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Mr Neil Carberry, Mr Tony Moloney, Ms Tanith Dodge and Ms Emma Codd

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

Mr Neil Carberry, Director for Employment and Skills, CBI, **Mr Tony Moloney**, Head of Employment and Skills, National Grid, **Ms Tanith Dodge**, HR Director, Marks & Spencer and **Ms Emma Codd**, Managing Partner for Talent, Deloitte.

Q53 The Chairman: Good morning. Thank you very much for attending this evidence session with employers. It is open to the public. A webcast of the session goes out live and is accessible subsequently via the parliamentary website. A verbatim transcript will be prepared of your evidence, which will also be put on to the parliamentary website. A few days after this session you will be sent a copy of the transcript to check for accuracy, and we would be very grateful if any amendments could be sent to us as quickly as possible. If after the end of the session you want to clarify or amplify any points made during this session, or you want to make any additional points, you are very welcome to submit supplementary written evidence to us. As you are aware, the focus of our inquiry is the experience of those who are not participating in higher education and training, people who are often called the missing middle. It would be useful for us and the record if you could introduce yourselves, and then we will begin with the questions.

Mr Neil Carberry: I am Neil Carberry, director for employment and skills at the Confederation of British Industry.

Ms Emma Codd: My name is Emma Codd. I am a managing partner at Deloitte.

Ms Tanith Dodge: I am Tanith Dodge. I am the HR director at Marks & Spencer.

Mr Tony Moloney: I am Tony Moloney, head of education and skills for National Grid.

The Chairman: Thank you very much. Up till now we have heard quite a bit about how employers look for communication skills, maths and numeracy and what you could call life

skills. What are the recruitment practices for young people coming into the labour market at technician level? Each panel member does not have to answer every question if they do not feel it is appropriate.

Mr Neil Carberry: I will start and I am sure colleagues will chip in. I am glad you have identified the technician level. When we talk about skills shortages in the UK, it is very much that technician level that CBI members see as a critical area where we are not quite getting enough young people through the system. Part of the reason for that is that the skills demands for those roles are a little higher than maybe they were 20 or 30 years ago. When we look at our survey data, 85% of CBI members identify attitudes, attributes, characteristics along with basic skills in literacy and numeracy as the most important things they look for if they are hiring into the business at 18. In the last few years, there has been a trend amongst our members towards increasing the focus on those aspects and selecting on them. There is certainly some tension with recruitment by CV screening, but we are now beginning to see a trend amongst some members of looking a little less at educational qualification in CV screening and a little more at what other things young people's applications could bring to the firm.

Ms Emma Codd: From a Deloitte perspective, our application process for technician level, which is for our higher-apprenticeship scheme, the BrightStart scheme, has five components, and we have looked at each of those components thoroughly over the past two years to make sure that the playing field is completely level and we are not inadvertently favouring anybody from middle or upper socioeconomic backgrounds. For example, we still set a requirement for 260 UCAS points. However, when we look at academics we contextualise that now, so it is about looking at the background within which any achievement was attained. We have also introduced blind CVs when it comes to institutions where individuals have studied to make sure that we can remove unconscious bias.

Among the additional areas on which we focus, we have a games element online that is aimed at testing entrepreneurship and freedom of thought. From an interview perspective, which is one of the most important elements for us, we have moved away from a competency-based interview to an interview that focuses more on values, because again we realised that if we focused on competency, as in, "Give us an example of when you did

something”, that was inadvertently disadvantaging those from lower socioeconomic backgrounds.

The other thing that we have changed is that we used to be absolutely rigid about numeric tests and critical thinking. The numeric test for us is still a pass or a fail. However, we have now changed on critical thinking, because again we found that there was a small possibility that it could be disadvantageous to those from lower socioeconomic backgrounds. It is very important that our process is totally spread and that it absolutely should not, and does not, focus on academics.

Ms Tanith Dodge: Within M&S we run a number of schemes that are focused particularly on young individuals coming into the world of work. Quite often these individuals face real barriers and disadvantages in that. So we focus less on the academic side and much more on personality, culture fit and things such as communication, motivation, behaviours and values. For programmes relating to a more senior level of entry—a programme whereby you could progress to become a manager but we recruit at the school-leaver age—it is about demonstrating skills around customer service, interaction, decision-making, desirability and focuses less on the academic. We do online behavioural selection, and we do some ability/aptitude tests, but it does not have an academic focus.

Mr Tony Moloney: For National Grid I would cover a few of these areas. One thing that has come out here is behavioural/non-cognitive skills and cognitive skills, which are both valuable. The difference for National Grid is that traditionally we have recruited technicians and craftsmen through apprenticeship routes, and in our entry requirements there are some academic elements, because to do engineering you need functional maths and physics, so there is a slight difference there. We benefit hugely from stimulating some of that interest through educational outreach into schools, where we can put engineers into classrooms and help through careers conversations as well to stimulate some of that interest, because there is a huge gap. When they then enter our process for application, we start to do some situational judgment tests online and it is part of a sift that starts to progress their application. We do not ask obvious questions about previous records of criminality or unemployment at the initial stage, which we remove. We try to nullify those things so that we can start to see genuine applications come through and encourage a broader range of applications.

