

Education Committee

Oral evidence: [Quality of apprenticeships and skills training](#), HC 344

Tuesday 17 April 2018

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Members present: Robert Halfon (Chair); Lucy Allan; Michelle Donelan; James Frith; Emma Hardy; Trudy Harrison; Ian Mearns; Lucy Powell; Thelma Walker; William Wragg.

Questions 181 - 220

Witnesses

[I:](#) Mark Dawe, Chief Executive, Association of Employment and Learning Providers, Andrée Deane-Barron, Group Education and Central Skills Director, Central YMCA, and Petra Wilton, Director of Strategy and External Affairs, Chartered Management Institute.

Written evidence from witnesses:

- [Association of Employment and Learning Providers](#)
- [Central YMCA](#)
- [Chartered Management Institute](#)

Examination of witnesses

Witnesses: Mark Dawe, Andrée Deane-Barron and Petra Wilton.

Chair: Thank you very much for coming today. Just for the benefit of the tape and those watching on the internet and on Parliament TV, can you kindly give your names and positions from my left to right?

Mark Dawe: Mark Dawe. I am the Chief Executive of the Association of Employment and Learning Providers.

Andrée Deane-Barron: I am Andrée Deane-Barron, and I am Group Education and Skills Director of Central YMCA.

Petra Wilton: I am Petra Wilton, Director of Strategy and External Affairs at the Chartered Management Institute.

Q181 **Trudy Harrison:** I am the co-chair of the Apprenticeship Delivery Board, to declare my interest there, and also an apprenticeship ambassador, so it will come as no surprise to know that I am an incredible supporter of apprenticeships, particularly to continue the legacy of world-class skills that we have in this country. Successive Governments have attempted to improve the quality of apprenticeships, certainly over the last 20 years. What I would like from you is: what is the problem that we are trying to solve, and to what extent are we succeeding in improving the quality of apprenticeships?

Mark Dawe: I would agree. I think apprenticeships are fantastic, and the policy overall is fantastic. We have more funding and an approach to delivering apprenticeships around standards, which is more about training than just assessing, and that is a major shift. Also the involvement of employers in the design of apprenticeships is really significant as well because they have some skin in the game and they cannot sit there and say, "This is not what we want", because they have been involved in it.

On a lot of the delivery at the moment, as the Chief Inspector said last week, four out of five new apprenticeships are getting good or outstanding delivery, so we are already seeing some really positive impact. Many of the challenges that we as an organisation put forward are very much about the transition and not messing up what could be a really excellent policy. We do have some concerns around quality and the approaches, but overall we think it is a great shift, and our providers are often waiting for standards to come through because they want to get on with those, and it is a very positive outlook.

Q182 **Trudy Harrison:** If I could just push you a little bit more, what makes an apprenticeship high quality?

Mark Dawe: The key thing about an apprenticeship is it is a job. A lot of discussion is about whether we should have a UCAS system or whatever. It is very hard to have that when you are applying for a job and you need that interview, basically, with your employer. Whatever the role, whether

it is level 2, level 7, it is a job. You are either in it or you are getting a job. Then you are learning while on the job through not only developing knowledge, skills and behaviour away from the productive time, but then applying it and learning while on the job as well.

All the feedback we get, again from every level, is that combination is the most powerful way of learning skills, particularly in the vocational sectors, particularly in the trades. If you talk to some of the degree apprentices now and some of the sectors like the engineering sector, we are hearing them say, "We are going to shift from graduate recruitment to apprenticeship recruitment because this is the way to learn the skills that we need for the future". That is the power. It is combining that work experience constantly with the development of knowledge, skills and behaviour.

Andrée Deane-Barron: I would agree completely with Mark, and I think the most important thing is the progression pathways for apprenticeships and pre-apprenticeship provision—getting young people work-ready, apprenticeship-ready, is vitally important. That is from level 2, and some of the retail and customer service and business admin sectors that are so harshly knocked by the press currently, right up to degree-level apprenticeships. Those progression pathways are crucial, and the work-related experience is crucial as well.

I would say, with the reforms that are still bedding in—and we welcome them wholeheartedly at Central YMCA—we are not entirely sure what the quality assurance mechanism is at the moment. We are not sure what the role of Ofsted is for quality assuring the delivery or in fact the range of external quality assurers of endpoint assessments. That seems to be something that needs to be sorted out and agreed between Ofqual and a variety of other lead bodies. There is a little way to go yet in understanding.

We know at Central YMCA what we feel is a quality apprenticeship and a qualitative outcome, but it is how that process is quality assured. There is still room for discussion.

