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Witnesses: Rt Hon Alan Milburn and Jack Feintuck

USE OF THE TRANSCRIPT

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Members present

Baroness Corston (Chairman)
Baroness Berridge
Baroness Blood
Lord Farmer
Lord Holmes of Richmond
Baroness Morris of Yardley
Lord Patel
Baroness Sharp of Guildford
Baroness Stedman-Scott
Baroness Tyler of Enfield

Examination of Witnesses

The Rt Hon Alan Milburn, Chair, and **Jack Feintuck**, Head of Policy, Social Mobility and Child Poverty Commission

Q160 The Chairman: Welcome to the 17th evidence session of the Select Committee on Social Mobility on the transition from school to work. It is a great pleasure to welcome the witnesses, who will in due course introduce themselves. I know one of you does not need this reminder, but it is important for me to say that 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 will be taken of your evidence and will be put on the parliamentary website. A few days after this session you will be sent a copy of the transcript. We ask you to check it for accuracy and advise us of any corrections as quickly as possible. If you want to make any subsequent comments, or clarify or amplify anything that you have said during this session, you are perfectly at liberty to submit supplementary written evidence to us. We have met you both before, but if you could introduce yourselves and we will get going.

Rt Hon Alan Milburn: I am Alan Milburn. I chair the Social Mobility and Child Poverty Commission.

Jack Feintuck: I am Jack Feintuck, head of policy for youth at the Commission on Social Mobility and Child Poverty.

The Chairman: Thank you both very much. In your report last year, you referred to what you thought central, national and local government should do, in that they should, “Actively

engage employers in improving earnings, tackle youth unemployment and address imbalances in the labour market”. How is this best done?

Rt Hon Alan Milburn: Some of it is being done, and frankly more needs to be done. Two-thirds of a million young people are still unemployed. It is obviously very welcome that unemployment rates among the young are falling rather than rising. In some regions it is clearly worse than others. Where I live, in the north-east of England, two in 10 young people are unemployed, and that is true of Wales. It is moving in the right direction, but the problem has definitely not been solved. Underpinning that are some pretty deep and fundamental structural changes in the labour market, which the Committee will have been exploring in the evidence that it has already had. We all know that the phenomenon of the hollowing out of the middle tier of the labour market is real and, if anything, is set to get worse. All the projections suggest growth at the top, with more professional jobs, probably some modest growth at the bottom in low-paid jobs, particularly in care sectors, and a massive hollowing out in the middle—the scientific, technical and manufacturing-type jobs. So we have a problem, and, frankly, if the market is left to its own devices, that will get worse.

It is a binary choice for public policymakers: either to step in or not. There are some welcome signs that government has got the message. It is interesting that apprenticeships have become a really big focus, not just for the current Government or the coalition Government but the previous Labour Government, too. That is welcome.

In my view, the biggest change we need is not so much a policy change as a mindset change: these labour market changes, which are profound and have huge impacts on the prospects of young people to progress in their careers and get better pay, if left to a non-active labour market policy will get worse rather than better. That means that local or national government cannot second-guess what employers are going to do. We have tried that, and other countries have tried it, and it has not exactly been a happy social or economic experiment.

However, it does seem to me that there are a couple of areas that are worth exploring. The first is to think about the role of government. The Government do not think of themselves in these terms very often, regardless of who is in office. The Government are a huge employer, and in very many parts of the country they are by far the biggest employer. Certainly in my old constituency of Darlington they were: the DfE—Estelle is very familiar with it—the

Student Loans Company, the National Health Service, local government, and heaven knows what. Almost by accident, there has been a series of policy decisions over the last 10 or 20 years that have been conducive to addressing this intermediate jobs market problem. If I think of education policy, for example, the advent of classroom assistants to sit alongside teachers was about an active labour market policy as well as a good education policy. When I was doing my health job in government, trying to devolve responsibilities and roles from doctors to nurses and other paraprofessionals helped to create a new tier of intermediate-type jobs. You saw it in criminal justice with PCSOs sitting alongside the police. One thing that Government could do is think about that holistically as a public policy drive: how can we better devolve roles and responsibilities within the public sector workforce to ensure that we can break the cycle of grade inflation and the greater requirement to have a degree in order to have a professional career, because it goes on and on. Nurses now have to have a degree. Nursery teachers will have to have a big qualification. If we continue to do that, we lock a lot of people out of the labour market who could be in it, particularly young people. That is perhaps a different way of thinking about it, but I think that Government have a role. Finally—and then I will stop, as I am sure people will want to come back on this—the focus of the Government on apprenticeships is a really welcome step in the right direction. There is a “but” and that is that if it is overwhelmingly going to adults rather than youngsters, and if it is focused at level 2 and not level 3 or level 4, we have a real problem. I looked at the numbers the other day. In 2014, 2,900 young people aged 19 to 24 started on a higher apprenticeship, which by the way has better economic returns than most university degrees over the course of a lifetime. In that same year, there were 170,000 undergraduate starts, so right now there is a discrepancy in where Government and public policy are laying their bets. They continue to lay their bets overly on the higher education route to the detriment of the vocational educational route. I think that comes back not to policies but to mindset and focus.

Q161 The Chairman: Thank you for that. You have referred to a “hollowing out” in the middle. It had been suggested to us that we should describe these young people as the “overlooked majority” in that numerically they are the majority.

Rt Hon Alan Milburn: Absolutely.

The Chairman: You have talked about the ways in which the public sector could address this, with classroom assistants and policy community support officers. What role could private sector employers play?