Then we have a classic model of going through assessment centres where, particularly for some of the technical hands-on technician roles, manual dexterity and functional maths et cetera are tested, and the higher apprentices go through more planning team working etc. It is done in a very open project base, where we watch and observe, because you cannot test some of the non-cognitive stuff in the same way; you have to see how people interact and whether they are inquisitive. It is interesting that, all things being equal, some of those behavioural skills or employability skills, to use more common parlance, start to differentiate between people and how they come across as they acquire them. That is a bit more traditional.

Q54 The Chairman: You represent some of our bigger employer organisations and obviously what you are doing can in many ways be described as innovative. How do you disseminate these issues amongst your supply chains or small and medium-sized companies, with which you may have relationships?

Ms Tanith Dodge: We run a programme called Movement to Work, which was established two years ago and has the support of the Government but is business led. About 250 employers have signed up. The focus is to provide work experience opportunities to NEETs, focusing mainly on those who are quite disadvantaged. Typically, the young people who come to us have been out of work for at least six months. One of the key components is that when you become part of the movement you will work with your supply chain. We have what we describe as an accelerator approach to tackle this challenge. If each of those organisations signs up five of their suppliers, for example, and they then sign up their suppliers, we can accelerate the number of people involved. So we work very closely with procurement. We run supplier events where we talk to those suppliers about the opportunities and being part of this movement. Some companies, but not all, will rate their suppliers based on a whole number of elements—quality, service, delivery et cetera—and you can be rated as a supplier from a platinum through to a bronze. Some companies say to those suppliers, “In order to get the platinum, not only do you have to do all these things, you also have to be part of Movement to Work and provide opportunities for young people”. That is one way we have worked very closely with suppliers.

Ms Emma Codd: From a Deloitte perspective, we are looking at our suppliers at the moment and we will be reaching out to them all of them to talk to them about what we are doing and to look at what we can do to better help them. But for us it is also wider than that. We have

a very large client base, and again many of those clients are interested in what we are doing and in our approach to social mobility as a whole. We have announced in the last couple of weeks what we are doing in relation to blind CVs and academics. So we are starting those conversations with clients as well.

Finally, from an industry perspective, we were a founding signatory of Access Accountancy, which, as you may be aware, is accounting companies and others within the profession again making sure that we are working together to provide opportunities. For us it is three tiers: it is part of the profession; it is our client base, with whom we have very good relationships; and it is our suppliers as well.

Mr Neil Carberry: Quite a lot has begun in the last four or five years. We have been talking about Movement to Work, and if you look at something such as the 5% Club there are a number of things that businesses are doing to try and address this. The Mayfield review on productivity that is currently ongoing will also address some of these issues, looking at collaboration within sectors. While we have made some progress, we should not pretend that there is no issue among smaller businesses with employers and potential employees not meeting in the middle. Of the CBI's 190,000 members, the majority are small businesses, and our experience of offering apprenticeships is that if you are a household name and are offering the types of apprenticeship that Tony, Rolls-Royce or any of these firms offer, you tend to be oversubscribed with applications. You do not have to go far into the supply chain into medium-sized businesses, which are very much at the heart of our economy, to find areas where you are not getting anywhere near to being able to fully staff your apprenticeship programme. So there is still a big gap of knowledge about what is out there for a lot of young people.

Mr Tony Moloney: There are two programmes which National Grid has had a history of doing, the Young Offenders programme and the Get Skilled training programme, which is a NEETs programmes. What we are trying to do now is to pick specific areas where we can help, because we cannot boil the ocean and do everything ourselves. We try to pick certain things and these all involve our supply chain—our tier 1, tier 2 and tier 3 partners. The most recent one is special educational needs. Currently only 7% of children with learning disabilities get into employment. In the EmployAbility programme that we run now we have a 70% conversion, purely because we bring them into our business for a year where they complete a BTEC. They do their qualification in our offices and do work experience and, with

job coaches, learn in a systematic way to do a job. We have found that this is a really successful way of trying to help them learn a particular task so that they can convert quickly into employment. The point of telling you that story is that we are now starting to extend that with the broader supply chain.

The final thing that links to 5%, although it is not called that, is a procurement accord within the energy sector. We have an accord that we about to pilot in December where all organisations will voluntarily subscribe to 5% entry-level talent, whether it is a graduate, an apprentice or a trainee, so that we start to build skills much deeper down into our supply chains.

Baroness Tyler of Enfield: I declare an interest as co-chairman of the All-Party Group on Social Mobility. Specifically on the Marks & Spencer approach, you talked about the focus that you put on an attribute which you decided as “culture fit”. Could you describe what that is and how you measure it?

