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Inquiry on

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10.35 am

Witnesses: Dr Peter Grant, Mr Nick Chambers and Professor Ewart Keep

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)
 Baroness Berridge
 Baroness Blood
 Baroness Howells of St Davids
 Earl of Kinnoull
 Lord Patel
 Baroness Sharp of Guildford
 Baroness Stedman-Scott
 Baroness Tyler of Enfield

Examination of Witnesses

Dr Peter Grant, Lecturer in Voluntary Sector Management, Cass Business School, **Mr Nick Chambers**, Director, Education and Employers Charity, and **Professor Ewart Keep**, Director, Centre on Skills, Knowledge and Organisational Performance, University of Oxford.

Q44 The Chairman: Thank you very much for appearing before us today. This session is open to the public. A webcast of the session goes out live and is subsequently accessible via the parliamentary website. A verbatim transcript of your evidence will be produced and it will be put on the parliamentary website. A few days after the session you will receive a copy of the transcript which we would ask you to check for accuracy and send in any corrections as quickly as possible. After the session, if you want to amplify or clarify any points that arise during the evidence session or make any additional points, which I am sure would be very helpful, you are welcome to submit any supplementary written evidence to us. It would be very helpful if you could introduce yourselves for the record before we move on to the formal session.

Mr Nick Chambers: Nick Chambers. I am the Director of a charity called the Education and Employers Charity.

Dr Peter Grant: Dr Peter Grant. I am a Senior Fellow in Grantmaking, Philanthropy and Social Investment at the Cass Business School, City University.

Professor Ewart Keep: Professor Ewart Keep, Director of the Centre on Skills, Knowledge and Organisational Performance, Education Department at Oxford University.

The Chairman: Thank you very much. We have heard that there has been quite a strong policy focus on increasing the appetite of employers in relation to inputs into the skills

system to offer access to the workplace. What has been raised in the work that you have done in relation to employee engagement with intermediate skills, life skills and employer ownership? Do not feel that you all need to reply, but as appropriate.

Professor Ewart Keep: I'll give you a starter for 10. Part of the problem has been that historically both employers and Government over the last 20 to 25 years have looked to fill quite a lot of intermediate skill demand not through the traditional apprenticeship route but through expanding higher education. One problem has been that employers have made an entirely rational calculation that as they very rarely have to pay the direct costs of education this is a very satisfactory arrangement, at least from their point of view. Some of them now realise it is less satisfactory, as they get people who do not have the kinds of practical skills that they might require. Obviously there is a very large sectoral effect. There are certain sectors where as an employer the only way you can get the skills you need is through some kind of apprenticeship or work-based training. The construction and engineering industries would be the two classic sectors where it is very difficult to rely simply on external college-based or university-based provision. In a lot of other areas there has been a tendency to think expanding higher education is going to be the answer. Now we are having a re-think. We have institutes of technology for sub-degree provision on the table as the new answer for what people do post-19. There is a difficulty in getting a lot of employers to understand what responsibilities they need to fulfil to deliver a high-quality apprenticeship system. A lot of them are so out of practice that they are really struggling with the idea of what a high-quality level 3 and above apprenticeship would look like.

Dr Peter Grant: Can I add something on pre-tertiary education and give a couple of examples? The work that I have done over the last five years with the Prince of Wales and his charities in regenerating a number of places around the UK has shown sometimes that employers need to get together to develop the skills that are required in their area. A good example is the High Tide Foundation in Middlesbrough, which has been formed by local employers. It is local enough to bring in small and medium-sized enterprises, which often are not involved in developing the sorts of skills that they require, and it is in strong partnership with both the voluntary and public sector there. One problem in developing any sort of national policy is that it cannot always take account of local circumstances and, in particular, those areas of the country that need specific types of skills or which are trying to regenerate. In the Middlesbrough area there will be the very dramatic impact of the closure of the

Redcar steel plant in the next few months. Organisations like High Tide, which take virtually no public money from anywhere, are the sorts of organisations that need to be helped.

The Chairman: Do you know of any places, other than Middlesbrough, where there has been this attempt to have an area-wide focus that also includes SMEs? We are particularly interested in that.

Dr Peter Grant: Yes indeed. In Burslem, the Burslem Regeneration Trust Limited is the body that is trying to co-ordinate this, and in Burnley it is the Burnley bondholders scheme. Each of them has developed in a different way. The Burslem Regeneration Trust started as a publicly organised group through the local authority, Stoke city council, but has refocused itself and become a charitable trust with equal representation from all three sectors. That is one of the absolute keys to this. Particularly in trying to develop skills, you do not just need the public sector involved; you need businesses to know exactly what skills are required. In Burnley, you have employers from Aircelle, which is a high-tech aerospace company, all the way down to the local corner shop, and they require different sorts of skills. Also you need to involve the local voluntary sector because very often they are the organisations that people trust most.

