I think there is an issue for some of the sectors that do not have that—

Q355 Mr Ward: How does it differ from an NVQ?

Tony Moloney: NVQs traditionally are continually assessed against certain performance criteria. There are certain rules, and you can simulate assessment. The difference with the synoptic approach is that you have to witness everything being done in a real sense.

Q356 Mr Ward: But in terms of its being a bundle of competencies at an acceptable standard that take you to an overall competence, is it any different?

Kate Stock: No.

Chair: Good answer.

Tony Moloney: It depends who you are putting the question to, I suppose.

Q357 Caroline Nokes: Do you think that young people in general and apprentices in particular should have more say in the standards for apprenticeship programmes?

Brian Wisdom: If you look at what standards definitely need to be in place, from an industrial success perspective, you have to say that someone has to look at what the industry needs to be able to compete globally and be competitive in its own marketplace.

I will use a very simple example. My background is the hospitality industry. When I ran a restaurant company, our test for whether a chef had been trained properly was very simple: “Come in and show me how you fillet a fish.” We used to get three different responses: one was, “Actually, I’ve never seen a fish,” and those people tended to have been to very bad colleges, or whatever; there were some who came in and could do it, and had been very well trained by very good colleges or whatever; and there were some who came in, normally from big companies that had already deskilled their kitchens because they couldn’t get enough skill, and those people would say, “Well, I can cook a fish, but I’ve never filleted one myself, because it comes in ready-filleted.”

Now, to compete at the very top end you have to have that skill and someone has to arbitrate that that skill is there, and I don't think the learners can do that. There has to be an industry-strategic input that says you need that level of skill, and it is true of every industry. That is why we have industrial standards and why industrial standards are important.

Where the learners do have a part is in the quality of the environments in which they are learning, and I think we don't have enough data on what happens in good apprenticeships and what happens in bad apprenticeships, because we don't link up registration of apprenticeships with certification, which is what my organisation does at the end. We are at the back end of the process, but no one is tracking what really works through the system and no one is really tracking the destinations that go beyond.

Acquiring a lot more data, which involves training providers, learners and employers themselves, is critical to having a really robust apprenticeship system for the future, and frankly today it is not good enough.

Tony Moloney: I concur with that. A very obvious statement in response to your question is that you face a dilemma. It is not that there is an issue with not wanting to involve young people in the standards; it's a question of them not knowing what they don't know.

Q358 Caroline Nokes: The unknown unknowns.

Tony Moloney: Quite. And therefore if apprenticeships are differentiated from traineeships, and you are creating a lot of rigour and increasing the stretch, then they kind of really don't know there is a degree of lead.

What would be good practice would be around some of the non-cognitive areas and employability bits when they are in, and what improves those sorts of things. When they are in a scheme, they are actually being part of how they can improve, and a continuous improvement sense would work.

Q359 Chair: What are apprenticeships for? Are they really about giving young people skills and matching those skills in industry, or are they about mopping up the NEETs in this country?

Tony Moloney: May I start with a quick response to that? I think the general view is that it is healthy to view apprentices as an investment in long-term talent for a particular organisation. Apprenticeships are learning vehicles and pathways into a job, because they are taking people from school and doing the work that we do, in terms of careers education stuff and getting them work-ready, and then moving and creating the transitions into employment. Apprenticeships, like traineeships or going to university ultimately, are learning routes into the world of work.

Apprenticeships should be, and are, aimed at jobs and we should differentiate between them and traineeships at level 2 and below, which Richard has taken us down. They should be sufficiently aimed at an occupation where there is a technical standard and a level of proficiency—whether it is safety, technical excellence or whatever—where you are building

a knowledge of expertise around a person. As an organisation, you can look to build a degree of loyalty with and keep them. So I don't see apprentices as fodder; I see them as long-term strategic investments.

Q360 Chair: Is that the view from you all?

Ian Taylor: I would add that apprenticeships are an opportunity to get young people into “earn and learn”—that is how we describe it. It gets them into the marketplace of working, with a specific job to go to at the end of it. But it also gets them into an option of careers, because it gives them as a 16, 17 or 18-year-old skills that are transferable in the marketplace.

There are other ways into that marketplace, of course, but we certificate about 17,000 young people. Two thirds of those are young girls and young ladies, who are coming into the workplace. Now, their career thereafter may be long term as a beauty therapist, or it may change during the course of their career. We introduce them into the workplace and they learn the transferable skills of customer service, which can apply across many sectors, and fundamental embedded functional maths and English, which are very useful in their workplace environment and which give them some real value to their employer.

