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11.05 am

Witnesses: Ralph Scott, Alex Burghart and Spencer Thompson

USE OF THE TRANSCRIPT

This is a corrected transcript of evidence taken in public and webcast on
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Members present

Baroness Corston (Chairman)
 Lord Farmer
 Lord Holmes of Richmond
 Baroness Howells of St Davids
 Earl of Kinnoull
 Baroness Morris of Yardley
 Lord Patel
 Baroness Sharp of Guildford
 Baroness Tyler of Enfield

Examination of Witnesses

Ralph Scott, Senior Researcher, Demos, **Alex Burghart**, Director of Policy, Centre for Social Justice, and **Spencer Thompson**, Senior Economic Analyst, Institute for Public Policy Research

Q38 The Chairman: Good morning, and welcome to this evidence session held by the Select Committee on Social Mobility on the transition from school to work. This session is open to the public, as you know. A webcast of the session will go out live and is subsequently accessible via the parliamentary website, so no doubt in a quiet moment over the summer we will be able to see it. A verbatim transcript will be taken of your evidence and put on the parliamentary website. A few days subsequent to this session, you will be sent a copy of the transcript and we ask you to check it for accuracy, as soon as possible, so that we can implement any corrections. If, after the session, you on reflection wish to amplify or clarify any points you make, you are perfectly welcome to do so by giving us supplementary written evidence. If you would just like to introduce your names and the organisations that you support, that would be very helpful.

Spencer Thompson: I am Spencer Thompson and I work for the Institute for Public Policy Research.

Ralph Scott: I am Ralph Scott, a senior researcher at the think tank Demos.

Alex Burghart: I am Alex Burghart. I am the director of policy at the Centre for Social Justice.

The Chairman: Thank you very much. As you know, we are looking at social mobility, but we are particularly interested in one cohort of people who are referred to as “the missing middle”. We know that there is a group of young people who go through what is often called “the royal route”, A-levels and university—higher education. There are others who are not in

employment, education or training, but up to 50% of the cohort is not really accounted for. We would like to know what work you have done about improving outcomes for these young people.

Alex Burghart: Thanks very much for having me here this morning. The Centre for Social Justice, as you know, has spent 11 years looking at the root causes of poverty and pathways out of poverty, of which obviously education and employment are two of the most important, so we really value the work that your Committee is doing.

We would see the missing middle in a slightly different way from yourselves. We have about half of the A-level-age cohort doing A-levels, which you describe as the royal route, and at the other end you have about 5% of young people of that age who are not in employment, education or training. In the middle, you then have young people who are doing vocational qualifications of various levels. We would say that many of them are not missing: we know where they are, we know what they are studying. We know, in the case of many qualifications, that they are likely to lead to positive employment outcomes. The young people who are actually missing are the young people who are in the NEET category, often children who have been in care, who have completely fallen out of the system. We literally do not know where they are. That is a group that my organisation has been extremely concerned about over the years. I understand that that is not the subject you are interested in, but it is something that I want to bring to your attention.

We also have about 16% of young people of this age who are doing level 3 qualifications. These are pretty well tried and tested at getting young people into employment, so we would encourage you to focus on is the 16% who are focusing on level 2 qualifications and the 6% who are on level 1 qualifications. For them, we know that the pathway into employment can be slightly harder. This is still a very simplistic model. There are plenty of young people who do A-levels who will find that they do not get very good grades and will struggle to progress. Plenty of young people who do level 2 qualifications will go on to do quite well. I understand that we are simplifying for the sake of convenience.

Much as I am loathe to praise the work of another think tank, I know that Demos in 2011 wrote a good paper that looked at just this question, identifying the fact that the previous Labour Administration had focused very heavily on getting young people into university, but the other half had fallen into a bit of a policy vacuum. Policy abhors a vacuum, so since then policy has flowed into this area and we have seen an increased focus on vocational

education, obviously with Alison Wolf's review, which you will all be aware of, which has successfully whittled down the number of vocational qualifications available to leave just those who are most acceptable to employers. We feel that that has strengthened the sector. We have also seen the introduction of a small but important number of university technical colleges, which have been pioneered by Lord Baker, in an attempt to create a high-standards, high-qualification route from education into employment as a genuine alternative to university. We would like to see that programme expanded. We have seen a dramatic increase in the number of apprenticeships: 2 million in the last Parliament and the promise of 3 million in this Parliament. Obviously it is very important that those apprenticeships lead to work and are of sufficiently high quality to do so. Policy has formed for the group that you are concerned about; we want to make sure that these ideas are built on to make sure that they form a genuine pathway into employment.

