

Sub-Committee on Education, Skills and the Economy

Oral evidence: [Apprenticeships](#), HC 206

Wednesday 29 June 2016

Ordered by the House of Commons to be published on 29 June 2016.

[Watch the meeting](#)

Members present: Neil Carmichael (Chair); Paul Blomfield; Michelle Donelan; Catherine McKinnell; Amanda Milling; Jonathan Reynolds; Stephen Timms; Chris White; Mr Iain Wright

Questions 78-133

Witnesses

[I:](#) Lisa Burger, Executive Director, Royal National Theatre, Mark Froud, Managing Director, Federation for Industry Sector Skills and Standards, Stephen Tetlow MBE, Chief Executive, Institution of Mechanical Engineers, and Stella Ziolkowski, Director of Quality and Workforce Development, National Day Nurseries Association.

Written evidence from witnesses:

- [Royal National Theatre](#)
- [Federation for Industry Sector Skills and Standards](#)
- [Institution of Mechanical Engineers](#)
- [National Day Nurseries Association](#)

Q78 Chair: Welcome to this session of our joint inquiry where we are looking at apprenticeships. In particular, our objective is to gather evidence from employers, trade associations and organisations responsible for the administration of apprenticeship frameworks; our questions are going to be in keeping with that. Before we start, for the purposes of those watching from afar could you say who you are and what you represent, starting off with Lisa?

Lisa Burger: I am Lisa Burger. I am the Executive Director of the Royal National Theatre.

Mark Froud: Mark Froud. I am the Managing Director of the Federation for Industry Sector Skills and Standards. We are responsible for certifying all apprentices in England, Scotland and Wales.

Stella Ziolkowski: I am Stella Ziolkowski, Director of Quality and Workforce Development at the National Day Nurseries Association, representing our members, who are early years employers.

Stephen Tetlow: I am Stephen Tetlow. I am the Chief Executive of the Institution of Mechanical Engineers.

Q79 Chair: Thank you all very much indeed for coming along today. I am going to be chairing this meeting. Iain is my colleague and joint chair of this Committee. Everybody else, you can see who they are. We are drawn from the Education Select Committee and the Business, Innovation and Skills Select Committee but we have formed a separate joint committee and this is it. Our theme is productivity and our purpose is to make sure that we come up with some ideas that will help us to get that workforce, investment and so on, channelled into maximising productivity.

What are the key things an apprenticeship should provide? How is this different from other forms of training? Let's have a stab at that from Lisa, please.

Lisa Burger: The important thing about apprenticeships for us is that we need to diversify our workforce and this is a way of bringing new people into theatre. In certain areas of the craft skill we have an ageing workforce and, again, this is a way of recognising a craft shortage. What we want to make absolutely sure of as our apprentices come through is that there are jobs for them at the end. We have been running apprenticeship schemes for three years and so far we have been very successful in achieving that.

Mark Froud: I think it all about developing the competencies of people within the workplace and giving them the theoretical backing to make sure they can apply that within the workplace as well. In the UK context, because we have an expansive apprenticeship system, it is about making sure it is not just narrowly defined to the traditional craft-based industries, important though they are.

Stella Ziolkowski: For early years, business growth is really important for nursery settings. To be able to use apprenticeships to support that is important. It is around them being able to gain the competence in the workplace as part of a combined face-to-face classroom-based approach as well and it is really important that they have both of those to be able to have the skills they need to work with young children.

Stephen Tetlow: May I use a couple of props to illustrate a point?

Chair: By all means. I think we can do that. We are an innovative Committee.

Stephen Tetlow: I have brought along a couple of things to illustrate a few points. The first thing is this; it might look like a copper sculpture but it is actually part of something that is 2.4 metres long—so this is a little part of it—and it is an electron beam accelerator. It part of a very modern piece of radiography equipment and it is an incredibly difficult thing to make. Each of

these parts is slightly different. By the time you start an electron off at this end and it gets to the 2.4 metres at the other end it is travelling at just under the speed of light and then you aim that at a body. Each of these cells is incredibly difficult to make and they are all slightly different. The company that makes this is based in Crawley and it sends these bits of radiography equipment all over the world. It employs apprentices and it also employs a number of very highly skilled and educated engineers. Now, you cannot design or make something like this without that little supply chain of very skilled and educated people within your company. It takes three years for each apprentice within that company to learn how to make one of these parts.

Q80 Chair: Stephen—sorry to interrupt—can we pass it round?

Stephen Tetlow: Yes. It is quite heavy. Don't drop it on your toe.

To give another example—I will come to the point in a second but it is a way of illustrating—this is made by another company; it is a prosthetic foot. It is a small family company and they have been making these kinds of things for about 120 years.

This piece of mechanical engineering does not look very much but a huge amount of medical and scientific research has gone into it. The materials that go into these parts, which help the inflection of the feet and give springiness to it, are incredibly difficult to make and they are made out of carbon fibres layered in very particular ways. In here are some very clever hydraulics. There are also some electronics, which go into the feedback mechanism that go into the body, and it is very adjustable. It is very difficult to make, and again you cannot make these unless you have a skilled workforce borne of apprentices. It has probably taken about three to four years to make. This particular foot came from Imperial College where they are employing apprentices, former apprentices, and also are training apprentices to make the testing machines to do their experimental research on it.

Why am I saying this? Of the companies within our sector, which produces almost just under a quarter of GDP in the UK, about 90% of them are small and medium-sized enterprises. They find it very difficult indeed, with order books probably of the length of about six to nine months, to employ very expensive apprenticeships that go for three to four years. Yet a massive amount of our GDP is dependent on them. So that is the first thing. We are running relatively empty, depending on the figures—it gets very difficult to know what the figures are—but we are anything from 7% to about 30% short of the number of people we need to fulfil those vacancies so apprentices are incredibly important.

The other key thing is that the types of apprenticeships in those companies do what happened to me as a former apprentice; they give those young people—and sometimes not so young people—a completely different pathway into a long and fulfilling career, not through an academic route but taking them into a completely different route providing those sorts of skills. To our sector these types of apprenticeships absolutely underpin the total amount of our industry and we think they are really important to the wealth of the country.

Q81 Stephen Timms: You have given us some very interesting examples. What chance is there realistically that somebody at the bottom of that supply chain you describe, someone who comes in as an apprentice, might end

up as one of the highly skilled engineers in some years' time? Are there those progression routes?

Stephen Tetlow: There are. You are looking at one. I started in the motor industry. We did a snap survey—so this is anecdotal, not statistically proven—and around 1,000 of our members replied. About one quarter of them had started as apprentices and were now practising as chartered engineers. So, they had come up in effect to Master's degree level by dint of experience and training, as opposed to direct academic achievement. That gives a bit of a yardstick.

Q82 Chair: The question, however, is what is the difference between an apprenticeship and a normal training scheme, or other forms of training? Have you any thoughts on that? Or do you think that apprenticeship is a wide-enough word to bring in the kinds of things that you normally expect to be in a training scheme?

Mark Froud: The key thing for me is that an apprenticeship shows employers in the same industry or occupation—whether it is Jaguar Land Rover or, and I don't know if this is the case, Varian Medical Systems in Crawley—that the person has reached a particular standard that can be transferable right across England and hopefully parts of the rest of the world as well. An individual training scheme, however, is about improving the skills of an individual or individuals within a business.

Lisa Burger: It is also very helpful for parents and teachers, that they can see that they are guiding young people towards a recognisable framework. Particularly in the arts there can be a sense of people thinking, "Why on earth would I encourage my child or pupil to go into that black hole?" This gives a framework that says, no, there are recognisable qualifications and there is a pathway at the beginning that people can sign up to. That is really important when we are seeking to diversify.

Stella Ziolkowski: An apprenticeship also offers a breadth of skill, and functional skills too in many instances. However, in early years we now have a wider requirement set by Government around English and maths for level 3 apprentices and level 3 stand-alone qualifications. Therefore they are more closely aligned now with taking a qualification in the framework itself.

Q83 Chair: Lisa, Stella and Stephen: you all represent different employment opportunities—theatre, nursing care sector, manufacturing, engineering. Are the words "apprenticeship" or "apprentice" the right one to describe what you all do?

