HOUSE OF COMMONS

Education Committee

Oral evidence: Quality of apprenticeships and skills training, HC 344

Tuesday 27 February 2018

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Watch the meeting

Members present: Robert Halfon (Chair); Lucy Allan; James Frith; Emma Hardy; Trudy Harrison; Ian Mearns; Lucy Powell.

Questions 55 - 99

Witnesses

I: Paul Devoy, Chief Executive, Investors in People, Jane Gratton, Head of Business Environment and Skills Policy, British Chambers of Commerce, Kevin Rowan, Head of Organisation, Services and Skills, TUC, and Tim Thomas, Director of Employment and Skills Policy, EEF – The Manufactuers' Organisation.

Examination of witnesses

Paul Devoy, Jane Gratton, Kevin Rowan and Tim Thomas.

Q55 **Chair:** Good morning, everybody. Welcome to our Select Committee. Just for the benefit of the tape and the viewers who are watching on the internet, could you kindly introduce yourselves from our left to right, and could you speak loudly? The acoustics here are not fantastic.

Tim Thomas: Thank you, good morning. I am Tim Thomas. I am Director of Employment and Skills Policy at EEF, and we are the organisation that represents manufacturers in the UK.

Jane Gratton: Good morning, I am Jane Gratton, Head of Business Environment and Skills Policy at the British Chambers of Commerce.

Paul Devoy: Good morning. My name is Paul Devoy. I am Chief Executive of Investors in People community interest company.

Kevin Rowan: Good morning. I am Kevin Rowan and I am Head of Organisation, Services and Skills at the Trades Union Congress.

Q56 **Emma Hardy:** Good morning, everyone. I am really pleased you have come here. I want to start off by talking just generally about your opinions on what makes an apprenticeship high-quality. I am thinking particularly about the pay that apprentices get and the opportunities there are for them to progress.

Tim Thomas: In terms of what quality means, we have long campaigned at EEF for there to be specific quality measures so we know what we are talking about when we talk about a quality apprenticeship. We would refer to apprenticeships in our sector, naturally, so we would think about the length of the apprenticeship—in our sector typically four years' duration. We would look at the investment from the employer in the apprenticeship; in our sector typically around about £100,000-plus over those four years. We would look at pay in general terms. Pay for apprentices in our sector is age-specific, not specific on the national minimum wage rate. It is about 15% more than the economy in general, so we would not be expecting quality apprenticeships to be paid at the minimum wage level.

We would be looking at future progression, so that someone can progress to level 2, 3, 4 and so on, through the ranks and onwards through the different levels of education attainment if they wish to do so. We would also look at the retention rates after completion of the apprenticeship and we would expect that with the employers who are investing in apprenticeships—if they value apprentices and if they need apprentices in their business—the vast majority of apprentices would be offered a job in that role at the end of the apprenticeship. In our sector it is around 95% or something of that nature. If investors, as employers in apprenticeships, value the mark and the quality of the mark, then we would expect them to be bringing that level of investment into the individual themselves.

Jane Gratton: From the perspective of the business use of members of Chambers of Commerce, it is all about value added: the apprenticeship has to make a positive impact on the business, on the profitability and sustainability of the business and on the life chances of the individual and their opportunities to go on to further study and progress within the business itself and, indeed, into further benefits in terms of wage and income. That is part one.

The second bit, I guess, is about the skills knowledge and behaviour that the apprentice has at the end of the training, so that it is right for the job, it is relevant for the work and the business then has a skilled employee who can do the job and have positive impacts in the work environment.

Quality also means that the training is relevant, that it is quality-assured and that it is part of a robust assessment mechanism where an employer has confidence in the rigour of the qualification and, also, confidence that that qualification has a sense of purpose; that it will be around for the long term and that it won’t be changed by another qualification that might come along or a Government change in policy. Therefore, quality means having confidence in that qualification and that skills system.

Paul Devoy: We would look at it in more of a rounded way beyond just what training they receive: as an employee, how does the recruitment process work? Does the employer recruit people from a diverse set of backgrounds and widen the opportunity for people to join the organisation? Is there progression, so not just level 2 but progression up to level 3 as well? Are they well managed? Do they get good line management support? Is there buddying and mentoring there? Do they have any problems with their training or any other aspect of their employment? Is there a good relationship with the employer and the training provider? Are any issues identified and fixed? Obviously, we would view wages as important and we would be encouraging employers to pay above the minimum, so that there is more parity in the scheme with other employees and so that the apprentice doesn’t feel like they are just being used for cheap labour.

Emma Hardy: A very good point. Thank you. Kevin?

Kevin Rowan: Yes, I probably would agree with most of what my colleagues have said. The point about employment is important, and apprentices need to be employed by appropriate employers. There is also the question of the nature of employment, where we have apprentices on precarious employment—zero-hours contracts. I think that is a quality issue for the apprenticeship.