Mr Nick Chambers: The work of our charity focuses on two areas: first, research on the link between education and employers, which is led by my colleague Dr Anthony Mann; and our other work is trying to give young people insights into the labour market and the skills needed. Our focus is very much on getting employers into schools and showing young people the range of opportunities open to them and the skills that are required for those jobs. A lot of young people have very little understanding of the jobs market, labour market and the skills needed. We are seeing if we can connect the two so that young people, whatever their background, meet a range of employers and see the range of skills that they need but also the options open to them.

Q45 Baroness Berridge: Work experience placements have been identified as fundamental for access to good-quality employment opportunities and then, afterwards, for improving social mobility. How can more employers be incentivised and/or supported to offer those work placements? What do the work placements themselves need to involve if they are going to help with access to good-quality employment?

Professor Ewart Keep: Incentivising employers is not about money. It comes back to the point that Dr Grant made: it is about collective organisation. For a great many small

employers in any given locality there might be a willingness to offer work placements, but even if there is a willingness, they may not be the organisation to do it. Collective structures are a part of the problem. One thing you can say about UK employers generally as compared with their counterparts, certainly in most northern European countries, is that they are not very well collectively organised. In most other countries employers tend to work together in sectoral bodies that have collective bargaining and all sorts of other responsibilities. We do not have that infrastructure; it is one thing which the UK Commission for Employment and Skills and sector skills councils have been grappling with for a long time with varying degrees of success. Collective organisation is important. A model of how you might proceed is what Scotland is doing currently. Scotland had a major inquiry under Sir Ian Wood, the oil magnate, looking at young people and how they enter the workforce and how the young workforce might be better developed. His commission came up with some very interesting recommendations on collectively organising employers on a local area basis and improving the quality of work experience, and how that might be done and what needed to be done. That policy is now being rolled out. If you want to look at a country that is perhaps a little further down the track than England, dare I say it, Scotland—and I am not Scottish, by the way—is making quite a lot of progress on that front.

Dr Peter Grant: Sometimes too much emphasis is put on work experience. It can be variable and very often those at most disadvantage do not even have the skills to undertake work experience. They need to be equipped with the skills that give them that before they even go into the workplace. The other thing that particularly smaller employers do not quite understand is how this is going to fulfil their own business need. It is very obvious to a large employer, DHL—I am a trustee of the DHL UK Foundation—that it needs a continuous stream of people coming into the workforce, so it utilises a number of tools, everything from Prince's Trust schemes to its own apprenticeships, to get those young workers. If you are a small organisation in any part of the country, that is not always obvious. At the other end of the scheme, for those people going into the area in which I work in the City of London, the internships and work experience places there are not sufficiently open to everybody. They are very carefully controlled in some areas. It is the haves that grab those places. Something does need to be done very significantly in that area.

Baroness Berridge: What would be that very significant thing you would do in that area?

Dr Peter Grant: One thing is to think about whether unpaid internships should not be classified as jobs and, therefore, organisations over a certain size have to competitively attract people into it. They cannot offer it just to their own children or somebody else. It would not be an easy area to legislate or regulate on. The first step would be to try to get organisations together, to get them voluntarily to open up internships far more than they are at present.

Mr Nick Chambers: On work experience I would look at two sides. I would look at post-16, which is now an expectation of schools and colleges, and pre-16, which is no longer a statutory requirement, and differentiate between young people having an experience of the world of work and actually doing a week's work experience. We know that young people's perceptions, whether based on gender or background, are formed at an early age, even at primary, and they rule out all sorts of routes. It is really important that young people have a wide experience of the world of work. When you look at the data between independent schools and state schools, it is very interesting because independent schools really value work experience. We did a piece of research with state schools and independent schools asking how useful work experience was in deciding a career. Eighty-three per cent of former independent school pupils thought it was very important or important to them in deciding on a career. It is much less so on the state side. Peter's point was well made. A lot of work experience is down to who you know, particularly in medicine and veterinary. For some UCAS applications you need to have work experience on your application form and how you get work experience is largely through who you know.

Earl of Kinnoull: It is very interesting to hear your answers and not once has either the Youth Contract or the Business Compact been mentioned by you. Which parts of these initiatives are valuable and should be augmented and which parts are misses and should be closed down?

