

# Sub-Committee on Education, Skills and the Economy

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

Wednesday 19 October 2016

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Members present: Neil Carmichael (Chair); Michelle Donelan; Marion Fellows; Suella Fernandes; Ian Mearns; Amanda Milling; Stephen Timms; Mr Iain Wright.

Questions 209 - 252

## Witnesses

I: Sally Collier, Chief Regulator, Ofqual, Paul Joyce, Deputy Director for Further Education and Skills, Ofsted, and Peter Lauener, Shadow Chief Executive, Institute for Apprenticeships.

Written evidence from witnesses:

- Ofqual ([APP0172](#))
- Ofsted ([APP0054](#))

## Examination of witnesses

Sally Collier, Paul Joyce and Peter Lauener.

**Q209 Chair:** Good afternoon, and welcome to our second-last session on apprenticeships. This is of course a Joint Committee of Education and what was previously called Business Innovation and Skills. Presumably, because of the way in which we operate in this building, that is still the case, rather than there being a new name for your Committee. But that is a pedantic point that I will not go into. The purpose of this session is to gather evidence from Crown and non-governmental bodies—hence you are here—about the Government’s ongoing changes to apprenticeship funding, administration and standards. The key question is: how are we going to deliver? What are the outcomes going to be? That should be underpinning all of our questions and answers. Would you like to introduce yourselves, and give just a brief word on what you represent, for the purposes of those watching by television? The audience is huge.

**Mr Wright:** It is like Bake-Off.

**Sally Collier:** Should I start? Good afternoon, I am Sally Collier. I am the Chief Executive of Ofqual and the Chief Regulator.

**Peter Lauener:** I am Peter Lauener. I am Chief Executive of the Skills Funding Agency and also the Education Funding Agency. The main hat I am wearing today is interim Chief Executive of the Institute for Apprenticeships. I am helping to set up that organisation.

**Chair:** You must have quite a cloakroom with all those hats.

**Paul Joyce:** Good afternoon. Paul Joyce, Deputy Director for Further Education and Skills at Ofsted.

**Q210 Chair:** Thank you very much. The Government has a target of 3 million apprenticeships, and it is generally agreed that the key issue here is quality. Quantity is one thing, but quality is quite another and obviously a very important part of this policy, because 3 million apprenticeships, without that guarantee of quality, would be less good, as we all know. Who should be co-ordinating the work to ensure that we do get high quality?

**Sally Collier:** On the very first question, I am going to look to my left, because the IFA clearly has a role in overseeing the system—both its role in apprenticeships and in the wider technical education space. It is the IFA’s job to assure quality. As Ofqual, we have a part in that. Clearly we are interested in quality assessments.

**Q211 Chair:** Do you envisage your part being checking the actual qualification processes, assessments, and so forth?



**Sally Collier:** The way it is happening at the moment is that groups of trailblazer organisations are forwarding us their assessment plans for the end-point assessments, and asking us for advice on whether they are capable of being turned into good-quality end-point assessments. We are providing that advice. We have done that for 24 assessment plans. That is our role at the moment in making sure that we have those end-point assessments that are of great quality.

Q212 **Chair:** Peter, you have basically been given the job, is that correct? Do you think that that is what the IFA will be doing?

**Peter Lauener:** The job I have been given, just to be clear in relation to the issue of apprenticeships, is the job of setting it up. The Institute for Apprenticeships is in shadow form. It is working towards starting next April. It was set up through the Enterprise Act 2016, and the Act and its schedules set out the formal responsibilities of the Institute for Apprenticeships. The board is being recruited right now and draft business plans are being discussed.

Q213 **Chair:** But that recruitment process must be reflecting what you think the IFA is going to be doing, and what its fundamental responsibilities are, and the issue of quality guarantees of the 3 million apprenticeships must be—

**Peter Lauener:** That is absolutely right. If I can make a general point and then come on to some specifics, there is a good basis of quality to build on and some significant changes over the last few years. There is a lot of attention focused on the numbers, because there was a substantial increase in the last Parliament, and the Government set a manifesto target to increase that a bit further—not enormously further compared to the last Parliament, but another 20%, 25% or so.

Two critical things happened that provide a good basis for quality improvements in this Parliament, but started in the last Parliament: first, we saw a much greater preponderance of level 3 apprenticeships—advance level apprenticeships—and even more so at level 4, 5, 6 and 7, so higher-end degree apprenticeships. It was about a tenfold increase or thereabouts between 2010 and now, in terms of the number of starts at higher-end degree level. That is one thing. The level at which apprenticeships are carried out has moved up. That is quite important in terms of young people and adults seeing this as a career progression and employers seeing it as providing skill needed at a higher level.