Q39 The Chairman: One of the things that we are particularly concerned about is that under-19s applied for 57% of advertised apprenticeships up until 2014 and were given 27% of them. This is the focus of our attention. Thank you.

Ralph Scott: Thanks also for inviting me to give evidence today on behalf of Demos. I would just like to pick up on the paper that Alex mentioned, which in large part shares your analysis of the missing middle, although we did not call them "the missing middle"; we called "the forgotten half", because there was this existing idea of 50% of young people going to university. The question is what happens to this other 50% in terms of social mobility or just labour market outcomes.

That report set out to look at how well the education system was equipping these young people, and in the analysis we identified five premiums: above-average wage returns that match certain skills or attributes that are provided by the education system. One is well known, the graduate premium, which has recently been estimated for a first or 2:1 degree to be around £200,000 over the course of a life's earnings.

The other four that we identified are those that can be inculcated through the education system, even in young people who are not going through the university route. The first is the literacy and numeracy premium. We and others did an analysis of the British Cohort Study, which we drew on in putting the report together. We identified that good numeracy skills at the age of 10 were associated with 8.2% higher earnings at the age of 30. Good reading skills at the age of 10 were identified with an extra 3.5% of earnings at the age of 30. This is

analysis by Jo Blanden. That demonstrates the importance of literacy and numeracy. We know that the UK has been falling back in the PISA rankings since they were first done. The UK is around 26th in maths and 23rd in reading, from a much higher level. But the Government have rightly been focusing on improving literacy and numeracy throughout the education system and are starting to see some success, in terms of young people's levels of literacy and numeracy, on the social mobility indicators which the Government now monitor.

The second is the character premium, and this is an area that we have talked about a lot as an organisation. This is important, and there has been a lot of focus in policy and analysis over the last couple of years—members of the Committee will have led some of it and will be familiar with other parts of it—on the importance of things like application, self-regulation, self-direction, grit, empathy, communication skills, and all these kinds of things, to labour market outcomes. They are often described as non-academic skills. That is another way of thinking about them. The definitional debate is very live and you can get bogged down in it, but essentially there are these skills and they matter. There is lots of analysis that demonstrates this. Another example, again, is from a British Cohort Study analysis, which found that better application at the age of 10 was associated with 9% higher earnings at the age of 30. There is lots of analysis from the US. Professor James Heckman has shown the impact of these skills as well. There is also a suggestion that this matters more for disadvantaged children, so better application at the age of 10 is associated with a child from a deprived background having 14% higher earnings at the age of 30. That is also quite interesting and plays into the social mobility answer that you want to get to.

The third—I will try to be brief with the next two—is the technical premium, which is possessing a technical skill or expertise that accrues income. Alex is right to point out that the analysis finds that it [the premium] does not tend to accrue to level 1 or level 2 qualifications. Only at levels 3 and 4 do you start to see a wage premium. Again, the Cohort Study analysis found that men gain a 7% premium in earnings on completing level 3 apprenticeships, which rises to 14% if they also complete a higher national certificate, which is at level 4. Some analysis showed that the level 1 and level 2 NVQs actually had a negative wage premium, so doing them actually made your earnings worse than not doing them. Lots of those NVQs are no longer available for young people to pursue, but that is something to look at.

The final premium that we identified is the work premium: experience of work. That can be through good-quality careers advice or work experience, which schools have a statutory duty to provide. It can also be through pursuing part-time work. The Education and Employers Taskforce has found that, on being followed up, young adults who could recall high levels of employer contacts throughout their education experience were 20% less likely to be NEETs at the end of school and 18% more likely to earn more. There are lots of ways in which schools or young people can gain experience of the workplace, but that is really important for ensuring that they go on to have positive labour market outcomes. I will finish there for now.

The Chairman: Thank you. I think some of us call the character premium “life skills”, but it amounts to the same. Spencer Thompson, would you like to add something?

Spencer Thompson: Yes. Thanks again. As the others said, thanks for inviting me to speak to your Committee. It is a very important area and it is very good that you are looking at it. IPPR has done a series of research projects about this issue. We have looked at several areas. We have looked at how the labour market has changed and the impact that has on the type of skills and capabilities that young people need when they are transitioning into the labour market. We have looked at upper secondary education and how that could change, again to better support the transition into the labour market, and we have looked at the welfare system and how that interacts with young people’s experience and can help to support them moving into the labour market.