Q183 **Trudy Harrison:** The actual evaluation of quality you feel is some way off?

Andrée Deane-Barron: Yes, I do think that that is some way off. If there are a number of bodies to be involved in this at the IFA and Ofsted and Ofqual and other lead bodies, there is some room there for quality to fall down some cracks or to not be consistent or transparent across sectors and across the country.

Q184 **Ian Mearns:** Given the importance of those caveats, how can you wholeheartedly welcome the changes? Those caveats are so very important.

Andrée Deane-Barron: They are, but there are many aspects of the reforms that we wholeheartedly support, particularly in terms of the levy and of employers taking responsibility for their employees and their

career development. Also, the focus on quality outcomes is welcome, whatever shape that takes eventually in terms of its monitoring.

Q185 **Trudy Harrison:** Petra, if I could just ask you, what makes a high-quality apprenticeship?

Petra Wilton: I would also agree with a lot of comments previously, but also, in terms of the quality, we are looking at the outcomes. We have been working with management and leadership apprenticeships, which is now over 5,000. Seeing the quality is meeting the apprentices, so a key thing for us is looking at it from a learner perspective and the apprentices themselves. We are looking fundamentally at four quality measures, which is the learner experience, which is satisfaction and value for money that they are getting as learners. The learner gain should be measured so that you are seeing that they are gaining the knowledge, skills and behaviours that are set in the standards that have been developed by the employers, and fundamentally the learner outcomes for us. It is around employability, the pathways to progression, that ladder of opportunity, so there is an outcome that is measured.

Fundamentally, it is also then about impact, which we often lose sight of, which is also measurable in terms of the impact in the workplace. In terms of particularly management and leadership, the links through to productivity. Just last week there was a new ONS survey published showing that just a small increase in management effectiveness and practices would lead to a nine-point gain in productivity. We often lose sight of the point of the levy and the purpose, which is: how do we drive productivity, social mobility and the twofold objective? Surely a quality apprenticeship is one that is doing that in terms of really driving the impact back to the economy, as well as also supporting the learner in their journey and progression.

Q186 **Chair:** Before I pass on to Lucy, how do you feel the development of standards is going?

Mark Dawe: Answering Ian's point as well, the biggest threat for me to quality is the IFA at the moment. It is refusing to listen to Ofsted. Ofsted will say, "20% off the job is not a quality measure". Amanda Spielman and Paul Joyce have said that. That is being ignored. It is refusing to use the expertise of Ofqual in terms of reviewing endpoint assessment. It is not using Ofqual as the EQA. We are starting to hear what some of our EPA members are calling "horror stories" around the EQA processes that they are being asked to do. Basically, EQA is meant to review the quality of EPAs. It sounds like they are trying to redo the EPA themselves again, the volume of work they are putting in, and this is being multiplied 40 times over in the EQAs. We now have reports of employers saying, "What on earth is going on? We have one EQA organisation demanding this information from us, and another one demanding this". That is a mess, to be honest, and it is one of those things where the words "car crash" are relevant.

Q187 **Chair:** I am talking specifically about standards.

Mark Dawe: The standards include the assessment.

Chair: I understand that.

Mark Dawe: We presented about four or five months ago a review of the 120 standards that were available and their assessment and gave a view on where they were going to work and where they were not. It has been silence from IFA ever since we put it—

Q188 **Chair:** The rollout, and in terms of them replacing the frameworks—

Mark Dawe: Too slow. Too slow. We have members who are desperate to move to standards. As you know, the framework funding has been slashed. Many of them were saying, “We will keep going for 12 months, even though we are going to make a loss on these frameworks because we know the standards are coming”. They are now saying, “We can’t deliver these frameworks anymore”. We have employers, and particularly higher-education institutes who are members of ours, saying, “We want to start delivering but there are no standards to deliver”, and there was not a framework in the first place. The “faster, better” is very welcome, but we are not seeing it. The FE standard has taken four years and is still not approved, and that is our own sector’s standard, and now they are being told to go back to 2015 version because they quite like that. That was three years ago. It is a real problem.

For this to work and to have quality, the IFA needs to be operating effectively and—

Q189 **Chair:** Is it all right to call you by your first name, by the way?

Andrée Deane-Barron: Andrée. Yes.

Chair: Thank you.

Andrée Deane-Barron: Yes. One of the reasons that we have not used anywhere near our apprenticeship levy is that the standards we would like to deliver are not ready. I would agree with the time lapse, and certainly standards without assessment plans are still common.

For us, one particular barrier is that about 50% of our apprenticeship delivery is in health and social care, and the frameworks are just not realistic in terms of funding to deliver. We just cannot make it work and we have to subsidise that heavily. Even with the standard now in healthcare support worker at about £1,500 a young person, it is just impossible. Given the current focus on health and social care and its importance, I think that is a failure.