Q361 Chair: So there is an element of targeting NEETs in that.

Kate Stock: The reality is that you have to have a job before you can be an apprentice. The apprenticeship scheme is a valid alternative to going to full-time college or staying on in sixth form. You can see that by the percentage of learners in that age group who do an apprenticeship. The difficulty is that you have to have the job first. In the removal of the access to apprenticeships scheme, the programme-led apprenticeship and all the other schemes for unemployed apprentices, you have taken away the ability for learners who are not ready for employment but who wish to study the full qualification outside of college to do that.

Q362 Chair: So what do we do for those young people who are not ready?

Kate Stock: One of the biggest weaknesses was in the set-up of the study programme, where training providers who did not already have an EFA contract are not allowed to deliver the study programme. We can deliver traineeships and apprenticeships, but we cannot deliver the same qualification—

Q363 Chair: So what is the recommendation, Kate?

Kate Stock: The recommendation is that the study programme should be extended to training providers.

Brian Wisdom: I think that traineeships have to be much more closely linked to apprenticeships, and they are not. The problem is that we all get confused between what is

social policy and what is industrial policy. What is really important for the economy is that we have a really strong, robust industrial strategy and we prepare people to meet the needs of the economy, which we are not doing at the moment. We need 83,000 engineers, and last year we certificated, I think, 28,000 people in STEM subjects. It is just not enough. At the same time, we are probably short of 100,000 chefs and cooks to date, and we are not training nearly enough of those either. In fact, the whole hospitality industry had, I think, 60,000 apprentices last year. We are clearly not getting that. I think that is partly because of the fudge around—

Q364 Chair: So a much closer link—I think you are all nodding—between traineeships and apprenticeships. Those of you who were here earlier heard the evidence about GCSE maths and now GCSE English, and it appears that we are locking a huge group of young people out because of that. Do we need some other kind of entry qualification in numeracy and literacy, which is not based on Shakespeare?

Kate Stock: As the provider, in child care probably 40% of our learners have D grades or below in GCSE when they start on the programme. In order to be a fully qualified nursery nurse, you have to work to level 3, and 75% of our apprentices are studying at level 3.

Q365 Chair: Are they studying numeracy and literacy?

Kate Stock: Yes, because it is required under the apprenticeship framework. In a complete ridiculousness in the apprenticeship framework, we also have to do ICT functional skills. I do not know whether anybody in the room knows what a VLOOKUP is, or has any competence in VLOOKUP, but it certainly bears no resemblance to the practice in the toddler room, being quite a high-level Excel function. Excel is not exactly much use in the toddler room either. The new child care level 3 apprenticeship requires GCSE on exit instead of functional skills, which will further exclude learners from the workplace. Under the early years foundation stage, you have the ridiculous situation that a 16-year-old student is allowed to be counted in ratio, but if you have an EYE level 3 qualification but do not have your English and maths GCSE, you are not.

Brian Wisdom: In addition, the new system will rule out the opportunity for retakes. That means that the whole cohort will have to go through at one point in the year, which does not suit the employers who would be taking them on as apprentices.

Kate Stock: Or the learners.

Brian Wisdom: Or, indeed, the learners themselves. I think there is a real challenge. We all recognise the need to improve literacy, numeracy and the skills of our young people, because in the end, in whatever workplace you are in, you need those skills. It is how you do it. The challenge with apprenticeships, certainly if you are talking about the traineeship much more as part of the pre-apprenticeship route, is finding ways of making contextualised learning as valuable as academic learning. At the end of the day, if you are motivated by catering, actually calculating the ingredients for a dish is as efficient a way of learning maths as the traditional way.

Q366 Chair: So you would recommend as a panel that we need something alongside or as an alternative to GCSE maths and English.

Kate Stock: The functional skills that we have are good. They are challenging. They were only fully integrated into apprenticeships a couple of years ago. I think you will find that, across the board, all apprenticeship providers are still struggling to implement functional skills properly. Where they do not work is where there is no relevance to the vocation, which is created by the apprenticeship framework.

Tony Moloney: Can I just make one point? I am not wholly behind this. I get much of what has been said, but I was not party to the earlier conversation in full. The point that I would make is that a concurrency of activity needs to happen. There are two streams. We have to do something with the education system in primary and secondary schools—with STEM and the other subjects that form part of the broader education—that leads students to a position at point of exit where they can transition into a suitable pathway. That has three outcomes.