Rt Hon Alan Milburn: A big one, and some are. I think the penny is beginning to drop. Today, there are around 50,000 vacancies in scientific and technical trades and around 25,000 to 30,000 in the construction sector. You only have to look out of the window from this place and see the number of cranes in London to realise that we are in the middle of a construction boom, and that is a great thing, but it will not be a boom if there is a skills shortage. The numbers in the supply side are very odd: around 13% of young people who take a vocational course end up doing sports, recreation and leisure, which is six times as many as do construction and three times as many as do engineering. We know where the best outcomes lie. I am sure there are lots of people who have a great career in sport and so on, but the real opportunities, economically and socially, lie somewhere else, and somehow or other there is a mismatch between supply and demand. The people who could make the difference in this, the swing voters so to speak, are the employers.

We produced a report recently with Business in the Community to look at what employers can do. One way to look at it is to think about what professional employers can do—there is some stuff there—but for these types of jobs the really difficult questions are: what about the low-paying sectors, what about retail, hospitality and care, where the low-paid jobs are predominantly concentrated? Can anything ever be done there to create intermediate-tier jobs? With the professions, I think we are looking at a cascading down of responsibility in the way I described earlier. With the low-paying sectors, we have to think about what it is possible to cascade up.

With the Business in the Community report we recommended a number of things. For example, we know that when managers in these sectors are incentivised in the right way to focus on job progression and retention rates—guess what, they do. When there is an incentive to focus on job design, so that jobs are deliberately designed to create career ladders for young people so they do not just go into a job and get stuck there on low pay—guess what, they do. The other day we were looking at evidence from the retail sector and comparing what happens in Germany with what happens in the UK. It is very clear that some of the big German retailers, for example—and, by the way, these are the guys who are on the up in the UK market, and maybe these two things are related to one another—very

intentionally design jobs in such a way that young people in particular get the opportunity to multitask. They are not just stuck on a till—tills are disappearing from shops anyway—or just stacking shelves; they are doing a range of tasks. That is all about the notion of creating career ladders. That is very important for one reason, which is that there is a big focus now on lifting levels of low pay, and that is a good thing, but to be sustainable we also have to lift levels of productivity. To do that, we have to think about jobs in a different way—not being stuck here and not moving, but being able to move from here to there. There are some very tangible things that employers can do and need to do.

I would make one final point. We are at a critical juncture, because this Government have in mind quite a big shift in responsibility from the state to employers. You see that with the national living wage. You see that with the apprenticeship levy. You see that with the way public procurement is being used as a policy tool for social ends. Each of those instruments is fine, but they add up to a wholesale renegotiation, if you like, of the informal contract between the state and employers. I think that has been done quietly but not publicly; it has been done incrementally but not strategically. The Government need to enter into an open conversation with employers about what their expectations are of employers, otherwise the risk is self-evident. I support all these things. They are all undeniably good things, in my view, but the risk is that we end up loading responsibilities on employers and, rather than improving productivity, we do the reverse.

Q162 Baroness Blood: We have heard a lot about improving level 3 vocational qualifications. Have you any thoughts on the learners who are not ready for level 3 or training?

Rt Hon Alan Milburn: Yes. I guess that is not just a question for vocational education. As you know, unfortunately, there is a very strong social correlation to some of these things. I was going to say that it begins in school, but it begins before school. The elements of a better jigsaw puzzle are there, but I am not sure to what extent they are harmonised. Obviously, we focus a lot on disadvantaged children and their educational prospects, and at every level they are underserved by the education system, if we are honest about it. By the age of five, half of poor kids—and I am thinking about kids on free school meals, the poorest sixth in society—are not at the appropriate level of development, so they are not school-ready. School-ready is pretty basic things, such as knowing how to dress yourself, how to take a simple instruction, and how to toilet yourself. Do I honestly believe that early years services

think it is their mission in life to ensure that children are school-ready by the age of five? I do not think they do, because that is not how it has been communicated to early years services. They are conflicted between two objectives, one about raising maternal employment and the other about doing something about child development. Their principal purpose concerns child development—they are called early years services—so there is a failure there. There is a failure in primary school. Two-thirds of kids get to the expected level in reading, writing and maths, but a third do not if they are on free school meals. Most seriously of all, at secondary school only one in three kids on free school meals achieve five good GCSEs, including English and maths. That is despite Herculean efforts and quite a lot progress. If you take a big step back, it is not only a national scandal but a moral outrage that we have allowed the education system to systematically fail the poorest children in the country. That is not good enough. When we are talking about level 2 and all that, we are not going to get more kids up from level 2 to level 3 or level 4 unless we do something earlier in the system. That has to be a mission in life for the education system.

I give a health warning right now: in my view, a lot of what the Government are doing on schools policy is broadly in the right direction, and I can welcome and applaud it, but if what I am hearing is a move away from closing the educational attainment gap in schools towards focusing purely on the raising of school standards overall, that would really worry me, because we have to do both things simultaneously: we have to raise the bar and close the gap. It seems to me that a lot of this is less about the vocational education system, with all of its faults—no doubt we will come to them in a moment—and more about what happens before then.

Jack Feintuck: May I add a point on that? Ofsted's annual report has some interesting facts on GCSE English and maths retakes. The Government have a policy in this area aimed at everyone who did not achieve good GCSE English and maths to achieve them by the age of 18. If you look at the performance on retakes in schools, sixth form colleges and FE colleges, in relation to maths at least there are really big differences in outcomes. FE colleges have the largest proportion of kids who do not attain those grades by 16. Only 4% of those who go in for a maths retake attain it by 18, which compares to 31% in sixth-form colleges and 22% in schools. It is clear that you can make some difference, although we might want to see more than a fifth or a third. There is a big challenge in FE colleges in getting kids up to a level where they can then go on to access those level 3 courses.