Stephen Tetlow: There are apprenticeships and apprenticeships. In my opinion the word is somewhat devalued by the massive amount of variation in standard and type of apprenticeship. I think it is highly confusing to many of the stakeholders.

What we would like to see are some much more nationally based competency and professional standards attached to some of these brands so that not only perhaps Government, who may be providing funding and want some quality assurance of that, but also young people going into apprenticeships know the sorts and levels of quality and quality assurance they have going into these schemes.

Stella Ziolkowski: I would say that apprenticeships have been the best route for early years employers to recruit individuals and they do see the value in terms of the breadth of learning they undertake within them.

Lisa Burger: We feel it is a very helpful way. The thing about theatre is that we are a collection of cottage industries and that is both a huge advantage and a disadvantage in that we are trying to pick up so many different types of opportunity for people.

Q84 Chair: Stephen has hinted at this but I think it is an important point to put on the table now. The number of apprenticeships we want to see created is huge so how can we strike the balance between numbers and quality?

Stephen Tetlow: You hit the nail on the head. Obviously the main concern is that quality is not sacrificed on the altar of a 3-million target. That is the first thing.

Just talking about our sector, the requirements vary very much between region, type of industry and sector. In our view this is something that does need to be tackled very much in terms of demand on a regional basis; so you do tackle it on a regional basis rather than a national basis. I also think you should underpin that with a national standard, such as a number of the national professional qualifications that some of us represent, so you are enabling a dynamic in all of this; so that when one sector starts to wane—and you have done a long apprenticeship, three to four years; you may have served for five or 10 years and that industry starts to go down or has a problem—you have some national standards underpinning that which enables transferability of those skills into something else.

I do not think you will get it absolutely right but you need to treat it like an infrastructure. You need a mindset that this is a national infrastructure; you build your roads and you have different levels of traffic flow going through those roads depending on season and types of demand and times of day. You take that analogy, do that with skills, and provide that infrastructure such that you can vary the traffic going through that infrastructure depending on the demand. It will change from when you start those three years to when you pop out at the other end.

Mark Froud: We need to get away from defining quality by level of achievement because different levels of achievement are required in different industries.

Mechanical engineering has been around for a very long time and has got a very long history of apprenticeships. Other industries, particularly those in the service sector—business to business; business to consumer—are at the beginning of this journey and are still learning how to manage the quality process within them.

There is not just one answer to this. The established apprenticeships set up the current framework system, which is largely based on qualifications. There are relatively few qualifications in culture and the arts or in digital, where there are lots of job opportunities springing up and industries are changing. So we need to recognise that there are different ways of defining and measuring quality. The key thing is to make sure that employers understand what are the key competencies within a job and make sure they are measured in a consistent way across those industries; and that we see progression.

I don't wish to speak for Stella but someone at level 2 in early years childcare, they are at the beginning of that journey for the rest of their life and I think it would be wrong to suddenly put in place an arbitrary cut-off at level 3 and say everything below level 3 is not an apprenticeship. It is about making sure there are progression routes, and, as Lisa said earlier on, making sure that parents, teachers, everybody, understands how you move through that. It is not a binary decision at the age of 14, 16, or 18 to go either vocational or academic. It can be a choice to go both ways.

Chair: We are going to move on to another question, but Lisa, one final point on this?

Lisa Burger: Very quickly, there are two issues for us about scaling up around quality. We are a number of cottage industries and under the Trailblazer needs, having to get 10 employers together, is a big problem for us to be able to mobilise in that way and to recognise those common jobs at the end of it. We would really need much more flexibility to be able to make that workable and also the ability to recognise that professional training delivered in-house is also necessary to deliver apprentices who can go on to fulfil the roles within our various industries.

Stephen Tetlow: A very small point: there are two ways you can really make a difference here. One is to make sure there is proper, informed careers advice in schools based on a regional basis so that you are connecting to those schools and showing what there is out there. The second thing is enabling and encouraging employers in finding out infrastructure to make sure that those proper choices are offered, again on a local and regional basis.

Chair: Okay. Stand by for our report on careers. We are going to move on to apprenticeship frameworks and Amanda is going to take us forward.

Q85 Amanda Milling: In terms of apprenticeship frameworks, obviously there are reforms. I am interested to understand first how successful the outgoing system of apprenticeship frameworks has been and what can be learned from that. Who wants to start?

Mark Froud: I think very successful. Just to debunk a myth, one of the things in the "Richard Review" said employers were not involved in setting these things up at all. That is basically, patently, not true. Employers were involved. There were lots of employers going through a very similar process to the Trailblazer process, but just over a very extended period of about 20 years so we have not seen the charge that we have seen with the Trailblazer process. Having said that, I think the Trailblazer process has energised parts of the economy that have not engaged properly with the apprenticeship system. One of the failings of the framework system is that it was based on qualifications and only qualifications so those industries that did not have qualifications were left behind. That is one of the advantages of the standards system. Having said that, employers and individuals do like qualifications so one of the things we are witnessing, looking backwards down the chain of what is going on at the moment, is employers that have set up Trailblazers are seeking to get qualifications back into them over a period of time because they value them; they are transportable and transferable, not just in England but across the whole of the world.

One of the concerns we have, looking at this from a sectoral perspective for employers, is that some of the ways that quality has been measured have not been entirely employer-focused. Ofsted do a very good job of looking at institutional-level quality but what they do not take account of in enough detail, we think, is what employers in individual industries and individual localities think. So, 93% of people we surveyed between January and March said they had enough off-the-job training. What they were saying to us was it was of insufficient quality. That is one of the issues that needs to be tackled within the new system; the new system has no real rules around that, though, no way of measuring that quality other than the employer is happy at the end of it.

Q86 Amanda Milling: One of the specific questions I was going to ask, Mark, is how you feel the transition from frameworks to standards has been managed.

Mark Froud: It is taking a long time but if we rolled back two and a half, three, years to where we were then and you said, "What would you do differently?" the answer is that given what the Minister wanted to do at the point—which was let 1,000 flowers bloom; let employers drive the process—we are where we are because we adopted that approach. That means that employers are driving this process.

One of the issues is that individual employers are driving it rather than collective employers at a sectoral level. Where there is a very strong sector skills council or professional institute there is much more involvement in making sure that standards are broader and more reflective of the industry as a whole.

I do not want to be critical of where we have got to, because it is very easy to just say, "We've got it all wrong". What we have unleashed is a lot of creative talent. What we need to do now is try to manage that a little bit, without actually telling employers what to do. So it is providing them with a framework. For example, a number of sectors have produced occupational maps, which give individual employers a guide towards what occupations should look like rather than job-specific standards. That is not there to say these are the only standards that can be developed but they are making sure that we do not end up with a lot of collision going on over the next two or three years and then having to undo it all and put it all back together again.

Q87 Paul Blomfield: Can I come in on one point there, and also apologise to the panel because I have to go to a meeting fairly shortly?

Mark, your comment that it is taking a long time is something of an understatement, isn't it, in the sense that some of the evidence we received was that at the current pace of transitioning it is going to take several decades before we move from the old frameworks to the new standards. Is that fair comment?

Mark Froud: I think several decades is perhaps stretching the point. On the evidence we have seen in terms of the number of new expressions of interest coming forward, a complete transition probably in about three to four years. What is driving this to some extent is the fact that to start with Matthew Hancock, when he was Minister, said, "Let 1,000 flowers bloom" and everybody wanted to see what was going to happen; how it was going to turn out. So nobody rushed headlong into it and nobody within the Department was saying, "Let's turn the old system off".

I think the Minister is fairly sure now that he wants to turn the system off in about two years' time and that will drive creative energy in a particular direction and make sure that training providers start to engage with this.

Q88 Paul Blomfield: How many standards are now in place and how many are envisaged because that gives us a sense of the scale of the pace of things?