Certainly I would agree with colleagues' comments on pay and training, too. It is important to add that it is not just about quality or the level of training. Also, off-the-job training is an important part of an apprenticeship. Apprentices need to learn not just competencies for the job but transferable skills as well. I certainly think Tim makes two important points about the duration of the apprenticeship. Also, the end destination ought not to be just completing apprenticeships but moving into sustainable employment. It is meant to be a route into a career, not a training programme.

Q57 **Emma Hardy:** Yes, absolutely. Picking up on support for apprenticeships, I think you mentioned, Paul, that it is important in terms of equality, and points were made about apprentices not being used as cheap labour. From the Chambers of Commerce's point of view, how could you prevent that happening in some of the businesses you represent?

I am looking here at a survey that found that nearly one fifth of apprentices are paid less than the minimum wage. Not all of them are taken on when they complete their courses, and there seems to be this constant churn in some businesses of apprentices coming in, being used, staying at level 2 and then leaving. Are there any things you would recommend businesses from the Chamber do to prevent that?

Jane Gratton: What we do know from our research is that 75% of businesses in the last quarter recorded very severe skill shortages and job vacancies that they cannot fill. Therefore, it is in everybody's best interests now, and businesses recognise this, to train the workforce of the future to fill those skills gaps. There is a definite recognition from businesses that they are part of the solution, alongside education and Government, in meeting these skills needs.

Most of the businesses I talk to pay above the apprenticeship rate, but there is a recognition that a trainee is less productive during the period of on-the-job training and off-the-job training, and that the wage rate reflects the investment the business is making in that trainee's future. As far as my understanding goes from the businesses we deal with, there is very much a desire to take that employee on at the end of the apprenticeship, because there are skills gaps to fill. If the employer has invested time in training them, they would want to keep them on in the business.

Q58 **Emma Hardy:** Kevin, on the role that the TUC can play in this, it seems to me that some people go through the apprenticeship and live in what is described as apprenticeship poverty, only to finish their apprenticeship and find they do not earn much more than they did before they did it. Are there any ways you think from the TUC's point of view we could prevent what seems to be a bit of exploitation, with people not getting paid enough or getting a qualification that is not that highly recognised and still not being able to find work?

Kevin Rowan: Yes. There is plenty of evidence, and some sectors are worse than others. In hairdressing almost half of apprentices are being paid less than the apprentice minimum wage, which itself is pretty low. Certainly there would seem to be a gap both in regulation and enforcement around apprenticeships.

Jane is right to point out that there is good practice too. I work with a lot of transport employers, and the standards are pretty high. There is good collaboration. There is good social partnership, so if we can learn some lessons from that where we have good institutional arrangements with social partners, with trade unions and employers working together to maintain quality and maintain levels of apprenticeship engagement, then outcomes are pretty good.

Where there is a gap is where there is no employer collaboration. Sometimes it is just very small individual employers, which have very little social partner engagement and the statutory regulation or enforcement just does not catch up with that. Not only are we seeing huge breaches, with apprentices being paid less than the apprentice minimum wage, but there is also very little enforcement of that. A very small number of employers are prosecuted for breaching that. If we had these kinds of numbers across the national minimum wage or the national living wage, then people would be up in arms about the abuses, but because it is apprenticeships it seems to slip through the net and people get away with it.

Q59 **Chair:** Are there any stats available? I asked the Minister about this in the House of Commons and he said that people were prosecuted. Are there stats available on the numbers of companies who are not paying the proper apprentice minimum wage and the numbers who are being prosecuted?

Kevin Rowan: I believe that there are stats. Our understanding is that about 3% of employers have been prosecuted for breaches of apprentice minimum wages.

Q60 **Chair:** Of those who have been found to have breached, only 3% have been prosecuted?

Kevin Rowan: That is my understanding.

Chair: Okay. Well, if you have any other statistics you could send to the Committee, that would be really helpful.

Q61 **Ian Mearns:** You are saying that statistics are available, Kevin, but who is collecting and collating the evidence? Who is evaluating the evidence? Who is doing anything about it? Who should be doing something about it?

Chair: Sorry, do we know what the percentage is of employers who are not paying the legal apprentice minimum wage?

Kevin Rowan: I think 25% of the employers who have breached minimum wage are employers who have been failing on that because they are applying apprenticeships, so it is quite a significant percentage, but only 3% of those—in my understanding—have been prosecuted.

In answer to your question, Ian, the chair of our young workers forum put in an inquiry, what is it called?

Ian Mearns: An FOI.

Kevin Rowan: FOI, thank you very much. They put in an FOI last year and got that statistic, so I am very happy to pass that on to the Committee.

Q62 **Ian Mearns:** Are we coming across much evidence where the "apprenticeship" is all but bogus, and it is just an excuse to pay somebody £3.50 an hour at the current rate for a year before letting them go?

Kevin Rowan: If we look at the different constituent elements of what an apprenticeship is, we have people who are paid less than the minimum wage, and we have people who are receiving no training at all in some cases. They are being shipped out by their employer after a very short term. If it walks like a duck—they are not getting training, they are not being paid properly and they are not getting a job at the end of it. We have just all agreed what the kind of criteria is for a decent apprenticeship, and that fails on all of those tests.