Q163 Lord Farmer: Coming to the failures of the educational system, in your 12 key recommendations you mention that four in 10 children are missing out on good parenting and recommend a national parenting campaign to be launched to help more parents become excellent parents, or maybe to become good parents instead of bad parents. There seems to be a general acceptance that sometimes parents are bad and they pass on their habits to the next generation, but if there is a campaign to improve parenting quality, would that help with what you have just been talking about, the early years, and could there be a fundamental change?

Rt Hon Alan Milburn: Yes, I think so. It is a difficult area of public policy, for obvious reasons. Governments do not raise kids, parents do, and it is not the easiest job in the world, but most people do a good job.

Lord Farmer: But they need help.

Rt Hon Alan Milburn: Believe me when I say I know why no one wants to go there. It is because everyone is concerned about the nanny state accusation, and so on. As a Commission, we try to be as informed as we can by data and what the data tell us. Of course you have to make judgments alongside the data, but the data are very powerful, and unfortunately there are some strong social correlations that should worry us all, such as the proportion of better-off parents who regularly read to their children, with all the benefits that brings, and the proportion of less well-off parents who do not read to their children. That is not about blaming anyone; it is about recognising that if you are a poorer parent struggling with multiple responsibilities, caring and working, where life is pretty tough and you have lots of transport difficulties and a low income and are struggling to make ends meet, that is where the state has an obligation. The state's job is to sit alongside, but not over, people and support them. When you look at the data, it is very obvious that the uptake of these types of parenting support programmes tends to disproportionately benefit middle-class parents as distinct from low-income parents, maybe for obvious reasons. We have to try to do something about that.

There are a lot of very interesting initiatives—in this country, in the States and elsewhere—around good parenting and what can be done to offer that type of support. None of them has ever been brought to scale. We are looking at this in our next annual report, which is due out on 17 December. One thing the Government could genuinely think about is incentivising some interesting pilot programmes in different areas, focusing in particular on

where we know that there is a big gap in access by lower-income families to these parenting programmes and maybe trying to fill it. This has to be a combined effort. It is not only the job of early years services, schools, colleges, et cetera; it is about parents and communities, and so on. I am very much with you.

Baroness Morris of Yardley: I think those parenting courses do exist, and there is quite a good evidence base for some. Rolling them out is a huge challenge. It is challenge throughout public policy. You know what works; it is getting it to everybody. I do not disagree with you, but if you put something in your annual report on the structure that needs to be put in place to roll it out, I think that would be really helpful.

I just wanted to go back to the point you made about teaching assistants and police community support officers and the change that has happened in giving them a better income and all the rest of it. I think it is an excellent initiative, but I had not quite seen it in the way you had about making that new middle tier, which is interesting. If you tie that together with your answer about level 2, I accept completely that 18 is too late. I absolutely buy into that, but living in the real world, no matter how much more effort goes into the education system, which is very age structured for lots of reasons, whether because of new arrivals in the country, late developers, or whatever, you are always going to have people who get to 16 or 18 who still need adult chances.

This is a pondering question to put some structure around this. I always thought that one of the great advantages of the classroom assistant initiative, which I know best, was that most of those classroom assistants went in unqualified because it fitted in with their family responsibilities, so it was almost a second chance. It gave a structure to people for whom school had failed and who had opted out. One thing that worries me is when I meet youngsters now. I ask them, "What do you do?" and they say, "I'm a teaching assistant", and I say, "That's fantastic", and then they tell me they have a degree. They have been recruited straight from university. Once it becomes important, it is about the upward inflation of grades. I can quite see why, in a time of high unemployment, a school would go for the 24 year-old graduate and the skills and knowledge they have. However, that makes a nonsense of what I thought the great idea was. If those things become a career, you roll it back into schools and the careers people talk about it, so it becomes your ambition: "I am going to leave school and I am going to be a high-level teaching assistant". That has not happened yet. The minute you do that, you have taken away what has been a really successful way of

getting people for whom school has failed on to some sort of career ladder. I am not sure there is an answer, but could you say something about that in the context of how you see it affecting the labour market?

Rt Hon Alan Milburn: I think that is a really good insight. There are a couple of squeezes on the youth labour market. There is a squeeze on the range of jobs available, which is narrowing, and there is the demographic squeeze, because we are all getting older, but people want to work, and the big growth over recent years, as you know, has been in the over-50s in the labour market, so people who in a previous era might have retired are now coming back or staying, so that squeezes the options still further for young people.

The third point, which is the one you make, Baroness Morris, and which I think is absolutely right, is that the graduate labour market is quite a fluid market. The data is a bit iffy on all this, but there is what we would all recognise as a graduate job and then there are people working in Costa Coffee or, as you say, going into an arena that was designed not to be graduate employment but somehow ends up being graduate employment. That is a real problem and, as you and I both know, sometimes the design of policy up here and how it is interpreted down here can be in slightly different places. It is beyond messaging, but I think there is something around the messaging and what type of person we expect to be doing these roles. That feels like a nebulous answer to your question, but, like you, I am not sure there is a precise, easy answer to it. We have to stop this nonsense where everybody has to have an extra qualification in order to be able to do a job. None of us is going to be able to get into university at this rate. Recently, I became the chancellor of the University of Lancaster, which is my old university, and I often joke there that it is so good nowadays that I would not be able to get in. It is not a joke; it is tough. I think there is something about the intentionality of how we go about doing some of these things.