Mark Froud: Of the top of my head I think 235. I stand to be corrected on that. It is about 235 that are through the process. There are only about 2,000 starts so far but there are a lot going through the system. Our view right at the beginning of this process was we thought about 1,500 standards all together, which is about double the number of the current framework pathways where you are looking at like for like. What we are seeing is that the number of expressions of interest coming through the system for bids is rapidly increasing as the levy is driving levy-paying businesses to come forward and go, "I want a standard in X". The danger at the moment is lots of large companies have very company-specific, job-specific standards that mean that they can spend their levy-paying money. That is not surprising, to be honest; it is about how you manage that over the next 12 to 18 months.

Lisa Burger: I think I am probably one of those. Just thinking about it from the other side, because under design support, level 2, we bring together our various craft apprenticeships, which are anything from metalwork to wigs, hair and make-up, to set construction. We have 10 apprentices doing those sorts of roles. So for us, moving from something that has been a very useful, flexible umbrella, to single, specific standards for each one, will take time because of course we also have to find like-minded other theatres or people within the creative industries—I just have Kath here—so that is a lot of time and effort. Her success has been coming along saying, "Okay, within this umbrella we can make these things work". I am very conscious that we are really small compared with the nursery workers or the mechanical engineers but nevertheless creative industries as a whole is big and, we really hope, flourishing. So this is something that is a concern for us, while we still welcome it as a way forward.

Stella Ziolkowski: In early years the change from frameworks to standards is not really going to be that great because our standard has to include the Early Years Educator, which is driven by the Department for Education alongside GCSE rulings. So we are very much determined by what the Department for Education are setting within our standard.

In terms of quality, because we have one standard, which is Early Years Educator for Level 3, it is a good indicator to other employers to understand what they are doing as part of that overarching framework.

Q89 Stephen Timms: One follow-up question for Lisa. Given the concerns you have expressed, how realistic is it that you will have fully changed over to the new arrangements within three or four years?

Lisa Burger: In some areas, yes; in others, no. Quite frankly, finding enough people with similar roles in metalwork is going to be a very big challenge.

Chair: Michelle, moving on to the Trailblazer programme.



Q90 Michelle Donelan: First I want to ask a very general question about how successful you think the Government's attempts have been to introduce more of a pro-employer perspective and give them more power and say over the programme and the standards.

Stella Ziolkowski: In early years we have been able to look at some of the essential elements that need to be included within apprenticeship frameworks so for us it is a positive move in that direction. The mandatory requirement—especially GCSE—that is a negative element for us. It is causing us quite a lot of problems in terms of recruitment within the sector. We submitted our Trailblazer standards at level 3 last July and we are still waiting for a response from the Minister on appropriate equivalencies to make that go forward.

Stephen Tetlow: I think it is patchy; that would be my answer. We are slightly different. Mechanical engineering covers a multitude of sins. We are looking for example at aerospace, automotive, rail, process industries, nuclear energy. Engaging with all these different Trailblazer groups is a very time-consuming and resource-consuming exercise. It has not been particularly easy to do that. That is one thing. Having said that, I think it is really great that Government has engaged in this way. I think it has been very successful in raising the profile and need for apprenticeships and it has brought companies to realise that they have an issue on their hands to do this. So it has been successful there. Where we are not clear is how the end assessment will really work and whether that is really raising the game in terms of the content of that training and ensuring that you have really good transferability of skills between sectors, as you inevitably will need when one sector is on an up and another is on a down. That is probably our biggest concern and we are not quite sure how that is being addressed, although it could be addressed by having a proper national competency framework—which already exists in a number of sectors and certainly in ours—if you put that across a Trailblazer. We would like to see that but we have not seen it yet.

Mark Froud: As with lots of things in life, the one thing we all hate the most is uncertainty. In the run-up to what happened last Thursday, lots of people were very uncertain; now we are very certain about what is going to happen—well, we are not certain about what is going to happen; we are certain about the decision that we have all made and we just have to get on and do it. There has been a massive amount of enthusiasm and energy put into this process, which has been fantastic. One of the problems has been that there has been quite a lot of confusion by employers whose day job is to go and make things, deliver things, help businesses, help people in their daily lives. They have got very confused because there has been lots of advice, which changes a little bit every time it comes out. The playing field keeps tilting and shifting so we run the risk of all that energy being dissipated because, as Paul said, I think quite rightly, it is beginning to take quite a long time and a lot of effort. Sector skills councils have tried to help at sector level. I know PIs have done that and individual employers. To give you an example, of the first batch of Trailblazers—there were only 11 of them—five of them involved maintenance engineering but they are all working individually. Nobody was bringing it together to say, "Let's look at this across the board and try to have one set of competencies that defines maintenance engineering to do with aircraft or maintenance engineering

to do with automotive.” What we did is try to bring some of the sectors together to do that—

Stephen Tetlow: Mark and I differ there because they are very different competencies that you require in those different sectors and those employers do need very different types of skills to a given set of competency standards. So what you need to do is make sure that the contents of those different apprenticeships in different industries are set to meet the needs of those employer sectors. Frankly, maintaining an aircraft is very different from maintaining a Ford Mondeo and the skill sets required are very different in order to do that. What you can do to overcome that is use the professional standards, such as in our case Engineering Technician, which is a UK national competency standard, and overlay that across all of them. You do not need to invent anything—it is there—you just need to mandate it as part of that system.

Mark Froud: That is one of the things that we tried to bring to the table. There are some core elements that have to be part of maintenance engineer standards but there are options to do with the individual industries. Working together, individual industries came up with a solution. The trouble is that what we have now is well over 500 standards being worked on and it just gets too much for lots of individual employers to look across the piece. We pulled together all the competency statements from all the standards that have been developed so far and put them into a big database and started to look at where everything is crossing over. Individual Trailblazers are now beginning to use that to go, “I already something on maintenance engineering; it has been invented over there; let’s not completely reinvent the whole thing. We might need to tailor it for our industry but let’s use it”.

Q91 Michelle Donelan: Is there a danger though that the larger companies will dominate the Trailblazer programme, as opposed to the smaller companies? If so, how do we get the small and medium-sized companies more engaged in it?

Mark Froud: It is a good question; I am afraid I don’t have an answer. One of the ways of doing that is to try to get businesses to work together at a sectoral level and try to make sure that you have flexible mechanisms of getting small businesses involved so you do not bring them all together physically in one place, all at one time. There are ways of doing it. Many of you have iPads or tablets open as we speak. I am sure you can probably video conference or Skype each other on those things. We do not make enough use of that. For a small business, coming from Carlisle down to London is very expensive. Also, there are organisations that already exist, that can help employers come together. The Department, for good reasons to start with, did not want what it calls “intermediary organisations” to get involved. It wanted employers to do it, so it shut them out completely. What I think is beginning to happen now is that those organisations, professional institutes, trade associations, sector skills councils, are helping the process by making sure that the voices of smaller businesses are being heard. It is different from industry to industry. For example, in the craft-based industries you tend not to have any large businesses at all—or you’ve got one—but there is a supply chain. You can probably speak better than me on that.

Lisa Burger: One thing there, a very practical thing: it would be incredibly helpful if the umbrella bodies were allowed to count as more than one



of the Trailblazer places. Do you see what I mean? Rather than saying that we need to bring 10 different people together, of which one is an umbrella organisation, they could be weighted somewhat differently. That would give a lot of practical help to us, because we do have these umbrella bodies, which have a good understanding of how a number of small employers work.

Stephen Tetlow: It is a really important question, if I may say so, and again on a practical level, encouraging the relationships probably through the funding mechanism, but between the training providers, is really important.

I can give two examples. Probably a number of you know Fylde College in Blackpool—a really successful college of further education—which has set up very good local networks with employers, and it is able to provide the advice that those employers need and provide quite small apprenticeship schemes on a larger scale because it is a provider there. It can do that in partnership with a number of relatively larger employers in the area.

There is another scheme, right at the other end of the country, in Plymouth. There is a company there, a small company, which makes lineside track equipment, a tier 3 company in the rail industry and it found that its customers—mostly tier 2, networked directly to Network Rail—now lack the skills to understand its products. So it started training its clients, its customers' apprentices, so their apprentices could understand the products. It is a kind of reverse supply chain engineering. That was done principally because of the entrepreneurship of the guy who runs it but also with the support, again, of a local training provider. It is having this Trailblazer scheme that really encourages those and I think the encouragement starts with the funding mechanism as well, to make sure that the advice comes with the funding and you have to do that on a local level, within this national competency framework.