Dr Peter Grant: I do not know them well enough to comment. It is not really my area of expertise, I am afraid.

Professor Ewart Keep: I would have to echo that. It is scary. I cover a large range of issues around skills and training and I was not even aware of the two initiatives you mentioned. If they have not seeped into my relatively expert head, one wonders how many of the general public or employers are aware of them.

Mr Nick Chambers: I am at a slight advantage because on the reverse of these little cards which I am now using for my notes is an invite to the Opening Doors Business Compact in 2012, and it makes very interesting reading. It talks about businesses supporting communities and local schools to raise aspirations, mentoring schemes, school talks and careers and helping all the networks. There was some very good research published in there in 2012 about the importance of young people meeting people and about businesses committing to that. That is probably now on hold.

Q46 Baroness Sharp of Guildford: My question really picks up on the answers you have already given. How can employers, schools and colleges best be supported to work together? In particular, there is a huge issue in relation to small and medium-sized businesses. How can one bring them into the collective? What are the challenges for schools and colleges? About three years ago I wrote a pamphlet for NIACE called “A Dynamic Nucleus: Colleges at the heart of local communities”, suggesting that colleges could form the impetus for bringing these local groups together. One does see this in one or two areas. I remember being very impressed when visiting Hull and Leicester. What is the role for local authorities, local enterprise partnerships and the Government in helping to form such partnerships?

Mr Nick Chambers: I can talk particularly about our charity. It was set up six years ago and is all about trying to give people access. Three years ago we set up the “Speakers for Schools” scheme, of which some of you are members and go to speak. More recently we have established a scheme which is basically online matchmaking called “Inspiring the Future”, which 80% of secondary schools are signed up to and where we have 25,000 volunteers. We have spent about £1 million in all. It uses the same sort of technology as for online shopping or matchmaking of any sort and it allows schools to find volunteers. It is about trying to put the two in contact and removing barriers. Sometimes we call it networking in reverse. We want to give schools access to an amazing range of people that they may not have necessarily through their own connections. If you make it easy and free for schools and employers and you make the ask fairly light—ours is an hour a year to go in and talk to people—you find very large numbers of people doing it. It is about having benefits on both sides. It has to benefit the employer, and the benefit to the employer is that they get to talk to their future workforce, where they have skills shortages that they are very keen to get out. For schools, it helps in aspiration; it gives them insights; it helps pupils

to be more motivated in subjects, and also now ticks a careers box of Ofsted saying what we are doing for our young people to show them a range of careers. That is one way. There are lots of other organisations. It is empowering teachers and giving them easy access and working with local authorities and LEPs where appropriate.

Baroness Sharp of Guildford: And some resources to oil the wheels?

Mr Nick Chambers: Yes, that is always helpful.

Dr Peter Grant: I would add another one to that list and that is Business in the Community's Business Connectors scheme. It is building up to a total of 400 business connectors in different parts of the country which are really there to make exactly the same sorts of connections that Nick has been talking about. Where that works well and you are able to link up schools with key businesses, then it has a whole range of advantages, not just enabling the young people at the school to engage with the world of work, but it means also that the business can do things such as place people on the board of governors and help the leadership and governance of the school. Doing it through organisations like Nick's or through BITC allows for the sort of flexibility I was talking about earlier and it is certainly a lot cheaper than trying to do it through Government and overall is far more impactful. The main funder of the Business Connectors scheme currently is the Big Lottery Fund.

Baroness Sharp of Guildford: Both of you have talked a lot of about schools and yet colleges also play an important part in this.

Professor Ewart Keep: Colleges have potentially a very important role but of course one problem is that, in some areas at least, colleges and schools are in some degree of tension about recruiting students. The other thing to bear in mind is that for the next 18 months most colleges, LEPs and city deals are going to have their hands full with local area reviews of sixth-form college and FE provision. If the rumours are true and the intended target is to reduce the number of colleges by roughly 50%, most colleges will be focused on survival or at least the best exit they can come up with. Be careful about loading too many expectations onto the LEPs. They are a varied group of bodies and the resources they have are rather small. They do not have a large core grant. They have an enormous range of potential policy areas that they are meant to be dealing with—transport, housing, regeneration, you name it—so, in a sense, where this is going to sit within their overall staffing and probably resource priorities is probably not going to be top of the pile at the moment. It will be interesting to see how LEPs develop. They are relatively recent bodies. Five to 10 years from now it will be

interesting to see where the new local dimension is. Plainly we are heading towards some kind of localism but what that will look like and who will discharge these responsibilities, and how, are not clear yet.