Q63 **James Frith:** I refer to my entry in the Register of Member's Interests.

Good morning, everybody. We have talked briefly about employers already, so I would like just to explore your thoughts about how we celebrate the best employer practice. Also, there is real evidence in Bury—my constituency—of incredible employers being quickly overlooked by ESFA for their funding applications to become apprenticeship providers themselves, as good employers. It feels to me like the really good employers need to knock three times, at least, before they get any response, yet we have employers that we talk readily about that are in the apprenticeship space but not playing fair. It is a real mess, this whole area, isn't it?

Tim Thomas: Yes, is the answer. EEF is an employer organisation but also a provider. EEF invested many millions of pounds in two centres in the west midlands, so we are in the category of an employer that invests money and is a provider and wants to see more of that throughout the country.

In terms of the first part of your question, barriers are perhaps what I think you were driving at. Let me give you some stats from our centre. These are stats of a genuine case we had where we tried to provide apprentices for a member company. The barrier in this particular case is the apprenticeship levy, because in year one, which is where most of the training is conducted in our sector, we would have received a levy payment of £64,800. The actual cost to EEF of providing the training was

£194,400, so at the end of year one we lose £129,600. At the end of year two we have made zero. Therefore, if you are that quality employer and you want to go into provision, then you have a long way to go before you actually break even or make any money. Essentially, you have to stand the loss for two years.

On that example, at the end of year two we have still lost £129,600 and, in that case, we could not provide the apprenticeship training for the member in question. We just had to walk away because we could not agree to sustain that loss for that period of time. We need a better system. You say it is a mess—it is a mess, and we need to peg what a quality provider gets to provide a quality product to what it actually costs. Because if we are talking about quality, there is a cost to providing quality training. There is a pastoral cost, there is an investment cost, there is a capital cost and there is the cost of quality tutors, and we must recognise that the apprenticeship levy provides a flat payment structure and doesn't reward that in early years.

To come to the second point you make about the other practice that Kevin has highlighted, I am a bit bemused as to how any employer thinks they can put an apprentice on a zero-hours contract, because they cannot. They have to commit to a certain period of work and a certain period of training. There is an employer commitment statement, which we use in our training centre, and you could not do that through a zero-hours contract. That is probably an indication that you have an employer who is at the very least not playing by the rules, but certainly not valuing an apprenticeship.

Another thing that we could do, which EEF has long called for in its submission to the Low Pay Commission, is abolish the apprenticeship national minimum wage rate. Get rid of it and pay people their age-specific rate. Why should an apprentice, at the same age as someone else, be paid less than another person? Surely you should value their contribution. The only difference is the fact that they are being trained, which hopefully is something that the employer values. So there is potentially not a quick win, but something we could do to signal that apprenticeships are at least on parity with other people in the workplace.

Q64 **Chair:** I am not against that idea, but what if the employer said, "Well, that person who is not being trained has more experience, so they should be paid more"?

Tim Thomas: Then what is the impact on apprenticeships? An apprenticeship is hopefully a mark of quality? Apprentices are receiving training. The payback for the employer is in later years, when we hope they keep the apprentice on and have a trained person. It is not necessarily the case in all sectors that the apprentice is unproductive throughout the entirety of their first year, but the first-year rate is extremely low when they don't get their age-specific rate. They are only receiving off-the-job training for a minimum of 20%, so presumably they are being productive four fifths of the time.

Q65 **Chair:** Over 80% of apprentices get over the apprentice minimum wage. I am very supportive of the minimum wage and the living wage but again—just so I can hear the arguments—what do you say to the idea that it might discourage some people from employing them if they have to pay them the normal minimum wage?

Tim Thomas: I would hope that employers see that their apprentice is worth more than the minimum wage. I would hope that they see the investment as investment in a person they can train and they are going to retain. It strikes me that the minimum wage level salary should be rather a small part of what they see as the overall cost of an apprenticeship.

Q66 **James Frith:** This was the point I was making, Chair—that there are a lot of employers in the business of providing apprenticeships who are not playing fair, and there are employers with an excellent record trying to get into the system of being providers—not just employers but providers of training and gainful employment themselves—and they get overlooked by the ESFA. Do you think the ESFA is living in the real world?

Tim Thomas: The bar to becoming a training provider isn't necessarily the ESFA. It is the commercial bar, because you now have a situation where, if you want to set yourself up from scratch as a training provider, you have a long gestation period before you even become commercially neutral, let alone make money.

Q67 **James Frith:** Maybe I have not explained it properly. They are an existing employer already, which has a record of social enterprise and apprenticeship provision. Their apprentices either now still work in the restaurant, bar or hotel or you see them around the local vicinity in similar work. There is a really strong record. They have been overlooked, and there is evidence from correspondence that I have had that employers are being overlooked by a sense of tick-box scrutiny on applications.

We have already seen that there is a barrier to learning providers that don't have three years of accounts or enough cash flow to access, or are small, medium or based on voluntary provision. We have taken evidence from people who have said that and also heard it for ourselves. It feels like there is a real barrier, beyond the barriers that you talk about, for new employers to come in.