A final point—and you touched on it—is that if you were being hypercritical you would say that the choices that young people in particular are making are not the greatest ones. Some 13% choose sports, leisure and recreation against 2% in construction or engineering, or whatever it is. That is for a whole variety of reasons, including the lack of transparency in the system. In fact, to grace it with the word “system” seems to me to be a complete misnomer. This is not system; it is a jungle. Interestingly, it is not a jungle if you are in higher education. If you are on the higher education track, you have total clarity and a portal of entry, but you do not have that on the vocational education track. There is something quite fundamental in

the way the system is designed. It is designed almost to induce more complexity and the wrong choices. If policymakers are serious about focusing attention on the so-called other 50%, they have to imbibe some of the medicine from higher education and translate those lessons into how we structure and guide people through vocational education.

Q164 Baroness Berridge: It has been suggested to us in evidence that the first priority of the education system should be to prepare all young people for adulthood and the world of work. In fact, someone said it should be to produce future taxpayers.

Rt Hon Alan Milburn: As we all think of ourselves.

Baroness Berridge: One of the ways to do this might be to add employment and education destinations data as part of the accountability framework within schools. What are your views on that suggestion?

Rt Hon Alan Milburn: I think it is a really good idea. Again, interestingly, building on the previous answer, taking the lessons from higher education, the Government's recently published Green Paper on higher education by Jo Johnson is pretty good overall, in my view. The new Teaching Excellence framework has a proposal to make what teachers actually achieve distinct from what they do, in other words a focus on destinations data and outcomes. We are doing that for one part of this thing that we glorify with the name of a system of education in higher education, so why are we not inculcating that at every point in the system, so that for early years services the outcomes are about how well a child is prepared to enter school, for a primary school it is about how well they are prepared to enter a secondary school, and for a secondary school it is how well prepared they are to enter the world of work?

Why is that important? It goes back to the Chairman's question about employers. Employers are asking a question of young people that is not, "Do you have decent academic qualifications or skills?", but, "Do you have good enough character skills that would make you attractive to employ?" The game has changed. It used to be that you achieved five good GCSEs and you were on the pitch and scoring goals. Now, five good GCSEs might get you on the pitch, but they do not allow you to score goals. To score goals you have to demonstrate that you can do more than that: that you have communication skills, that you can work with others as part of a team, and that you have flexible and analytical thinking. All these are character skills and it used to be thought that they were innate and either you had them or you did not. Now we know that some schools are able to inculcate those character skills and

others are not. The one thing private schools are absolutely brilliant at is the development of those character skills. There are many things that private schools do that state schools probably should not, but this is one area where they should learn the lesson, in my view.

I think that it has to become part and parcel of the way that we think about, assess, measure, inspect and reward our schools, which is not so much about getting to the five good GCSEs, or whatever it is going to become in the better education measure, but where we are assessing schools in part on what happens to a pupil once they have left, once they have gone beyond the school gate, and whether they have gone on to pursue a good career, whether they have good further or higher education, and whether their status in life has improved. Then we shall start to get some interesting answers and some concerning ones.

Only one in 10 young people today, whose highest qualification is an A-level or the equivalent, goes on to become a professional or managerial worker in our country. The consequence is that this bifurcation of the further and higher education systems leads to two quite different outcomes. In higher education, by and large, you are guaranteed pretty good outcomes. There are many people who progress extremely well, and many colleges, apprenticeship providers and work providers ensure that young people on the vocational route go on to lead a fantastic career, but too many do not. If we are producing two grades of worker, one stuck here and the other flying up here, that does not seem to me to be much of a one-nation labour market, or, indeed, education policy.

Q165 Baroness Blood: Leading on from what you are talking about, we have heard during this inquiry about careers advice. We have heard from groups of young people who have had very poor careers advice and we were in Derby last week and heard about people getting brilliant careers advice. We also heard that careers advice would be better delivered by an independent organisation. What are your views on that?

Rt Hon Alan Milburn: To be honest, as with all these things, there are pros and cons with either route. I will come to that in a moment. The critical point is that there needs to be careers advice. In the architecture of our education system, the one thing that is conspicuous by its absence, in my view, is information, advice and guidance, as it is called nowadays, and what we all think about as careers advice. Where is it? It has been allowed to wither on the vine post Connexions, which had pluses and minuses, and now we have a vacuum. It needs to be revived for one big social mobility reason as well as a labour market reason. Choices in the labour market are complex for young people. There are more

opportunities and choices than there have ever been. It is a really complex place to be to decide where you want to go. For those who are fortunate enough to have parents who are smart, know their way around and understand the higher education system and the labour market it is great, because those children come with all sorts of inbuilt advantages regarding social capital and know-how. For those who do not, they rely on a third party. That is where the state is important, in my view.

The first and most important principle is that it has to be part of the education system. I am more in favour of making that a school responsibility than hiving it off, for the following reason. I think back to the earlier question on destinations. It has to become part and parcel of what schools think of themselves. Their responsibilities do not begin and end when the child is in the classroom. They have a responsibility post the classroom, post the school and beyond the school gate. Careers are a very important part of that. The Gatsby Charitable Foundation published an interesting report on this relatively recently. The other self-evident reason to think about it being located in schools rather than independently is that it allows careers advice to be focused and personalised according to the individual child's needs, because the school will actually know the child. There is an argument either way, but on balance, if I could design it, I would probably design it that way.