Stella Ziolkowski: Within early years there are two umbrella bodies sitting in the Trailblazer group, which do work through their constituents to support the development of the framework so we have used those to be able to ask about the frameworks, make sure that the content was correct, and get their input. About 80% of the sector is made up of small SMEs so it is really important to engage them within that process.

Chair: Catherine, we are going to move on to assessment.

Q92 Catherine McKinnell: Do you feel confident that the new Trailblazer standards are an improvement on previous frameworks? You are smiling, Stephen; do you want to start?

Stephen Tetlow: I think it is too early to judge, if I was to be absolutely honest. It is doing some really good things. It has got us all concentrating on it. The issue, though, is that we do not yet have the quantity of training opportunities of the right type in the right place at the right time, to meet the demand. That is what it should be seeking to achieve if we get down that route, and there is every chance that we can, but I think the jury is still out as to whether we can do it.

Catherine McKinnell: Does anyone have anything they want to add?

Mark Froud: I agree with Stephen. We certified the first 15 apprentices under the new system about three weeks ago, so we have 15 compared with about 275,000 in the current system. So Stephen is right. It is very difficult to say, yes, it is working or, no, it is not. We have had one end-point assessment

organisation do that. That process was incredibly rigorous. There were a number of people who did not get through the process and nobody got a distinction; so those 15 people really earned their corn going through that process. Theoretically, yes. Could we have got to the same place more quickly and possibly more cheaply? Yes, we possibly could. You might still want to end up with an end point system but you could have moved there quicker by having qualifications as we have in the framework system plus an employer sign-off, which is not there in the current system. That would have allowed you to transit a lot quicker than we are currently going through and I think brought in employers who are in established areas with apprenticeships to the table very quickly; and for those industries where it has not been the norm to have an apprenticeship framework, to bring those along a bit more slowly. The jury is out, I think, on that one.

Q93 Catherine McKinnell: I am going to put my next question both ways and I suspect the answer may be slightly different, depending on the sectors you are speaking on behalf of.

Do you believe that passing an apprenticeship requires a certain level of English and maths achievement? Reversing that: do you believe that going on to an apprenticeship requires a certain level of maths and English achievement? It might be better to do the second one before the first one.

Lisa Burger: Speaking for the theatre sector, I would say that we feel quite strongly that we would not want to focus on English and maths because—certainly we have a highly skilled workforce but if you look at the background of people within that workforce a number of them have weaknesses in those areas. We would say that that would act as a barrier to what we otherwise see as a very successful way of introducing people into the creative industries, where they can be extremely successful later on.

Catherine McKinnell: Your answer to both questions is no, there should not be that barrier to access of the apprenticeship or that barrier to achieving the apprenticeship. Okay, interesting.

Stella Ziolkowski: For practitioners working in early years we believe that English and maths is important, because they are educating our next generation, so, for them to have the right level of English and maths skills is very important. However, the breadth, as it currently stands with the GCSE, is not fit for the purpose in terms of an apprenticeship framework where they are applying learning into a workplace environment. They need to be able to see how what they are learning within their classroom situation can be applied. For example, if it was something around ratio, “Go and make a bottle; it is so much powder to so much milk”, they need to be able to understand that. Yes, English and maths is important, but not as wide as the GCSE requirements.

Q94 Catherine McKinnell: Do you feel the maths and English level that needs to be achieved can be achieved during the apprenticeship? Or do you believe that it should be achieved in order to access the apprenticeship?

Stella Ziolkowski: It should be achieved through the apprenticeship, most certainly.

Q95 Catherine McKinnell: It should not be a barrier to starting the apprenticeship?

Stella Ziolkowski: It should not be a barrier to start with, because if you look at the early years sector the majority of our workforce is level 2 and level 3. It was majority level 3, but since the announcement of GCSE it has slid and slid. Take up of apprentices at level 3 has dropped by something like 73% in some awarding organisations over the last year. It is critical that wherever we are starting them from, and level 2 is a starting point, they do get the right skills through that programme.

Q96 Catherine McKinnell: Is that resulting in a shortage of people coming through that programme? Or is it simply ensuring that those who are now going through the programme are at a higher standard of maths and English?

Stella Ziolkowski: It is a shortage. The level 3 combined from two awarding organisations to a large awarding organisation for early years apprenticeships and it has seen as result a 70% drop off in 2014 and 2015, then in 2015 and 2016 a 74% drop off in level 3. Their figures are plummeting in terms of those accessing that apprenticeship.

Q97 Catherine McKinnell: Was there an oversupply previously?

Stella Ziolkowski: There was a constant supply previously.

Q98 Catherine McKinnell: A constant supply, but not an oversupply?

Stella Ziolkowski: Previously, yes. Not an oversupply. There has never been an oversupply, and what is happening now in the sector at the moment is that employers are just not able to get an apprentice. They are struggling.

Stephen Tetlow: That is a really difficult question to answer. My experience is that as an employer you cannot rely on what the schools are telling you and that you need to run your own assessment. We lowered our entrance. It was a few years ago, but we were taking in—I think, from memory—around about 800 apprentices a year when I was an engineering director. We ran our own assessment schemes. Do you know what? We were particularly looking really for attitude and certain motor skills, but it was mostly about attitude. Most of the training and education was done during the apprenticeship, I would say. In doing that we took some people who had pretty much been failed by the school system but found a completely new pathway into skills and an education they probably would have missed out on.

If you set your barrier too high you are really making a big mistake. I was with a company in the motor industry up in the north east two weeks ago. They are doing precisely the same thing through a schools' engagement scheme. They are running some games, and they take a lot of children in for a day, and they spot the ones they then want to go and take on for a bit further. You need them eventually, but I do not think the school system at the moment is giving us precisely what we want.

Q99 Catherine McKinnell: Do you find that the current assessment framework enables you to do that? Are employers able to take people on who do not necessarily have the maths and English in order to then achieve it through the apprenticeship process, or not even at that stage, as you and Lisa said? Or



HOUSE OF COMMONS

do you feel that there are barriers now coming into the system to even enable people to get on to the apprenticeship programme?

I ask because a local employer—a large, large engineering employer—has raised this concern with me that a current, very skilled workforce may feel under the new system they would not be able to get half these engineers because they would have to start out at a different level from the level that the engineers that they now have started out at. They would not be able to take them on and bring them on during the process. That may be a concern that is not borne out by the system itself. I am interested to understand whether you feel it is a barrier or whether you are able to work within your different levels that you require. Stella, you have explained that it is a barrier for you.

Stella Ziolkowski: Absolutely.

Lisa Burger: I keep going back to this topic of wanting to diversify our workforce. We have quite a concentration of bringing people in at level 2 and level 3, and the sense that it is suddenly becoming very academically focused may dissuade some of the people that we precisely want to bring in from coming in. I should say that it entirely depends on the role within the organisation. We have such a wide range going on, and for some, absolutely we need them to have high levels of maths and English, but not all of them. I think it is back to that flexibility again and something about trust as well.

Q100 Catherine McKinnell: Do you have that flexibility? Do you feel you have that flexibility?

Lisa Burger: Yes.

Stephen Tetlow: I think we do.

Stella Ziolkowski: One important point that somebody raised earlier is that information, advice and guidance should start at an earlier point. The understanding of what the requirement is to go into these sectors is critical. We know—and it still happens now—that individuals who are not very academic are signposted into early years when they then have to try to get this GCSE, which is just unreachable. We are either seeing that people are not entering or entering at level 2 and then leaving because they are disheartened that there is nowhere for them to go.

Q101 Chris White: This is really for Lisa, Stephen, and Stella. It is about the quality of in-work training. What sort of procedures do you have in place to maintain consistency?