Let's just open it to other's thoughts. Do you see any members—and a lot of your members will be small businesses—knocking at the door and trying to get in on this and not getting the answers they want?

Jane Gratton: Yes. We have in our membership businesses of all sizes, including training providers, colleges and independent providers, so we are well placed to see the impact of the reforms across the board. It is fair to say that the role of the ESFA and the register of approved providers has brought some confusion into the market. The average small business looking to appoint a training provider would expect anybody on that register to have a level of quality assurance. That is the first thing, but we know that the changes in the funding rules have meant that some local businesses are not able to access training at the local level and that some training providers have been forced out of business because of the changes in the funding, so it has had an impact and it has made things difficult at a local level.

As Tim was saying, the apprenticeship levy itself is also causing some problems, because many businesses see it as an inflexible one-size-fits-all solution that does not work for them. That is also having the impact of slowing down the rate of recruitment of apprentices and stopping them training their people to the extent that they would like to, because they cannot make it work. They cannot make the business case.

Sometimes the cost of backfilling roles in some sectors—in the retail sector, for example—is prohibitive. Therefore, I think firms at the moment, both providers and businesses, are struggling in the new system. It is taking them a long time to get settled. We would certainly welcome a fresh look at the levy to see whether we can increase the flexibility around it to make it work for everybody.

Paul Devoy: Yes, I think it comes down to your risk appetite for things going wrong. The more that you control things at the centre, the less opportunity there is for things going wrong. If you want to address some of the issues you are talking about, you have to take a bit of a brave pill—

James Frith: Take a bit of a risk.

Paul Devoy: —and devolve money more to the frontline, and have an appetite that some things will go wrong and you are prepared to accept that for having more devolution and more flexibility, so it is a bit of what the balance is between what those things are and how big your risk appetite is.

When civil servants are responsible for public funds, they do tend to be more risk-averse and, therefore, decentralise things and bring stuff more into the centre.

Q68 **James Frith:** Do you think local authorities would be better off being given the budgets of the ESFA regionally?

Paul Devoy: As more of a general principle I think devolving things out locally—if you look at it in the round over a longer term—would deliver better outcomes, but you will get things going wrong and you have to accept that as part of that decision.

Kevin Rowan: I am not sure the scale of the problem, in terms of the number of employers becoming providers. I don't think there is a supply-side problem in the range of provision. There is a bigger challenge in maintaining the provision base that we have in our FE sector, for instance, so I would be more interested in how we can support good-quality provision across our existing provider base rather than bringing lots of new providers in. There are issues in the supply side in terms of quality and subcontracting, but I am not sure the solution to that is to make it easier for employers to become providers directly.

Q69 **Chair:** Would you like a system where we had the vast majority of it being done by FE as opposed to private providers, or do you think a happy mix is fine?

Kevin Rowan: Last week we saw a couple of big college providers—including one not far from Mr Mearns's constituency—getting a Queen's Award for delivering high-quality apprenticeship provision in the transport infrastructure sector, so there is undoubtedly very, very good provision in the FE sector. There is probably a role for some niche providers in the private sector too.

Q70 **Lucy Powell:** I am going to ask about the relationship between the employer and provider, and whether you think that relationship is working well in designing the apprenticeships and the relationship between supply and demand is the right balance. What more could be done in that space, do you think?

Kevin Rowan: Certainly there is a real need for employers to coherently articulate demand properly. I would suggest that there ought to be an element of that that is social partnership-driven, to ensure that the demand also maintains quality, and there are lots of good examples of that happening. If it is left purely to a relationship between employers and providers, there is a risk that quality is replaced in favour of competences over qualification, but generally I think there is good practice as well.

Paul Devoy: Ideally, it should be an employer-led system so that the employers have the ability to purchase the right training from the learning providers to meet their needs, and to give them as much flexibility as possible to do that.

Sometimes the issue, from my experience in the past, is that the employer is not always that well informed as a consumer and, therefore, they rely heavily on the training provider to advise them of what they need.

Q71 **Lucy Powell:** What more could we do there, especially the smaller businesses?

Paul Devoy: We need more support for employers about what good looks like, particularly for small businesses; 46% of our client base employ less than 50 people, and generally we find they don't have professional HR until they get to 60 to 80 employees. Therefore, they are not a very informed consumer, so I think more support to help them identify what good looks like, so that they can be a more informed consumer, would be important.

Q72 **Lucy Powell:** At the moment all that brokerage really happens through the providers, so they are almost brokering for their own output rather than necessarily in the interests of the business.

Paul Devoy: That is where bodies like EEF and the Chamber come in, because they can act as that catalyst to provide that type of information and advice. Industry bodies are important in working with their own sector about what good looks like.

Jane Gratton: It is fair to say that businesses are excited about the opportunity of creating this demand-led system, so they are shaping the qualifications and they are shaping the content of the standards. They really want to do that. They are a little frustrated at the pace at which things are going at the moment, but they are very keen to get behind it.