Petra Wilton: From our experience, I worked with a trailblazer group. There are now four successful standards that went through. The fastest was the chartered manager degree apprenticeship in six months from approval of being able to develop that standard. It can be done in terms of where you have a really strong employer demand and a strong employer group working with the supply side too so that it is creating something that has the buy-in of the sector. I would also concur that we

have had a lot of feedback from other employers that other standards are more technical and specific ones have taken a long time to come through.

Quite rightly, the IFA is pushing back on some of the really specific standards to say you can use generic standards, such as some of the broader general management standards, which can then be contextualised because they are delivered in the workplace. For example, hospitality was looking for a degree standard in hospitality management, which got pushed back to say you can use the degree that already exists in management and then you can contextualise it through that work-based delivery. I think the IFA is pushing back to say there are some standards you can use, rather than creating a huge plethora, which could potentially be an issue.

Q190 Lucy Powell: Building on that a little bit—some of those questions—I think we would all agree that the intent with the drive for more quality apprenticeships is a really good policy objective. What we are trying to do is get into the detail of how that is working. There has been publicity recently of a fall in the number of apprenticeships being offered, and I know, when I came into the YMCA training centre, that was something that we discussed. Would you say that the standards and the slow process that you have all described there is part of that driver about it being more difficult for small businesses now, who had maybe previously offered apprenticeships, to access?

Mark Dawe: It is a contributing factor, absolutely.

Q191 Lucy Powell: The standards are?

Mark Dawe: The standards are, and the funding of the standards is a key point—that health and social care point. Again, there seems to be a belief that engineers should get £9,000 but health workers should only get £1,500. Where has that come from? If we were given £9,000 to train health workers, what an amazing system we would have. There is a historic problem there. If there is this genuine drive for off-the-job training, then it has to be funded, and at £1,500 there is not a chance that you are going to get that in the time that is being allocated. There is a real issue there.

The levy-payers are taking their time to pick up, either because it is new to them or the standards are not available. There are issues there. The bigger issue is the procurement process for the non-levy, which was disastrous. I say that; many got through, but we see really good providers who did not get through, and shell companies who did. If you just look at the two ends, something went wrong. We have providers who put in the same application because they had two organisations; one got through and one didn't. That was a very poor process and has caused enormous problems. About 200 good and outstanding providers have been knocked out, which is disastrous.

There is a textile provider, only one of two in the country, who was up for an Apprenticeship Award the other week and they did not get a contract.

They are now going around trying to get a sub-contract and are being asked to pay 30%. That is not right.

We have a real problem in the non-levy world where those relationships that existed are being destroyed. Add the 10% funding to SMEs on top and it is wiping out whole sectors. As a transition at least, we are saying get those 200 providers back into delivery. For the 10%, at least for the under-25s doing the lower level 2 and level 3, make it free until this is sorted out because that will get things going again. It is a simple thing to do and would make an enormous difference.

Lucy Powell: That is great, really helpful.

Andrée Deane-Barron: Obviously I cannot talk with the breadth of experience that Mark has running the membership association, only on behalf of Central YMCA. We were successful in that tender, although it was horrendous to go through. The last-minute request for different information on a different table caused a whole weekend of additional work. However, we were lucky and we got more or less what we asked for.

I would say that the complications of these funding contracts is absolutely horrendous and requires several staff and a big resource to manage it. We have four separate contracts at the moment, interim and current and levy and non-levy. The ESFA seems to send notification of changes that you have to trawl the whole 32-page contract for on a Friday at 5 pm. Managing the funding contracts alone does distract from the delivery of the apprenticeship in itself.

Q192 **Lucy Powell:** Is that the main contributor to the drop that you see?

Andrée Deane-Barron: On the contributor to the drop in starts with 80% SMEs and with the co-finance model in areas like childcare and social care, it is very difficult for small employers to undertake that contribution. When they do, when it is explained to them and sold correctly, we are noticing an increase in retention of those apprenticeships. That is telling. It is very encouraging to see that with employer engagement those learners are staying on programme and achieving.

Petra Wilton: I agree with Mark's comments on the SME complications. We are aware of that and are working with providers that are having those issues. Likewise, we fully support the call for under-25s to have full access to fully funded provision through non-levy providers rather than have that 10% top-up.