Lisa Burger: Yes, for us the professional and house training is really important. It is a crucial part of making people ready for those specific jobs at the end. I think one of the things that we absolutely recognise as an industry is that we need to increase the number of professional practitioners from within who can assess what we are doing, because we are all going to stand and fall by these things being of the proper standards. I think currently we probably do not have quite enough people who have been trained to do that. But as I say, it is something that as an industry we recognise we need to do. It is about time and it is about money for us as an industry at a time when it is not plentiful.

Stephen Tetlow: We think that the engineering apprenticeships should be accredited to engineering technician status so that all engineering apprenticeships through the Trailblazer scheme are of that standard and everybody leaving and qualifying from those apprenticeships has a nationally

recognised, professional standard behind them for two reasons. First, it enables the status of that apprenticeship to be lifted within the national esteem. Secondly, apart from giving quality assurance standards it makes sure that all apprentices are being properly accredited through the professional engineering institution.

Q102 Chris White: Is that something you are going to place now, or is that an aspiration?

Stephen Tetlow: It happens now if companies want to do it. Big companies that you know, they recognise the value of doing that. What we need to do is make sure the Trailblazer scheme and the funding follows that standard. It already exists. You do not need to reinvent the wheel; the infrastructure is there to do it.

Q103 Chris White: Do you think there is a tendency for the smaller SMEs to be left behind in terms of the issues Lisa was mentioning, the cost issues, the time issues, and the effort?

Stephen Tetlow: Yes, there is. The smaller SMEs are too busy. I run two small engineering SMEs myself, and we are too busy to do this stuff. We need our hands held and we need local advice to enable us to do that. You could do that through a properly enabled training provider working with the engineering industry, working with the engineering institutions to deliver that accreditation. It also gives the Government, in my view, the assurance that their money is being put to proper third-party, quality-assured standards.

Stella Ziolkowski: There is a concern about variation of quality in the early years sector. The majority of those who are delivering qualifications at level 3 are only at level 3 themselves. There is a concern that we need to make sure the that those who are delivering qualifications have higher level qualifications so they can give the apprentices the depth of knowledge they need in terms of children's brain development and so on.

Many frameworks are delivered by our larger employers who have contracts to deliver those themselves. Those assessments are sometimes of a higher quality because they are living and breathing early years. The truth is that, in a lot of instances, deliverers do not appear to keep themselves up to date, and that causes a problem. There is that push through and churn through of apprentices rather than them getting the grounded knowledge they need through that programme.

Q104 Chris White: Thank you. Stephen, you represent a very well respected trade body, for want of a better word. How do spread what you consider to be best practice within your organisation?

Stephen Tetlow: By accrediting schemes with the other engineering institutions. We will go into a company—for free in our case—and accredit a scheme so that anybody going through that scheme will know that when they finish they are entitled to call themselves an engineering technician—and they are registered with the Engineering Council. It assists the company because it enables the company to alter what it is doing to bring itself up to that level of standard, and it also means that a company that might not otherwise be particularly well known can demonstrate that it has the same level of standards

of apprenticeship as a Rolls-Royce or a BAU Systems because it has our professional accreditation against it.

Q105 Chris White: Sorry, Chairman, just quickly on that point: if they are not meeting the same high standards as BAU, and Rolls-Royce, and all those other places, what can you do about it?

Stephen Tetlow: We tell them, and we advise them, and we have our own regional team of advisers who will advise them on what they want to do. At the moment they can take that or leave it. If they want to draw down the money then what we are saying is they should do it to make sure that the quality of those apprentices is brought up. We can provide that advice, or indeed a training adviser could provide that advice, as could a qualifying body. What we should be doing is working more of that together, Chris.

Q106 Chris White: Thank you. My last point is: do you have a league table of training providers? Do you know which ones are the good ones and which ones are the bad ones? How do you rate them?

Stephen Tetlow: No, we do not. We deliberately do not; it is voluntary. The National Skills Academy for Rail does, and it gives it a traffic light system, and we were encouraging that.

Q107 Chris White: Thank you. Does anyone else have a response to that point about the variation in training providers? How do we ensure they are consistent?

Stella Ziolkowski: There is no league table as such in our industry. It is just via inspections, I suppose, through Ofsted. It is something to think about within the new Trailblazer system.

Mark Froud: I do not think you can ever ensure consistency. You have 350 colleges, 3,500 training providers; they are not all going to be consistent. There are going to be some really, really good ones, some average ones, and some not so good ones. What you have to do is let employers decide what is good, and what is not good, and make sure the information is available to them. The hospitality industry has set up a thing called the Hospitality Guild and that is what it is planning to do with the Trailblazer stuff, to say, "We are going to ask our employers what they thought of that training, and then we are going to tell all the other employers". You describe the National Skills Academy for Rail doing that. That is one way of making sure that the IFA does not end up with hundreds of staff going around collecting lots and lots of information. Let industry do it themselves, because they will.

Stephen Tetlow: It is such an important point for raising standards and ensuring that the quality of these apprenticeships and apprentices do not get a bad name, which I think they might have done. It is so important that this level of standard is applied across all of these Trailblazer types of schemes. You do not need to reinvent the wheel to do it; you just need to mandate it as a part of a condition for being able to draw down the money. What the Government must do is make up their minds whether they want that, because we have to gear up the system to be able to provide that level of assurance that already exists, and gear up the framework to do it.

Q108 Stephen Timms: I might just first ask, Stella, for a little bit more on your point about numbers falling by 70%. I think that was the number you indicated. Your written evidence says there are 13,000 or so apprentices in the sector. That number is going down, is it, from what you have said?

Stella Ziolkowski: I cannot be clear on the number, but it is something that I can go away, and look at, and come back to you.

Q109 Stephen Timms: Okay. It would certainly be of interest. Can I ask you some questions about both the access to apprenticeships and also progression onwards from apprenticeships afterwards? I am interested to know whether you all think the current arrangements for people to access apprenticeships are satisfactory as things stand. Particularly I want to ask: there has been some suggestion that disadvantaged young people face a relatively bigger difficulty in getting on to an apprenticeship than they face getting into higher education where, of course, there has been a lot of work on opening up access. I wonder if you have any specific ideas about what can be done to make it more feasible for disadvantaged young people to get into an apprenticeship.

Stella Ziolkowski: For early years it would be to remove the GCSE requirements, because what is happening currently is if individuals who want to go on to a programme cannot demonstrate that they can achieve a GCSE A to C then employers and training providers will not take them on.

Mark Froud: I think there is a general problem in this country, which is shared right across the world, in that large employers tend to understand training and why they need to do it. Smaller employers, because they have to be much more flexible and margins are a lot tighter, tend to view their staff as leasehold rather than freehold, so they do not tend to invest in them. The apprenticeship programme we are going through now needs to be supported by a massive programme to get employers to understand the value of investing in their staff, both current staff and future staff.

I think everyone has said this: there is a massive job to do in the school system around advice and guidance, because training providers that are pushing apprenticeships tend not to be let into schools because the money favours you to go down the academic route. There is a massive job. There is a big supply-side push, but there are more people than places. It is the demand side, the employers, who need to be really revved up and engaged. For very small companies it is incredibly difficult though, because where you are employing five people you are taking up a lot of time of somebody who is skilled and is making money for that business to mentor and manage that person.

It is unclear at the moment whether the current age grants, which are for SMEs, are going to be continued after next year. Some certainty around that from the Minister would help smaller businesses engage within that process.

Q110 Stephen Timms: Okay. You think the problem with access to schools is a significant part of the problem?

Mark Froud: I think it is a multifaceted problem and we have to tackle it in a number of different ways.

Stephen Tetlow: I have four points. First, I absolutely agree that we are failing some people—particularly some ethnic minorities—to get them into apprenticeships. I absolutely accept that point, and we know that. There are some things we can do about it. I think as part of the funding scheme you could

assist some form of mobility to be able to do that. It is quite difficult for some of these communities to travel these sorts of distances to apprenticeships and then back, because they cannot afford to do it and it is very difficult. You need to enable that.