Ms Tanith Dodge: The culture fit is around our values. We have values of integrity, inspiration, being in touch and innovation. Many of the young people who join work in our stores, so they will have work experience, which is about employability skills, but ultimately the conversion rate is 50% to 60% who will then go and work in stores. That culture fit is people who connect with other people—communication, motivation, customer interface—who have an attitude of wanting to do well, to progress. We look at that in two different ways. Some we do online through our selection process and some we do through meeting individuals. We work very closely with the Prince’s Trust. We take approximately 1,500 young people on a work experience programme. One of its initiative is about communication and presentation. Quite often when these individuals join us they are really lacking in eye contact, and we work very much on their confidence, self-value and self-worth, and at the end of the programme they do a presentation to a number of people. The progress that they have made in their confidence is quite phenomenal. Whilst it is not a hard measure, the individuals who have made that shift are the individuals who we are looking for to offer them employment with us.

Baroness Berridge: My question is to the lady from Deloitte, because this is the second time I have heard from Deloitte. The first time was in relation to black and minority ethnic recruitment that a former partner led with Elevation Networks and other organisations. My question is: why have you made these changes? Was something happening within your

business that you identified, is it external pressures, or is it a business case? Have you any results from the changes that you have made, or are they too recent?

Ms Emma Codd: Any changes are too recent, but the exciting thing for me personally, and for us, is that we should see results quite quickly, perhaps within a year. Most of our talent initiatives take much longer. This will be interesting. The reality for us is that we want the best people, which means that we want people with potential. In terms of why we have done it, we want people with different backgrounds who can bring that diversity of thought that our clients want. When we looked at the people coming into our business through our BrightStart apprenticeship scheme, from our perspective we were simply not getting that diversity of background and other aspects of diversity. So we pulled our offering apart. We did things such as lowering the UCAS points requirement. Then we were really critical and asked which parts of the process we believed could cause a problem. I believe that we have arrived now at a process and a scheme that we hope will be able to bring in 200 people this year, and we really want to take that up as far as 400 over the next couple of years. For us it was a real business imperative. We want the right talent. We want the best, and the best does not necessarily have to come from a particular background.

Baroness Berridge: All those 200 to 400 are entrants at 18?

Ms Emma Codd: Yes.

Q55 Baroness Blood: You have partly answered the question I wanted to ask associated with work experience. From your own experience, what are the factors that make work experience programmes a success, and what are the challenges?

Mr Tony Moloney: We run two tiers of work experience. We run residential work experience aimed at year 10, 14 year-olds, which is engineering work experience. The key features are essentially that it is run entirely 50:50 girls and boys, because we want to inculcate the right behaviours quite young and for children to work together, and particularly for young boys to get used to working for female managers further down the line. They lose that somewhat through secondary school, so we try to realign them. What makes the experience for students and National Grid is the feedback that we get, that it is genuinely experiential, so we can bring in real engineers and real role models, female and male, from diverse backgrounds. It is important for them to see that there is something for them there and that potentially engineering or a particular career could be for them. They get engaged, particularly to bring out some of these non-cognitive experiences, where we

can get them to work in teams, to build relationships, to do projects, to plan, and we give them visits to power stations, sub-stations to gain that experience. They do real stuff, and it is anything but tea and coffee making and photocopying. If you go down that route, it is pointless.

Baroness Blood: Within that, what are the challenges that you face?

Mr Tony Moloney: It is harder to get kids who do not have any support mechanisms or schools that are interested in coming to work experience placements. It is great where kids have strong parental support. Effectively, they are low-hanging fruit and arguably they have got over the hurdle. For the hardest to reach, we are starting to do some work with the Social Mobility Foundation to try to reach kids who are bright but less advantaged. We now offer some places for that and we will build them up. Fortunately, we have a really good partner in the Smallpeice Trust, which is also helping us to reach out into those areas. I think that is the single biggest challenge.

Mr Neil Carberry: There is certainly something in making sure that it is not a tick-box exercise. The CBI and other business organisations have been very concerned by the move away from work experience at key stage 4 in England, for instance. Even if you went back to it, if you had a process of saying to schools that everyone in year 10 does a week in June of work experience, that will not add value in the way Tony has just been talking about. We need genuine project-focused things that are core to the curriculum, and maybe that is not a week in business; maybe it is a number of interactions with businesses in schools and in the workplace over a number of years. I understand you saw Inspiring the Future in your previous evidence session. The work they have done is pretty clear: the more interactions young people have with businesses during their educational career, the better their outcomes. The critical thing is how we deliver that to young people who do not have social networks, in the pre-2000 meaning of the term “social networks”, either family members or within their schools, who are helping them sort those things out and how we make it core to the curriculum.

