



# Select Committee on Economic Affairs

## Corrected oral evidence: Employment and Covid-19

Tuesday 29 September 2020

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Members present: Lord Forsyth of Drumlean (The Chair); Baroness Bowles of Berkhamsted; Lord Burns; Viscount Chandos; Baroness Kingsmill; Lord Monks; Lord Skidelsky; Lord Stern of Brentford; Lord Tugendhat.

Evidence Session No. 8

Virtual Proceeding

Questions 58 - 64

### Witnesses

I: Professor Sandra McNally, Professor of Economics, University of Surrey; Professor Anne Green, Professor of Regional Economic Development, City-REDI, University of Birmingham; Stephen Evans, CEO, Learning and Work Institute.

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## Examination of witnesses

Professor Sandra McNally, Professor Anne Green and Stephen Evans.

Q58 **The Chair:** I welcome Professor McNally, who is a professor of economics at the University of Surrey, Professor Green, who is a professor of regional economic development at the University of Birmingham, and Stephen Evans, who is the CEO of the Learning and Work Institute.

I will ask the first question. Do not feel that you all have to pitch in to every question but, if you have a point to make, you are very welcome to make it.

My question is a very general one. Is there enough resource, capacity and funding in the skills and training system to help people adapt in the current crisis?

**Stephen Evans:** The short answer, I think, is no. We know that the UK skills base is significantly far behind that of many other countries, particularly at the intermediate skill level and in basic skills such as literacy, numeracy and digital.

Progress has somewhat stalled over the last 10 years or so, so we will be falling behind other countries if we are not careful. We need to invest more. We have suggested perhaps another £1.9 billion a year, which would bring investment in adult skills back to where it was in 2010. That could come from a mix of government funding and funding from the private sector and public sector. It does not all have to be taxpayer funded.

The second point I would make is we need to ensure that we get maximum value from all the resources that go into skills, which means a joined-up integrated system. At the moment it feels like it is quite fragmented, and that leaves people falling between the cracks.

People who need to retrain is a classic example of that. We have longer working lives and a changing global economy, and people will need to retrain and update their skills more often, yet our skills investment is skewed towards the younger age of the spectrum. We need more resource overall, and we need to think about how it is joined up, and how it can deliver for people throughout the age spectrum and in a set of different circumstances as well.

**The Chair:** One thing that came out of our report on further and higher education was that it was certainly apparent to the Committee that policies on adult training, further and higher education, careers guidance and apprenticeships were not sufficiently aligned. I do not know whether the other witnesses would like to pick up on those points that have been made.

**Professor Sandra McNally:** I will not repeat what Stephen has said, but will just say I agree with him.

May I take things back and remind the Committee that at the moment about 33%—a third—of people only have up to GCSE or equivalent as their highest qualification by age 25? A further 25% have up to A-levels—that is, an upper secondary type of qualification—as their highest level qualification by that age, and about 40% have tertiary education. There is quite a lot of work to do to try to improve the skills and education base.

People who have lower skills are very vulnerable to what is going on at the moment with Covid, because if they have not had any tertiary education their upper secondary education may have been very narrow. Whether they have done A-levels or a vocational qualification, it is quite narrow. It might be quite difficult to retrain to do something else. It affects young people and adults who have been through the system.

It is not very aligned in that it is very hard to see how to plan your future when you are a young person, if you are trying to think of your post-16 choices, and that choice is not an academic one. It is very hard to see where your level 2 or level 3 qualification will lead to in the future. It may be a deterrent to people making that choice to begin with.

The budget in further education has been squeezed because of austerity. The adult skills budget in particular has been really hammered. You can see that in the number of adult mature and part-time students at all levels has fallen massively over time.

There is a huge challenge and there is a lot of work to do in trying to invest in skills and education. I think it should be seen as an investment, as you would invest in R&D with a long-term return. It is not just about putting money into a big black hole, with no return. The economy will recoup it in the future, but it has to be done properly, and it should not be a short-term response at the absolute minimum cost. That is the wrong way to think about it.

**Professor Anne Green:** May I add to what Sandra said? I think the pathway, if you are going from A-levels to university and onwards, is much clearer than if you are leaving school at 16 and perhaps going to an FE college and do an apprenticeship. Your parents or friends might not know how that system works. I think the navigational difficulties are greater for some routes than others.

It is important that we do not lose hope. For example, some of the work that was done in the West Midlands on the local industrial strategy identified professional and business services as a growing sector in that area, and there has been a lot of work by employers, by further education and by universities to highlight the different routeways into that, and to work to get a more diverse intake into that sector.