The second thing is a lot of work began in the last Parliament to make sure that apprenticeships were providing what employers need. That, in particular, is where the Institute for Apprenticeships comes forward. The setting up of it will take that forward quite considerably. It is being set up as an employer-led body. It is being set up at arm's length from Government, so that is a distinction from the funding agencies, which are executive agencies of Government. The institute will be at arm's length with a separate body in legislation. That whole process is designed to



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make sure that the whole apprenticeship system is owned, managed and led by employers.

I will say one more thing. I am sure that there will be a lot of focus on the employer members of the institute when they are appointed. Antony Jenkins is interim chair at the moment. He has a pedigree, having had experience in Barclays and as chair of Business in the Community, so he brings great leadership to the job now. But it is not just in terms of the employer body. We will also be setting up a range of panels and committees, probably involving upwards of 250 employers, at all levels of the work to make sure that the system is—

Q214 **Chair:** We will be probing those elements later through Stephen, to a large extent. Paul, last year, Ofsted found “too much weak provision that undermines the value of apprenticeships”, and I am quoting there. Is that still the case?

**Paul Joyce:** For the apprenticeship provision that we inspected this year, we have seen an improvement in inspection outcomes. We have seen an improvement in success rates for apprenticeship provision. Last year we inspected 181 apprenticeship providers. The proportion of good or better provision we found has improved, but we still found about 37% of provision being less than good in that inspection year. That represents about 90,000 apprentices on those programmes. We still do have a concern; while improving, it is still not yet good enough.

Q215 **Chair:** 37% is quite a good proportion, isn't it?

**Paul Joyce:** It is a high proportion.

Q216 **Chair:** Sally, Mark Dawe told us that he did “not quite get why the institute had been given quality and approval functions when there is a Government agency—Ofqual—that does quality on assessment”. You have already effectively answered an aspect of this question but, essentially, should Ofqual have a larger role in the new system than is currently envisaged?

**Sally Collier:** Should we? The system has been set up so that employer providers have a choice. That is the system within which we are operating. You are right; we are the Government's regulator for qualifications. This is obviously slightly different. This is not a qualification, per se, but we do have lots of assessment expertise in order to assist employers in getting to a good-quality qualification.

Q217 **Chair:** Paul's point about 37% not being quite good enough in some respects does demand action from appropriate organisations.

**Sally Collier:** The issue of standards across the organisations that are quality assuring all of the end-point assessments is an issue that Peter and I have been discussing, and, as the IFA comes into being and the institutions are set up, that is a live issue.

Q218 **Chair:** Have you been discussing a larger role for Ofqual or not with



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Peter?

**Sally Collier:** I have been discussing with Peter what we are doing and what we might do in the system with the other quality assurers.

Q219 **Chair:** Does that involve an enhanced role for Ofqual?

**Sally Collier:** I do not know the answer to that. We are playing our part. We stand ready to support the IFA in whatever part we are asked to play.

**Peter Lauener:** Could I give some examples that might illustrate? Again, there are two aspects to cover. One is the question of quality in the assessment process. I have seen the note that the AELP sent to the Committee asking a lot of very fair questions, but there is also the question of the quality of providers that you referred to a minute ago, and that Paul Joyce talked about. I do think we will see some significant changes as we move on to the new system for funding apprenticeships, which will come in from April 2017; it will be run by the Skills Funding Agency—a different hat. We will see the levy-paying employers able to make the choice themselves as to the provider they use, and we expect to see more providers coming on to the register to be chosen by employers. That will be more of a market system, and I expect that to drive up quality.

Going from that to the point about standards in the assessment process, again, one of the significant aspects of the new system of apprenticeship standards is the focus on end-point assessment. It is fair to say that that is a new and important concept in apprenticeships. Essentially, it is saying: is the apprentice at the end of their training able to do the job properly? There will be different ways of assessing that. With some of the standards that have started, we have seen already that awarding bodies are providing the service to do that end-point assessment. If I can give some examples, the software developer level 4—that is a higher apprenticeship—will be assessed by City & Guilds, and for nuclear welding inspection technician level 4, the end-point assessment will be by the British Institute of Non-Destructive Testing. The name probably indicates that that might well be an appropriate body to do the testing.

There is a bit of horses for courses. What is very important is that the institute, which holds the ring on this, works with all the other organisations involved to make sure that quality has a very clear focus, that we learn quickly what is working well and feed that back to the system. I would be expecting to work very closely with Sally at Ofqual.

Q220 **Chair:** We all understand the complexities that you have just outlined. The question for the Government, and for Parliament, is: does the system, as represented by Ofqual, the institute and Ofsted, look like a system that can guarantee quality across the piece? That is the fundamental question, isn't it—how the relationship between your three organisations evolves?



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**Peter Lauener:** That is exactly the right question. Again, to get employers involved at every level of the Institute for Apprenticeships gives the greatest security that the system as a whole will deliver what employers need their skilled workers to do on the job.