The first is directly into employment, which is fabulous. There are six point something million one-man-band businesses in the UK and there is a lot of local business, which is great. They are economically active and that should be celebrated, but it is seen as failure in school. The second route is work-based learning—traineeships and apprenticeships. There are two ways into that, but it is predominantly apprenticeships. You may also go into continued education, further or higher, and decide that that is a route. Those are three paths to trying to become employed.

On the concurrent activities and the systemic thing that we need to try to fix—this picks up your point, Kate—traineeships have a place, and I will state where they fit. In the energy sector, we have created them in such a way that they work as pre-employment bridges, so they can get to NEETs and to the lowest social decile. It is hard to do, but you can create an employability skill set package that can act as a pre-employment bridge that can then get people on to the entry point of an apprenticeship. I think that that is how they fit.

Kate Stock: But that requires young people to know what they want to do. Part of the difficulty is that a lot of young people still come out of school, quite rightly, not knowing what they want to do when they grow up. I am 41 and still don't know what I want to do when I grow up. They are not wrong to be confused. The really good thing about the traineeship programme as it currently stands is that it allows you to have in-depth conversations with young people and deliver really good, independent information, advice and guidance to help them. They get to do work experience to experiment. They might say, "Oh. Working in a nursery involves screaming children. I don't think I want to do that." Many people have this preconception about what a particular job is like, and the traineeship programme is really good in terms of that.

In terms of careers advice from schools, I was at an event a couple of weeks ago and people were coming up to me and saying, "I want to do an apprenticeship." and I would say, "In what?" and they would say, "What do you mean?" so I would say, "It's a job with training, so what job would you like?" The response would be, "Oh. I don't know." and then

I say, “Marvellous. Can’t help you then.” There is a misunderstanding about what an apprenticeship is, what it does and how cool it is.

Q367 Caroline Nokes: I want to go back to something you said in response to an earlier question, Kate. I have a 16-year-old and I entirely get that they come out of school not knowing what they want to do. You mentioned that their maths and English skills had to be relevant to the role that they chose. Is it not the reality now that young people—all of us actually—are more likely to change career mid-life and that we do not stick at the same thing for very long, so the maths skills that are relevant to a career in catering will not be the same as those for a career in child care, hairdressing or whatever?

Kate Stock: Whether or not to stick with the current system is an interesting dilemma. Functional skills are practical maths and English that can be applied to any context. They are challenging; you can see that by the fact that there is not a 100% rate. They have an advantage over GCSE. With GCSE it is set out that only a certain percentage of the cohort can pass. So, if GCSE is our only English and maths qualification, which was the route Government was heading in, there will be the problem that 40% of the population will never achieve that standard. Functional skills, based around competence, mean that if you achieve that competence, it does not matter how many other people are there with you, you can still pass the qualification.

Q368 Chair: If you’re good enough.

Kate Stock: Functional skills are good enough.

Q369 Chair: No, I am saying if you are good enough you can pass. It has nothing to do with who was around you.

Kate Stock: If you are good enough, you can pass. That is the thing that is brilliant about work-based learning. It is based on your genius at work. Can you look after children at 4 o’clock on a Friday afternoon when they have been screaming at you? Can you still do it? That is not about synoptic assessment. That is already there; we go in and observe learners at work and go, “Yeah, you’re cool.”

Q370 Alex Cunningham: We have a great chef in Stockton who is working with kids who are NEET. He is organising pop-up kitchens, so they are learning to cook and handle money while working with people at events. He is placing them in roles with local kitchens. Not one of the people he has been working with will get anywhere near the standard that is required for maths under the present regime. I worry about the barriers that are in place for those young people. Some of them will have to get to 19 to have this opportunity with him, whereas my brother who is a chef turned teacher is working with young people who, again, are not going to achieve the maths qualification but he can place them in work. What barriers can we remove? What can we do to give children who are never going to be mathematicians that chance to get into work without placing that barrier in the way?

Tony Moloney: I get the point about the connection, which is where I was going with the two concurrent activities. You need to try to put in some remedies that address kids who are in school now. Then you have got separate intervention that can deal with people who are not in education, formal training or employment.