As Alex said, and I completely agree, it is important to distinguish between the different sub-groups within the population that you are talking about. For example, as has been mentioned by Alex and Ralph, the difference between different levels of qualifications has an impact on the employment and wage outcomes of young people studying for those qualifications. Also, that should be reflected in the support that they get in the welfare system. We have argued that the priority for back-to-work support for young people should vary depending on where they are on their journey to gain qualifications. For those without basic skills that should be the first priority—getting them basic qualifications in literacy and numeracy. For those with a level 3 qualification, on the other hand, their priority should be finding a job and a career path as soon as possible. Those in between should be on learning and qualifications that are very much tied to the labour market and have a clear route through which they can do those qualifications to get a job and a career.

On education, we published a paper earlier this year on 14-to-19 education, as opposed to 16-to-19 education, as that is the relevant age range through which people should be transitioning from education into the labour market. There is something of an artificial distinction, we believe, at the age of 16, which means that people who might benefit from a more structured course of learning at an earlier age are having to make a decision at 16 and then decide where they would like to go. That could be done earlier, we believe.

Sixteen-to-19 education outside A-levels is definitely a very complicated picture, especially when compared to higher education. It is not clearly understood by learners; it is not clearly understood by their families or by employers. In many cases, as has been remarked upon by reports such as the Alison Wolf review, it is poorly linked to the labour market. Partly that is about the incentive space in the system for how complications are supplied and which qualifications are supplied. Definitely something that we feel the Committee should be looking into is how qualifications in 16-to-19 further education are linked to specific jobs that may be growing in demand from employers or may be poorly served currently by the landscape of provision.

It is also worth the Committee thinking about how schools interact with learners' choices. We have argued that schools should be engaged with other education institutions in the local areas, so that they can provide the best advice to their students and the best options for where they should be going and which courses they should be taking, even if they are not necessarily the ones being provided by the school where they do their GCSEs, say.

This links to another point that we have made, which is that measurement and how we measure outcomes from education is very important. We have argued that we should be measuring outcomes at 18 and that this should apply even to students who have switched institutions at 16, as it would give an incentive to those schools to be pointing them towards the best qualifications for their needs and their goals. As Ralph mentioned, experience of work while you are still at school is extremely important and it has declined a lot over the last few decades. The employment rate of teenagers has halved since the 1990s, which has an understandable impact on labour market outcomes to young people when they leave school. A few hypotheses have been raised about why this might be the case—an increasing emphasis in the system on achieving academically may have shifted people's goals away from getting, say, a Saturday job or a job in the holidays—but it is definitely very important.

If linked with learning through programmes like traineeships and apprenticeships, it is very important.

As I mentioned, we have argued in several papers that the welfare system is fairly poorly equipped to support young people, especially those who have just left school. It has a very “work first” approach to supporting young people into work, but, as I mentioned earlier, that is not necessarily what some young people need. They need to achieve a baseline of qualifications and they need to be linked to qualifications that have a clear progression route into work and into a career. I hope to talk more about these, but I will leave it there.

Q40 Baroness Sharp of Guildford: Can I raise with you the issue of what difference raising the participation age is going to make to the choices that are on offer to our young people? I am very glad that all of you have stressed that other vocational qualifications, other than apprenticeships, have some value, because it is important that we should understand this. Given that only 6% of young people of this age group go into apprenticeships, and indeed that has been falling rather than rising over the last few years, it is very important that the range of options available should be there and that people should understand that there needs to be progression. Do you feel that we are achieving this through raising the participation age? Do you see this as a route by which we can actually encourage these young people to move forward?

Alex Burghart: The key issue is obviously the quality of the provision that is available. As I understand it, the Government will not enforce the new leaving age, and consequently we are still in a position where we must encourage young people to take up good-quality offers in order that they can use them to get into work. To go back to something Spencer mentioned, we feel it is extremely important that young people making those choices at 16 have a good idea of the quality of course and quality of institution they are moving into.

We have been very impressed by the early destinations data that have been produced by the Department for Business, Innovation and Skills. Were that to be widely available, for example for young people choosing FE courses or choosing apprenticeships, and you saw that this institution and this course tended to lead to employment in a particular sector, it would both empower young people and institutions to provide and promote those courses that are productive.

A very good example was given to me by a civil servant in BIS a few years ago, who said, “What would you say if your son wanted to study computer games at the University of

Derby?”. I paused and he said, “Well, you would be wrong to pause, because 95% of people who do that course end up with a job in the sector a year after they leave. It is an excellent degree”. If you have that sort of level of detail available for young people at 16, it could be part of a genuine revolution in how we both choose and provide courses at that age.