Q221 **Ian Mearns:** We will probably drift on to this, but in terms of getting the right employers at every level within the institute—and even at a strategic level—we do need a strategic level. It is all very well having people from very large companies, but if this strategy is going to be delivered effectively across the country, it does need to have a significant input from medium-sized and smaller employers. How are we going to get a decent representation from them at that strategic level?

**Peter Lauener:** I absolutely agree with the point. When any new standard is developed, and 260 have now been published—146 of these standards are live and available for use in the funding system—a group of employers is brought together to develop the standard. They are all published online and there is a review point built into the standard. One of the jobs of the institute is going to be to put a very clear framework around that, so that the points that you make and others have made—

**Chair:** Peter, can I just interrupt you? Poor Stephen thinks his question is going to get poached. We try to keep a structure.

**Peter Lauener:** I will hold the answer, will I?

Q222 **Chair:** Stephen will probe that in a moment. What I would like to hear from Paul is: does he think that given the fact that we have a likelihood of a large number of employers becoming providers, Ofsted will have the capacity to check out what is going on in that larger range of employers?

**Paul Joyce:** We are certainly in discussions with the Department about the anticipated increase in the number of providers that will require inspection, including employer providers. We do have significant experience of inspecting employer providers; we have done so historically quite successfully. There are 75 employer providers that currently have funding contracts.

We have expressed concern and, while we support employer providers coming in and being involved, our concern, as you quite rightly said to start with, is the quality of these apprenticeships. We have some concerns: while many of the provider employers that we have inspected are good or better providers, it was interesting to note that the three newest employer providers that we have inspected have not been graded as good or better at their first inspection, so we are concerned about employer providers coming into the system. While supportive, we are concerned about the volume of providers overall, but we maintain discussions with the Department about those numbers and our resources and capability to inspect.

**Chair:** Thank you. I have asked questions about quality, so thank you very much for those answers. Stephen is now going to delve into the role,



Peter, of the institute.

Q223 **Stephen Timms:** Before I do that, can I ask you something else? I know, Peter, that you were among the officials giving evidence to the Public Accounts Committee last week on this question of apprenticeships. We gather that it was agreed there that the programme needs success measures other than 3 million. I wonder what your initial thoughts are about how one should measure whether the apprenticeship programme is a success.

**Peter Lauener:** I was at the Public Accounts Committee hearing last week on this, and this was quite an interesting theme of the National Audit Office report, which I imagine colleagues have had a chance to have a look at. The discussion that we had at the Public Accounts Committee was that this was the right time to think about a wider set of success measures. We did not get into a lot of detail about that. We said that it was certainly something that we wanted to look at, but I will give a couple of examples of things I would like to see in that.

A particular theme that we were discussing was how the apprenticeships programme would support the Government's industrial strategy. One of the things there is to make sure that the standards are as up to date as possible in relevant sectors of the economy. We committed to reporting back to the Public Accounts Committee with thoughts as they are developed over the next little while. I am sure that we will see that captured in a formal recommendation of the Public Accounts Committee, which will be logged in the normal way.

If I can give another couple of examples that reflect points I have already made, I would like to see quite a lot about employer views in the system—employer views on the relevance of the skills of the apprentices that they have had trained, particularly on new standards. I would like to have apprentice views as well. I have emphasised a lot today the importance of employers in the Institute for Apprenticeships, but the legislation for the Institute for Apprenticeships also refers to the importance of the institute looking at this from the point of view of individuals—so I think employer views and individual views. Being a bit of a process person, I would also like to have something about the speed with which standards are approved, which is not to say that it is a race to do it at breakneck speed, but sometimes keeping things moving properly is good, and people can see things going through the system properly.

Q224 **Stephen Timms:** The programme is about reducing the productivity gap between the UK and other comparable economies. Do you think we might be able to measure somehow the contribution of this programme to improving UK productivity?

**Peter Lauener:** It is important that we do try to do that. Indeed, the National Audit Office report that the Public Accounts Committee was discussing last week referred, in a complimentary way, to a lot of the data that has been published on the return to individuals from





apprenticeships, and also the return to the public purse from investment in apprenticeships. These figures are quite positive. They do vary by sector, so one of the questions to look at is: is there correlation between the relevance of the apprenticeship training and the return that is coming through in different sectors?

One of the interesting things discussed at the Committee last week was that in some areas, there is a similar rate of return to individuals from classroom-based training and workplace training; in some cases, it is higher. My view on that is that there are some young people and adults who just learn better in the workplace. If there is a similar rate of return, I do not think that is necessarily a bad thing, but exploring that data, using it more and more, and publicising it more and more, making it available to individuals as well as to employers, so that we can influence choices and the use that employers make of the levy money, particularly for levy payers, is—

**Q225 Stephen Timms:** So we can look forward to a success measure around the contribution of this programme to productivity?