Secondly, there are not enough training opportunities anyway, which limits it. We need to raise that, and the levy gives us an opportunity to do that. Thirdly, in terms of access to practical measures to support it there are some schemes that probably could do with a bit more support. One of them, for example, is a talent retention scheme. What this can do, it is a bit like the clearing house we have in higher education. Generally speaking, some larger employers are reporting 10 to 20 applicants for each place. Out of those 19 that might fail there are some really good, high-quality people. If you have a kind of clearing house, which a talent retention scheme can operate, then you can have other employers seeing these people on there and making those sorts of connections. We are not mature enough in the level of schemes available to do that. We could—without much more funding—grow that sort of scheme out. At the moment it is employer led as well as Government supported.

Finally, in terms of enabling these opportunities to young people it also comes back to the provision of decent careers advice in schools at the point of enabling these people to access the opportunities.

Q111 Stephen Timms: Thank you. We will switch then to the other end and the progression from apprenticeships. Stephen, you made the point at the beginning that you were an example of somebody who has progressed from an apprenticeship. Are the opportunities that were there when you were an apprentice still available to people who are apprentices now? Is there more that should be done to support progression from apprenticeships?

Stephen Tetlow: In my case they are not, because there were many more big companies around and large-scale engineering apprenticeships, at least. I think it is a question of volume. Sorry, this is probably rather sector specific, but in engineering if you start off with a professional recognition of an engineering technician that sets you on a route of continuous professional development, which is your engagement with a professional institution. That is what we do; we support you through your career. All of these professions will do that, it is not just engineering. If you give them that professional recognition right at the start you then have them in a mindset and on a ladder that otherwise does not exist. I feel that is really important.

If you have a company that has these accredited training schemes, by virtue that they are accredited it means that they have a proper progressive training scheme within those companies, which means that they are recognising young people who have the wherewithal to progress. It means that they have to design training schemes and opportunities within those companies—even if they are small companies—to do that. It also means that they have access to—particularly if they are an SME—a mentoring system that would exist within a large company, which professional engineering institutions can provide. The frameworks are there; we just need to get more of them rolled out.

Q112 Stephen Timms: I am going to ask Stella and Lisa to comment on the same point about the opportunity for progression beyond an apprenticeship in both your cases.

Stella Ziolkowski: Within the Trailblazers we are looking more as a sector at how progression opportunities can be made more robust. Currently it is quite disjointed, and in terms of the jump between level 3 up to early years teacher, there is only one direction they can go. They have to take an academic route in terms of a foundation degree and then move on. So within the development of Trailblazer standards we would look at that progression.

Q113 Stephen Timms: At the moment that is difficult to do, is it?

Stella Ziolkowski: At the moment it is very difficult.

Q114 Stephen Timms: Why is it difficult?

Stella Ziolkowski: Because the steps are not there from level 3 up to level 6. One thing that I did want to note to you all is that there is a compliance requirement within the early years sector that 50% of staff within each of the settings should have level 2, and they are inspected against that by Ofsted. Just to note that there is a requirement for level 2 and level 3 within each and every day care setting.

Lisa Burger: I think theatre and the creative industry is quite different in that we do not have that formal career progression. Our apprentices have all gone on to work, but they have all left at sort of level 3. I think we had one going to level 4, but generally it is that first stage. I am a chartered accountant myself, and we have chartered engineers and across the industry, but those sorts of qualifications do not really mean anything when you are looking at jobs in my industry. I think it would make it easier at times if there was more of a recognisable pathway—but we do not have it at the moment.

Mark Froud: I think we are beginning to see it emerge. Just to give you a really silly example, just recently, someone, I do not know who it was, put in an expression of interest for five different levels of classic-car maintenance engineer, from level 2 right through to level 6 or 7. It is beginning to emerge. Is it planned? No. Does it have to be planned? No. Does it work in some industries better than others? Yes. But it needs to be driven from the bottom up.

All of a sudden about six months ago you started to see HE get very, very interested in what was going on in the apprenticeships' space. I would love to tell you it is because they bought into the whole thing. I think what they are seeing is lots of pound signs. What comes with pound signs is a conversion to higher and degree-level apprenticeships that really mean something in different industries as well. I think that will start to shift over the next six to nine months.

Q115 Stephen Timms: Do you think there are other things that could be done to incentivise employers to adopt higher-level apprenticeships?

Mark Froud: I will come back to the point I made earlier on: some of the industries are doing occupational maps where they are saying, "Well, there are level 2, 3, 4, 5, 6 and 7". They are starting to map those things out, and that goes in social care, health care, and certainly in engineering. It is beginning to happen. Should you plan it? It is a very difficult question to answer, which I suspect divides some of you—not just on political lines, but individually as well—as to the best way to get there. The quickest way to get there is to plan it all and tell employers what you are going to do. Is that the best way? Probably not. Get employers to manage that system themselves at a sectoral level. What you

then have to do is take account of stuff that goes across, so management and customer care, those sorts of things.

Q116 Stephen Timms: Finally, can I ask whether each of you thinks it is realistic to expect all apprentices to progress to level 3 or above?

Lisa Burger: Us, no. Not the way that we are currently.

Stella Ziolkowski: I think within the early years sector there is definitely a passion from individuals to want to progress at least to level 3, if not above to early years teacher status.

Stephen Tetlow: No, not everybody necessarily wants to do it. I think it is up to the individual. The main thing is to give them the opportunity to do so and the ambition to do so.

Lisa Burger: Sorry, I missed your “to level 3”. It was the “above” that I was thinking about. It is the level four and level 5. Up to level 3 is generally right for us.

Q117 Stephen Timms: Realistic to aim for level 3, but not necessarily beyond?

Lisa Burger: Yes.

Mark Froud: I think what you are seeing, Stephen, is it depends on the industry, but it also depends on the individual. That comes back to careers advice and guidance as well. I remember—going back a very, very long time—I was a researcher at the Leeds Metropolitan University with a guy called Professor Mike Campbell, who some of you might remember from the UKCES, and we did a piece of work in about 1997 or 1998 that demonstrated that the jump in salary between no level and level 2 is relatively small, level 2 to level 3 is relatively small, but it is massive from level 3 to level 4. As you get more vocational degrees then that will start to filter through to careers advice and guidance as well. That traditional jump from level 3 to level 4 is beginning to break down, particularly in industries where there are lots of very small employers.

Q118 Mr Wright: Good afternoon. Could I ask in terms of each of you: what do you think is the optimum funding model for apprenticeships? I will start with you, Lisa, as the chartered accountant in the room.

Chair: He is one too.

Mr Wright: I am wearing a tie.

Lisa Burger: All right. Okay. I think we want something that incentivises us to do more. We spend just under £200,000 a year at the moment at the National Theatre on the number of apprentices that we bring in. We believe that we need to make sure that they are all being paid a living wage. Often we are supplementing those with travel grants as well, to make sure that we can really bring in everybody that we want to. The big anxiety for me—and I am sorry, I might be jumping ahead here—is that the levy is just going to double that cost to us in a single swipe.

Mr Wright: I will come on to that, if you do not mind.

Lisa Burger: Yes, of course.



HOUSE OF COMMONS

Q119 Mr Iain Wright: May I just push—and again I will start with you, Lisa, but I am keen to get additional comment—given the optimum funding model, who pays for that? Is it the responsibility of the State? Is it the responsibility of all individual companies? What is the balance and trade offs between the two? Where would you sit with regards to that?

Lisa Burger: I am happy that we are paying for our apprentices. I think it is important that, looking forward, we recognise the skills that we need and we do something about making sure we have a learning department as well. It is all about thinking about the future, the workforce that we want for the future, and it is part of our responsibility both as the National Theatre and thinking more widely about the arts sector.

Mark Froud: Keep it simple. Employers will not understand it if you make it really complicated. That is what is wrong with the current system, it is so complicated.

Mr Iain Wright: You are pre-empting my next question.

Mark Froud: Even in the training providers who run the system and the Skills Funding Agency not many people understand the whole thing. In terms of the question you just asked Lisa, employers contribute an awful lot at the moment in terms of the time and the cost of the salary of the person who really, even on a 12-month apprenticeship, for probably at least six months of that is complete dead weight. They are probably contributing 10 times the amount the state is currently putting in, so £20,000 against a £3,000 contribution to them. Keep it simple and recognise the other costs that employers already incur.