It is fair to say that the most common relationship that the business has is with its training provider. When something goes wrong in that relationship in terms of quality, many businesses don't know where to go beyond the relationship they have with their provider, so what infrastructure can we put in around that relationship that gives them an opportunity to raise quality issues rather than just having a direct relationship with the person who is providing that training? In the way that, for example, Ofsted and parent governors in schools have that sort of infrastructure around them, we need something very similar, I think, to help to support businesses in that.

Q73 **Emma Hardy:** To pick up on the point about what good looks like, one of the things I am concerned about is what good looks like not just for businesses but also for the apprentices. I have spoken to young apprentices who have no idea about their employment rights whatsoever. They don't understand that they are allowed to have a break. They don't understand how much they should be paid. Would you see a role—and lots of these small businesses, of course, don't have trade union recognition—for having on apprenticeship courses some sort of mandatory part about informing apprentices of their basic workplace rights?

Chair: Just to come in on that question—and could we have brief answers, as we have quite a lot to move on to?—apprentices don't have many rights in challenging things if they get poor quality provision. Should there be some kind of standardised rights that are across the board for every apprentice and every employer—a basic template so that apprentices know what their rights are and the employers know what their rights are?

Jane Gratton: That would be sensible. It would also be sensible to set out at the beginning what everybody's responsibilities are.

Q74 **Chair:** Who should write that, the Government or the IFA?

Kevin Rowan: There is a case for an input from employers, from employees and from the Government. I am not sure that at the moment

IFA are equipped to provide any kind of advice on rights. As Jane implies, they are struggling to just keep up with the standards, which is the most important role for them.

Knowledge of rights is important and enabling people to understand what their rights are is critical, but enforcing those rights as well is even more difficult. If you are a young apprentice and feeling quite vulnerable in a new workplace—as Emma says, with no trade union recognition—who are you going to go to to enforce those rights? That is probably why we are seeing so much abuse in particular sectors.

Q75 **Chair:** Could there be a National Apprenticeship Service helpline, a whistleblower-type thing that apprentices could ring and have access to?

Kevin Rowan: That would be helpful. Again, it would be a point of information. It might not necessarily enable that individual to exercise their rights. Where we see the least abuse is where we have good employers working with good trade unions.

Q76 **Lucy Allan:** I am particularly concerned about young people who don't have the experience they expect to have when they go into their apprenticeship, and it is a disappointment for them. They then walk away early because it hasn't worked out—particularly young people from disadvantaged backgrounds who are not getting the support that they need to actually stay put and keep going. I would like to hear, first from Kevin, what we can do for those from most disadvantaged backgrounds who are potentially more likely to need the support—emotional and other forms of support—to stick at it.

Kevin Rowan: I think that is right. There is a degree of pastoral and mentoring care required for any young person going into work. Where we have young people going into apprenticeships, say, in reasonably well established workplaces with good systems and good practices, we see completion rates much higher and we see people staying in employment much more, so there is absolutely a case for additional provision.

If I can go back in time, we used to have that kind of active support from the training providers, providing a bit of culture and mentoring. Increasingly, training providers are under so much pressure to cut costs and minimise that that pastoral mentoring support has disappeared.

It is a real challenge to provide the right kind of advice and guidance and support for people to go into apprenticeships in the first place. There is almost an expectancy barrier. Lots of people don't apply for good-quality engineering apprenticeships because, "People like me don't get those kind of apprenticeships". Therefore, we have to provide that advice and guidance support before people take up apprenticeships, and then provide a bit of additional support once they are in there. Once people get into their apprenticeship and get established in the workplace, that kind of demand recedes, but frontloading that support will be beneficial and valuable.

Q77 **Lucy Allan:** Can I bring you in, Jane, on that? What we don't want to see is employers being disincentivised from offering apprenticeships. If we load too much on to them in terms of pastoral support and all the other things that we have been talking about, which are good and important to have, we could disincentivise employers from coming forward and saying, "This is something that we can offer". Do you think that is a fair point?

Jane Gratton: Yes, as Paul alluded to earlier, in a small employer you don't have the capacity. You don't have an HR department or personnel staff that can dedicate the time to it, so particularly where there is an apprentice with additional needs or where there are some issues that they come into the workplace with, a small employer will need some support from the training provider. They will expect the training provider to support the young person through that.

It all boils down to creating the best relationship you can between the training provider, the trainee and the business. If you can get that relationship right at the beginning, and there is good communication and regular checking to get the best for everybody throughout the relationship, that is where the good practice is and that is when it works. It is just about making sure that everybody is aware of what their responsibilities are—and that is for the trainee too. Employers are not parents.

Lucy Allan: It works both ways, yes.

Jane Gratton: Employers expect a certain level of delivery and attendance, attitude and behaviour from the young person. Equally, that young person can quite expect to have a good-quality relationship with the employer and the trainer as well, so it is about getting it right from the outset.

Q78 **Lucy Allan:** Are there any specifics that you think we can recommend that would help disadvantaged young people perform as best they can within their apprenticeship and get the help that they need?