**Peter Lauener:** I am sure that we will need to look for success measures in that territory.

**Q226 Stephen Timms:** May I ask about the nature of the institute? We understand that you have described it as only slightly separate from Government, whereas the previous Minister gave the impression that the institute would be very separate—more separate than comparable things in the past.

**Peter Lauener:** I was looking very puzzled then, because I do not remember saying that. I had better have another look at the transcript and see, if I did say that, whether I should correct it. I think what I said was that the Skills Funding Agency and the Education Funding Agency are much closer to Government, but the institute is designed to be an arm's length body from Government, and it is important that the decisions on standards at the moment that are taken without an institute are validated by Ministers.

The decisions in future about whether a standard is the right standard for an employer sector will be taken by the institute, and the decisions about the right end-point assessment will be taken by the institute. I am quite clear that the institute needs to be quite separate and independent and owned by employers.

I had the great fortune to visit Germany about 18 months ago to see the apprenticeship system there. One of the discussions was with a body—I am afraid I cannot remember the name of it—that was more or less the comparable body to the Institute for Apprenticeships, but with a much longer name. We had discussions about the role of Governments and employers, and they looked bemused at the thought that such a body would not be owned by employers. We are very clear, and Ministers are





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very clear, that the Institute for Apprenticeships is being set up to be separate from Government and owned and run by employers.

**Q227 Stephen Timms:** You will probably accept that, if I may say so, it does not look very independent. You are the interim chief executive of it. You are already the chief executive of two other very important agencies and a member of the management board of the Department. It does not look at all independent.

**Peter Lauener:** Again, I did try to explain last week, but maybe I did not get the point over as well as I should have done. I am only in an interim role here. I am helping to set it up. There will be recruitment of the permanent chief executive when the chair and board members are in place to do that recruitment. I do have, I hope, a bit of experience to bring in setting up bodies, including bodies that are separate from Government. I also have experience over the years in working with employers on training programmes, going back to training and enterprise councils. So I have some relevant experience to bear.

When I spend my time at the Institute for Apprenticeships, I am mentally taking off a departmental hat and mentally putting on an independent-of-Government hat.

**Q228 Stephen Timms:** How much of your working week is spent with your Institute for Apprenticeships hat on?

**Peter Lauener:** My plan is to spend two days a week between now and next spring on the Institute for Apprenticeships, leaving three days for the Funding Agency. The Funding Agency work is increasingly aligned. I have been bringing those together for the last 18 month or so. It feels a bit of a challenge and my time is a bit pressured, but I am very clear about the need to work towards a separate body.

**Q229 Stephen Timms:** Am I right that your predecessor as interim chief executive was doing the job full time?

**Peter Lauener:** Yes, she was. I also have the benefit of a deputy chief executive—again interim—who has a lot of experience in this and who, I am delighted to say, is working full time on this.

**Q230 Stephen Timms:** With the benefit of hindsight, should it have been set up like this in the first place, with you as the interim chief executive?

**Peter Lauener:** It would have been difficult for me to sustain doing the three roles for longer than the six months that I am planning on doing this, until the institute is fully set up.

**Stephen Timms:** You will be looking forward to a rest at the end of the six months.

**Peter Lauener:** Chance would be a nice thing, Mr Timms.

**Q231 Stephen Timms:** Can I take you back to the point that you were commenting on earlier? There has been concern expressed that the



Institute for Apprenticeships is going to be dominated by big employers, not by SMEs or other stakeholders.

**Peter Lauener:** I do think it is important that that is reflected properly in the members of the institute, but even more so in the 250 to 300 employers that might be involved in the technical panel's review in particular occupational areas that will support the institute. It is such an important part of the institute's role that we get those employers involved in the interstices of the system, bringing in their speciality and experience in particular occupational areas, and seeing it fitting into a whole system.

In my view, the institute is—and I have seen a lot of organisations in this space—a genuinely new and innovative approach, which establishes the principle of employer ownership in a way that we have not been quite able to do so far. It is important that we make sure that it properly captures employer representation at all levels of the organisation. I do not just mean in the staff, but in the employers that we engage in this. Again, if I think of parallels in the German system—I don't believe at all that you can just transplant things—there will be a structure in the German system that operates at all levels of people bringing their experience.

I would also like to make sure that it integrates with a lot of technical work that is done in support of the WorldSkills competition. Some Members may be aware that there is an excellent organisation in this country called WorldSkills UK, which links with other comparable organisations, and we send competitors to WorldSkills competitions. Last time, we got the best ever results. These young people have been trained to work to world-class standards, and I want to make sure that those world-class standards are embedded and referenced in the standards of all the relevant occupational areas under the work of the institute.