The point I was going to add at that stage was that as employers and sectors we should be spending a lot of time getting into schools, which we do through a careers lab, which we have created through secondary schools to try to help young people form and make those decisions early, so that they go into some of their options a little bit more light-hearted, knowing where it can go and take them.

The idea is to bring alive some of that, but you need a diversity of employers, not just engineering companies. You need local businesses in local schools across all 4,500 secondary schools. We are trying to create that kind of presence so that they start to switch their own light bulbs on—sorry about the energy pun—and make the connection between inspiring to what they aspire to and how they can go about exploring and take action and what they need to prepare for that transition. The beauty with that is that you will get to a lot more. You won't solve everybody's problems. We will still have people further up the education chain who think, "I am not sure what is in this for me."

The idea when you have careers conversations is not just the online portals that are available but real people in the classroom. That is where business has a huge part to play. I know that the DFE is looking at that to start creating careers conversations again. That helps them be more informed.

Brian Wisdom: One of our members—People First—ran an employment academy for unemployed people, combining them with leading employers who were opening new venues around the country. As a result, in the past year they got 5,000 NEETs into employment. That is a success rate of about 50% of those who were trained. That was by giving them absolutely industry-specific programmes to get them in. They were trained in customer service and all that sort of thing before they went to those employers. It is very successful.

It is like anything; there is no silver bullet. We have to engage the whole system—employers, training providers, sector skills bodies—in making a difference. There is a probably a range of different initiatives. The local ones are brilliant; that is a much better way of getting to small business. For some national employers, you need to work at a national, sectoral level.

Kate Stock: I have three things. On raising the participation age, local authorities are much more focused on tracking down their NEETs. That is where the current traineeship programme is starting to work very well. It is a central place for learners who are NEETs to be referred to, and it addresses the English and maths issues. For a lot of learners, their appalling GCSE results are preventing them from moving on. The six-month traineeship programme is just about enough time to try to get them further forward than they were.

Q371 Alex Cunningham: But the new regime wants people to continue to study maths until they are 17, 18, 19 or whatever.

Kate Stock: Absolutely. That is not necessarily wrong. Again, it goes back to my point about removing the access to apprenticeships scheme. You have got learners who are ready to study a full qualification. In a lot of industries, a level 2 or level 3 qualification is the best way to get a job. Through work-based learning and doing placements so that they are with the employer—not being paid, but getting work experience—they can get the qualifications so that they get something out of it. Through that, they will get employed.

The final thing is that we possibly need to start pushing back at employers. You cannot have an oven-ready chicken. The apprenticeship is not the only training scheme or the only qualification that 16 to 18-years-olds should ever undertake. We need lifelong learning and we need to continue to invest in skills. The apprenticeship has to answer the question, “Where am I going at the moment? Can it get me from A to B?” Through my life, I am going to go to Z and the apprenticeship will never, ever get me through the whole alphabet, nor should it.

Ian Taylor: I would add to that that there is a tube map of career options, but the apprenticeship and the traineeship before that are a route of earn to learn. They get you on the tube map and are your ticket into the whole system. We should not ignore the opportunity they create. On the embedded functional skills, we all want to see improvement in maths and English, but doing it through a purely academic approach is not working for a lot of people. I have seen young lads who can do 501 on a dartboard quicker than I can do it on a calculator. Put them into a maths lessons, however, and they just go starey-eyed.

Chair: I have taught many of them.

Q372 Mr Ward: I will just have one more go on standards and competencies. They are saying that I can do things to a higher or lower standard, but my understanding is that I cannot be a little bit competent, just like I cannot be a little bit pregnant. I cannot be at all pregnant, actually. Are they the same or are they different? Are the new standards the same as competencies?

Kate Stock: It depends on the framework. In a child care Trailblazer, it is pretty much identical to what we have, because there is one agreed qualification and that is what the Department for Education has decided it will recognise within the sector. The Trailblazer is not adding much value. The qualification is a competence-based qualification that combines practical skills with knowledge and understanding, so it is assessed in different ways. You can be borderline competent, but you have to be above the line. You can be amazing and knocking it out of the park. With an apprenticeship, you have to be 70% to 80% competent before you begin, because you are already in work building up those skills. You will then be building those up as you move through the apprenticeship.

Competence-based education is good in that it assesses different skills, knowledge and understanding in a different way from exam-based assessment. It is able to be amended and differentiated to be much more inclusive than academic education, where you have to write the essay and cover X, Y and Z. There are no resits. With competence-based education, you put it in. Your assessor looks at it and says, “Well, you have not covered that, that and that. Now we will have a conversation on how best we can cover this, that and the other.”