We have surveyed managers around why there is the drop. We have seen that there is a big time lag in terms of adjusting to the system. Employers want to do the right thing. A lot are spending at least 10 to 11 months getting the systems to align, to understand where the skills gaps are, which are the right apprenticeships to do and how to set it up properly. There is a big set-up investment that employers are doing. They now have a two-year time to spend their levy so they are taking

that time to get it right. That is an encouraging sign. Over 40% are saying yes, they are seeing numbers likely to shoot up next year. A lack of awareness is a big issue, as was also mentioned.

Q193 **Lucy Powell:** This is a follow-up with Mark on the point about contracting. As constituency MPs we have probably all seen some of those examples you describe. You mentioned this thing about shell companies. I have come across an example like that, which I think is on the verge of collapse, probably having not paid on the money to the providers it has subcontracted to, even though it has been in receipt of the money. Do you think we are looking at a small-scale Carillion-style collapse of some of these shell companies or is it not as bad as that?

Mark Dawe: There are a number of different elements here. The shell companies I was describing are ones that were set up for the tender process and have been sold with their contracts. They had no history and were given equal status to someone who has been delivering—

Q194 **Chair:** You would not object to new entrants?

Mark Dawe: Absolutely not.

Chair: You always say we should have new entrants in the system.

Mark Dawe: What went wrong was an attempt to do a procurement that covered everything. It disadvantaged those who had a long track record and did not take any account of volume or success in track record. At the same time it brought in people who had done nothing before, not even subcontracting, who were given big contracts with no history. It was all words and no evidence. I absolutely support new providers coming in. A lot of employers have come in. A lot of those employers are looking to work with our established providers as subcontractors so there is a good relationship there and the right organisations doing the right part of the delivery. We fully support it, but it could have been done in a way that ensured that existing providers who did a good job got contracts and those new ones had the opportunity if they proved themselves.

Q195 **James Frith:** Do you support an appeals process for those that were unsuccessful—

Lucy Powell: He said re-establish them all.

James Frith: —new employers trying to get in to become contractors? The response I have had from ESFA on behalf of one of my employers trying to do exactly that with a proven track record is, “They can complain but we have no official appeal process. We would encourage them to subcontract or have a look later in the year.” To your point, a huge amount of work has gone into this and they are disappointed, to say the least.

Mark Dawe: It is shocking. We get all this pressure around subcontracting with ESFA saying, “subcontract”. In the HE sector you prove yourself initially with a small level of delivery and then become bigger and bigger. There is no appeal unless you think it has assessed you wrongly. There is nothing there to make it work.

We fully support new providers but we also want to make very sure that we are not all tainted by the situation you have described where some poor provider comes in, gets loads of money, dishes it all out to others who do a really poor-quality job and then the headline is, "Providers are doing a poor apprenticeship job". None of us wants that. Controls are not in place on the IFA quality side or on the funding side to make sure that does not happen at the moment, and that is our real fear.

Lucy Powell: In my case they have not dished the money out, which is the problem. They have taken it, not passed it on and then are collapsing. I have written to the Minister about that.

Q196 **James Frith:** The idea of an appeal process, would you support that?

Mark Dawe: To have a decent process where the window is open all the time to get on the register, so that if someone wanted to come in and said, "Right, what do we have to do?" and they do the application process. If they fail, it is highlighted, "You failed on these points". A month later they can readjust that and put it in. Rather than going through the pain of appeal, why not have it open for people to get on when they meet the criteria?

Q197 **James Frith:** On funding, do you think the current system encourages high-quality provision? The report published by Reform, a centre-right organisation—it is not a party political comment on its part by any means—is critical of the Government's drop of 40% engaged and this real issue of rebadging of low-skill short courses by employers that are then taking money out of the system. It believes this rebadging exercise costs the whole scheme up to £600 million a year. Do you see evidence of that, and how do we counter it? That jars, doesn't it, when you have experience of other employers trying to get in that do not even get to appeal being turned down?

Mark Dawe: I would describe that as outdated elitist snobbery myself. They describe food and drink, office administration and customer services as these sectors. Eighty per cent of this country is the service sector. Some of the key roles we have in this country are in the service sector. When Brexit happens, we will need even more skills in that sector.

It is this view that everyone should be level 3 or 4 and that everyone can do that. You can look at what comes out of schools and the lack of level 2 in schools. We need strong level 2s. This view that it is not a proper apprenticeship without proper knowledge, skills and behaviour is outrageous. That is what they are building on. They are saying, "We think level 4 is lovely in these manufacturing and engineering sectors, but if it is the service sector they just need a bit of training and they will be fine". It is a master-servant type view of the world, isn't it?

Q198 **James Frith:** You do not think rebadging is an issue?