**Chair:** Marion, do you have any questions on a particular field, or shall we move straight on?

Q232 **Marion Fellows:** Could I ask Mr Lauener: how confident are you? You are talking about the institute being up and running by April next year. I know that it is an open-ended question, but are you confident that all the work that has to be done to make it a successful launch will be completed in that timescale?

**Peter Lauener:** Yes, I am confident. The reason I am confident about this is—and I will add a qualification in a moment—that this is not an organisation that is becoming fully fledged and starting from scratch. Yes, it will not exist on 31 March. It will exist on 1 April, but a lot of the work that has been under way for the last 12 or 18 months, or two years, has been paving the way for this. A lot of work has been going on under the auspices of the Department to set up standards. Trailblazer groups of employers have been established around the country to lead that work. That kind of work, which will be taken over by the institute, is already



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under way. In that respect, it is easier to set up the organisation because it is taking over a lot of work that is under way.

A qualification that I ought properly to give, as the interim chief executive with responsibility for getting there on day one, is that it will not be 100% up and running by then in terms of the employer bodies I referred to, so we will be going out recruiting over the next few months to establish these panels. It will inevitably take some months to establish all those properly. A lot of work that goes on before the institute comes in needs to gear up in a lot of ways. One of the areas is going to be end-point assessments. I am very keen to establish a proper quality focusing committee and bring partners like Ofsted and Ofqual into that process. It will take a while to get it fully up and running.

**Q233 Marion Fellows:** If I understand correctly—forgive me; this is not my area of expertise, because it is all done differently where I come from—what you are in charge of is the transfer of responsibility from the Department to the new institute, and that is what you are managing just now.

**Peter Lauener:** That is certainly a large part of it, but it is also ensuring that the body of employers and employer representatives, which will make up the board of the institute, is properly established; that all the governance is in place; and that there is a proper strategic plan in place, and we expect to consult on that strategic plan. It is not just overseeing a transfer. It is getting all the apparatus of a new organisation, and also making sure that we have systems that work—that rather important things, like payroll, are working at the end of the first month.

**Q234 Marion Fellows:** You are talking about a strategic plan that is to be in place by April with consultation. Do I understand correctly what you have said?

**Peter Lauener:** The intention is that there will be a consultation on that later in the autumn; it is being developed by the shadow officials. It is being discussed with Antony Jenkins, the shadow chair, and we have consulted in stakeholder groups on some of the things that should be in it. The intention is that there would then be a consultation on that to engage a much wider group of organisations. This will be brought back to the board of the institute, which is in the process of being appointed, so that by the time the institute is formally up and running, the board will have met a couple of times in shadow form in advance of it formally starting, and there will be an opportunity to start with a proper plan and a clear focus for the first year. That will give it a good start.

**Q235 Marion Fellows:** I think you have already touched on some of this, but one of the things I wanted to ask was: how will the success of the institute be measured? Can we have another go at that now, if anything else comes to you? I know you have mentioned it already, but a bit more—



**Peter Lauener:** I have covered the operation of the apprenticeship system, which needs to be linked, as Mr Timms was suggesting, to skills and productivity measures. We then need to process measures that will be owned by the institute. We need customer satisfaction measures in terms of employers and individuals. I am sure that when we consult on the strategic plan, there will be other things that will come out of that. Sorry, I should have said that we must definitely have measures on quality, particularly in terms of how the standards are seen and how they are assessed. I did not quite touch on that earlier, but I am sure we will need measures on that. I am sure other people will be making suggestions to us about things they would like to see the institute achieve in its first year.

Q236 **Marion Fellows:** Following on from that, could I ask Sally and Paul for comments on how the success of the institute should be measured?

**Sally Collier:** Clearly, the whole point of this is: are we getting higher-quality apprenticeships that will go on to meet the skills demand for the various sectors in the country? From a global perspective, that has to be: are we being successful in our aim? From my point of view, I would like to see that all of the bodies involved in quality assuring standards are working together, so that we do not get played off—we do not get higher standards for one and lower standards for another, and so on. Success for me is making sure that all the bodies are working together.

Also, if I can make one more point, assessment expertise is very rare. Good assessment expertise is even rarer. What we want to avoid is lots of bodies trying to acquire it or, worse still, small employers having to pay for it. Again, starting with ourselves, we are going to be running conferences for groups of employers—whether they choose to be assured by us or not—to help them with their assessment plans.

**Paul Joyce:** I would very much echo what Sally has said: the key focus needs to be ensuring that we have high-quality apprenticeship programmes, and that those apprenticeship programmes are in the sectors where skill needs, which Mr Timms was referring to, most need to be met.