Jane Gratton: I would say it should come from careers advice and guidance before they enter the workplace. There is a lot to do there in terms of making sure they have the employability skills so that they can fit into the workplace. They should know what to expect on day one but, also, that the training provider has some resource to help smooth the way, particularly in the first few months, so that you get a good start to the apprenticeship and then you can build on it from there.

Q79 **James Frith:** Where there is a burden on employers, the employer voice is required, but perhaps we have gone too far—employers that want to get in are being overlooked. Student rights, satisfaction and the apprenticeship levy are a great idea in principle, but that is only half the job, isn't it? Do we not need an honest broker in the middle that does some of the hand-holding for employers and is the stick when one is needed in terms of practice, outcomes and satisfaction for the student? Do we not need a degree of oversight on quality and the rights of the student, but also effective matching, and isn't the levy money that could be best used to enhance that brokerage service? This kind of levy, which feels like a step forward, is then left entirely to the two parties, who are expected just to get on with it. It is clearly not working, is it? Would you agree across the piece that there needs to be an honest broker role between the two parties?

Kevin Rowan: Any system that does not have a critical loop runs a risk of breaking down. There isn't a critical loop in the oversight of quality or regulation. There isn't a critical loop in providing people with the right kind of advice and guidance to choose the right kind of apprenticeship for them, and there isn't a critical loop in the additional support that people with particular need for that support require.

I absolutely agree on whether a brokerage or regulatory regime change needed—I think the evidence would suggest that it is. On whether it is right to use the levy money for that, I am very keen to see the levy money used to support apprenticeships and to pay for apprenticeship provision, but I certainly think there is a case for the kind of service and support that you identify.

Q80 **Trudy Harrison:** I would like to examine the extent to which you feel Government and employers share the same idea of a quality apprenticeship.

Tim Thomas: Yes, at one level. I think what blurs it is the target of 3 million quality apprenticeships.

Trudy Harrison: I really want to examine the point rather than get a simple yes or no. To what extent do the Government and business share the view of a high-quality apprenticeship, and how do they differ?

Tim Thomas: I think it is shared to about the level of 50%, because the quality apprenticeship that we are talking about on this side of the table is going to take a lot more than £27,000, which is the top cap for a high-quality apprenticeship. I have a member that spent £136,000 on a gold-star apprenticeship. That is right at the top end of the scale.

Q81 **Trudy Harrison:** We were with a company yesterday who estimated that cost to be £250,000.

Tim Thomas: Yes. That is quality training, and that is what we should be aspiring to, but the reality is—we have alluded to the levy—that if you spread that jam too thin you are not going to get a quality product. If we are going to go for 3 million and that is the objective of the exercise, we are not going to get what we are talking about as a quality product.

Q82 **Chair:** What do you think of the 20% off-the-job training? Do you think that is a good amount, not a good amount? More, less?

Tim Thomas: It is a crude metric, because we have already highlighted the issue of younger apprentices, and there are things we can make employers do—if you employ someone at that age then you should be required to provide pastoral care. You should be required to provide a safeguarding line. You should be required, as you are already, to provide a commitment statement.

Q83 **Chair:** Could keep your answers concise—should it be less or more? Should there be off-the-job training?

Tim Thomas: At that age, yes, at least 20% of it should be off-the-job training. In our sector it is a year off the job. At another level, if you are talking of a 45-year-old senior manager, and they are going to do a piece of apprenticeship training to take them to the next level, I am struggling to see why they need the same level of protection and why 20% is required for them.

Q84 **Chair:** It should be flexible depending on age?

Tim Thomas: Indeed.

Jane Gratton: It should be determined by the employer on a standard by standard basis.

Q85 **Chair:** How do you then stop the employer saying they don't need any training, or 20%, meaning that it is just cheap labour and they are not giving the proper training?

Jane Gratton: One of the large retail manufacturers I was speaking to just the other day was saying, "This one-size-fits-all doesn't work. It doesn't necessarily need to be a 12-month apprenticeship." I am answering your question about whether we are talking about the same things. Are Government and business talking about the same thing? Different employers in different sectors have different needs, a variety of needs, and the system needs to be flexible enough to meet everybody's needs.

Q86 **Chair:** I remember asking a hotel if they had any apprentices and they said, "Oh, yes, we have had a few people in for a few weeks over the summer", and they thought that was an apprenticeship. If you don't have proper guidelines and proper training, where they can do maths and English, it goes back to those bad days when people were describing those kinds of things as apprenticeships.

Jane Gratton: The employers who are involved in working with the IFA in creating the standards should be able to set what percentage of off-the-job training is required.

Q87 **Chair:** It depends on the standard?

Jane Gratton: Yes, on the sector and on a standard by standard basis.

Paul Devoy: I would just build on the point about the standards. The standard is the important part of it, because that defines what good looks like in the training. Then that is signed off by the IFA, so that should give you the quality assurance on what is required, and it should feed off that.