Lord Holmes of Richmond: On that point, moving it on, often in these cases it is wise to follow the money. Do you think large employers could do a lot more in this space, not least in terms of incentivising the supply chain to encourage them to get involved with work experience and apprenticeship offers?

Dr Peter Grant: Really it depends on where they see their supply of incoming labour coming from. If you are talking about a City financial institution, it is extremely different from DHL, a logistics company. At DHL we need a supply of relatively unskilled labour coming into the company each year and therefore we are going to take a completely different tack from an investment bank in the City of London. To have one policy that covers all of that is extremely difficult. As for whether it is easy to incentivise companies to do that, it needs to be easier for them to work in partnership with other organisations, exactly in the same way as we were talking about making it easier for schools to work with employers. One difficulty in bigger cities is that they may not be very well connected to their local communities or their local schools, so a lot of the CSR programmes of companies in the City of London are geared towards things such as reading schemes in primary schools because there are insufficient numbers of young people living close to them. That needs to be organised in a completely different way. It would be no good trying to do it through the LEP because there simply is not the supply there, whereas if you are talking about a country town they are immediately connected to their local area. Again, I am saying you need a policy that is flexible enough to deal with all of those different areas.

Mr Nick Chambers: If there is something in it for the business, rather selfishly, they often do it. We have seen businesses which might have an event for their clients or their main stakeholders, maybe a Christmas drinks party, to bring everyone together and spread the message around there. Quite often they can use the focus of other events as an excuse to develop links with stakeholders and push out a message. There is benefit for them as well and there are some good employers. I was talking to Barclays the other day and it is very good at bringing its clients together and talking about what it is doing on its apprenticeship scheme, for instance. It is a really easy win for companies and it does not really cost any money.

Q47 Baroness Tyler of Enfield: My question is about employer recruitment practices. We have received a lot of written evidence suggesting that some current employment practices disadvantage the group of young people who we are particularly focused on and, conversely, some innovative practices out there can be helpful in getting a more diverse range of candidates. Are there social groups that are particularly disadvantaged by the current arrangements and employer recruitment practices, and what can be done about this?

Professor Ewart Keep: My guess is that it is the usual suspects in that it is people from certain geographic locations who attend certain educational institutions and, on top of that, you can overlay social class, ethnicity, disability, all of the usual things. The key thing with a lot of recruitment practices—and this seems to be spreading—is that as what we would call informal recruitment practices grows, if you belong to groups that are more or less excluded from the social networks then you have a real problem. In a sense, you are creating an insider/outsider model of labour market recruitment. I find the spread of these practices quite concerning, however I think it is very difficult to stop. It is interesting that, in a way, the high-water mark of the formalised model of recruitment and selection which we find in business school HRM textbooks has passed in terms of people actually using those practices. The informal model has grown and it makes a certain kind of business sense. It comes with costs but the costs are often largely to the disadvantaged groups rather than to the firms which are using these models. Scarcely, quite a lot of business schools have either abandoned or reduced the amount of teaching they offer to, for example, MBA students, who are the future senior managers of our large organisations, on human resource management practices. For example, Oxford Business School has abandoned teaching personnel management or HRM.

Baroness Tyler of Enfield: Do you feel it is possible to put the case to employers that there is a good business case for them to attract a wider and more diverse range of potential recruits, not least if it is going to reflect better their customer base and those sorts of things?

Professor Ewart Keep: I think there is a business case. There is also a slight danger in trying endlessly to say that everything you want employers to do has to be based around a business case and self-advantage. I think there is a simple moral case which says as good businesses that want to survive in a community of well-intentioned people it would be a good idea for them to conform and lead by example. The great danger of business cases is that you can also make them for really terrible practices if you are not careful.

Mr Nick Chambers: We have seen that with a lot of accountancy firms recently. There was an announcement by Deloitte and PricewaterhouseCoopers about changing their practices. That is partly because in certain parts of the country their intake is not really representing their clients; so yes, it is self-interested. One area where more could be done is in applications for apprenticeships. A lot more apprenticeships are going to older workers and not younger people. Even a simple thing such as helping young people with a mock interview or a CV can make a real difference. We take some of these things for granted but if you have never been for an interview for an apprenticeship, and you do not know what it is, you are not going to perform as well. It is similar to making an application to university; if you go to a leading independent school you will get interview practice but if you are not from that background and you do not necessarily have that confidence, those things can be really important when you go for that first interview. CVs and interviews, particularly for apprenticeships, are really important.