**Chair:** Thank you for those answers. Ian, you are going to talk about standards.

Q237 **Ian Mearns:** I must admit that one of the things I am concerned about, because I have had experience of it, is young constituents being exploited by employers who have advertised jobs as apprenticeships, when it is really a means of undercutting the youth minimum wage rate to get it down to a £3.40 rate. Then young people are doing a job, learning very little and being dismissed after 12 months, because after 12 months the rate will rise. Under your umbrella, that would be one of the standards that I would be looking to see implemented, to make sure that employers were not exploiting the system, and were providing proper apprenticeships and training, rather than using the flag of an



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apprenticeship to provide employment at a much lower wage rate. Is there anything that you are looking, at in terms of making sure that that does not happen in the future, because it has been happening until quite recently in my constituency?

**Peter Lauener:** That is a very fair point. I was looking at something this morning in that area. It may be worth saying, as you said yourself, that the legal minimum for apprenticeships is £3.40 an hour, and the median rate is £6.31 an hour for level 2 and 3, and £9.68 for levels 4 and 5. From time to time, we do come across examples of the practice that you refer to, which is clearly not a good practice.

The overall satisfaction rates at the moment are still quite high, in terms of what employers, young people and adults say, because of course it is a programme for young people and adults: 89% of apprentices were satisfied with their training; 97%, which is an incredibly high figure, said they felt they could do their job better at the end of their training; 83% said that their career prospects had improved. Even though I regard these as quite high, I do not regard any kind of exploitation as acceptable at the margins.

One of the things we are looking at, to answer your question directly, is whether there is a way of looking at some of the data we have to identify instances where we might want to investigate further.

**Q238 Ian Mearns:** Is there anything that the fledgling institute can think about doing to take ownership of the term “apprenticeship”, so that anyone providing what is termed an apprenticeship in a job advert has to be subject to immediate scrutiny? As soon as the word “apprenticeship” is used, the institute should take ownership of that badge and not allow it to be used unless it is a legitimate apprenticeship.

**Peter Lauener:** Again, “apprenticeship” is now a protected term, so an apprenticeship has to be—once the whole standard system is established—training to the standards set out in the apprenticeship standard.

**Ian Mearns:** Once it is established. That is the problem, isn’t it?

**Peter Lauener:** There also has to be a written agreement between the employer and the individual, so there are protections built into the system. What we are trying to do, increasingly, because we have a very rich database, which the National Audit Office commented on in their report on apprenticeships, is saying: how can we use this data that we can now link to national insurance records? That is, how do we do rates of return to different occupations or different areas of training? I will be planning for us to look at whether there are any data ways of spotting that kind of practice, which is clearly bad practice.

**Q239 Ian Mearns:** From an employer’s perspective, there are significant savings to be made by doing what I have outlined, because the youth minimum wage for an 18 to 20-year-old is £5.55, whereas the



apprenticeship rate is £3.40 for that first year, so there is a saving of over £2 an hour for an employer who wants to exploit any loopholes in that direction.

**Peter Lauener:** There are potential savings there, and of course Ofsted is one of the safeguards against that, because all the training providers have to be inspected on a cycle. It does not mean that every single employee would be picked up as part of that, but we look at every single Ofsted report—this is with my Skills Funding Agency hat on now—that is produced. We will take action against providers if any problems are identified. I do think using data more and more as part of the assurance system is going to be an important part of what we do.

**Q240 Ian Mearns:** From the perspective of a Member of Parliament and the constituents I represent, would there be a mechanism for us flagging cases up, or saying, "We believe that this particular employer is exploiting the system in such a way"? How would we flag that up?

**Peter Lauener:** Could I take that very specific issue away and write to the Committee afterwards and address that point, because it is a very fair point?

**Q241 Ian Mearns:** It is important from your perspective as well as my perspective, as a Member of Parliament, because if in any way there are exploitative employers who are using loopholes in the system, so that the brand of apprenticeship could become tainted, that is the last thing that you would want.

**Peter Lauener:** I accept that. One of the benefits of the increasing focus on apprenticeships at levels 3, 4, 5 and 6 is that it has improved the brands. Young people are now increasingly seeing it as an alternative to higher education. I have talked to a lot of young people at 18 who are saying that they are deciding to go for an apprenticeship. It is important that we maintain that reputation of the brand. Let me take that away and I will write to the Committee about it.

**Q242 Ian Mearns:** In terms of the trailblazer programme, we have a number of organisations that have come together and classified themselves, with your agreement, as trailblazers, but unfortunately up to this point there has been a relatively slow pace. Is there anything you can think about doing to expedite the trailblazer programme?

**Peter Lauener:** That is a very important role for the institute. I referred to managing the process very closely, so that it is very clear where there are gaps in the standards system and that the process for establishing standards against the new expectations is properly managed, so completing the system of standards. We expect it to be fully in place by 2020. There are 260 standards now and another 181 in development. We are not setting a limit on the number, but one of the things I do expect the institute to do is say, "At the moment, we think we should be aiming for x hundred standards in this set of occupational areas, and the





timescale to get this under way is this." I would like to see much more management of the system by the institute.