Q166 Baroness Sharp of Guildford: Picking up on what you were saying about the education system, or the lack of a system in some senses, one of the areas where we have had a lot of evidence has been on the transition between school and work, and particularly the post-16 transition system, where, as you have been saying, on the whole those who get on to the GCSE/A-level/university route have a very clear ladder of progression. If the Prime Minister is to be believed, we want everybody else to go into apprenticeships. We have also received a lot of evidence that we need a more co-ordinated system post-16. Back in 2004, the Tomlinson report suggested that we ought to have perhaps a more co-ordinated system in which vocational education was a part of the mainstream, instead of being a side issue, and in which there was a system based on core learning and the generics—the maths and the English—and then the main learning where the individual was able to concentrate on particular areas they were interested in and develop those. Do you think this notion still applies today? Do we need more co-ordination? You talked about the elements of the jigsaw in the education system. Do you think we need more co-ordinated elements of that jigsaw?

Rt Hon Alan Milburn: Absolutely. Let us be clear: we do not have a system, we have an absolute jungle. It is unsurprising that young people make the choices they do. I do not think it is informed choice, to be perfectly honest. If you have 75 pages of performance league tables listing all those endless courses, you have up to 16,000 courses to choose from. Compare that with higher education—and I keep returning to this because not everything in HE is right, but it does have the admirable qualities of clarity and transparency—where we know what the 80 or so A-levels are that, in particular, the more selective universities want from young people in order to gain admission. It is almost impossible to navigate. In fact, there is no way of navigating through it. There is nothing like the UCAS system. That is a really difficult thing to do, but we have recommended in previous reports that the Government should look very seriously at that. It needs to be in part based upon outcomes and destinations data so that people can make informed choices. It is fine if people want to go into recreation and leisure knowing that the average salary is X, but they might think again if they understand that a science, construction or technical qualification is likely to more than double the X salary. Right now, I do not know how young people are able to make those choices. By and large, I think there is a default choice, which is that you go very local, because it is the local supplier, the local college, the local employer, the local apprenticeship provider, or whatever it is, and there is no sense of whether that is good or bad, both regarding quality and the outcomes that it will guarantee for you. Those are not characteristics of a social mobility-friendly system. They are not characteristics of a system that is geared to get the best from young people, or, indeed, to get the best for the labour market or employers. We have to do some serious rethinking about all of this and almost go back to basics in the design.

I do not know whether you have asked young people about a studio school versus a UTC, a national college for HS2—really—versus a further education college, an apprenticeship provider, a voluntary sector provider? How is it that there is such a multitude of organisations, institutions and qualifications? It is almost impossible to make a trade-off between them. It is more complex because vocational education has to do more than higher education, but, heaven help us, if there was ever a need for simplification, it is here.

Q167 Baroness Tyler of Enfield: I wanted to pursue careers and, in doing so, could I declare an interest as co-chair of the All-Party Group on Social Mobility and, indeed, former deputy chief executive of the Connexions service, although that was a few years ago. As we have

talked about careers, quite a few people have pointed out how important it is to understand the distinction between careers education delivered as part of the mainstream curriculum and independent careers advice and guidance, where schools have a duty to ensure that independent advice is being delivered but might not necessarily be doing it themselves. Do you think that distinction is important and well-understood? Do you feel that there could be changes in the ways that schools are funded, and indeed in the inspection regime, to ensure that they are incentivised to make sure that a full range of information and advice about all the options is available to all their students, in a way that, patently, from the evidence we have received, is not happening at the moment?

Rt Hon Alan Milburn: You know what my answer is because you have heard me say this before. I would say yes to the second question. When you look at what Ofsted expects its inspectors to focus on in schools when it comes to careers information, advice and guidance services, it is not bad, but the truth is that Ofsted has to do a multitude of tasks and over time, of course, it gets loaded with more functionality, because that is what happens.

The question I ask myself is: if you are a head teacher and the Ofsted inspector is arriving, how high up your worry list is the quality of your careers education or, for that matter, information, advice and guidance? If one is honest, it is pretty low down. Should it be right at the top? Probably not, but if we are going to move to a world where we are asking schools increasingly to be clear about their role in the world of work and not just in the world of education, we need to move that pendulum.

On rewards, the one thing I learned from doing a public policy job, not in this particular area but in healthcare, is that although we like to think that the public sector is entirely different from the private sector and money does not really talk, boy oh boy, it does. People respond to incentives and organisations respond to incentives, alongside a whole host of other levers. There is an opportunity for the Government to think about the range of levers they want to deploy. That is about performance tables, because in my experience no one but no one in the public sector wants to be in the bottom decile; everybody wants to be in the top, so you have to go with that and give them some tools, support and data to make those judgments. Inspection is an important aspect because it brings transparency, and it should bring objectivity to the table, so that providers, wherever they are, are being held accountable. That is really important. In the public policy arsenal—and this applies in further education, too—the one underdeployed tool is financial incentives.

Today, in further education we have nearly 400,000 students who are in colleges that are rated as less than good, to be polite, and some of those colleges would have been rated less than good for some considerable time. There is insufficient intolerance of endemic failure. Most people are pretty good, but where there is endemic failure we should do something about it. Nor are there proper reward mechanisms for organisations that are doing the right thing. I can tell you that it was the bane of my life when I was the Health Secretary, because you were always sent to the good places, and whenever I talked to the chief executive of a hospital that was doing really well and asked them what their top complaint was, it was always that I bailed out the bad rather than helped the good. That is a really powerful demotivator for improved performance. We have to imbibe those lessons in this part of the public sector and not only in healthcare.