Q373 Mr Ward: It seems to me that the definition is based on an outcome, as opposed to an assessment.

Tony Moloney: May I make a quick point to give you another angle on this? I am still left with the question about what is different from NVQs. This history of doing this has been that work-based learning roads are fabulous, and they always will be—this is effectively still a work-based learning road. The way competencies were assessed historically is that, if you look at the individual qualifications, you had certain elements and performance criteria, which you ticked off. You could do them in a separate way, and when people completed those qualifications as an apprentice or as a trainee—there are many entry routes into many employers—they came into the workplace ready to start work, and then they went through a form of authorisation.

In the energy sector we have 400 kV, so we have to have people who are extremely safe. They go through a sequence of permitry and authorisations, which are in themselves competencies. With the new Trailblazer we have managed to align—this is why the synoptic parts are useful—the many routes to assessment, as this is not an exclusive route to assessment. The idea is that you effectively do a trade test that brings together the behaviours and knowledge that they have acquired from many areas and see them applied in real settings. That is where it is quite rich. For us, the beauty is that we can tick that off as part of their assessment towards being authorised to work on the network. That is a fundamental change, so you are doing it all straight away.

Brian Wisdom: It is a real improvement. The challenge will be how you maintain that going forward. These new standards have been set on a wave of volunteerism by employers who have come together to set those new standards and by sector bodies that have supported the vast majority of these Trailblazers. In two years' time, when the Trailblazer groups have disbanded—the National Apprenticeship Service recently said that it is seeing evidence of employer fatigue in getting involved in this, which you can understand, particularly for smaller or medium-sized employers—if there is no industrial partnership structure that covers the breadth of training that needs to happen, how does it continue? Who does an employer go to when they have a question about the standards? Who does an employer go to when there has been a change in legislation that requires a resetting of the standards, which will happen, or when international events have changed things? This area is still completely undeveloped, and I think it is really important that there is a self-sustaining way of making sure that the quality and standards can be maintained.

Chair: Who should be accrediting all these qualifications or standards now that QCA has gone? Before we do that, we will go to Siobhain.

Q374 Siobhain McDonagh: Taking up that last point, how successful has the Trailblazer scheme been at involving employers in the design of assessments for the new apprenticeship standards?

Brian Wisdom: It is still early days. The old system was quite assessment-heavy because of all the qualifications that sat within it. The risk of a big assessment at the end is

that it still remains assessment-heavy when, in reality, what you want to do is invest more money in the training process along the way. I think it is really important that employers are able to set that agenda and that it doesn't become a hugely cost-heavy or bureaucratic process. Tony described a methodology that will work for some sectors, but other sectors will need a different approach. It is very important that the employers have that say and remain engaged, as they have been with the Trailblazer process, and that ultimately the assessment suits their needs and that there is some form of governance that ensures that the consistency of standards across the apprenticeship brand is acceptable.

Kate Stock: I am not sure there is any evidence that employers have been more involved in the Trailblazer process than they were through the sector skills councils previously. Where you are seeing more flexibility and innovation in apprenticeship frameworks from some sectors, it is because the current rules are allowing it. That is not to say that the Trailblazer process is better than what the sector skills councils were doing, but the sector skills councils were in a straitjacket. The current process is not necessarily any better.

Tony Moloney: That is a good point. I pick up both points and concur. We are in a perfect storm where there are eight industrial partnerships. We are finding that a good way to give some structure and governance. It is not the Trailblazer in itself. Therefore, we would have had an engagement through the sector skills council with smaller employers.

To your point, Siobhain, if you think about the power network qualification for power network craftsperson, the big six energy companies, National Grid, and ScottishPower come together. Those are eight big ones. Purposely, we got some tier 1—supply chain—and tier 2 involved in that, so that they can feel part of that ownership. The important thing is when we configure the standard with the selection. If you create the right modular approach, they can use the apprenticeship and we can all recognise it. You could have done it the other way but I just think—to Brian Wisdom's point—that part of the risk and, therefore, probably a recommendation is that any reform needs to think about what goes on past 2017-18.

We all know that apprenticeships are a much longer-term endgame for the UK. We talked earlier about certainty. We need to create a model that we can start to live to and think about how it will be funded, and what the industry, the individual and the state will pay for. We need to be clear about that and about how it will pan out. That pipeline will start to emerge and become more used and recognised. Therefore, we will all stick with it. We tweak around but the funding will settle that.