Mark Dawe: There will always be issues. There are always the exceptions. That is why you want a quality system, with a proper inspection system that is looking at what is going on in the workplace as well as any off-the-job training, with proper assessment that assesses

what is meant to be done, rather than it all being shoved at the end and not assessing in a reliable and valid way. If you have that in place then these problems will be picked up immediately.

Q199 **Chair:** Replying to what it is saying about thousands of apprentices not being proper apprenticeships, you totally reject what it has said?

Mark Dawe: I am rejecting the volume it has said. As I said, there will always be exceptions. It talked about using international examples where it was work-based learning vocation for intermediate skills. Why are we looking internationally when we lead the way in education and skills in so many different places? We are talking about a job where knowledge, skills and behaviour is defined by the employers. With proper input from delivery and assessment we have a really strong standard. These employers have defined these standards. The IFA has approved them. If Reform thinks they are not good enough then go and talk to the IFA and say, "Why have you approved these standards?" Go and talk to the employers and say, "These skills that you think you want are not skills you need really. You can just do that in a couple of days."

Q200 **Chair:** I agree completely with what you have just said. The other point it makes is that there is not enough progression in terms of people starting at level 2, then level 3 and level 4, going up a delivery level. Can I ask all the panel about that?

Petra Wilton: It is completely outdated thinking. It is criticising both ends of the spectrum. It also criticises management apprenticeships significantly and the fact it goes through to degree: "even MBAs at Cranfield" is a direct quote from the report. That is the progression we want. We want anyone to be able to progress from a level 2 apprenticeship all the way up to those top levels. We want it to be aspirational and provide that real ladder of opportunity. We want that progression. We are seeing that. Some of the chartered manager degree apprentices have already done a level 3 or level 4 apprenticeship and are now going on and seeing that progression route. They are gaining new skills and knowledge, which is the definition of an apprenticeship, in a work-based environment.

It is not simply rebadging. There are very few programmes, if any, which we have encountered that have been a corporate-sponsored degree that has then been rebadged as an apprenticeship. Most have had to be revalidated as degrees and have had to add a lot of behavioural and interpersonal skills, knowledge and behaviours that are not in pure academic degrees. Therefore it beds in and does the best of all worlds for the apprentices. It is not just a straight transfer of existing programmes. It is the new world of apprenticeships that the Reform report is refusing to acknowledge. It also misses that management is an occupation, which was accepted by Government and by employers. Employers are saying they have a huge management skills gap so it is directly addressing that. I agree: it is outdated elitist thinking.

Q201 **Ian Mearns:** I am aware of employers who use the smokescreen of an

apprenticeship badge to pay derisory levels of low pay, particularly to young workers, with very little in the way of training being done. Are you denying that happens?

Mark Dawe: I am not denying it happens. This is the whole reason we have Ofsted and the whole reason we need a robust inspection service that goes in and looks at these things, and almost a whistleblowing system where it is considered that is happening. We have no issue about exposing this.

However, we must be careful not to change the whole rules and everything else because of one or two pieces of bad practice. Over 90% of apprentices are paid above the apprenticeship minimum wage. The vast majority of employers treat them well and treat them in a way that is about them being a long-term employee.

Q202 **Ian Mearns:** Is Ofsted the only mechanism for stamping this out for the other 10%?

Mark Dawe: There are all sorts of methods of keeping an eye on what is going on. However, to me Ofsted is the Government's key regulator when it comes to delivery. You have the HE issue and who does that. My view is Ofsted should have an overarching view with input from OFS.

On progression as well, level 2—and sometimes level 3—is about giving particularly young people, but adults as well, the opportunity of gaining sustained and sustainable employment. It is employment that will last and give them enough money to live off, which is what we are looking for here. The IFA should be doing the job on progression. It should be looking at the standards. The first question should be, "Can you progress on from level 2 into this level 3? If not, one of them has to change." We have seen that.

Chair: We are pressed for time so if we can give slightly more concise answers. You wanted to say something, Andrée?

Andrée Deane-Barron: Obviously I did not agree with the snobbery about levels 2 and 3 in the Reform report, because 84% of the young people who come into Central YMCA are NEET. Their only access to apprenticeships is through levels 2 and 3, and they do progress.

The one thing I did agree with in that report was a call for Ofqual to be the only external quality assurer as opposed to the 40-odd that are being looked at, at the moment, in terms of lead bodies. We do have an award organisation at the YMCA called YMCA Awards that is Ofqual regulated and we are an EPAO-validated organisation. I welcome that recommendation.