Kevin Rowan: When we have so many apprentices receiving no training at all, it is important to have a minimum standard and a minimum quality standard, and 20% off-the-job training leading to a qualification that is transferrable is a pretty good benchmark.

Q88 **Chair:** I have more sympathy with what you are saying, because my concern is that there will be too much gaming and not enough actual doing in terms of training, and it would be very confusing for employers, because one person would be on 20% on one standard and another would be on 10% or whatever it may be.

Paul Devoy: If you have a permissive approach to apprenticeships and you define apprenticeships quite widely, they have a wide range of skills. I remember in Scotland an apprenticeship was only level 3 and above 10 to 15 years ago. When you widen it out to relatively lower-skilled jobs, you then need to make sure that what you are requiring in terms of training matches the level of skills required, so that is what makes it hard to be prescriptive about what the minimum is. But some sort of minimum I think, Robert, is right to make sure it is not gamed.

Jane Gratton: If you look at a business or management apprenticeship at the very early stages of a business administration, you might need more than 20% off. You might need more than you would at a higher level, so a senior manager who is doing a higher-level degree apprenticeship or master's apprenticeship might not need 20% off the job, but you might do when you are coming in at the earlier stages of the apprenticeship. It is about letting the employers decide, when they are designing the standards, what is required at each stage.

Q89 **Trudy Harrison:** There seems to be a generational difference. When we speak to people perhaps my age and younger, there is a poorer view of apprenticeships compared to when you speak with people who are older and experienced the previous system. Is it a case of perhaps looking back to see what worked well then, rather than always thinking of reinventing the wheel, when productivity was at a high and apprenticeships were highly regarded in the various industries? Are we missing a trick in not looking back?

Kevin Rowan: If you look at even just the last 10 years the investment in training across the board has declined, participation in training across the board has declined, productivity has declined and wages have declined, so I think there are clear lessons to learn there. We seem to have shifted much of the responsibility for that investment in training and development from employers to individuals, and at the moment the system isn't delivering the kind of outcomes that we want. I think the apprenticeship levy is the right way in principle to try to buck some of that up, but, as colleagues have noted, it isn't necessarily being implemented in a way that means it delivers the maximum return on that investment. It can be, and I think it is the right thing to do, but there are some tweaks that we still need.

Q90 **Ian Mearns:** I am concerned about the young people at the margins who seem to be getting a bad deal out of this. We have a lot of responsible employers doing a lot of good things, conducting their apprenticeships in the correct way, yet we have a wild west element out there where there are some employers who basically see an apprenticeship model as an excuse to pay low pay and not provide any quality training that leads to any benefit for the young person in the jobs market into the future. What are we going to do about regulating that, and what needs to be done by Government in order to sort that out?

Tim Thomas: I can give you a fairly blunt answer that you might not be expecting: just make the employers pay. We pay, quite frankly, and we pay a lot. You indicated that you have been with employers that pay more than £200,000 to train an apprentice. If you pay, then you are likely to value the individual, quite frankly, because at the end of the day you want the individual to be well trained. It may be that with the sort of people that you are talking about, that just should not be an apprenticeship, and that contaminates the system, which goes to the point you made about looking back. It may be that, when we talk about apprenticeships, we should not be talking about that sort of behaviour, and apprenticeships should be the sort of things that we are describing at this end of the table where you have quality markers, it is long-term, there is a lot of employer investment and a there is lot of gain for the individual. What you are describing, I would say, is at the margins just not an apprenticeship or should not be an apprenticeship.

Kevin Rowan: I would agree with Tim absolutely. A lot of things are called apprenticeships, but if we went through that list we came up with at the start of the session they would not qualify as apprenticeships. So we should not call them that, and employers should not be able to get the recovery of their apprenticeship levy if they are providing that kind of apprenticeship.

But there is an underlying problem in that there is a lack of enforcement against abuse in the labour market across the board. Apprenticeship abuse is probably one of the worst extremes of it and one of the least regulated and least enforced. There is a problem about labour market enforcement generally, and I echo Tim’s point that we should not call these apprenticeships if they are not apprenticeships and employers should not get their money back.

Ian Mearns: Jane, what about from your perspective?

Jane Gratton: I think generally it is important that we get a coherent and stable skills system. We started off this morning saying that employers value something that they understand and have confidence in investing in because they know it is here for the long term. So the first thing would be, once we have this new skills system right, let’s change it in a small way if we really have to, but let’s not get rid of one thing and bring in a new thing, because the constant chopping and changing over recent years has led to less business investment and less confidence in the system

So first, we make a plea for stability and, secondly, a plea for ensuring that Ofsted has a strong role in regulating, inspecting and maintaining quality. Again, in terms of who will pass the apprenticeship, Ofsted needs to make sure all these things have been achieved: that the learners have the experience, that the employer has played their part, that the training provider has provided up-to-date information so that they have a grasp of where the industry is now, and that they have the right resources and materials so the young person is training in the things that are relevant now and future-proofed as well wherever they can be. So it is about making sure that Ofsted is properly resourced and has a good relationship with employers, and that the system is stable.