Ian Taylor: You have to add the whole supply chain, not just the employers. You have to have the training providers and educationists, and you need somebody to mediate and moderate that and bring them together. I believe that the Trailblazer process has disfranchised some of the employers because of the constant changes. We need to bring them on board but it is not just them. They will say, "We need an end assessment" and the training provider says, "I can't do 17,000 people at one time. We need a different strategy." It is important to ensure that all the voices are heard and that we get an industry or sectoral solution. Repeating what has already been said, there is not a one-stop-shop solution for this.

Q375 Mr Ward: Is it the role of NAS to do that?

Tony Moloney: I would not say so—not necessarily.

Brian Wisdom: It can be self-sustaining. If the certification system exacted a levy that supported the ongoing maintenance of standards, that money can be recycled in the system and does not require a Government body to do it, other than oversight of it. Today, we could manage that on a self-regulated basis.

Q376 Siobhain McDonagh: Taking up the point of, “You can’t all have your exams at the end because we couldn’t possibly get through them,” I have a question for Brian. The FISSS report that the assessment process is being captured by the award bodies. Does that represent an unwillingness on the part of employers to be involved in the assessment of the new apprenticeship standards?

Brian Wisdom: No, because I do not think that employers understand what the assessment means yet. It is at the very early stages. Logically, if you look at it from a commercial perspective, awarding bodies have gained a lot of their income from doing the assessments of the qualifications that have sat within an apprenticeship. That has now changed. How their business model can work in the future—I guess they are looking at the commercial opportunity of big assessments at the end of apprenticeships. That may well suit some sectors but it should be the employers making those decisions, not a Government decision that awarding organisations should do so, because that may well not suit some sectors. Indeed, Tony’s sector has already set up its own assessment process.

Kate Stock: It is quite ironic because for 20 years, in terms of practice, everything has been about back-end assessment being appallingly bad practice and not at all within the learners’ best interests—that learners get inspired and motivated by achieving throughout their qualification. So it is highly ironic that again we are having this almost academic assessment being foisted on, possibly in the view of raising the esteem. You are going to traumatise learners. This weaker cohort—the possible NEETs, the people who are vulnerable who bounce themselves in and out—are going to freak out. Three or four iterations ago, when technical certificates were first introduced, you had external assessment of the technical certificate. Within child care, we had a 90% first-time pass rate of the qualification or of that test. It added no value over and above all of the other assessment methods; you could tell that because the pass rate was so high.

It will be interesting to see how this goes, but we cannot raise the esteem of vocational education by saying that everything that makes it special is bad, and that it must look like A-levels. In terms of the Trailblazers, the weakness within child care is that the Trailblazers—the employers—are not the ones making the running. The employers do not want GCSEs on exit within the framework, yet that is what we have. We had it imposed on us very badly in a very rushed way. There has been zero support for the child care providers or colleges to make sure that we are able to deliver this. The Trailblazer does not want GCSE on exit, yet the Government is adamant that GCSE on exit is what we must have. We have this divergence between what the employers say is necessary and what is being put on the sector. That, again, is against the whole ethos of the Trailblazer.

Q377 Mr Ward: We have looked at careers advice and we have found that it needs to be improved. We also looked at why young people may not consider apprenticeships. There is the issue of schools themselves wanting to keep the best kids in and so on, and not providing that. But there is also a possible lack of understanding among parents possibly, and certainly among young people about apprenticeships. These new standards, to be honest, seem very complex and confusing. Is there anything in here that would make it simpler for parents, employers, young people and schools to understand what these apprenticeship things are?

Kate Stock: Probably not.

Tony Moloney: My view is no; not necessarily. I do not think that just by calling it a red or yellow—it is still an apprenticeship. The issue is more societal in this country. That is why it is important for all employers—whether they are in child care, engineering or hairdressing—to get into and be part of a conversation in schools about pathways and transitions.

Q378 Mr Ward: We always talk about Germany. Would a parent, employer or young person there know about technical education?

Tony Moloney: Yes. I worked in Germany for six years, so I know the dual education system there. I know the relationship between the works councils. Interestingly, we kind of gifted that over to them many years ago. In society, there is still a deeper appreciation of the contribution made by certain occupations, such as engineering, and the ways into them, as well as the fact that there is a pure route.