Q203 **Chair:** We are going to move on to social mobility and social justice. Under the old system, £700 million was set aside for 16 to 18-year-olds. Now, of course, you do not have that same system although you do have incentives for smaller employers to employ 16 to 18-year-olds and extra money for providers. What is your assessment of the new system in terms of social justice and getting apprenticeships from disadvantaged

backgrounds and BAME?

Mark Dawe: I will try to be precise. In HE it is going to transform social justice. A lot of HE funding should be going towards degree apprenticeships. There should be a shift away from the full-time programme into degree apprenticeships. That is not taking any money away from universities because they are still getting paid for the delivery, but is shifting where it should go.

Q204 **Chair:** How would you shift the money? What would you do?

Mark Dawe: There is £10 billion a year going on fees for fulltime programmes. Why can't half of that be for degree apprenticeships?

Q205 **Chair:** Yes. Would you also use the Access Fund going to universities? That is something like £700 million.

Mark Dawe: Absolutely. HE get money where others fear to tread. HE got money to develop the apprenticeship standards. FE, the lower levels, did not. HE has enormous Access funding and phenomenal funding for its delivery. Why can't some of that be shifted into degree apprenticeships? That would then relieve the funding pressure on those lower-level apprenticeships, which is where we are seeing the faults.

Q206 **Chair:** Why do you think degree apprenticeships are such a ladder of opportunity for people from disadvantaged backgrounds?

Mark Dawe: They are free. You are in work and earning. When you ask the degree apprentices of even the large levy-paying employers, "Are you local?" most of them live locally. It is giving them HE locally and in work. At the end of it they are guaranteed a job, whereas over 50% of graduates who come out from university do not get a graduate-level job. There is enormous potential.

My fear is the middle classes will say, "Hang on, this is a great opportunity. We'll have some of that". We want equal access to everyone.

Q207 **Lucy Powell:** We are smirking because you are obviously speaking the Chair's language very, very strongly here. We have met a lot of degree-level apprentices as well. They are amazing and I definitely would push my eldest kid into doing that; he is the nearest to it.

We have seen that many of those who are on the apprenticeships needed an A in their A-level for maths or whatever to get an engineering one. Is that really the sort of social mobility you think it might be?

Mark Dawe: First of all, I do not think high grades necessarily differentiate between the social strata. However, even where it does a lot of these organisations are looking at different ways of assessing entrants. One of the large accounting firms was saying they ignore A-levels and do a different assessment that has given them a much wider pool. There are ways of making sure that does not happen. I went to visit Dyson and it is an amazing programme and incredible applications.

Lucy Powell: We saw that, yes.

Mark Dawe: The more the levy payers, in particular, move into that world, the more we are going to see the degree world transform. We need to facilitate that and not put up funding barriers. As I said, that is just one part.

It is the level 2 and level 3 that really worries me because everything is working against social mobility there at the moment. The disadvantage funding was removed and a new system put in that is way down. We have even the IFA chief executive saying, "It is great we have all these degree standards and less level 2 standards". There is this general shift towards the higher level when we should be focusing on making damn sure there are proper level 2 and level 3 standards in place with proper funding.

There is price negotiation. It is the only part of the education system where you negotiate price. Ofsted has said very clearly that funding affects quality and we are allowing people to negotiate the price down for delivery of apprenticeships. How can that be a quality system? I described it as the eBay of the education system. It is just not right.

Petra Wilton: In terms of social mobility, particularly for degree, where we have data we are seeing that it is ticking the boxes. In terms of the first cohorts of the chartered manager degree apprentices, 49% were under the age of 30, 52.5% were female and 51% were from what we can be described as socio-economic disadvantaged regions. The data is showing it is from a very broad range. The all-age process does mean it is improving the social mobility of those already in the workplace for those who did not get a degree the first time round. It is often overlooked, with the focus on young people, that some of the people doing these new degree programmes are mother-returners who have missed out on degrees the first time round. This is opening up their social mobility into careers they have never dreamt of, which are those wonderful case studies and examples.

We are also seeing those same sort of examples coming through at different levels to. Employers felt that team leader should be at level 3 rather than level 2. There was a big debate in the employer community around where you should start team leader. It was felt that in management you need to have enough experience, and maybe to have done a level 2 in customer service or business administration, and then go on to be a team leader at level 3. It was not decrying that level 2 or level 1 are very valuable apprenticeships. It was saying to be a manager of those doing level 2 or level 1 you ought to start at level 3 rather than level 2, and that was the debate that was led by employers.

Q208 **Chair:** The £60 million that goes to providers in disadvantaged areas to have disadvantaged apprentices: is that money well spent or could it be spent better?

Mark Dawe: You say £60 million but the system was changed and for every provider I have spoken to their funding has collapsed.