Ralph Scott: The first question to ask in response to that is: will raising the participation age actually result in more young people staying on in full-time education? As Alex has pointed out, it will not be fully compulsory. Neither young people nor employers will face penalties. There are various routes that young people can choose to take post-16. The initial evidence shows that more young people are staying on up to the age of 18, and there is also the lowest level of NEETs in that age group on record, which shows that young people are staying on, but participation actually increased more between 2001 and 2009, so it is not clear that that is actually linked to this change in policy.

Another point that I would make is to reiterate this question about what they will be doing and where they will be doing it. We know that in the last couple of days there has been a lot of news on what is happening in the FE sector and colleges under threat. The question is: where will the places be for young people to pursue their education between the ages of 16 to 18? It is potentially promising. Some analysis done by the LSE shows that for each additional year of schooling, young people in the UK will earn 13% more, so staying on in school can improve outcomes, but it is just about the quality of what you are doing. In that time, enabling young people to re-sit GCSEs in these core skills, or even the new core maths qualification that some colleges are undertaking, are things that will essentially enable to access those premiums that I talked about in response to the first question.

Spencer Thompson: I would just add that there is a danger in raising the participation age without substantially improving the quality of the course on offer. You will end up warehousing some young people, who could be better served by taking on a traineeship or an apprenticeship, et cetera. Maybe they stayed on at an institution that they are familiar with. That is the one thing that needs to be closely looked at.

Baroness Sharp of Guildford: This is of course staying on in education or training. As you rightly said, a traineeship fulfils the bill here.

Spencer Thompson: I would completely agree with that. As Alex said, it is whether young people have been provided with enough information about the various options available to them.

Baroness Morris of Yardley: This is just a supplementary. I agree with the analysis and I am sure that more information for young people will mean that they make more effective decisions. Just putting the information out there, as we all know from previous experience, does not mean that the right people look at the information and then make a sensible decision. I want to ask about the very word “apprenticeship”. I know that there was an announcement about being clear about what an apprenticeship is, in terms of a year and a day, but I worry. You have used the word “apprenticeship” a lot, and I think Baroness Sharp was the first to use the word “traineeship” in our discussion so far. I just wondered what you thought about my concern that the danger is almost that at 16 you either go to A-levels or you go on an apprenticeship. It is really a simple message and it sounds like a good choice, but we know that the quality of apprenticeships can vary so much.

Do we overuse the word “apprenticeship”, because it has connotations of quality, leading to jobs, worthy achievement and success? You do not hear, “It was a bad apprenticeship”. You might fail, but the word “apprenticeship” is wrapped around a feeling of something that is good, and we do not really have another word for things that are not good between 16 and 18. Very succinctly, which I have not been, for which I apologise, do we need to be more careful about how we use that word “apprenticeship” in helping children to make good decisions?

Spencer Thompson: I would say that there is definitely a gap between what people think when they hear the word “apprenticeship” and what actually is currently being provided in apprenticeships. Most people, when you ask them what they think an apprenticeship is, would definitely say that it is something that young people do, that it probably lasts more than a year and is high quality, et cetera. Obviously, as we know, a significant number of recent apprenticeships have gone to the 25-and-overs. That is not necessarily a problem, but it does perhaps lead to some confusion about what an apprenticeship is and who it is for. We would see traineeships as the precursor to either an apprenticeship or moving into employment. That is their function for young people, but I completely take that point.

Ralph Scott: One thing I would mention on apprenticeships is that the Government are trying to rapidly increase quantity over the next five years, an ambition that should be applauded, and at the same time increase quality and ensure that they are much more closely linked to the needs of employers. Following on from the recommendations of the Richard review, Richard understood apprenticeships as training for mastery of a particular

occupation, training you for a particular job, and an apprenticeship is a job at the same time. Other European countries pursue apprenticeships later in life. A traineeship model for 16 to 18 year-olds may be the way to go.

Alex Burghart: Very briefly, I think we should probably do more to mark out the level 3 apprenticeships, the gold-plated apprenticeships, from the rest. On your point about information, which I accept, it is also important to acknowledge that some of the people who will get to use this new information are teachers, careers advisers and parents. It just emboldens the system.

Baroness Morris of Yardley: It is not a bad thing, but it does not guarantee success.

Earl of Kinnoull: I wonder, Lord Chairman, whether I might ask my supplementary a bit later, because it might fit in better in a later question.