Ms Tanith Dodge: Building on what some of the real challenges are, it is the links and relationships with schools in the first place, particularly on a nationwide basis. For organisations generally it is the consistency and the quality of that experience, and quite often for these young individuals it is more than an experience; it has to be quite inspirational for them. If they spend a week or a few weeks doing something very mundane

or routine, that is what they think the world of work is about and it can be quite damaging for the individual. The more organisations can do to make it truly inspirational and exciting rather than mundane, the better. That is key. The challenge for organisations is the time, the consistency and having people they are working alongside who will make it very interesting for them. If they are given mundane work, it has such a detrimental effect on these young people, particularly if they are coming from a generation or parents who do not work, because it will be, “We told you so”, and it is not going to be a great experience.

Ms Emma Codd: From a Deloitte perspective, I echo the comments already made. We ran our ASPIRE programme last summer and we will be running one again. We classify it as experience of work rather than work experience. I agree that work experience can be detrimental where you are going into an office, sitting, making coffee and photocopying, because you can disengage. We provided 141 people with a week of classes and interactive learning including debating. Our debating session was the most popular. Many of these young people have not had the opportunity to learn those skills. We taught them about resilience and how to connect with people. I was present for part of it and the excitement in the room was extraordinary. Then it is about keeping in touch afterwards. We are hoping to convert many of those on to our BrightStart apprenticeship scheme.

In terms of the challenges, I would echo that it is absolutely about getting the candidates. When we first announced this, we thought it would be almost easy to get 140 through the work we do with our Deloitte Access schools. The reality was that it was incredibly difficult. This year, we want to move it up to 200, and it is going to be a challenge again.

Q56 Lord Holmes of Richmond: Some of the things I am going to ask have been touched upon, so feel free to expand or ignore those elements of it. What is the greatest barrier to employers recruiting young people who have completed level 3 education—A-levels, BTEC—but have not done higher education? As you have heard, we are looking at a group of people who you could call middle attainers, who are often from lower socioeconomic groups and are less privileged. What can employers do to best engage with those people to provide opportunities in the labour market? How do you think employers view those people, particularly in their local areas, and how do they best engage with those individuals in those areas?

Mr Tony Moloney: There are a couple of barriers and there are some things that we can do about that. One of the major barriers is the social conditioning in the school system that

many of these individuals have had: that if you do not go to university you have failed. Nearly 70% of this year's cohort have gone into higher education. Things such as apprenticeships and other routes into employment or work-based learning are not promoted in quite the same way or with the same vigour, yet both routes can and do lead to degrees. We have a culture where they then have to line themselves up against those that go to University at an individual level and say, "I am kind of lost". That is at the individual level.

The other thing that these individuals are really under fire from is that they are now competing with more experienced people, people who have done degrees and are coming back into employment. They are a really good group of people, but they are competing against people who have greater maturity, et cetera. Otherwise I would say that they have an advantage in the sense that at A-level and BTEC level, particularly coming into engineering and if they have the sciences and maths behind them, they are quite well prepared to enter into advanced and higher apprenticeships. It is a really good route. That can be a pro and a con, but we need to help them get over thinking that coming into an apprenticeship is a lesser option.

Ms Emma Codd: From a Deloitte perspective, I agree completely. There is something about the overall perception of the word "apprenticeship", both within the schools, partly due to the way they are currently measured, and within families and other influences. That really needs to change for apprenticeship schemes such as ours and others to have the impact that they clearly could have. I hope that the Sutton Trust research on apprenticeships will go some way to showing that your earning potential in a lifetime is better than for somebody who went to a non-Russell Group university. I welcome research such as that and I really hope it is read. As a firm we have tried, and continue to try, many things to engage particularly with parents and schools, such as with drop-ins and making lots of information available, but unfortunately those barriers are still there.

Mr Neil Carberry: There is definitely something in how and what we ask schools to deliver. We reward schools. Young people have pound signs above their heads. You want to ask why raising the participation age has become raising the school leaving age and why we have this proliferation of small sixth forms popping up around the country. It is because schools then hold on to their people and that is what we reward. We reward GCSE, A-level and going to university. The choices at 16 model, which has one path to 16, probably has a greater effect

on those who are starting from a more difficult social position, because there may be less relevance to them in some of what the school is offering. For instance, if they are hoping to head towards doing graphic design as a career, we know that the best thing to do for that is 2 A-levels and a BTEC in design. Our system does not deliver places where you can do that at 18, because we do not co-operate between colleges and schools. The funding system encourages schools to hold on to people, and of course, particularly in England but generally across the UK, the careers advice system is in a pretty parlous state.

Ms Tanith Dodge: We run a school leaver programme for young people who have two A-levels. It is an 18-month programme and ultimately they become a commercial manager, which is great. There are two things. One is that when we first meet these young individuals, it is the relationship that they have with the education system and careers, and how from an earlier age they can see that retail is a great career to have, and understanding what that means, whatever the sector is. I think there is a real naivety at that young age about what opportunities exist out there, the whole process of applying for them and the importance of learning interview skills, CVs, et cetera, which are fundamental to them having those opportunities. We are inundated with young people applying for the programmes, and their lack of insight into how you get on to one of the programmes is quite stark. What is really key, and this is where education can have more support, is those individuals who are not successful. It is not unusual to meet a young person who might have applied to 10, 20, 30 or even more programmes and who does not understand why they have not been successful. I think employers have a big responsibility at that early stage to give as much feedback as possible to help the individual and for the education system to help them in that first stage of selection. There is much more that both parties can do.