Andrée Deane-Barron: Ours specifically has. Funding is one barrier to social justice, without doubt. There is a vast difference between the bursaries we can access for those who live in disadvantaged postcodes as well as having particular needs. Local authorities expect a huge amount of resource to support those young people, with the difference between that low level of funding and education, health and care plans.

Those funding mechanisms are barriers and so is the English and maths GCSE condition of funding where functional skills would be more than adequate for level 2 and level 3. If the employers do not like the branding of "functional skills", maybe that should be called, "applied maths and applied English", or something more palatable. That condition of funding is definitely a barrier for level 2 and 3.

The big barrier we are finding at the moment in schools is that they are not universally implementing the Baker clause. We are not allowed in to illustrate what vocational education or training can provide those young people. We are still being selected certain pupils to talk to and that is appalling.

Petra Wilton: We would agree that awareness is one of the biggest barriers to social justice. It is the lack of awareness around what opportunities are now out there for apprenticeships. We did a survey last summer, about the time of results coming out, of degree apprenticeship awareness and 25% of the AB1 social classes were aware of them compared with only around 15% of lower socio-economic backgrounds. The idea of a middle-class grab because they are more aware is something we are aware of. We need to do far more within schools and also for allowing apprentices back into schools. Some of the ones we have spoken to have not been allowed back to talk to their former schools and that is outrageous.

Q209 **Chair:** Should more money go to traineeships to help those disadvantaged people, pre-apprenticeship-type things?

Andrée Deane-Barron: We have 15 learners on study programme and traineeships at the moment between 16 to 18-years-old. The progression of our traineeships is 100% this year into employment or apprenticeships. Those traineeships have proved to be a really valuable interim between study programme and apprenticeship. The young person comes in at entry level 3 and is not work ready. They may have failed successively in schools and colleges, they come to us and it is our job to get them employment ready. The traineeships have been a very valuable tool to use.

Mark Dawe: It is not funding that is causing a traineeship problem; it is the way the ESFA is implementing it. It is measuring qualification achievement when the policy is meant to be about progression. It is not flexible on the funding when it is available. Providers are dropping out of traineeships because they cannot make them run.

I want to pick up on English and maths because it is a key point. English and maths is a real problem. If you are on an apprenticeship you get half the funding for English and maths if you are on study programme or something else. I do not understand why that is the case. These are the neediest learners. Yes, when the employers look at CVs they look at GCSEs, but they complain about students with GCSEs. GCSE is a compensatory system. You could pass last summer with 15% marks in GCSE. You cannot pass functional skills with 15% marks. I have never heard an employer complain about the English and maths of an apprentice and they are all doing functional skills.

The funding rule needs to change and also the funding needs to double to give parity with everyone else in the system. Those who most need the help need English and maths. It is not part of the 20% so the employer is saying, "I have 20% off the job and I am going to have to release them for English and maths training" so there is a barrier there. Everything is working against those, particularly young people, who need the most help. We have put in a system that does not fund disadvantage in the way it used to and does not support those people who need the most help.

Q210 **Lucy Powell:** 50% of children do not pass their English and maths.

Mark Dawe: I know, yes. Functional skills makes it relevant because they are taught in a way that is relevant to the main programme they are doing. GCSE is not relevant, it is detached. It is a real challenge to try to teach GCSE in a relevant way. It does not work. It is a crazy policy.

Andrée Deane-Barron: It requires an amount of underpinning and didactically taught knowledge. Some of the young people we deal with have failed in that system in the past and we are setting them up to fail again. The funding for 16 to 19-year-old traineeships, which is what we utilise as an adjunct to study programme, is enough. It is generous, in fact, in many cases. For 19-plus most of our traineeship funding has to come through our AEB budget that has been colossally reduced, as is the case across the whole FE sector.

Lucy Powell: What is that?

Andrée Deane-Barron: The adult education budget.

Lucy Powell: Right. Thanks, sorry.

Mark Dawe: We are seeing a massive underspend in AEB because, again, the funding is giving the money to people who cannot then spend it and places like the YMCA are desperate for the money. The only way many of those organisations find a way of getting that cash is through subcontracting. At the moment money is being touted around. If you want the money you pay 30% or 40% because people are selling the funding. That cannot be right either.

Q211 **Lucy Allan:** One other point on barriers to access—the point is well made about English and maths—is that looked-after children may lose their housing benefit if they become apprentices. I wondered if that is an

example of the benefit system preventing the most disadvantaged from accessing what could be a great opportunity?

Chair: And the child benefit as well.