I agree with what Stephen and Sandra have said, but I think there are good examples that we can point to of things that are happening, particularly where you get local partners, employers and providers working together.

**Q59** **Baroness Kingsmill:** The problem is great and it will get worse. Is the training and skills system capable of supporting a targeted approach? By targeted, I mean not only in the groups of people that skills training is offered to but, for example, on particular industrial or commercial sectors, or specific types of business, and geographically as well; one imagines that the mobility of people will be reduced with the Covid situation, so a local targeted approach is likely to be more successful. I would be interested to hear your views on that.

**Stephen Evans:** There is loads of really brilliant skills provision across the whole of the UK. The best apprenticeships are some of the best in the world. Where we do this well, we do it really well. I agree with Anne that there were some examples where you have more devolution coming, particularly to mayoral combined authorities, which I know Lord Heseltine talked about earlier, and they are starting to think about how they match the skills funding now devolved to them to some of their growth sectors or areas of focus. I think we are starting to get some examples of that.

You cannot do it all from central government, and we have a very centralised system still, despite some of the devolution that has happened so far. The challenge we have to meet is to ensure that it is targeted, whether that is geographically, sectorally, or whatever it happens to be, but not siloed. We need to join these things up. It feels to me that that does not automatically happen at local level, but it has more of a chance of happening at local level than perhaps at national level.

We need a lifelong learning strategy that sets out the different responsibilities and the focus we are trying to have in a national framework, but with local leadership to tailor things in some of the ways you have described.

**Baroness Kingsmill:** There is no point in simply training people for jobs that do not exist. There has to be a sense of adapting skills training to what is available, what can be done, and where people can find jobs.

**Stephen Evans:** That is why apprenticeships can be fantastic, because they are a job with training, so you are gaining skills relating to the work and career that you are focused on. If you look at sector-based work academies—a DWP scheme to link people to local jobs—or the US, where there is a system called WorkAdvance, you see that they tailor technical training to jobs that are available and coming up, and it is designed by employers. That employer link is critical, and it needs to happen at a national level for the framework and at a local level to match it to real jobs that people can do.

**Professor Anne Green:** Taking forward what Stephen has been saying about WorkAdvance in the US, what is interesting there is that it not only links to jobs in demand but it has intensive screening of the applicants who go on to the programme, so you have suitable people for suitable jobs, appropriate pre-employment and career readiness services; and you have a routeway through from one job to another job to another job

in that sector. Getting the supply and demand together in that way is important.

You have to think also about the capability of the system. We need to look at the key features of international examples where there are more resilient or capable systems. It is about having sustained and sufficient national government funding. It is about having the local capacity and expertise in place. It is about the strong local partnerships that we have been talking about and you have heard about from Lord Heseltine. It is also about ensuring that the local actors are accountable for what they are doing and work together in that way. I think we can learn internationally about some of the things that make a robust skills system.

**Professor Sandra McNally:** May I add a couple of things to what others have said?

I would say that you might need to think differently about young people and adults. As a young person coming through, it is quite important to have a broad education so that, when shocks come out of nowhere, they are able to respond effectively. We find that the people who are more likely and capable of doing training and retraining are those who already have a certain level of skills.

The other point I would like to make very briefly is that apprenticeships may not be the only way, or indeed the most appropriate way, to retrain the adult workforce.

**The Chair:** That is an important point.

Q60 **Viscount Chandos:** I would like to take the discussion on to the newly introduced Kickstart programme and how that fits with other measures including the apprenticeship scheme. There are a number of questions. Should the Kickstart scheme be integrated with apprenticeships? How do the financial incentives to take on apprentices combine with Kickstart? How effective over the short and medium term could these be?

**Professor Anne Green:** Looking at Kickstart and apprenticeships, in an ideal world a Kickstarter could use their time as a Kickstarter to gain experience and then become an apprentice, so you get that transition from one into the other. It is important that you do not have people having Kickstart placements rather than apprenticeships. That is one issue.

The quality of Kickstart placements is an important issue. They should not displace other jobs. We also need to ensure that they align with the opportunities in sectors that are growing in a local area, if that is possible, while embedding skills and learning into them.

As I understand it, the Kickstart scheme relates to people who might face disadvantage. They might not be ready for an apprenticeship at the time they go on the scheme. However, we know from things such as the Future Jobs Fund that having a "real job" for a period can be very important at the start of somebody's working life.

**Stephen Evans:** I agree with what Anne has said. Kickstart is really welcome. I think it will make a difference. When you are in a recession such as this, you have to invest to create opportunities, particularly in this recession where young people have been harder hit due to the nature of the sectors that we have had to shut down or constrain.