Baroness Howells of St Davids: Can I ask a supplementary? You would not be surprised to know that I am interested in the education of black children in schools. Lately, my case book has been showing that for the two you pointed out—you did not say black ones, but children who are looked after—the schools themselves do not have an appreciation for their ability to go on. In fact, one letter pointed out to me that the teacher said, “You cannot expect these children who you are looking after to do as well as yours”, which was quite a blow to the people who were looking after them. I just wonder if you can help me and tell me about any research that you have done that shows that black children are getting a good slice of the pie, are taking it up, and are experiencing the effects of racism in this. That is a major thing in keeping children back.

Alex Burghart: They are very interesting points. I do not know enough to answer your third question, but over the past years, as I am sure you will be aware, black children on free school meals, particularly black boys, have seen a noticeable improvement in their GCSE levels and have now overtaken white children on free school meals. Some of the interventions that we have seen in the system are starting to bear fruit, although there is also a big question about how you improve the education of white children on free school meals.

One of the things that we have looked at a number of times is the quality of education for children in care. We have certainly seen some very interesting movements around virtual heads, where you have someone outside school who gets to provide advice and support. Something we are very concerned about is the number of times children in care move school

during the year, often during crucial exam years, and this fits into a broader issue of stability for young people in care, which will take us off the topic of today's discussion but I would be very happy to come and talk to you about.

Ralph Scott: Just in response to that, I would echo the recent evidence on young black people on free school meals overtaking white working-class boys. Often that is how it is described. It is often due to school quality. If you look at where ethnic minorities tend to live, the school quality in London has improved radically over the last 30 years. I would point the Committee towards the evidence that we have published in the *Integration Hub*. We have a whole chapter dedicated to evidence in education, which will answer some of your questions.

Baroness Howells of St Davids: It does, except that what did not come out is that the black community, which would be the third generation, are spending lots of money supporting their children in Saturday and Sunday schools. I just wonder if that is the reason for this happening, because people do not realise, unless you are in the community, how much money is spent to get extra help. The Government used to subscribe to the supplementary schools but no longer do so, and that has been a big burden for these people. Thank you anyway for what you have to say.

Spencer Thompson: It is a very important point. We have not done any research on this particular issue, but it is definitely something that we are interested in.

Q41 Lord Holmes of Richmond: Good morning. Research shows that skills inequalities in school leavers may be mitigated by further learning. How do you think the post-16 system in the UK fares in reducing skills inequalities compared to other countries?

Ralph Scott: The short answer is not very well. In order to get close to an answer to this, we have looked at the OECD's Survey of Adult Skills. England has approximately 7% engaged in short-cycle professional training among adults between the ages of 18 and 65, which is post-secondary vocational and can be provided by a range of providers. That is how they define it anyway. England has 7%, the US has 26%, and Germany and France have around 20% engaged in this form of learning post-18 in the workplace.

We published a report on this a while ago, but there is a well-known phenomenon in the UK, which the OECD evidence backs up, which is the skills paradox. Essentially those who are the most skilled within the labour market are those who are still improving their skills, whereas

those with the least skills are those who are not receiving any training whatsoever. That is a real flaw in our system.

The one recommendation that we examined in the Commission on Apprenticeships that we hosted last year was to look at the role of employers in lifelong learning and the corporate governance of that. In countries such as Germany, which has more of a social partnership model, employees may be represented on decision-making boards, are more engaged with the long-term future of the business and are more likely to ask for training and support in that way to improve productivity, because they want the business to be successful, than just negotiate for higher wages. That is a recommendation that we have made on corporate governance in order to improve training for adult learners.

Q42 Lord Farmer: First, I should declare an interest in that I have actually been a long-term supporter of the Centre for Social Justice. My part-time parliamentary adviser is Dr Samantha Callan, who is also an assistant director of the Centre for Social Justice. My question is: what are the main elements of a successful transition system for school leavers going into the workplace? I should mention that this workplace experience, which we have heard in earlier meetings, is very successful, but we do not seem to have a system for it. That does seem to be a great benefit. We also have not really heard much about family participation, which seems to be a very big element in upward mobility. Is there a way to encourage that and strengthen the system?

Spencer Thompson: On the transition system more generally for school leavers, one thing that we have researched extensively is the gap between the number of people who leave education and the number of people who actually get support to get into work. Around 40% of young NEETs are not claiming any out-of-work benefit. That is not necessarily a problem, but it does mean that they are not linked in with the systems of support that come with claiming jobseeker's allowance. For that reason, we would argue that you need to bring more people who are NEETs into a system of support for linking young people up, who are having trouble finding work, with opportunities, be they a traineeship, an apprenticeship or into a job.