The Chairman: In my constituency when I was a Member of the House of Commons, I remember a class for 14 year-olds on shaking hands. It was amazing how many young people did not even know how to shake hands.

Q48 Earl of Kinnoull: I want to pick up and expand on something that Professor Keep said. For listed companies the corporate social responsibility regime is a big driver of expenditure and doing good things and then shouting about it. In fact, there is a whole series of shareholder organisations which mark you and then tell you how you are doing. I know this from experience. Could that be a mechanism for driving this as private companies follow a lot of what these companies do naturally?

Professor Ewart Keep: It is another lever that helps push people towards doing things better. There are two difficulties. First of all, I do not think it has much effect on smaller firms. They live in a different world and are perhaps motivated by different pressures, perhaps from their local communities, which is a point at which you might want to try and intervene. The other difficulty is with corporate social responsibility. My observation as a non-expert would be that the list of things you are getting marked on is getting longer and longer and there is less clarity about what good and bad behaviour looks like. I worry that if this was a mainstream agenda it would be taken up by the human resource management function within the organisation rather than the corporate social responsibility function within the organisation. I would much prefer if it were both, rather than simply driven by this desire to

look nice to the outward-facing world. I would like to see it written rather more into the core values of the day-to-day management of the organisation through the way in which the human resource management function, which is supposed to deal with recruitment, training, development and selection, was working. I worry that is the bit that has gone missing.

Dr Peter Grant: As this is one of my areas of expertise, I would caution on a couple of things with CSR. Professor Keep is absolutely right on the scale of companies. Some smaller companies would not know how to assess CSR. On the other hand, of course, if they are geographically based, they pretty much do need to do CSR and have probably been doing it for many years. Generally speaking, in the 10 years I have been working in a business school things have been getting better. CSR is becoming more embedded into companies. The students who come through our MBA and MSc management programmes are far more committed and interested in CSR than they were 10 years ago. They do not want to go to companies that have unethical policies. It needs to be linked into business ethics and corporate governance as well. There are still plenty of examples of major companies where that is not the case. CSR still sits in a back office somewhere, it is tacked on, and it is only when something really bad goes wrong—and I have been involved over the last few years with BP, for example, and now with Tesco—that they suddenly wake up to the idea that they must do something because it is having a huge impact on their business. More of that research being disseminated in the corporate world is having some impact. I would be mildly optimistic about it developing in the future.

Q49 Baroness Berridge: There are some organisations that have now stopped entry for work experience being offered by employers, including the partners, and it all goes through a central hub. Are you aware of any research on that? I think the BBC has a policy that you cannot come in via these informal networks any more.

Mr Nick Chambers: Some of the law firms do and I think the BBC has as well. It is within the last 12 months so I do not think anyone has done any analysis. That is partly to try and counter this issue of getting work experience through who you know. Inevitably, if parents have connections they will use them for their children. It is trying to see how else we balance that for other people. Picking up the point on CSR, we are seeing a lot more now in HR because we are seeing the business case. We are seeing this whole skills mismatch. We did a big report a couple of years ago which looked at what young people were aspiring to against

all the economic sectors and then with the UKCES data where all the jobs are. Not surprisingly, there was nothing in common between what young people at 13-18 were aspiring to and choosing careers in and actually where the jobs were. HR teams are seeing now that it is in their self-interest to go into schools and talk to young people about the jobs which exist in their sector. We see that across the board. Our aim is to get from apprentices to CEOs so you get people in their early 20s who are at the start where employers are encouraging their staff because it is good for staff development and training and they are close to the age of young people as well as saying the CEO has to make time to go in. You need all levels and ages to go in and talk to young people. We see HR as very much a driver now. CSR is good to do but if there is a business case to do it, people tend to do it.

Baroness Howells of St Davids: Dr Grant, I think you said you are on the Prince's Trust?

Dr Peter Grant: I have been working with all of his charities over a period of about five years on their place initiative.

Baroness Howells of St Davids: I was somebody who in the early days exposed the Prince of Wales to a youth club. He took up the mantle and there have been so many other changes he has helped make. Is that just because he is royalty or is there some technique you use?