Baroness Berridge: I know we are focusing on the transition from school to work, but most of you also take graduates into the professions. One of the most inspirational stories is that of Lord Stone of Blackheath talking about his experience in Marks & Spencer, starting at the bottom and going right the way to the top. When you have the 18 year-old entrant and the graduate entrant, are there comparable opportunities right the way up the business, and does it not depend on where you have entered the business at the end of the day?

Ms Tanith Dodge: Yes.

Ms Emma Codd: From a Deloitte perspective, absolutely yes.

Baroness Berridge: So you could point to your board or senior managers at the moment and say “These people came in at 18 and now look they are on their way up”?

Ms Tanith Dodge: Yes.

Mr Tony Moloney: In some instances, very senior directors are ex-apprentices, so they have come right through.

Ms Tanith Dodge: There are many examples.

Mr Tony Moloney: It is becoming more obvious. My colleague mentioned the Sutton Trust report. We have a higher-level engineer training programme, and the convergence in terms of promotion, next moves et cetera compared to graduate entry is very similar.

Baroness Berridge: That is an untold story. You see Alan Sugar, you start your own company and get up there, but going into the big ones at 18 and getting right to the top is untold.

Ms Tanith Dodge: Increasingly through the process we are asked by A-level students at what point, if they went on to the A-level programme as opposed to spending another three years at university, they would start to catch up. With student loans, et cetera, they are thinking, “Can I progress my career as quickly or even quicker, so that in three years’ time I will have three years’ experience as opposed to a graduate who will not have that experience?”.

Q57 Baroness Sharp of Guildford: What initiatives to engage young people have you been involved with in the past? You have been telling us quite a lot about it. We would be interested to know what the most effective things have been that you have done to attract these young people into work and to understand the process of work.

Could I add a supplementary to that which picks up the last question? How useful have you found the concept of the pre-apprenticeship, the traineeship programmes? Have you used them at all? Do you see those as a useful tool for helping young people in this transition from school to work?

Mr Tony Moloney: One of my colleagues has mentioned the earlier evidence you had from Inspiring the Future, and one of the most effective ways is the interaction of businesses in schools and the fact that you need to get real people from business in. A couple of years back, National Grid developed the Careers Lab, which we have now transitioned over to Business in the Community to expand the programme. That is built around four careers education modules where we put real people from a broad range of businesses into schools. The important thing here is that every child we come across can hear a conversation that

would speak to them. It is not just about STEM or engineering; it is about getting a broad range of companies and most importantly getting local companies in where jobs are. National Grid has quite a few employees but they are not all local, they are around particularly strong clusters, whereas Marks & Spencer certainly has a large local presence. The most effective thing (with Careers Lab) is the fact that you are starting to work through a process of four modules—inspire, aspire, explore and action—which we have found works really well from age 11 years up. They progress sequentially and each time ambassadors from our organisation sit with them. Most importantly, they are co-delivered with the teachers around a curriculum format. The important thing here is that the teacher learns about careers too, which is good. There is no point criticising teachers if you are an employer. Too much has been said wrongly about teachers in that respect. They start to pick up cues and think, “That’s what power systems are about. That’s what retail is about”. The nice thing is they can bring that back into a maths, physics or art lesson and ask students, “Do you recall?”. We are seeing that with schools. We have this operating in about 50 schools with Business in the Community, and we are planning to extend that into around 400 schools. It is only 10%, but it is starting to make an impact, and will be navigated to through the new Careers & Enterprise Company as part of that umbrella. This we hope will be one of the initiatives that will get signposted.

To your point about what makes a difference, the feedback that we get from children and, importantly, from parents from whom we get emails, is that this really made a difference, even if it has helped young people make their mind up about what they do not want to do.

Earl of Kinnoull: I was wondering specifically about the Youth Contract and Business Compact, to which I notice the three of you are signatories, which is current government policy. How are those initiatives going? Which bits are good and which bits are less good?

Ms Emma Codd: Deloitte has Champion status, and from our perspective it has been very effective and created some momentum.

Earl of Kinnoull: Is this the Business Compact or the Youth Contract?

Ms Emma Codd: The Business Compact. It has created momentum and given a platform for change, and it has helped the champions engage with each other, which is probably something they needed to happen better, to share ideas, to talk more about what has worked and what has not. This needs to be in collaboration. From a Champion perspective about what could work better, the tenure period is a year and the question is how much

impact you can have within that year. We think that the question of whether it should be 18 months to 24 months is worthy of discussion. Again, from our perspective there needs to be greater visibility up front of some of the requirements. From a Deloitte perspective, some of the data requirements have required quite a significant amount of work on our data systems, and in some cases those were not achievable within that year. Overall we have enjoyed it and seen it as positive, and we have learnt and taken away a lot from it.