We know that a period out of work is really damaging for young people in the long term. Kickstart is really welcome. If you are in the DWP, you have a tension between wanting to create as many placements as possible so that as many young people as possible benefit, and needing to make them high quality, as Anne says, so that you get the long-term benefits, the training and the support. That risks setting a higher bar for employers and you might end up with fewer placements. There is a bit of a balance to be struck.

It is important we get that training alongside Kickstart and we get that quality of placement as well as the quantity. I would like to see more incentives for employers to take on people who have done a Kickstart placement as an apprentice once they have completed that placement.

That is part of the point about joining up the system. It feels a little like the DWP has created the Kickstart system, the Department for Education has introduced incentives for employers to take on apprenticeships, but we have not quite joined the two together to say, "How does creating this placement and helping people on to an apprenticeship work from a young person's perspective and an employer's perspective?" I think it is a good scheme, but we need more to join it up and to ensure that more young people go on to apprenticeships thereafter.

**The Chair:** Would you be able to elaborate in writing to the Committee on how you think that could be improved rather than us asking you to do it at length now? That would be very helpful.

**Stephen Evans:** I am very happy to do so, yes.

**The Chair:** Viscount Chandos, are you done?

**Viscount Chandos:** Unless Professor McNally has anything to add.

**Professor Sandra McNally:** I also agree that the Kickstart scheme is a very good idea, but I do not hold out much hope for the apprenticeship scheme because it is very like the apprenticeship grant for employers, which was not very successful.

Apprenticeships are basically jobs with some training, so while the economy is the way it is at the moment, unless things start to improve I cannot see many employers wanting to take on apprentices.

Q61 **Lord Burns:** Apart from the last question, we have spent quite a lot of time on addressing long-term proposals for improving skills. In the present crisis, how far should we be looking at those longer-term proposals, and perhaps accelerating them, and how far do we need emergency action?

What can we learn from other countries? To Stephen Evans in particular, are there comparable examples of job guarantee schemes in other countries that you looked at in preparation for designing some of your own proposals in this area?

May I shift you all towards immediate responses, which may be in the context of longer-term proposals, and how we deal with the situation that we are facing now?

**Stephen Evans:** In answer particularly to the question about the youth guarantee element, all the challenges and opportunities that we had six months ago are still there but in the context of coronavirus. I would point to the fact that 9 million adults in England have low literacy, numeracy and digital skills. As Sandra said at the start, we also have lower attainment at levels 2 and 3.

All those were there and they are still there now. That is why we need a long-term plan for this. Within skills we tend to end up with “initiative-itis” and short-term initiatives. I would say that we need a 10-year strategy for this to say what we are trying to achieve and how all these building blocks will work together rather than their being slightly on their own.

There are lots of examples from this country in the past and from other countries about how you can make some of these job guarantee schemes work. We have argued that all young people should be guaranteed a job, training place or apprenticeship offer, and particularly in the current economy we need some investment to create some of those opportunities. We need a joined-up technical and vocational education system. We need not to just skew all our investments to stop at age 18.

The Prime Minister’s announcement today of a lifetime skills guarantee, which will give adults the chance to get a level 3 qualification, is really welcome and a step forward. The number of adults gaining those skills has halved over the last decade. However, it needs to be a ladder of opportunity that adults can climb, seeing all those things together.

It feels to me as though the current crisis is both the context that we are operating in and the cause of an acceleration of some of those pre-crisis trends. If we are to get beyond this, and get to higher prosperity at the end, we need to accelerate what we are doing and have a clear lifelong learning strategy.

**Professor Sandra McNally:** There are some measures that you would want to introduce now. Skills and education are generally a long-term investment, as we can discuss, but you need to avoid people being unemployed, and falling into being out of action completely, because of the effect that will have on their health, because it may be associated with loss of skills, and because it could be piling up problems for the future.

You need, ideally, to find people jobs or get them into some sort of education or training. I thought the government announcement today to

give people who did not have level 3 access to a free level 3 was a very good step in that direction. Of course, we say it is free, but it is not really free because you still have to put in the time and effort and make it work for you and your family. I would love to see that extended to people, for example, who already have a level 3, who have an A-level. They may not have got their A-level in an appropriate subject. They may need to retrain from what they are doing. One way of extending that would be to open it up to more people.

I also wondered why we would not do that with level 2 to some extent, because you cannot always access a level 3 course. For example, for adult social care at level 3 you need to have some experience. You have to be in the sector already. You cannot easily transfer to adult social care without any relevant experience.

Perhaps they will work out details such as that and open it up more widely. I also hope that they will enable the careers and information service to help people to find those opportunities. It is one thing for them to make announcements about things that you can do; it is another thing to know, "Am I going to be eligible to do the course I want?" You need a person or a good online service to guide you through that.