**Q243 Ian Mearns:** Do you yet have a clear idea, in terms of managing standards, what the balance of power and responsibility will be between the institute, Government and the trailblazer groups?

**Peter Lauener:** It moves completely from Government at the point the institute is established. In my view, the institute, which is owned by employers, should own the overall system for standards. They should also have a role in looking at trends in the economy and saying, "I think it is time we had a standard in that area or that area" or, "That one is looking a bit out of date". We also need to be responsive to groups of employers. I referred earlier to working with 250 to 300 employers. That needs to be a system that is responsive and reactive and a two-way system, not a top down system nor a bottom-up system. It needs to be both.

**Q244 Ian Mearns:** I was at an event last week with people from the maritime industry, who were looking for a particular standard on training to do with working in closed spaces. The agency had told them that that was not a standard that they were looking to, but everyone in the industry thinks it would be important, so one would hope there would be agreement about things such as that.

**Peter Lauener:** I cannot comment on that one, not knowing the details, but what we look to see at the moment—this is important—is that a standard represents a significantly large part of the labour market, so that someone getting training in that standard then has the opportunity to get other roles. I do not know how many jobs there would be in that.

Again, one of the interesting aspects of the creation of standards is that we ask employers, "Based on your knowledge of this particular sector, what do you think the demand for apprenticeships will be in the period ahead?"

**Q245 Ian Mearns:** There will be niche industries, such as maritime and offshore work, where there would be things that would pertain to that industry alone, quite probably, but it might not be allowed because it is not in a broader spectrum, although it would be vital for health and safety in the confines of work places in the maritime and offshore industry.

**Peter Lauener:** There needs to be a proper debate about that, and it is a debate owned by the institute: employer talking to employer. These criteria are important. We would call the old system apprenticeship frameworks. The new system is apprenticeship standards. We have stopped some of the apprenticeship frameworks. The ones that we have stopped so far are frameworks where there were no starts, so there was something about the system that was not quite developed—not a dynamic enough system. There needs to be a balance.





**Q246 Ian Mearns:** You have already indicated that one of the things you want to prioritise is the increase in take-up of high performance standards; would I be right in saying that?

**Peter Lauener:** We want to get to a system where the standards run across all apprenticeships. We want to achieve that by 2020. The actual take-up of any standard would be a critical thing for us to monitor. To carry on our last conversation, there is no point having a standard if no one does it. It is rather bizarre if a group of employers comes together and says, "We need a standard" and then no one starts it. You can see immediately that there is some quite important and helpful management information in that kind of thing.

This is not just about uptake; it is about whether the apprenticeship delivers what employers want, in terms of skills and productivity improvements on their bottom line. We need to track that with data, but we also need to track what employers are telling us.

**Q247 Ian Mearns:** Can I ask Sally and Paul, representing Ofqual and Ofsted, if their organisations have played any significant role in the development of new apprenticeship standards?

**Sally Collier:** No. It is employers that come together and say they think there is a need for the standards, so we would not be involved in the content. Our role at the moment is specifically saying, "Can that standard be assessed properly?" and that is what we are helping employers with.

**Paul Joyce:** Again, not specifically in the development of standards or in any advice or guidance for the employer groups with the standards, although we are obviously monitoring and looking at the standards as they are produced and published.

**Q248 Ian Mearns:** Peter, earlier on, you referred to Germany on a number of occasions. The culture of employer involvement and responsibility in partnership and participation in Germany is decades old. How are we going to bring about those levels of participation with responsibility and involvement in a British context, where that culture has not existed?

**Peter Lauener:** I also said that I did not think you could transplant the German system into this system. But it is always interesting to see the different ways something works.

There is of course a culture of skills and skill development in trades, and there is legislation about apprenticeships that goes back before education legislation, back to the middle ages. I cannot recall the exact dates. I have used it in a speech before, when there was the first apprenticeship—

**Ian Mearns:** There is a history, but there is not the culture, I would say.

**Peter Lauener:** That is a very fair point. The institute and the arrangements that they are putting in place are trying to establish culture. We are not trying to replicate the Germanic system. If I may, I



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will give you one example where I don't think it would work in quite the same way. The German system for validating the standard of an apprenticeship is that largely experienced trainers from the occupation will do it. Apprentices in Siemens might be validated on an end-point assessment by Bosch. I don't think that kind of system would just work in this country.

**Chair:** We have to move on to assessment with Michelle.

Q249 **Michelle Donelan:** My first question is to you, Sally. The written evidence that you provided suggests that there may be a greater risk of malpractice with the end-point assessments than under the previous system. What do you mean exactly by that? How can that be prevented?

**Sally Collier:** On the risks around assessment, we have obviously done a lot of work with general qualifications, in accrediting qualifications, and in knowing where there are holes in the system. We are interested in making sure that the end-point assessments are of sufficient quality, and that the components that make up those assessments are not susceptible to perhaps some of the weaknesses that we have found in other types of qualifications.