Dr Peter Grant: It is a bit of both. Certainly it does not do any harm when you are starting off an initiative in somewhere like Burnley and you ask all the chief executives of the local companies to come for a meeting with the Prince of Wales; they tend to come. On the other hand, if you have a successful blueprint, which I think the place initiative has shown it has, and you can demonstrate how it has had an impact in somewhere like Burnley, something must have been going right. In a period of six years, Burnley went from the area of the country that was second worst at creating jobs to coming second in the category of most enterprising town in Europe. When the chief executive of Burnley Council said to me, "We have tried to regenerate the town three times and at a time of the most serious economic depression we have finally managed to get somewhere, and the big difference has been the involvement of the Prince's charities", I think that is pretty serious evidence. Once you have the model, if people are convinced then you do not need the intervention of that person; he cannot be everywhere. It helps at the start in piloting things but once you have the model, people should be convinced it works. Certainly there are parts of the country now where similar initiatives are being attempted. In regeneration, very often you have areas which have been either physically regenerated but where you have not created the jobs to fill

those places, or educationally regenerated, where educational attainment in the town goes up only for everybody to leave for the nearest big city because there are no jobs for them. You need to work across the board in regeneration. Once you have the model I think people will be convinced that they should adopt it.

Lord Holmes of Richmond: Picking up on the point that has come up at least a couple of times so far this morning, which is that it is often who you know, would you be in favour of an end to all unpaid internships and a proper system put around internships and work experience so there can be clarity and transparency and a greater equality of opportunity for everybody coming into that?

Professor Ewart Keep: I think so. It is a moot point as to whether unpaid internships are legal. It is a grey area and we ought to clarify it. It seems to me that, from day one, it disadvantages a large raft of people. I worry about it because whether you call them internships, work trials, or whatever you call them, in a lot of the more desirable jobs within our economy they are becoming more rather than less prevalent. That does not seem to be a good way to be going.

Dr Peter Grant: I perhaps would not say that you should completely outlaw them. The difficulty is that as soon as you start legislating for anything, people find ways around the legislation. You call them something else or you do not have them for as many hours. It needs to be looked at carefully and in some cases I would certainly say it needs to be opened up to more competition.

Mr Nick Chambers: Given the volume of young people out there, we should see if there is more we can do. There was a point I made earlier about place. We have some real challenges in many of our deprived coastal towns and rural communities. Our focus is on what we might do in those areas with young people now to give them experience of the world of work, to give them CVs, to get them meeting people rather than necessarily saying internships. I know it is increasing but it is still a relatively small number of people doing them. I would concentrate on the larger numbers of people and what we are doing in schools and colleges in those communities, which is more empowering than saying we should not do that. People will always find a way around it. I walked into here on the crossing, which many of you will be familiar with. As you walk in at the crossing there is a painting which is about six feet tall, and it is all about this issue of "it's who you know". It is about someone visiting the school children in Greenwich: Thomas More has invited Erasmus

to Greenwich and the child turns out to be the young Henry VII. It is all about who you know. There is nothing new about this. If we can use a bit of technology to change that, I think we can make progress. But there is nothing new, and we will not stop it.

Q50 Baroness Stedman-Scott: The Government have proposed an apprenticeship levy for large companies. What are the anticipated effects of the levy?

Professor Ewart Keep: I will have a go at this. I was very surprised when the Government did this because it is rather like having a nuclear weapon: it might be worth threatening to use it before you use it. That is why there was a stunned silence from firms, which is now beginning to vanish as firms realise they are going to have to pay this and they are getting quite grumpy. The most likely effect is that for those firms which have apprenticeships already they will grin and bear it and find ways of working with the system. What worries me is all those firms which are going to fall inside the levy which have not previously had apprenticeships. The combination of those firms and certain sorts of private training providers knocking on their door saying, “You are now paying a levy; let’s see how we can work with you to game the system so you can get some of your money back for some training you have been doing anyway”, is going to be inexorable. I fear that the likely outcome, particularly because the levy is tied to the 3 million apprenticeship starts by 2020 target—it is the only way it could be funded—is that quality will get traded for quantity.

Baroness Stedman-Scott: In your view will the levy guarantee higher-quality apprenticeships?

Professor Ewart: It is difficult. Of course, even with the consultation document out from the Government, one problem is that we still do not know how the levy will function. The devil will be in the detail of how the levy operates, who can claim money from the levy and whether it will extend beyond firms who simply pay the levy. My general expectation is that the combination of levy and target will mean that if push comes to shove and there is any sign that the target is not going to be met, quality will get traded off for quantity because all the experience—and this is not just the current Government; it is the experience of Governments over the last quarter of a century—shows that once you have a target, the policy becomes meeting the target and the rest of it just vanishes.