Q91 **James Frith:** To that end, the Institute apprenticeships, do you think it is worth keeping? Is it doing its job?

Jane Gratton: The institute is working with employers. They understand that the standards need to be reflective of the needs of employers—small, medium and large employers. In terms of the business view on this, we would like to see a bit more pace, because we have levy money to spend and in some cases we don't have a standard or an employment assessment in place.

Q92 **Chair:** Is it your feeling that the standards are still taking too long to be gone through?

Jane Gratton: Yes.

Q93 **Chair:** Has it improved since they have been on show, or is it the same?

Jane Gratton: It is getting better, but we still would like to see a little bit more pace in there. I think employers want to have their time and their input and their resource maximised, so again it is about making sure the systems the IFA has are as efficient as they possibly can be so that business views are heard in a timely way.

Q94 **Chair:** Unionlearn, in my own view, has been a great success, and I am glad that, as I understand it, it is still being funded properly. Could you just explain what you have done? It is in essence a very good-quality provider and is trusted by its members for how it helps those from disadvantaged backgrounds.

Kevin Rowan: Thank you for your comments about Unionlearn. It continues to be a huge success, with over a quarter of a million learners a year who otherwise would not participate in learning. There are other things we do; Unionlearn is principally focused on learners from the lower end of skills, people who have not participated in learning often for a generation or have been in work for some time. What union learning reps do—union reps who specialise in providing support for learners—is provide some initial mentoring coaching, the kind of thing we were talking about for people with particular circumstantial needs, provide a bit of advice and guidance, and broker learning with their employer or provider to focus on the individual needs of that particular learner and continue to support them through their learner journey.

They negotiate with employers to provide the right kind of environment in the workplace for them to continue learning, and all the evidence suggests that with that right kind of support in the right kind of environment people do not just learn once. They continue to learn throughout their employment and develop a real culture of lifelong learning. They end up with better progression at work. Social mobility is a real beneficial outcome for them as individuals, and lots of employers and organisations say it is good for the business too. It is about that individual support for the learner, couched in creating an environment in the workplace where learning can continue.

Q95 **Chair:** Could it be replicated so that alongside FE you have not-for-profit? The advantage of Unionlearn is particularly that you are trusted by the members, so they don’t have to worry and there is a level of trust you would not necessarily have with other providers. Could you replicate it, or should you just grow bigger?

Kevin Rowan: We work with providers rather than act as a provider ourselves, so certainly there is opportunity to expand that and increase that. The opportunities for growth come from increasing our partnerships with employers, to be honest. We reach thousands and thousands of employers every year, but it is probably the tip of the iceberg; quarter of a million learners, when we need 10 or 20 times that many.

Q96 **Chair:** If I could ask one final question to Paul, we talked a bit about the stick for employers not doing the right thing. The national living wage campaign was incredibly successful in changing the climate without the stick, but it changed the climate so much that companies wanted to get on board to offer their employees a living wage, and then the Government offered a living wage as well. How can Investors in People play a part in that in offering a carrot to companies to improve the quality of apprenticeship training?

Paul Devoy: I think what we can do is to provide a standard that describes all the good-quality elements of an apprenticeship that the four of us described at the beginning of this session, and then give employers the recognition to meet that standard just like the living wage has done and just like Investors in People has done for 27 years. I think there is a gap there on apprenticeships. That would send a signal to parents about who a good employer is. Something like 42% of prospective apprentices have no idea what a good employer looks like, so it would provide a signal into the market about who the good employers are.

It would help with some of the things James was talking about—signalling to stakeholders that this is a good employer and they are a lower risk in potentially contracting with them. Also, for employers, it would provide them with a standard of what good looks like for them to work towards, and they could give the apprentices a voice inside their organisation so that they can then feed back about how well that employer is doing, and the apprentice can suggest improvements etc. So something along the lines of what IIP and the living wage have done in the past, a voluntary approach, would be very powerful, and we are talking to DfE about that at the moment.

Q97 **Chair:** Are they supportive?

Paul Devoy: Yes, as are the Institute for Apprenticeships and Ofsted. They have all said they would like to progress with something like this.

Q98 **Emma Hardy:** You talked a lot about regulation and the need for more regulation. What would that look like? If you could magic up a perfect system, what would you want to see to stop the abuses we have mentioned before?

Kevin Rowan: The best regulation takes place when there are social partnerships, so I would like to see a social partnership approach to institutional regulation of both employment and apprenticeships.

Q99 **Emma Hardy:** Does anyone else want to comment on what good regulation looks like?

Tim Thomas: The best regulation is regulation that is complied with voluntarily, to be honest, because yes, you can have all the enforcement you like, but the best thing is if you have employers valuing the product and doing it naturally. The point we have come to at this end of the table is that we have a view of apprenticeships that are high-quality and if you are only incentivising that through the funding system, we are not going to have what you are describing because an employer doing what you described just will not get paid. They won't get any funding for that, and they won't have a national minimum wage level that they can take advantage of.

Chair: Thank you very much. It has been an excellent session and we have learned a lot. We look forward to working with you. Thank you.