This touches on a point I made earlier, which is that the current system, if more people were to be included, is not well designed to do that task, because it is very much focused on getting someone into a job as quickly as possible and needs to take more of a holistic view of each young person and what they need themselves in order to move into work, and move

into sustained work, whether that is basic qualifications or a qualification that is very much linked to a particular career path.

Alex Burghart: We have been very interested, in our work in transition, in whether you can build some form of formal transition mechanism between learning and employment. In a report that we published last year, called *The Journey to Work*, we proposed a youth offer, whereby your search for work, if you were not going to university, would begin while you were at school. There would be a UCAS-style system, which would allow you to apply for jobs, traineeships, apprenticeships and whatever else was on, but this process would begin before you left the school gates. A number of young people we spoke to felt they had fallen off something of a cliff in support from school, until they bumped into the job centre. That was a very inefficient way of managing things.

Your point about families, Lord Farmer, is extremely important. We know that if you are a young man and your father is out of work, you are 25% more likely to become unemployed on leaving school. Parental employment is a huge dimension in this, but so too is support for parents to give support to young people. That can be done through schools, but we believe that it could also be done through transforming children's centres into family hubs, which took care of the family in a much broader sense than the children's centres currently do.

Ralph Scott: Just to call back to *The Forgotten Half* report that I mentioned earlier: in that report, in order to access the premiums, we recommended that the school-to-work transition model should include a number of elements. The first is ensuring that those core literacy and numeracy skills are there, and that can be through consolidation or intensive learning before they leave full-time education. The Government are taking action on that.

A second element that we identified was vocationalised academic learning. It is worth looking at. The model of UTCs has been mentioned already. The Studio Schools 14-to-19 model is another model that encourages academic learning but also includes a vocational component and is engaging young people with local employers and with the labour market through learning the curriculum.

It is also worth thinking a bit about the curriculum and qualifications. Qualifications reform is probably off the table for a while, because we have been through quite a lot recently, but I know that the Tomlinson report is brought up a lot in this context. I would also draw your attention to the national baccalaureate, which is being trialled by a headmaster at Highbury Grove School called Tom Sherrington. It is worth having a look at that, because that school is

trying to put a policy into practice in its own setting. There is the National Baccalaureate Trust, which I would draw your attention to in terms of vocationalised academic learning. The national baccalaureate would include an academic component, but also a long-term project, a volunteering component and a vocational component.

Activities that build character in schools could include extracurricular activity, community-based learning, service learning and all these kinds of aspects in delivering a curriculum, and finally high-quality work experience and advice, information and guidance. It has been brought up before, but there is a question about how successful the post-Connexions approach is and to what extent the provision of independent careers advice to young people is working. In 2012, an Ofsted report was quite damning about the approach that schools were taking. I do not know if anyone has looked at it in more detail recently, but we have made a recommendation in the Commission on Apprenticeships that we hosted that there should be a high-quality public sector competitor. Schools are now encouraged to bring in private providers of careers advice and they can bring in a lot of expertise, but you can drive up quality by having a public sector competitor. We have seen that in the health service, for example. That is one recommendation that we have made about ensuring that careers advice is there. We are also very keen on destination data. It is worth looking at what the DfE and BIS are doing in combination to link up the data from the national pupil database with earnings data later in life. That will be a very interesting data set, because it will tell you 10 years out of school how successful either a particular school or qualification is. That will really help people to make informed choices.

Q43 Lord Patel: My question is about guidance to 14 to 16 year-olds. There is some evidence that there is a lack of a plan in the UK to prepare young people for employment. Schools are the obvious institutions to guide 14 to 16 year-olds to further education, training and subsequently employment. Some say that the schools need some incentives to do this. Are there incentives for schools to do this? How well do they do it? Are some schools better at it than others?

Alex Burghart: Lord Patel, if we had decent destinations data it would be easier to know whether schools were giving good advice and to hold them to account on it. Because we have discussed that already, I would like to draw your attention to a particular intervention, which I have seen in a number of schools in London now. It will be very familiar to Baroness Stedman-Scott, because Tomorrow's People has worked on it. It is called ThinkForward, and

it provides long-term mentoring to young people who are identified as being at risk of becoming NEET on leaving school. It provides, just as you suggest, that guidance and advice on how you can think about what your career is going to be, how you get experience to get there and even how you can finish your homework in order to help you get better grades in order to help you get on to that career path. Its success has been very impressive. It is being funded by Impetus-PEF and by the DWP. In the Tower Hamlets cohort that was singled out as the most likely to become NEET, levels of NEET-ness fell by about 88%, which was a really remarkable intervention that if replicated across the most disadvantaged parts of our country could have a significant impact on the number of vulnerable young people who are not currently getting decent guidance and advice on how to build a career.