Baroness Stedman-Scott: I take your point that the devil is in the detail, but can you think of any changes which need to be made for it to be more beneficial?

Professor Ewart Keep: The problem is that until the consultation is done and we get the Government's response to the consultation in more detail, it is difficult at this stage even to know what is being proposed and how you might improve it. Big issues will be around what criteria you need to claim; who can claim; how claiming will be linked to quality assurance, which is completely unknown at the moment; and whether firms that do not pay the levy, i.e. smaller firms, will be able to access the funds being gathered through the levy. All of this is completely unclear. It is like reforming a bank of fog. Until the fog clears and you know what lies inside it, it is very difficult to reorganise it in a better fashion.

Baroness Blood: Just following on from the question on apprenticeships, there is written evidence saying that access to apprenticeships is very limited by the entry requirements. How can the quality of apprenticeships be assured? Do current arrangements for assessing that quality work?

Professor Ewart Keep: The Sutton Trust has recently published a report on the different levels of earnings between different kinds of degree courses and apprenticeships. It has some very interesting comments about the degree to which the best apprenticeships, i.e. those that produce the highest wage premiums, tend to be extremely selective. Essentially firms are getting 200 applicants for every post, in which case they will be selective. There is a real problem about accessing good-quality apprenticeships: demand for them from young people wildly outstrips supply. Arguably the most important thing we can do is increase the quality of apprenticeships so that there is a larger supply of good ones. As I suggested in answer to the previous question, my fear is that, at the moment, the pressures are on volume rather than quality. The Government is insistent that quality will matter but how it can be assured is still a moot point. I understand that Ofsted is about to publish a report about quality in apprenticeships, highlighting bad practice and what could be done to clamp down on it. We have a long road to climb. In the model that was set out in the *Richard Review of Apprenticeships*, most of the recommendations are sensible and in the long term ought to lead to a significant increase in the overall quality of apprenticeships. Time is of the essence. It is a long-term change and it will not happen overnight. My guess is that the pressures around the target and the levy are likely to push in the opposite direction rather than the direction in which we ought to be going. I think we are trying to do too many things too fast, as usual.

Dr Peter Grant: I would add that one of the potential problems with apprenticeships is, of course, that you gear that apprenticeship to the needs of the organisation providing the apprenticeship and not towards the long-term needs of the apprentice. Therefore, in some cases we need to incentivise more the teaching of transferrable skills in apprenticeship schemes, which might be one of the potential uses for funding through the levy. That is one of the absolute keys. Universities supposedly take that into account all the time, but it is not necessarily something that an engineering firm thinks about when it is training an apprentice.

Baroness Sharp of Guildford: Picking up on that point, how far do you think the employer ownership model currently being piloted and carried forward is compatible with a coherent framework of apprenticeship where there are accepted quality standards and routes of progression?

Professor Ewart Keep: I guess it is a tension. Other countries have found ways around this tension, partly because they have culturally and historically broader notions of what apprenticeship is there to do. It is exactly Dr Grant's point. It is the idea that apprenticeship is for entry into a broad occupation and not into a specific job. What scares me is that many of the new apprenticeship standards which are being created appear to be very specific to jobs rather than a broad entry point to an occupation. The other difficulty is that we have never made it clear what we as a country, or what the Government, expect employers to be responsible for in relation to training. We have had goes at it over the past 20 years: the National Skills Task Force back in the early 2000s and the Leitch Review of Skills in 2006. They both stated that, "This is what employers have got to do; this is what the state does; this is what the individual is responsible for", but, every time we have done that, within six months the Government are too impatient, cannot wait to negotiate any of this with employers and have stepped in and done something else. You could argue that the levy is pretty much the same syndrome. We need to have a conversation with employers collectively over time about what we reasonably expect them as employers to provide for the new entrants and adult workers within their organisation, what the state needs to contribute and what the individual needs to contribute. We have never had that conversation in any proper, structured way. If we had even the start of the conversation we have ended it very quickly without bothering to follow through on what was being said.

Sorting out what the rights, roles and responsibilities of different players are, although it would be painful, would be really worthwhile in the long term.

Mr Nick Chambers: A country that does this really well is Switzerland. One of the key characteristics of their system is a matching between what young people are interested in and their attributes and the apprenticeships themselves. They have a much more embedded system of employer engagement in schools at an early age so that young people have a far better idea of the sorts of apprenticeships available. A lot of young people know very little about them and the range there is. When we have been looking at practice around the world, Switzerland stands out. They get something like a 91% completion rate because employer contacts start early and young people get experiences and they can see the different types of apprenticeships, engineering or law, and then they think, “Yes, that is the sort of route for me”. A lot of this concerns clarity on routes. We find fog here and if you are a young person, there is a lot more fog for them.