Ms Tanith Dodge: We supported it and signed up. We were already doing a number of things and I think it just gave a platform or an umbrella around it. We offer work experience programmes. Through Movement to Work we work in areas where there are individuals who are hugely disadvantaged and would not normally have the opportunity to have work experience in a company like Marks & Spencer. We absolutely supported it and signed up. It was disappointing that fewer than 200 organisations supported it. Where you get the movement is where you get this coalition of organisations doing something well together and sharing from each other's experience. For companies that did sign up there were no measures. Once you agreed that you were going to meet the criteria and the objectives there was no formal measure or follow-up. There was quite a lot of good will there with companies saying that they would do it, but there was not enough transparent measure of what they were doing and what they were signing up to afterwards.

Earl of Kinnoull: No one has mentioned the Youth Contract.

Mr Neil Carberry: I shall try to pick that up. On the subject of the compact before I move on, it was useful in getting a group of businesses that were already thinking about this stuff to work collaboratively with government and maybe plant a few flags that we are starting to move towards. Some of the things that held back businesses from engaging with the Business Compact probably also held back the Youth Contract. When things feel political in this space—there is some language in the compact about pay, for instance—and if you look at the Youth Contract, one of the things that did not work was the hiring incentive, and that was largely because businesses in CBI membership said that they were not interested in government money in terms of pure cash but that they would like some support for training. There is an element of co-design in these policies that maybe the Youth Contract did not quite get hold of. In particular, if you are going to reach large numbers of companies, you have to get out into those ends as well as the big household names that we have with us today. It is a lot about local delivery. I would go back to what Tony said, which is how we are

closing up the gaps in the areas where there is currently no BITC cluster or where Movement to Work is not currently operating.

Q58 Baroness Stedman-Scott: I must declare an interest in that I am the co-Chairman of the All-Party Group on Youth Employment, a governor of Bexhill Academy, a patron of the Rye Studio School and an ambassador for Tomorrow's People. I am very interested to know how you as employers view apprenticeships at level 2 compared with level 3 and even higher? Do you see progression routes on from level 2 apprenticeships?

Mr Tony Moloney: There are two angles to level 2. Level 2 apprenticeships are valued in some occupations, particularly construction and care, and therefore they are a good vocational entry route into some areas, so I would not dismiss them by any means.

The second point is that for engineering and science-related apprenticeships, level 3 is the new baseline for progression, and therefore there is some crossover or potential duplication between what you come out of school with at level 2 and whether we really need to skill more people at level 2, and whether it should be a progressive thing. There is a question around that.

The thing about progression is that apprenticeships should not be seen as staggered: where you do one apprenticeship and then another and then another. You should start an apprenticeship with an intended destination, whether it is level 3, level 4 or level 5, and you progress through that. Regardless of whether you do level 2 or 3—we were asked whether you could get to the top in some of the earlier points—it is then down to how you work that as an individual within a corporation or organisation. You have to use that as a starting point to then get personal development, to be accountable for your own learning and to work with your line managers to see whether there is a business case and what you can do as the next thing. We (National Grid) have educational incentives policies that help people to progress from any particular level that they are at. A number of us have different schemes to do that. I would not discount it, but I think the new currency is moving more towards level 3 than level 2.

Ms Emma Codd: From a Deloitte perspective, we have a small number coming in at level 2; it is not that significant. We proceed on the basis that progression is possible. However, on Tony's point, we really need to build up aspiration amongst those people as well. It does take a bit more work by line managers. These are individuals, typically educated to GCSE level, who will work very well with appropriate support and guidance. If you do not have

that you will fail. For us as a business, it is a real challenge making our line managers put in those hours and showing role models, which goes back to the earlier point, who have come in at this level and who have succeeded. Let us be proud of that. It is about introducing things that we can showcase, for want of a better word, and about us making clear what opportunities are available, because in my view there should be nothing to prevent somebody who comes in at level 2 ending up with a CIMA or ACA qualification. It is just that the business has to put in the time and the individual has to have the aspiration to see that it is possible.

Mr Neil Carberry: That is absolutely correct, and what is important is that we do not confuse attainment level with quality. There may very well be quality concerns in different parts of the system, and certainly you will have seen that the business response to the apprenticeship levy is all about how do we do this at quality so that we are answering the needs of young people who are learning and also the needs of businesses. There is also something about whether we can find a way to accelerate the path to levels 3, 4 and 5. There is some interesting thinking happening about that now, and things such as institutes of technology. We talked about the base level for some of what Tony's company does, for instance. That seems to me to be an area where we could make more progress. We live in a country where we have more level 6 skills achievements than almost anywhere in Europe, but they are all honours degrees from universities rather than the technical level 4 and 5 stuff that you find in Germany or Austria.

Q59 Baroness Stedman-Scott: Building on the point you raised about the apprenticeship levy and the dilemma between quantity and quality, what other anticipated effects do you see of the apprenticeship levy?