Jack Feintuck: May I build very slightly on that? You asked about independence, and one really important element of independent advice for kids in schools is the links with businesses and how much the businesses are going into schools. Ofsted has commented that less than 5% of their inspection reports commented positively on any aspects relating to links to business, so fewer than one in 20 reports. The Government set up their Careers and Enterprise Company, which will try to fill some of these gaps. The Commission has written about the potential for this and has made some suggestions about how it could focus slightly more narrowly on a few elements. For example, it could make sure that it is targeting less advantaged areas and pupils, that the board represents expertise in advice and guidance in the education sector and applies some regional consideration, because the requirement is going to be different between different places, and that the impact of it is evaluated as well, because there is quite a big investment here. There is a challenge regarding business engagement, but there is the potential to do something about it as well.

Rt Hon Alan Milburn: We have talked a lot about what colleges, schools and careers services, and so on, should do. Going back to an earlier question, I think there is an issue for employers here. Again, it is a jungle of relationships out there. If you are a school in Hackney, you are probably inundated with offers from financial services firms to do twinning and mentoring. Whether or not Hackney needs more bankers, I could not possibly say, but I know that in my old constituency in Darlington there are no financial services firms. I think one thing the new company could do is try to bring some order out of chaos in those arrangements, in particular between schools and employers. The evidence base tells us that

the relationships only work if they are long-term relationships and both parties are committed to doing it. It does not work if it is somebody showing up and giving a nice speech in the school hall about the virtues of working in X industry or for X employer. There are some expectations, both on how we organise employers' interaction with schools and also on what we ask employers to do.

Q168 Baroness Morris of Yardley: You have talked about the inequalities or lack of clarity between further education and higher education. Finance is another example where that is the case. Taking into account the present financial situation, what would you recommend we do now to try to solve the further education funding difficulties or the adult learning funding difficulties?

Rt Hon Alan Milburn: As you say, there is a very marked discrepancy in per pupil/per student funding between further education and higher education and also between higher education and schools.

Baroness Morris of Yardley: And they are not protected.

Rt Hon Alan Milburn: And they are not protected. I know that colleges probably breathed a bit of a sigh of relief at the Chancellor's Statement last week, but, let us be clear, it is not growth, or not growth as we have known it, and obviously per student it is falling rather than rising, so there are some real challenges there.

On the plus side, the apprenticeship levy could be of benefit to FE. The Government have projected that should realise something like an extra £900 million. If that happens, that is a good thing, and the introduction of loans for level 3 and 4 again could help. I do not think there are going to be enormous levels of growth. The question is what the sector could be doing better with the resources that it has. There is a resourcing issue, which I think is acknowledged, and there is what the sector could be better doing with the resources that it has. I think the obvious thing is to focus more attention on those courses and qualifications that are best able to guarantee good outcomes. Some of the statistics that I was quoting earlier are a real worry, particularly about the apprenticeship model. We could end up with the Government's target of 3 million extra apprenticeship places being fulfilled and the overwhelming majority of those new apprenticeships being over 25.

Baroness Morris of Yardley: Or at level 2.

Rt Hon Alan Milburn: And definitely at level 2, which is where 70% are today. There is something about protecting the brand of what an apprenticeship is, because most people

would not think of them as that. They would not think of them as for adults and they would not think of them as being at that level. They would think of them as being at a higher level and that they were about getting skilled, or getting a trade in old parlance. Really it is about the back-door conversion of in-work training into something called an apprenticeship. That is not adding a lot of value. The sector has a lot of challenges with the funding constraints that it has, but there is also a challenge to the sector about where it places its bets and what it focuses on.

Baroness Morris of Yardley: You have mentioned two parts of the education sector—higher education and schools—and they are both better funded. In our days in Government, for the extra money that was put in, further education did not get as much as either schools or higher education. Is there an argument for doing something about that now, i.e. switching the money? There is not as much public money in higher education as there was, but, in the absence of a growing economy, should we be switching it about a bit?

Rt Hon Alan Milburn: If you do a massive switch then, as you know, it creates enormous destabilisation, and higher education is going through—although nobody describes it like this but this is what it is—a wholesale transfer of responsibility from state funding to private funding. That is what fees are. It is about moving the responsibility from the taxpayer to the individual parent. I know. That is what is going on there. Does it mean that higher education has somehow, as people predicted, suffered enormous cuts in overall funding? It does not, and universities are continuing, thank heavens, to expand and grow, and, indeed, the Government have encouraged that. It is very interesting that the Government have taken the cap off higher education student numbers, but we have a cap on vocational educational numbers. Think about the number of people who apply for apprenticeships and the number who get them. The ratio is eight to one right now, and in higher apprenticeships it is appallingly low. The long-term answer is more equalisation between FE and HE. You have to be very careful that you do not end up destabilising a sector that is going through quite a painful funding change right now in higher education.

Q169 Lord Holmes of Richmond: The Social Mobility and Child Poverty Commission—you may be aware of its work—has said that the Government need to establish a gold standard for what local partnership arrangements look like. What are the important factors for successful local partnership?

Rt Hon Alan Milburn: There are a number of them. The first is that there needs to be a shared local goal between all the players: local government, other public sector bodies, and employers and their representatives. Part of the shared goal should be about improving youth transition arrangements from pre-16 to post-16 education. That is what we have called for to be embedded in city deals, in LEPs, and the myriad regional and local organisations that have sprung up over recent years. They should ensure, as part and parcel of their job, that there is good youth transition. For example, they might want to set themselves an objective that in every local area no one should ever be NEET.