Stella Ziolkowski: In early years individuals are not able to be counted in the ratio until they are 17. So the year between 16 and 17 is quite challenging. There is a get-out clause in the Early Years Foundation that states something like, “Employers are able to make best judgements about whether they can be left unsupervised and use them in their ratios”. Therefore, the first 12 months of the apprenticeship’s life is fully supervised within a day-care centre setting, which is costly. I think for early years businesses to be able to manage it in terms of affordability we need to recognise that the early years sector has the highest costs and very low profit margins. Their costs are mainly on staff. The more unaffordable it gets the fewer employers who will take them on, especially small to medium enterprises.

Stephen Tetlow: First, you should expect companies to invest in their future, but sometimes it is very difficult for them to do so when the future is difficult to see beyond the order book and, as I mentioned earlier, your apprenticeship is much longer than that. The model needs to be able to cope with that. It is not entirely down to market forces. Some aspects of the model, to our minds, should be there to ensure the increased provision of training opportunities within the country, and the model should do that. They cannot just be employer led. You can fund it through a levy, or a tax, whatever, but there has to be an element of that in the model. That is the first thing I would say.

The next part of the model needs to reflect the priorities—the broad priorities—of the country as well as local sectors and skills, and be responsive to the changing needs of business and industry is. It has to be flexible enough to be able to do that. The model needs to be assured by having an accreditation of some description of quality to make sure you are not paying for poor goods. I agree absolutely with the points about keeping it simple, because it is a labyrinth out there at the moment.

Finally, if you are going to expect employers to make a greater contribution there needs to be some kind of safeguard on poaching, because the easiest thing for a lot of us is to take someone who has already just been trained from somewhere else.

Q120 Mr Wright: We will stay with you, Stephen, but again applied to all: you have answered this to some extent in your earlier answers. Given what you said about the optimum funding model, how far away are we in terms of what the Government are proposing of the apprenticeship levy?

Stephen Tetlow: I suppose we are five out of 10 on those, probably alone.

Q121 Mr Wright: That is not great, is it?

Stephen Tetlow: No, I think we can improve. I think we can improve. I think there is a will to do it. I give it a five out of 10.

Stella Ziolkowski: The levy will only impact on approximately 5% of the early years sector. The rest of them will be co-investments—I am assuming that is going to be the term—who will be expected to put in one-third. I think that is going to be quite challenging for the early years sector. I sort of go with what you say.

Mark Froud: The levy is what we have on the table, so we have to deal with the levy. Nick Boles yesterday at the AELP conference said, “The levy is there, it is going to happen”. We have to deal with it. It is relatively straightforward. People understand it. When the additional Apprenticeship Service comes in in April next year it will be very simple and straightforward, and it will deliver what it says on the tin. Does that mean that it will work perfectly? No. What would we do to make it work more perfectly?

First, there is an 18-month use-it-or-lose-it rule, which if you are doing a one-year apprenticeship works for an employer. If you are doing a multi-year apprenticeship where you are only taking people on every two years, you lose money. That does not work. If you are doing a three-year apprenticeship, which many of the engineering ones are, I think we need to think about flexing that 18-month use-it-or-lose-it rule. Secondly, different industries work in different ways. Engineering, energy and utilities have big, long supply chains. We have already heard from Stephen that you can work for a supply chain and allow levy payers to use their money in the supply chain. That works in creative industries like the BBC where there are lots of individuals working on a subcontract basis. Allow that industry to pool that resource collectively and use it.

These are not easy things to do, but what it will do is stretch the Government and the Civil Service to have a framework and then flex that depending on the requirements of individual industries. Trust employers collectively.

Lisa Burger: Looking narrowly at the National Theatre it is deeply problematic for us, because as I said, it doubles the cost for the same number of apprentices. We are not in a world where we can be scaling up the number of apprenticeships, and even if we were, there would not be jobs for them immediately. There is always more cost attached because of, as I have said before, the professional training that we need to give and the continuing professional development. As Mark was saying, if we could keep the unspent levy within the sector, at least I would feel better about the fact that—even

though it was a significant additional cost to the National Theatre—at least that training money was staying within the creative industries. As it is at the moment, it makes us feel bleak, which is very sad because on the whole we support the direction that things are going.

Q122 Mr Wright: May I have a yes or no answer to this two-pronged questions? Do you have confidence that the levy will be up and running by April 2017 and training providers, apprenticeship programmes, whatever, will be geared up in order to make sure that apprentices can be hitting the ground running at that time?

Lisa Burger: I know you want yes or no; I think no. I do not think we will get the full thing. The worry to me is that the money is being taken from us and the rest has not been worked through.

Q123 Mr Wright: Again a general question, would it be better if it was scaled back a bit by the Minister and the implementation of the levy was delayed slightly to make sure that everybody was up and running?

Lisa Burger: Yes.

Mark Froud: Yes on the first question, because a guy called Keith Smith from the Skills Funding Agency delivers. He always delivers. He will deliver this.

Mr Wright: He doesn't want the England manager's job, does he?

Mark Froud: I am absolutely confident he will deliver this. He will make it work. On the second issue around training providers, if they do not make it work then they lose money. They may not make it work perfectly from 1 April, but they will make it work. Bear in mind most of the delivery for the rest of this Parliament will still be through the framework system anyway.

Stella Ziolkowski: I am unsure about the first question, I would probably go with what Mark says, but up and running, I would think no. There is a lot of confusion out there. The early years sector does not really know how it applies to them. They do not really know what they can use it for and they do not know how it attaches to the work of Trailblazers and that they can use it for progression through to the higher levels. I think it is very confusing for them to understand what it all means.

Stephen Tetlow: I know you want a yes or no answer, but I am an engineer, and we have degrees of confidence.

Chair: I thought you were always very precise.

Stephen Tetlow: Do you know, "I am not entirely confident" is the answer. But we are so short of engineers and apprentices that let's set the deadline and let's really go for it and make it. That is all we really want to do. We can't wait any longer. We have to make these training opportunities available and we have to gear up the industry to make sure, because we have a demographic time bomb just about to hit us. Our ability to be able to make things in really high-value manufacturing and support that is about to go down the tubes.

Q124 Mr Wright: I could talk about this for a long time, because I think it is so important, but I think the Chair will not allow it. Let me just ask two very brief questions. The first question is: 98% of employers will not be affected by the levy. The structural weakness of our training and economy is that small and

medium-sized firms, for a variety of reasons, do not employ the apprentices and train people up and what have you. How are you going to deal with that with the levy? People have talked about the supply chains, but how can we address possible disengagement with small and medium-sized enterprises because they might not be subjected to the levy?

Stephen Tetlow: We touched on most of that already, but one of the things the levy must do is increase the provision of apprenticeship training opportunities and if it does that and it enables those opportunities and also enables much better connections locally between the supply and demand of those apprenticeships then they will not be disenfranchised and taken away. That needs complete engagement with the LEPs, local chambers of commerce, training providers and employers, very much on a regional basis.

From where I go, and I am sure in your own experience, a lot of that will be there to do that and people are getting on with it. The main thing is we just have a complete lack of clarity really of how this levy is going to be put through and that is the key issue, we just do not understand it or know enough about it. Once that is sorted out I think we just get on with it but we cannot afford to delay it any more.

Q125 Mr Wright: I think, Stephen that brings me to the nub of the final question I really want to ask, which is, do you think the apprenticeship levy and its implementation from April 2017 will increase the quality and increase the quantity of apprenticeships that we see in this country?

Stephen Tetlow: Well, in my opinion, if you had put in place the sort of things that we have been discussing, which are relatively straightforward, then it is not going to be popular for everybody for sure and it may well be a bit of the proverbial sledgehammer but I think by and large on balance it is going to achieve what we want it to do.

Stella Ziolkowski: I would agree. I think it would improve quality because they are more in the driving seat.

Mark Froud: Not immediately. I think what you will see in the first two years is a lot of large employers trying to gain the system to get their money back. Those are the people that do not currently engage. To get them to accept this, we have to work sectorally and locally to engage employers and take their hearts and minds not just their money, and help them understand why it is worth engaging.