The lexicon around vocational/academic is not helpful either. We need to start presenting that you need good skills and knowledge for both vocational and academic. In schools and in society, we have to get to parents and young children and say, “Look, there’s more than one way to the top if that’s where you’re going. There are more ways to fulfil your life or improve your life chances.” We have to present apprenticeships and transitions from secondary education onwards in a way that feels more equitable. This comes back to teachers’ understanding and being confident to share knowledge about what apprenticeships look like and what you could do.

Ian Taylor: I do not think that the Trailblazer process has created the esteem of apprenticeships. Knowledge in our sectors is certainly on a local basis. I know that the girl next door has an apprenticeship in the next town; she does not have to travel 20 miles to the university or whatever. The Trailblazer outcomes, as far as we are concerned, is that we are going to see a dramatic drop in local SME apprenticeships because of the Trailblazers. It is having a negative effect on the lady who runs the local beauty parlour or hairdresser, or the chap who works in the local gym, who say, “I can get a job and still live at home. I am on a very low wage, but I don’t have to move away or take out loans and things like that.” If we lose a lot of such people, in fact apprenticeships will be even more devalued in the eyes of parents, because if their son is not going off to university or their daughter is not going into a vocational occupation, for example, and those apprenticeships disappear, what are their children going to do? Are you going to increase the number of NEETs, or just the number of unemployed?

Q379 Chair: We started on this journey of “Academic good, vocational bad” when we turned polytechnics into second-rate—in many cases—universities.

Finally, Brian, your federation has been quite critical of the growth in the number of standards. Do you think—all of you—that the Government have sufficient oversight of the number and range of new standards? Have they really got to grips with this?

Brian Wisdom: The early indications are that there will be a proliferation of standards. I am not necessarily being critical of that; I am just saying that it is a fact.

The numbers that have been developed so far indicate that there is going to be a significant proliferation of standards and of groups setting those standards. Within that lie some potential pitfalls, because of the need to ensure consistent quality across the piece and to ensure that, fundamentally, those standards can be maintained over a long period, given that we want apprenticeships to last in perpetuity and not for two years, or as the servant of political dogma, because we are talking about industry’s future and that has to be long term.

There is some real cause for making sure that we have in place the governance and system that can support a proliferation of standards if there needs to be a proliferation of standards, to provide the opportunities and the quality that people need, or not. Either way, I do not think that there is a system in place for the future, and we can offer some of the answers to that.

Q380 Chair: What happens when the Trailblazers end? Should the Government pick this up? Should things go to Ofqual, so that it becomes not just a regulator, but extends its role?

Brian Wisdom: That is a risk. The issue with apprenticeship standards has been, according to Richard, the fact that they have been developed for the supply side and not for employers. This is the tilt that has started to happen. There is not a future laid out, and I do not think that it lies with Government; it lies with employers working together. There are potential solutions. Employers are paying for apprenticeships now, and they pay for apprenticeship certification. Within that certification route, they can also pay for the maintenance and development of standards into the future. Of course there will need to be some form of inspection and some quality assurance of how that public money is being spent through employers, but at the end of the day it can be managed.

Q381 Chair: An extension of Ofsted? *[Interruption.]* Ian is saying, “Definitely not.”

Brian Wisdom: I would be very wary of saying that it should be an extension. Clearly, where employers are major training providers, they are already inspected by Ofsted, and I would imagine that in many of those cases that will continue. A regime like that might be inclined to put employers off engaging with the system at a time when we need them to engage. Industry is perfectly capable of regulating itself through its own processes and ensuring that poor-quality employers are dealt with within the system.

Tony Moloney: My only answer to you on that is that we would not be worried or concerned about Ofsted having a limited remit. As you said, we are already inspected.

Coming back to proliferation, the intra-cycle proliferation—that was a mouthful—and rationalisation will always happen to some extent. We do not want more qualifications within our sector than we really need. It comes back to finding a balance between the right broad range of occupational roles that will work. It is reasonable, with public money, to have some kind of assurance process that says that this is being well directed.

Q382 Chair: You said there were solutions. If any of you have solutions or recommendations, please let us have them. Thank you for your evidence. Ian, are you really an Olympic gold medallist?

Ian Taylor: Correct.

Q383 Chair: And did you bring your medal today?

Ian Taylor: It's in my other jacket.

Chair: Respect anyway. Thank you.