Ralph Scott: In response to your question, Lord Patel, the incentives on schools to provide good-quality guidance are actually very weak currently. It is in the Ofsted framework; they are expected to provide quality guidance. Really what schools are most concerned about is achieving results and passing Ofsted inspections. That is the real threat to them. While schools will want to do the best for their young people's later-life outcomes, they will be really concerned about getting those results at the point when they leave the school. There is also an incentive, which was also hinted at but not made explicit, in some schools that provide education up to the age of 18 or have in-house sixth-form colleges, due to per-pupil funding, to keep the young person in that institution rather than recommending them for a traineeship or for an FE college, even if that would be the best route for them.

It is also worth remembering the cultural influence around all this. Teachers will now predominantly have been through the university route: the so-called royal route. They will be more familiar with that and more able to talk to young people about that as an option. We also found in polling that we did for the Commission on Apprenticeships that parents had very interesting attitude to apprenticeships. Ninety-two per cent of parents of 15 to 16 year-olds who we asked thought that apprenticeships were a good option for young people nowadays, but when asked about their own child 32% thought they would be a good option. There is quite an interesting disparity there, which points to the parity of esteem issue, which has been around for a long time.

Finally, and I think this is very important, we have recommended in the past that high-quality destination data, which is contextualised so that you are not judging a school in London by the same standards as a school in Hull, is used to hold schools to account. The Progress 8

measure is definitely an advance on the previous five GCSES at A* to C, but destination data will actually tell you the real-world impact of a school. Holding schools to account on that, once you have a way of doing that, will improve the incentives for schools to really provide good-quality careers advice.

Spencer Thompson: I agree with everything that Ralph and Alex have just said, but if I could add one thing it would be that one thing that we have argued for is that schools and colleges should collaborate much more with other education institutions in their local area. Because of the difficult funding environment at the moment for 16-to-19 education, we may see some rationalisation and specialisation in the sector, which just means that it is even more important that schools are able to point their students towards the most appropriate place for them to continue their education, even if that is not in their current school. These incentives that are facing schools, which we have discussed, are extremely important, and we need to help foster a sense of collaboration and shared endeavour in local areas across the whole educational landscape.

Lord Patel: Do we have international comparisons where some countries do this well and, if so, why, or do we not have those data?

Spencer Thompson: It is a very good question. I am not sure of specific countries that are doing this particularly well.

Q44 Baroness Morris of Yardley: I wanted to ask about your views on the reduction in funding to the adult skills budget. You might also want to comment on the split between the DfE and BIS in the funding of that age group, and the difference between funding for apprenticeships and adult learning that is not apprenticeships. I am really seeking a response on the recent cuts in budget and how you think it might affect the issue that we are looking at.

Spencer Thompson: Certainly this is going to be a very difficult spending round for 16-to-19 education and for FE more generally, in BIS as well as in DfE. We are looking at something like 25% to 27% potentially having to come out of those budgets, unless there is a decision to protect them. That can have two outcomes: there can be a cut in entitlements of people to access to some learning, or you could see different models of funding those entitlements, so more co-payment for example. I do not know exactly what has been planned at the moment, but it could have a real impact, and it is going to have a big impact on the business models of FE colleges in particular. Where more funding is available, such as

apprenticeships, they might be trying to move into that space in providing more of the college-based learning for apprenticeships, but it is definitely something that the Committee should be looking at. They should be considering how the sector is going to have to adapt to a more difficult funding environment.

Ralph Scott: It is clearly a policy area in flux at the moment. Just earlier this week, the National Audit Office announced that it expects 70 colleges to be financially inadequate by the end of the year. BIS put out an announcement on Monday regarding it. There is a hint that colleges may need to be consolidated: there is clearly a longer-term strategy in terms of the intention for FE colleges. A report by Alison Wolf looking at this issue earlier this year found that skills spending per head on 20 to 60 year-olds has halved since 2010, so it is obviously having a significant impact on the adult learning budget.

Interestingly, at the same time as these reductions in spending are being made, the responsibility for it is being devolved to local government. The Greater Manchester Combined Authority will have responsibility for this from 2017. In the BIS announcement, there was also mention of Sheffield and London. The northern powerhouse agenda—or powerhouses across the country presumably, because it sounds as though Cornwall will be pursuing something similar—is something that we at Demos would philosophically agree with quite strongly. Pursuing a local partnership model, where local employers and colleges are combining and identifying skills needs within their own communities, could work quite well. The question is whether the money will be there for the provision, but it is definitely a policy area to watch, because it feels as though it is not quite settled yet.