Mr Neil Carberry: It rather depends on how big it is, to be honest. There is a number that has washed around of 0.5% of payroll. At the CBI we do not understand how companies would be able to get their money back even if they delivered a phenomenal number of apprenticeships. We worry that that would negatively affect other training spend, particularly things that may be more relevant, such as outreach activities for young people. I should be clear that the CBI's concern about an apprentice levy is not about businesses—I have to be careful as I have three members sitting next to me—not wanting to pay for it. We have always been clear that businesses will pay for things that are relevant and will do the kind of restructuring that Emma has talked about in management support. What is a worry is

if we end up in a position where the levy raises a large amount of money that is pretty difficult for businesses to get back for training, and that the drive for 3 million ends up with a push for rebadging things that we already do for the workforce that we already have, instead of delivering apprenticeships for young people coming into the workforce. That is not to say that there is no role for apprenticeships for current staff, but when we think about why you intervene in this way, you want high-quality routes to good careers. Three million is a great aspiration, but they need to be 3 million high-quality routes to great careers.

Baroness Berridge: Can I draw you back to the Business Compact requirements? One of them was that you would no longer use informal networks. When you signed up, were you using informal networks, and was there any change in the business practice you had?

Mr Tony Moloney: Family and friends has been a strong tradition. In fact, there is a huge project going on right now with BP and King's College in science collateral, and it will extend to that. Effectively, it says that coming from a family or background with a science or that kind of job history or interest tends to influence outcome. I do not think that you will ever get away from a friends and family perspective, and our own business still relies on it to some extent, but it is a very small percentage now compared with what it was. I do not think you can eradicate it, and it would be wrong to do so. The employment process is pushed more openly now and much more virally through social media. We are connected in many different ways, whether it is through BITC, and I use them as a particular reference, Business Connectors and a range of things to stimulate interest and then to drive traffic. Most organisations here are pretty well subscribed now with applications generally. Our problem is that you can drive volume but then you create huge amounts of sift, so you have to have some kind of criteria. It is a progressive move that you see much more interest. Our experience is that you have to get this presented to young people through social media, tablets, phones, and present things through, whether it is Plotr you explore, and get into places where they look, and then you drive applications through more generally. That has been our experience.

Ms Emma Codd: From a Deloitte perspective again, it is about minimising it. The reality is that we are a partnership, and partnerships have their own unique way of functioning with many leaders. The reality for us was getting the messaging to the bare minimum and making it very clear, which we have done, and then, back to my earlier point, focusing on things like the ASPIRE programme—so really putting as much as we can into an experience of work

programme that is meaningful and where we are very clear about our target. Again, that has helped us to move away from the family and friends route, which was very clearly the reality. I believe that we are where we need to be now.

Baroness Berridge: When you say “down to a bare minimum”, do you want it down to a certain percentage, and are you monitoring what is happening with the informal work experience placements coming into Deloitte?

Ms Emma Codd: We monitor it, and we have to for various reasons. Any work experience that we give is paid work experience. From our perspective, we need to make sure that we monitor from health and safety and other aspects. I see those numbers regularly and they are very clearly nowhere near where they were. There will still be pockets, but they might be for the right reasons. That is the other thing. People’s networks are wider than they used to be, so we have to be really careful that it is not black and white. Now if any networks are used, I believe they will be used for the right reasons.

Q60 Baroness Sharp of Guildford: Neil Carberry talked about higher-level apprenticeships. How far is it useful for you to link your apprenticeships with professional examinations and qualifications?

Ms Emma Codd: From a Deloitte perspective, very much so. In our BrightStart higher-apprenticeship scheme, that is the aim for those individuals. By the end of it they will have a professional qualification, whether that is CIMA or ACCA. It is very clearly something that we want to offer, and we want them to be qualified when they come out of it from a professional perspective.

Mr Tony Moloney: I apologise for mentioning engineering again, but it is absolutely critical. From crafts we encourage the take-up of technician registration through to incorporated and then chartered. We do that at both the advanced and the higher-apprenticeship level. More broadly for professions within our organisation, our educational incentives policy supports membership, whether procurement or HR, more broadly for professional recognition.

Baroness Sharp of Guildford: And that helps the portability of the qualification?

Mr Tony Moloney: Absolutely.

The Chairman: How do you think we could encourage and support more employers to offer apprenticeships? You are running what seem like flagship schemes, but how would we get that better disseminated?

Ms Tanith Dodge: Marks & Spencer has not offered traditional apprenticeship schemes. One of the reasons for that is because with our experience we have found that it can be quite bureaucratic, and we train our employees in a different way from the more traditional apprenticeship scheme. What we welcome is the opportunity from the Government to involve employers more in the best way to run these schemes and in how you get accreditation and how you train. I think there is some rich learning from both sides about how we can work better together on what an apprenticeship scheme looks like, how you get accreditation, how you take it nationwide with one provider, et cetera. We would welcome more opportunity to work on the whole design to make it work for all different organisations.