At the moment the whole system is built around training providers pushing the product. What we need to do is to get employers to own that product. One way of doing that is to give a subsidy like a brokerage fee for sectoral organisations or local organisations to really sell the training and apprenticeship message at local and sectoral level rather than just rely on training providers who make their money out of this system. Let's make no bones about that, they are there to make a profit.

Lisa Burger: It really saddens me to say this because personally I believe so strongly in broadening apprenticeships and our increasing training and a skilled workforce, but narrowly in the performing arts we are so much in our infancy of working through what it means for us that without greater flexibility we are really going to struggle. That combination of cottage industries and lack

of certainty means we are not going to be there fast enough to do what we need to do.

Mr Wright: Thank you.

Q126 Chair: Can I just ask a couple of questions? First of all, Lisa, we talked before about maths and English as part of apprenticeships and you were fairly clear that you did not think that was such a good idea, certainly for your industry, your creative sector. That put the thought in my mind that it might be a good idea to, let's say, have a certain level in apprenticeships where maths and English was part of the training but beyond that level it wasn't. That would satisfy your interests but also satisfy the interests of those who do believe that maths and English does need to be included.

Is there some sense of agreement around that proposal and which level would you suggest the break-off point was? Lisa, would you like to comment on that?

Lisa Burger: I think that would be something that made sense.

Mark Froud: It is within the Trailblazer system as it stands at the moment. There are some minimum standards that everybody has to get to regardless but then it can shift upwards depending on—

Q127 Chair: But is there some sort of rule that we should have?

Mark Froud: There is already, which is that everybody has to aspire to level 2 and work towards it. In some apprenticeship standards it says you have to have it but it is up to the employers to determine that. There is a broader issue around what you as Members of Parliament decide are the minimum standards societally we should have.

Chair: That is what I am asking. Should we go further and say—

Mark Froud: Let me give you an example. Under the current system it is a very inflexible system so a very famous, very highly paid footballer who was an apprentice did not qualify as an apprentice because he could not pass his GCSE in English. He currently earns about £60,000 a week. I cannot name him for obvious reasons, did he need to get a GCSE in English to do his job? No. As part of the broader societal context within which we sit that is really a decision for Parliament.

Q128 Chair: But the exception always proves the rule, doesn't it?

Mark Froud: Yes.

Q129 Chair: Stephen, have you got any thoughts on this?

Stephen Tetlow: I am much more relaxed about it. I concentrate on outcomes.

Stella Ziolkowski: It is around progression of the individual, I think. All occupations and sectors are very different. If the individual wants to progress, for example, in early years to become an early years teacher, then part of the entry requirement is English, maths and science, very much the same as any other teacher. So it is merely sector led I would say.

Q130 Chair: One of Iain's questions triggered this off in my mind. The question of the 98% of firms that are not really effective as you were implying and it is really factually correct given the size of them. Is there a rule for professional and technical bodies, so to speak, to help that problem to be overcome and if so how would that look? I am looking for a brief answer.

Stephen Tetlow: It is the role of the professional bodies in getting to companies that otherwise would not be engaged. Yes, there is certainly a role for us to do that. Again, that will be done through the accreditation of schemes, providing that level of quality assurance, it is through our networks of mentoring and advice and information and also through working in partnership with all the other bodies, particularly the local and regional bodies, to enable that to happen. Sorry it is a rather bland answer but it is very much about networking. Were you looking for something a bit more specific?

Chair: Yes, I was because I would quite like to see if we could make a recommendation along these lines if it was appropriate.

Mark Froud: I come back to what I said in a previous answer, which is if you put a brokerage fee in it will start to drive behaviour in a positive way. Secondly, I think that Government has a role to play as well. You have probably noticed in the last six to eight weeks there has been quite a big television push on apprenticeships with adverts appearing. Over the years that happens every now and again and that is because the Skills Funding Agency gets a marketing budget that is approved annually and it goes up and down depending on what Government spending is doing. If the Government believes that it wants to achieve 3 million it ought to commit a five-year marketing plan to apprenticeships and push it, and push it hard, not just through television advertising but have a proper marketing strategy sitting behind it. If you are selling Kellogg's cornflakes you don't go, "We will do an advert this week and then we will not bother for 16 months and then we will do another one because sales have dropped off". There has to be commitment from Government as well over multi years not just one year.

Q131 Chair: Stephen, would you be willing to write to us to flesh out this concept?

Stephen Tetlow: Yes. I think it needs some quite detailed thought on that and I will do that.

Chair: Great. Thank you very much. Has anybody got any other comment they would like to make? Stephen, you wanted to ask a question?

Q132 Stephen Timms: Yes, just one question. When we talk about the 98% of companies not affected by the levy, I think I am right in saying that they will have to make a payment in future to the cost of apprenticeships that they have not had up to now? Stella, you suggested you thought that might be about a third of the cost and that would have a significant downward effect. I just wonder what in terms of the creative sector and engineering this issue about the huge majority of employers having to start paying actual cash towards the cost of their apprenticeships. Do you think that will have a significant impact on the taking up of apprenticeships in your sectors?

Stephen Tetlow: I don't think there is not enough information. It is quite confused information and we do need to be quite careful of the law of unintended consequences. I know one quite major employer who thinks this system will reduce the number of apprentices that it will do.

Q133 Stephen Timms: Because of that cost?

Stephen Tetlow: It is an American owned company. They have an annual budget for training, the levy will come out of that and you get directly fewer places. Next door to it, a Japanese company, a very big company which makes pressings, sees this as an enormous opportunity to increase the number of apprenticeships and the level of continuous professional development within its workforce and it is an entirely different attitude. So I think this is a massive communication exercise in getting out what this apprenticeship means and it comes slightly back to the pre-discussion. It is a massive communication exercise to do that and there is quite a bit of work still to do.

Lisa Burger: I know for us it is the cost. It is an additional cost and it has got to come from somewhere this extra cost. Either we are fundraising for it or we have to get more box office and, yes, not us but some people will be saying as you say of the American example, "Well it will just have to mean we reduce the number of apprentices".

Stella Ziolkowski: I think there could be two impacts from this and one could be that the cost of childcare is increased, which will then impact on parents going back to work. We survey our members quite regularly and our last survey got responses from about 430 employers and 63% of those employers cited that they could not afford to budget for anything else other than mandatory training within their annual budgets. So we know that there is a real tension in early years because the margin that they have to play with is too small to be able to invest.

Mark Froud: I don't believe it is going to be anywhere near a third. I think the Government will recognise that will cause a massive shock to the system for SMEs and you will see numbers decline very rapidly indeed. Whatever comes in, whatever level it is, I suspect there will be a number of sweeteners in there as well for small businesses to reduce that cost to pretty much where it is now but it is the psychological impact of them having to make what they see as another contribution on top of quite a large contribution already. It is the psychological impact that could be key to this.

Stephen Tetlow: Sorry, I just wanted to add I am really sympathetic to all of those points but we have been failing and a number of our companies—and you have heard the comment often that this is just seen as a tax. Well okay, but if you think of it as infrastructure, if the road is really falling apart you have to fix it with a very long-term strategy in the way that you have a long-term view on infrastructure. This is not going to happen overnight or be in place for some time but something does need to be put in place.

Whether it is done by levy or a tax or something else, we are failing at the moment to deliver it and while I understand all of the issues—we have quite a lot of fights about this in our sector—one way or the other the market has failed and it has failed over a long time to produce the fundamental level of skills and opportunities for these people to make these sort of things across a whole load of other industries. I do think we have to take that much wider strategic view and, with respect, not just the individual aggregated small company view who

see this as a particular tax on them. It is very important to have that infrastructure view behind it.

Chair: Okay. Well I am going to have draw this very interesting session to an end. I just want to thank you, Lisa, Mark, Stella and Stephen for coming along, it has been really very instructive and I think we have taken a lot from it so thank you all very much. We look forward to continuing this work because I think it is a very important angle in connection with our productivity theme. Thank you.