Baroness Stedman-Scott: Absolutely.

Rt Hon Alan Milburn: Why do we have 140,000 NEETs, 16, 17 and 18 year-olds? It is an absolute disgrace. I know it is lower than it was, but we write off 140,000 young people. Somebody should own that responsibility and it should be owned at a local level as well as at a national level. It is a shared responsibility between the education system, public sector bodies and employers. A shared goal is the first objective.

The second point in partnership arrangements is that the focus should be on growth sectors. The truth is that retail, to take a low-paying sector, is going to go through a really difficult transition, and is already there. I do not mean Aldi/Lidl versus Tesco/Sainsbury, I mean the move from bricks to clicks. Was it not interesting that on Black Friday people were buying online and not going to the shops? We know that is happening. It is going to go through a painful period of transition. Is it going to be the source of a lot more jobs? Probably not. We know where growth is going to take place. It is going to take place in professional employment, in science and technology, because these are aspects of the economy that will continue to grow, and it is going to take place in areas such as construction. The partnerships should be focused on growth sectors in the local economy that are good for the local economy and also good for young people.

The third thing they should focus on is job design. As discussed earlier, if the design of jobs is simply left to market mechanisms, you end up with ghettos of low-paid employment. I think other organisations outside employers have a responsibility to challenge employers on how they could better design their jobs to ensure there are genuine careers ladders.

The fourth and final characteristic is that there has to be a focus on outcomes, so that everybody is clear, particularly young people, that when they choose a particular route they

have some line of sight as to where they might end up, both in status and, critically, in income.

Jack Feintuck: I have one quick point. It is not unknown and places already do it well. Last year, for our annual report we visited Suffolk County Council, which has a whole suite of measures already in place for careers advice. They have an overlay on to their current system to show what the local career options are. They have a brokerage system to get employers in schools and they have a youth careers and employment centre on the high street in Ipswich. Where there is the will and the effort in the right place, it can be done. Part of the challenge is that local authorities have so much on their plates there is not necessarily the scope for them to share best practice and make sure that everyone is trying to emulate those who are doing really well. Last year, we emphasised that there is a role for central government in collating what works and communicating that effectively and in a simple way, so, where people are pressed for time, they can find out easily what they could do to improve things.

Baroness Berridge: Could I ask for some clarification? You said that there would be a growth in professional jobs, but some of the evidence is that the technology is about replacing intellect and the mind, so if you look at accounting firms, some of them in the top 10 are not involved in classic accounting; they are processing using intelligent documents and such like. Can you clarify what you meant by a growth in professional jobs rather than a hollowing out of professional jobs?

Rt Hon Alan Milburn: It is pretty obvious that some of the administrative functions within professional services are already being hollowed out by technology and by outsourcing. In mainstream professional employment, whether that is engineering, law, medicine, these are professions that everybody presumes will continue to grow over time. I think the numbers are pretty startling. Was it an extra million professional jobs over the course of the next 10 years?

Jack Feintuck: A lot of the numbers in this come from the UK Commission for Employment and Skills, which has done a lot of work to look at the growth of jobs in Britain between 2012 and 2022. Professional jobs are roles which are described as managers, directors and senior officials, or professional occupations, so those together, if you net out replacement demand—i.e. people retiring or leaving—and new jobs being created, amount to 1.7 million. Within that, there will be a range of different kinds of jobs and different kinds of trades, but

where they sit in the socioeconomic scale, in those top groups you have that growth of 1.7. It is very interesting work.

Rt Hon Alan Milburn: The categories that will be under a squeeze are in particular those administrative and secretarial jobs.

Jack Feintuck: And skilled trades. This is a continuing effect of the jobs that were being squeezed in the late 1970s/early 1980s onwards. The hollowing out is carrying on in those sectors.

Q170 Lord Farmer: The Welfare Reform and Work Bill is going through our House at the moment. It is going to remove child poverty targets and will introduce a new duty for the Secretary of State to report annually on “life chances”. What is your view on the impact of this Bill? What is the significance, if any, of the renaming of social mobility to life chances?

Rt Hon Alan Milburn: It has been pretty obvious for some time that, although there has been good progress made over the course of the last 15 years in reducing child poverty, which is very welcome, the 2020 targets that were set in the 2010 Child Poverty Act are going to be missed, frankly, by a country mile. I think that is regrettable, for one obvious reason: there are still well over 2 million children in this country who the Government officially classify as poor. For the fifth or sixth wealthiest nation in the world to bear that scar on its back is something that I think is intolerable and wrong.

I understand why, if the target is going to be missed, the Government might decide to change the target. The targets in the 2010 Child Poverty Act are not perfect. For example, we have argued, as the Commission, that there is a very strong case for a more rounded and nuanced means of assessing poverty, in particular taking account of causal or risk factors. We know that good parenting, or a good education, or a good job, will make a difference as to whether people avoid poverty or fall into it. The Government’s proposals to introduce indicators around life chances when it comes to educational attainment and worklessness make a great deal of sense. I am supportive of that.

However, the most obvious symptom of poverty is lack of income, and, if there is no income measure alongside the worklessness and educational attainment measure, it does rather seem to me to be missing the point. Poor people are, by definition, poor because they do not have enough money. We might want to focus on that and, indeed, government policy and government objectives and targets should be focused on that. I think there is a deficiency there. The second deficiency is that although Government are right to focus on

life chances in this more rounded way, they are proposing to measure but not to set an ambition to change. As I understand it, there is not a proposition to set a target or an ambition. There is a risk that the Government, in moving the agenda from child poverty to life chances, look as though they do not have a big ambition. I presume the big ambition must be to improve the life chances particularly of the poorest. I would say that these are two areas where more attention needs to be focused.