Andrée Deane-Barron: I have spoken to the Minister about the benefit system working against us and our families. They decide their young person cannot attend a study programme or traineeship because they are going to lose some of their benefits or the young person has a family, which is quite common, and they are going to lose some of their benefits. When I have spoken to the Minister she has said that is a law that is not up for negotiation so we have tended to stop bashing against it. It is a very real barrier, there is no doubt.

Lucy Allan: Outrageous if it means that children in care cannot do apprenticeships. We cannot have a system that prejudices a particular group that is most in need, it is crazy. Sorry, I'm preaching to the converted.

Q212 **Chair:** Would help with travel costs make a big difference?

Andrée Deane-Barron: It would make a big difference to those centres we have particularly in rural areas that have massive areas of disadvantage. We find particularly with pre-apprenticeship training and programmes that it is the face-to-face delivery that is effective and impacts on their achievement. To not be able to attend those sessions, even if they have appropriate technology, tends not to give motivation for those types of learners. It would be a big help.

Petra Wilton: It could be widened to support travel costs. That would be beneficial, yes.

Q213 **Chair:** With regard to the benefit system, in terms of the disadvantaged, the housing benefit and child benefit?

Petra Wilton: I would agree with the comments earlier. We should be providing more access and supporting people rather than discriminating on benefits.

Mark Dawe: The same issue has come up with traineeships. We had the battle of the 16-hour rule that—after three decades, I think—was relaxed. We still get reports of jobcentres locally applying it in different ways so there is a fight to get it sorted and to follow the new rules.

It is not just travel. Many of the individuals have to choose between paying for the bus and eating at lunchtime. They often have childcare and other issues. There is a hardship fund need for many of these individuals that has to be applied sensitively to each one.

Q214 **Chair:** The Learning and Work Institute suggests an apprentice premium that would work in a similar way to the pupil premium. What do you think of that?

Mark Dawe: In a way the disadvantage funding was like that because it was the 10% least well-off postcodes that got extra funding, which was

up to 50%. Then it was down to the provider to work with the individual to work out what support they needed. Rather than creating a separate system with lots of separate assessments, having a reasonably easy-to-operate system such as postcode—there is always going to be one very big mansion next to a very poor area and you have to take that—allows the provider to apply it at a local level to their learners.

Andrée Deane-Barron: You yourself, Chair, as Skills Minister, talked about introducing a social mobility fund to pilot some of these ideas. I attended that roundtable, which I thought would go somewhere. The Department now has continued with that task group, of which I am a member. It is talking about £2 million a year for two years and that, really, is not going to pilot anything. It could have been something we could have trialled and tested.

Q215 **Chair:** Under your proposal you would have a disadvantage fund. How would it be allocated? How would the apprentice get it? Would it go to the provider to give to the apprentice?

Andrée Deane-Barron: Yes, I feel that works best.

Chair: Is that right?

Mark Dawe: Yes, then you have a trail and some rationale for why the money has been given and what it is being used for.

Q216 **Chair:** That might be a better sell than trying to change the approach to benefits because the Treasury and the DWP will not move on the benefits issue, from my experience on this. That might be a better sell.

Petra Wilton: With the devolution agenda, it is also on a regional basis through the LEPs and some of the city authorities that there will be some funds. There are some pilot programmes where doing it on a local basis will make sense. That is one area, particularly with the SMEs, to try to raise awareness of what is available. We have been talking with both the FSB and Chambers of Commerce around how we collectively pick on a few regions to run some of those pilot programmes to help raise awareness. That could be another route.

Lucy Powell: We have just given free bus passes to everyone.

Chair: Yes, but that is to everybody.

Lucy Powell: Yes, 16 to 18-year-olds.

Q217 **Chair:** How much should the disadvantaged fund be, Mark, do you reckon?

Mark Dawe: £60 million, when it operated in the way it was operating, did a good job but there is always the next cohort that miss out.

Q218 **Chair:** That £60 million would better go as a disadvantage fund rather than to providers?

Mark Dawe: That disadvantage fund went to providers and then the providers used it accordingly.

Q219 **Chair:** That sum was just given to providers. Would you say that £60 million should be used as a disadvantage fund for the provider to give to the apprentice?

Mark Dawe: Yes, there is a mix. We need to look at the data about what has happened. A lot of our providers have lost hundreds of thousands in disadvantage funding, not to mention the support that is needed for some of these individuals on top of it. Providers are very clever at going to the local authorities and wherever else to try to pull together the bits of money but it is often not available where it is most needed. That is the challenge.

Q220 **Chair:** Also providers are very clever having you as the head of their trade organisation.

Mark Dawe: That is very kind of you.

Chair: Thank you very much, really excellent evidence from all of you. We really appreciate it.