Alex Burghart: I have very little to add to what Spencer and Ralph have already said. This takes us back to the discussion that we were having about apprenticeships in that in the last Parliament there were 800,000 apprenticeships for over-25s. I know that the Government are seeking to move policy in that direction. Again, the challenges are whether the over-25s are getting decent gold-plated apprenticeships that are helping them into work and if they are going to be a real substitute for adult learning as it currently exists.

Baroness Morris of Yardley: Could one of you respond to this 19 year-old thing that I have picked up, which is causing a problem? If my understanding is right, if a child or a young person does three years' learning beyond 16, so they do the equivalent of what used to be called third year sixth, that third year is not funded by the DfE. The only way they can fund that third year is to take it from the adult skills budget. I have heard that quite strongly from

a college. That is another drain on the adult skills budget and is another issue: the fact that up to 19 with DfE had one set of rules and 19 and above has another. The group that we are talking about by the nature of the people very often straddle that. They do not do all these things you have been advising within two years; sometimes they take another year. I wondered if you have any thoughts on that.

Ralph Scott: It does seem a bit strange to be raising the participation age, intending that to be compulsory and for that not to be considered an education responsibility. I would have to look more closely at it.

Q45 Baroness Tyler of Enfield: Can I start by declaring an interest as co-Chair of the All-Party Parliamentary Group on Social Mobility? I am interested in whether there is one proposal for change that this Committee could put forward that would really improve social mobility and outcomes for the group we are interested in. What would it be? In responding, could I ask Ralph, as he has referred to it earlier, if he could say how important developing these character and resilience skills is? It is something, as you know, that the all party group has taken a particular interest in.

Ralph Scott: I will go first then. There are two, if I am allowed. The first would be to emphasise the destination data and using them for accountability, as soon as you have something that is usable and that does not unduly punish schools for their context. We have published a couple of reports very recently on what a character-building education system might look like, so I would draw your attention to those. The need for these non-academic skills to be developed in schools is made evident by how important they are for later-life outcomes, not just for employability and the labour market but for well-being and mental health. A really excellent review was done by the Early Intervention Foundation and published earlier this year that identified how closely these skills often correlate with these outcomes, in work done by the Institute of Education. The University of Galway looked at all the evidence on programmes that could encourage them. Schools, or policy, could learn quite easily from these about what works in mentoring or delivering the curriculum. We recommended that schools, in inspections, were held to account on their character-building approach. We have also recommended that extra-curricular activity is monitored, because my understanding is that at the moment there is not even a central definition of what constitutes enrichment and extracurricular activity. The closest is statutory guidance on positive activities, which is a local authority responsibility. In our polling, we identified an

inequality in extracurricular activity, and that is a real concern because we know that these activities are important for developing character. There are a number of recommendations there that I would make.

Alex Burghart: I will have two as well then. I will let Ralph have destination data. I am sorry to say that the most important thing that could be done is to improve standards of literacy and numeracy before 16. We know that 40% of our poorest pupils are leaving primary school functionally illiterate.

Baroness Morris of Yardley: Forty per cent are functionally illiterate?

Alex Burghart: They are not hitting the required standard.

Baroness Morris of Yardley: That is not functionally illiterate.

Alex Burghart: That is often how it is referred to, Lady Morris. However you wish to frame it, you have huge disadvantage. You have huge underachievement among the poorest pupils. We know that you can get a job if you have bad literacy and bad numeracy, but your chances of promotion are very much worse. About 60% to 70% of adults who have poor literacy and numeracy have never received a promotion, so the very best thing that can be done is early intervention in this area.

Spencer Thompson: I will have two as well. The first one is fairly similar, which is that we argue very strongly that in the upcoming spending round the 16-to-19 budget within DfE should be protected either along the same lines as the schools budget, which is being protected in per-pupil cash terms, or ideally protected from inflation. In the context of a very difficult funding environment for the FE sector in particular, and the importance of 16-to-19 education in employment outcomes as well as productivity and economic growth, we think there is a strong case for protecting that budget in the upcoming spending round.

The second would be that not only should we have much better destinations or outcomes data for 16 to 19 year-olds, but we have argued that schools should be monitored and the destinations of their students at 19 should be published, irrespective of whether that student left the school at 16, 18 or 19. That alone would generate some really strong incentives for schools to offer better advice and guidance to their students.

The Chairman: Thank you very much. I would like to thank all three of our witnesses for the evidence they have given us today. It has been very comprehensive and very cogent, and we are very grateful. Thank you very much.