My final point is that you can change the target, but it does not change the reality. There are still 2 million plus children in our country who are poor and the ONS will continue to publish those annual statistics, and lots of people, I suspect including this Committee and even my Commission, will continue to look at those statistics. Frankly, the issue for me is not so much about how it is measured, but what is done. I welcome what the Chancellor did last week in changing tack on tax credits, because I think that was the right thing to do, and I think your House did an admirable job in that regard. However, we still face the phenomenon that two in three of the children who are officially classified as being poor in this country live in a household where someone is in work. The nature of poverty is different today from what it was 20 years ago. It is no longer a problem of the workless or the workshy exclusively; it is a problem of the working poor. They are the people who, by the way, do all the right things. They probably listen to the politicians who say, "Stand on your own two feet, strive, don't shirk, go out work, look after your family", and there are five million of them, mainly women, who earn less than the real living wage, set by the Living Wage Foundation, and they have to be the focus of attention. We have been discussing some of that today, what the education system can do, but there is also something that Government have to do. They have to make working poverty a thing of the past. They have to ensure that if you get a job, it is a good and worthwhile job, and it pays enough for the person or the family to be able to live a life free from being poor.

Q171 Lord Patel: Alan, it is nice to see you, and I am sorry for all the hard times I gave you when you were Secretary of State for Health.

Rt Hon Alan Milburn: That is why I left.

Lord Patel: If I was the cause of you leaving, forgive me and come back. I will not start on health now. The question I am about to ask about some of the recommendations that we might be able to make in the report is probably irrelevant too, hearing all the evidence that you have already given, but I must ask it nonetheless. Obviously an important part of the

report is the key recommendations that we might make on how we might improve the opportunities for the so-called disadvantaged group of people to move them into higher mobility and improve their outcomes or employment chances. What would your key one or two recommendations be?

Rt Hon Alan Milburn: There is a generic recommendation that we make continually to Government as a Commission, which is to make this a focus. Higher education is a focus, schools education is a focus, and, thankfully over recent years, early years has become a focus. I think there are some signs of focus here, but I do not see clarity. This is about a mindset as much anything else, and it is about recognising the importance of what the last census told us, which is that two in three young people in this country did not have a degree. This is not the other 50%. This is the majority of young people who end up on this route. It is an odd thing that they get a system that is more complex, less transparent, with more variable quality, and less guaranteed outcomes than the other one-third who are on the higher education route. Not everything in higher education is right, by any means, but it does contain some lessons for where vocational education should go. One way of thinking about framing the recommendations is that what is good enough for higher education is good enough for vocational education. Higher education has UCAS, but there is no UCAS here. It has one route in, but there is no one route in here. We are moving to destinations data when it comes to higher education, but we are not when it comes to further education. We focus on higher-level skills, not lower-level skills. There are many priorities, but it is the overall attention that is given to this issue that is the really important thing, which is why I very much welcome the Committee's deliberations and focus on it, because I think it will be more water dripping on that stone to make this a priority. It has to be a priority for the nation, not an afterthought.

Q172 Baroness Berridge: I have one follow-up question. From your experience in the Commission, do you think this is linked to the fact that the majority of policymakers come through that one-third route and not the two-thirds? Is there a case for skilling up and adding to the expertise in the sense of the people making the policy?

Rt Hon Alan Milburn: I think it is a very interesting area. After I leave here, I am going to Scotland to make a speech on elitist Scotland. I have just done an interesting piece of work with the David Hume Institute looking at who gets the top jobs in Scotland. It is a little better than it is in England. Overwhelmingly, unsurprisingly, about 6% of people in Scotland go to a

private school, but around 40% of judges in Scotland have been to a private school, and you can replicate that across the piece with politicians, senior professionals, and so on. It is very much an echo of what we have found here in England and, incidentally, very much an echo of what the former Prime Minister, Sir John Major, said a year or so ago: that in every aspect of British public life the upper echelons of power are dominated by a small elite. It is true. It is not that we do not want the best people to be in the top jobs, we do, and there are very many good people who are in the 6% in Scotland who went to private school or in the 7% in England who went to public school, but it is the degree of domination that is the concern here. I do not think anybody in the country seriously believes that all the talent in Scotland resides in 6% of the population, any more than it resides in 7% of England's population.

It is a very important point that what you know and what you are familiar with very often tends to be what you do. I think it requires policymakers there to go the extra mile and give attention to an area of public policy which might not have been directly pertinent to their lives, but is pertinent to the majority of people's lives.

Q173 The Chairman: Following on the question from Lord Patel, Mr Feintuck, what would be your one key suggestion or recommendation?

Jack Feintuck: We have talked about apprenticeships in the Committee. I think the enthusiasm for creating lots of apprenticeships might be usefully focused on creating lots of good apprenticeships. Three million is a huge number, but over the past five years we have seen almost no growth in apprenticeships for 16 to 18 year-olds and very little growth in that group doing the highest level of apprenticeships that are connected to the sectors which can bring great career progression and career opportunities. With employers now having an incentive to invest through the levy, there are discussions that Government can have with firms in a different kind of way about how they can make sure more young people are on those routes that can lead to social mobility.

The Chairman: Thank you very much. You will gather that we are extraordinarily grateful for your evidence and interested in it, which is why we have been happy to run over time. Thank you both very much for coming.