Q51 Lord Patel: My question is very easy to ask and I will be looking for a rather strong recommendation from each of you. At the end of the inquiry we will be making some recommendations and what I would like to hear from each of you, and I hope they are different answers, is: what would you suggest as a good recommendation for improving social mobility outcomes for the employers and opportunities for school leavers?

Professor Ewart Keep: Mine is, without doubt, better information, advice and guidance for young people. The fog metaphor is a good one. It is very difficult for young people. Arguably, the more socially disadvantaged they are the more difficult it is for them because they cannot rely on parental or social networks to help explain the labour market to them. The labour market is immensely complicated. The range of education and training opportunities which is available is not only complicated but getting more so all the time. It therefore seems to me absolutely critical that, if young people and their parents are to make the right choices, they need good information about education and training opportunities, career pathways, likely earnings and job openings both in the locality and elsewhere. What has happened to the careers system in England is a car crash, which I really do regret, and I suspect it is probably the biggest single problem that we face, and, arguably, it is one that could be addressed without spending vast sums of public money.

Lord Patel: Who should give that information?

Professor Ewart Keep: In most countries you do have a national or localised careers service. If you look at what Scotland has done—I am sorry if I sound like an advertisement for Scotland, because I am really not Scottish—

Lord Patel: I do not mind that at all, and neither does the Earl of Kinnoull.

Professor Ewart Keep: They have a relatively well-organised and structured national careers service which is run by Skills Development Scotland. It runs an extremely good and very sophisticated website for young people called “My World of Work”, which is well worth a look; but more importantly, besides that, it has a network of careers advisers who are going into schools and giving face-to-face advice. It is quite a sophisticated operation. A reasonable amount of public money is put into it. The staff who deliver the advice are well trained and relatively expert and schools and colleges value that provision. We have largely decided to go back to leaving it to individual schools to make up their own minds about what it is they want and then to find the resources and expertise to deliver it. I find this atomised model deeply puzzling.

Dr Peter Grant: I would move away from technical and academic skills and say that you cannot start early enough building character and resilience. Last year the *Character and Resilience Manifesto* came out. It had all-party support and all have contributed to that. One recommendation is that it gets fully implemented. Just to give one small example of helping to do that with the youngest children, I would hugely recommend the extension of pupil parliaments. They are based in primary schools. I will give the example of the one in Burnley. Each primary school elects a couple of representatives who go along and meet in the council chamber. The meetings are attended by both the executive and non-executive heads for children’s services in the town. They come up with practical ideas which are then implemented. Their first one was all about removing dog mess from parks. Their second one was about how young people are going to be involved in the centenary of the First World War. That is teaching all young people in every primary school in Burnley immense social skills and about civil society and involving them at an early age. It is incredibly cheap to run and yet there are hardly any of them in this country at the moment.

Mr Nick Chambers: For me it is making sure that young people are aware of all the options open to them and they have the confidence to pursue those options. A lot of it comes down to lack of confidence. We are all like that. If one has a tax form that is particularly tricky to fill in, one often puts it to one side and leaves it. If young people are not quite sure what to do,

it is often easier to do nothing and then it is too late and then you are NEET. It is human nature to put off things that look a little difficult. Then it is access to connections that enable things, whether it is work experience, CVs, internships. It is access and who you know. The emphasis on primary is really important. There has been a great initiative led by the National Association of Head Teachers called “Primary Futures” which aims to get people to go into schools to talk to young people not about careers but about helping them to see the relevance of what they are doing and also breaking stereotypes in primary schools. A lot more could be done to support the National Association of Head Teachers, which has taken this initiative upon itself. They are best placed to know what works for young people. There are 20,000 primary head teachers and they are very keen to get more people to go into primary schools. I would encourage anyone here who has not already done so to do that. Finally, it is the insights. Independent, impartial careers advice is absolutely essential, but also you can complement that with insights. We did some research where we looked at the number of people from the outside world who young people had met. There is a direct statistically significant relationship between the number of people from the world of work that young people meet and their likelihood avoiding being NEET, because you can see all the different options. It is very strong. You need independent, impartial advice and you need to meet people who do a range of jobs so you can have insight, inspiration and advice.

The Chairman: Thank you very much. This has been an extremely rewarding session. We are very grateful to you for giving up your time to appear before us today.