Let me give you an example. These are complex assessments, and the ones we have looked at have many different parts. Apprentices are being observed performing a particular skill, and being interviewed about their customer service skills or are asked to demonstrate something. They have multiple choice exams and written exams. These are complex components coming together to form an end-point assessment. We know from the history in general qualifications that when you bring all these components together to end up with an end result, that needs to be done quite skilfully, particularly the assessment that is not marked in a controlled way. I would not focus on the malpractice. What I would focus on is unintended consequences of creating quite complex assessments.

**Michelle Donelan:** That concerns you, does it?

**Sally Collier:** It is very early days. What we are looking at is a series of risks to the system, as you would expect. It is very early days, but we have looked at 24 assessment plans. We have said to half of them that we are willing to regulate them as good standard assessments. What we are saying to the other 12 is, "Look, we think you need to approach this differently," or "We think the grading system needs to be slightly different in order to bring them all up to that standard."

Q250 **Michelle Donelan:** Paul, I had a question for you. Your written evidence states that Ofqual should have some role in setting arrangements for assessments. What would you envisage this being and how would it work?

**Paul Joyce:** The concern Ofsted would have regarding the end-to-end point of the apprenticeship programme is around that end-point assessment. We would obviously look at and consider the rigour and



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consistency of end-point assessments as part of our inspection evidence. We would want to see some assurance, very much as Sally has indicated, that those end-point assessments are fit for purpose, and that there is consistency, quality and comparability, in terms of ensuring that the end-point assessment for each of the levels, standards, and delivery points where those standards are delivered, are comparable across the country. That is an important role for Ofsted, Ofqual, the institute and employers to work through.

**Q251 Michelle Donelan:** Peter, what procedures will be in place to regulate assessment organisations?

**Peter Lauener:** Let me explain the way it works. I am referring only to the fact that a number of these processes that have been started; they will be taken forward by the institute. In the Skills Funding Agency, we run a register of assessment organisations. That register has been open—I cannot remember when it was formally opened—I think since over a year ago. So far it is early days. We have 21 organisations on that register that have passed the standard set for assessment, and those standards include a lot of the things that Sally has referred to.

We have knocked back quite a lot, having said that we do not think they meet the laid down standards, because the quality of the end-point assessment, as Sally and Paul have said, is absolutely critical to the quality of the apprenticeship. We are working quite closely with a number, for whom there was a near miss, that we expect to meet the standard for end-point assessment shortly. There are quite a lot of applications in the pipeline as well. This is quite a dynamic process, and there have been 166 applications since the start of the process. Only 21 are there, but there are quite a lot in the pipeline.

**Q252 Michelle Donelan:** To all of you: ultimately, who is responsible for ensuring that in-work training has that right quality provision?

**Peter Lauener:** The Institute for Apprenticeships holds the ring on this. In any individual case it might be an awarding body that carries out the end-point assessment, and Ofqual will regulate that awarding body. In other cases it might be a professional body. I gave an example earlier, which was a body to do with non-destructive testing in a very specific area. In another case it might be a different kind of employer body.

There is one case I could give you where there is a training provider, and we are putting in place arrangements for conflict of interest. They obviously could not assess the training they provided. That happens to be a dental nurse. I visited that training provider, and I have seen the work they do, and they have done a lot of work developing standards for dental nurses.

It will be a wide variety of bodies. The institute will set the overall standards for end-point assessment. They will be regulated in different parts of the system. I have not talked about degree apprenticeships. In



many cases it could be the university providing that, and, to take an example, Bradford University are on the end-point assessment register for one occupational area at the moment.

**Q253 Chair:** Thank you. Gleaning from your answers earlier, both Ofqual and Ofsted think that more needs to be done before introducing end-point assessment. What would you like to see, to be more comfortable about end-point assessment?

**Sally Collier:** For us, it is about putting more information and guidance out there to employers, so that when they come to us and ask whether it is capable of being regulated by us, we are getting more through the system. It is early days—quite a slow flow. If the flow increases, as everyone hopes, then we need to be getting the quality right from the start. It is about groups of employers, trailblazer groups, understanding a bit more about what an excellent end-point assessment looks like, and what they need to do and what expertise they need to get there.

**Paul Joyce:** I would very much echo that. It is the quality of that end-point assessment, the consistency of it. It is very much the detail and ensuring that is in place before the apprentices start the programme.

**Chair:** Peter, you are going to drop us a line following an exchange with Ian. We are hoping to start deliberating on our report relatively shortly. We have the Minister coming, and then we want to crack on with our report, just as a time indicator.

Thank you all very much for coming along today and answering our questions. We will be seeing all of you again in different ways in the course of the months and years to come. Thank you, Sally, Peter and Paul.