Mr Neil Carberry: The growth in apprenticeships so far has been about learned experience. It is about people meeting, whether at CBI meetings, at local chambers of commerce or down the pub on a Friday night, and saying, "Actually we got involved in this". I brought the first apprentice into the CBI a couple of years ago and now we have a number. It is about seeing the upside for the business involved in it. Although an apprenticeship will be a government-defined thing, the critical point is that it is relevant for the person involved in terms of portability and relevant for the business in terms of the skills that are delivered. For example, in the last Parliament we had the Employer Ownership of Skills pilot, which was allegedly about employer ownership. It involved a 100-page form and a number of government requirements on what a good bid should look like. Some companies stuck with it and built some very positive things, and I know Tony was involved in that. A number of our members walked away because of government interference. If we are moving towards a levy, we need to have the control that Tanith has just talked about.

Mr Tony Moloney: If I can build on two points there, the Energy & Efficiency Industrial Partnership is ours. It has 47 active participant companies led by CEOs right the way through. We used that to drive the procurement model to which I alluded earlier, and then as the pilot to get 5% entry level talent coming in, which includes apprentices. We have seen that. The other way we start to do it is through the Apprenticeship Ambassador Network, which has been around for some time, and then to use our personal networks, interestingly, business-wise to drive interest in other organisations to become genuine ambassadors to extol the virtues. We probably need to spend more time, though, extolling those virtues in

schools so that young people get that message in the first place, rather than driving it the other way round.

Ms Emma Codd: From a Deloitte perspective again, I would echo Neil's comments. It has to be something that works for the business. Our apprenticeship scheme will be successful because we have thought carefully about what our business needs and the future path for those people who take part in it. If it was not relevant, it really would not work and would be doomed to failure. We need to show the benefits. We are in a period where there is a shortage of talent. Everyone is talking about the battle for the best talent. The best talent can be the individuals who take the apprenticeship route, and it is down to business to show clearly those success stories, to show that it can work and that this is one great way to get the best talent.

Q61 Baroness Howells of St Davids: As you are at the coalface, I am sure you have some great ideas as to what we can do. I would like to ask each of you for one key suggestion for a change this Committee could recommend to improve upward mobility, employment outcomes and opportunities for school leavers, whatever their creed.

Mr Neil Carberry: It has to be some kind of platform to deliver really good careers advice, particularly in some of the communities that find mobility more difficult. There is a massive sense of enthusiasm in the business community to lean into that. We have heard some of it from colleagues here. We need a framework to do that in every school. Enterprise Ambassadors are a good start, but if we are honest, the investment in the Careers & Enterprise Company is small beer, considering what we have to try to achieve.

Mr Tony Moloney: We have played a major part in the careers space, so I would take the work experience space as the one to which this Committee could add. There has been no historic model of work experience that has really worked for us. When we say we need to do more work experience, we cannot go back to the days where you just went out mandatorily. The important thing that this Committee could emphasise is the need for work experience at a multitude of levels linked to education, from secondary into tertiary education. It is important that there are a number of steps, so that people can get an experience connected through to some kind of extended project learning, so there is a point. You do not necessarily have to do it in a week or two weeks; it could be done over two or three days and then at certain interventions through their education. We need to find a new way to fit in more flexibly with the individuals and the employers, to start creating a relationship and,

most importantly, in an area that is interesting to the individual child or the individual adult who is starting to do it, whether it is at year 10 or upwards, so that if they have started to get the career messages that Neil has been referring to and think that maybe a role in science or engineering is for them, to start picking those and relate their projects to that so that it starts to bolster up their learning and study as well, and hopefully foster some aspiration if we can inspire them.

Ms Emma Codd: From a Deloitte perspective, there are two key factors, both of which relate to schools. Our biggest challenge is engaging with the students, and where schools are winning it has to do with capacity issues. The first thing for us is how success is measured. We welcome the planned fifth step of the Progress 8 reforms, because it is showing that success is about more than which academic institution somebody then goes into. For us, we need a broad range of destination data and for the schools to publish those, and to be required to be very clear about that would, we believe, make a big difference.

The second thing for us is the capacity for schools to engage. We are trying to build relationships, and from our experience very few schools have the capacity to have somebody who really understands business and wants to work with business. From our perspective, those would make a big difference. As Neil said, there are a lot of businesses leaning in wanting to seize this opportunity but that for various reasons are struggling to engage with students.

Ms Tanith Dodge: I absolutely agree with points one, two and three, so I will give a different one rather than repeat them. I think it would be the opportunity for government to get behind some of the business-led initiatives that are working and making a difference, such as Movement to Work, and supporting and endorsing them in a high-profile way to encourage more companies to get behind such schemes and to promote awareness among employers and young people that these schemes are working and are really worth supporting.

The Chairman: Thank you very much. This has been a very useful evidence session and we are very grateful to you for giving up your valuable time to appear before us today.