**Professor Anne Green:** May I add to what Sandra said about people doing something, the well-being element of some of this and the wraparound that might be needed for some people to take advantage of opportunities to have skills and training? The well-being aspects, alongside education and skills, are so important at the current time. There is a bit of a 'life sort' element to this as well as an education and training element in the immediate term, given the circumstances that some people face at the moment.

**Lord Skidelsky:** Sandra McNally said that you must try to avoid people lingering in unemployment because of the long-term damage that it does. There will possibly be several million people unemployed when we come out of Covid. What would you do about them? We hear a lot about how awful it is that this should happen. You said that training is a long-term project, and I agree with that. What would you do in the next 12 months to stop that?

**Professor Sandra McNally:** That is an extremely difficult question to answer. The Government announced today that in six months' time, or next year, people can get on to free courses. I would say get on to free courses now if you can, if you want to, if colleges will take you and you are qualified to do that. Why wait? There are some courses that you can do online right now. You can do online childcare level 3 right now, so what is to stop people doing that sooner rather than later?

Perhaps other people have ideas about how you get people into jobs or do job creation to try to avoid youth unemployment, which you want to do, especially long-term youth unemployment.

**Stephen Evans:** May I add briefly to that? We have argued that you need a three-part plan. Inevitably, more people will lose their jobs, particularly as the furlough scheme ends and with the nature of the job support scheme. We definitely need to invest directly in job creation, perhaps not quite on a Rooseveltian level, as you discussed earlier, but we need to invest in job creation.

My view is that we need to do a bit more to support jobs in constrained sectors such as retail and hospitality—a bit more than the job support scheme will do. We need to help people look for work, because there are still jobs out there. More than 1 million people started work during the first three months of lockdown.

For those who cannot find a job, or for those who have low basic skills, as Sandra said, let us get them into training, skills or volunteering. It is about ensuring that we get to every person, get an action plan and try to find them a job or a training place, or find them some other opportunity. We will face quite a substantial rise in unemployment, and it will have very negative consequences, so we need to do as much as we can to help everybody in that circumstance.

**Q62 Baroness Bowles of Berkhamsted:** What is your assessment of the winter economy plan announced by the Government? How well does it align with measures announced for training and skills? Should there be stronger links? Some of this goes to the long term and some to the “what you do now” aspects.

**Stephen Evans:** This links back to my answer to Lord Skidelsky’s question. It is good to see the job support scheme announced. That is a positive, but I am not sure that it quite provides enough support for jobs, particularly those 3 million or so who we think are still furloughed. I would probably argue for a bit more support there.

If we are accepting that there will be longer-term changes through this crisis—whether it is working from home, or whatever it happens to be—we need to help people to retrain and to change their careers and to update their skills.

That feels to me like it has been a bit of a missing link during the course of this crisis. The DWP has increased the number of work coaches and we have had the furlough scheme, but there has been less on retraining. Today’s announcement by the Prime Minister will help a little with that, but, as others have pointed out, there are not that many people who will be necessarily retraining at level 3.

The winter economy plan has lots of good features, but I would argue for a bit more support for existing jobs, where we can protect them in constrained sectors, and lots more on retraining and ramping up support to find new work. There are good steps in there, but it feels like we need to go a lot further.

**Professor Anne Green:** To add to what Stephen said, there is a lot to be said about helping people in sectors that have been very badly hit. If

you take the airline industry and all those flight attendants, we need to help them to realise what skills they have and how they might be utilised in other ways. Those people are not demanded at the moment and it looks like in a few months' time things will not necessarily improve that much. They have skills in customer care, as diplomats, in helping people who are in difficulties, and all sorts of things. It is about helping those people to recognise the skills they have and pointing them towards where there are opportunities that some of those skills might be deployed in, say, the health and social care sector.

That does not negate the need for retraining that Stephen outlined, but it means helping people to recognise the skills that they have, and pointing them to where there might be opportunities now and in the shorter term that they can be helped to take advantage of in sectors where the number of jobs is growing.

**Baroness Bowles of Berkhamsted:** In a sense, putting it together with what Professor McNally said in response to Lord Skidelsky, is it a missed opportunity that these things are not being done now?

**Professor Anne Green:** Some of these things are happening anyway through other players in the skills arena, by people doing job matching, et cetera. There are local players out there who are acting on issues in their local economies.

Clearly, we have these schemes and we have people trying to see what works within them. There is quite a lot going on, as Stephen has outlined. More could be done, and it is just about nudging at the edges and thinking about how we can expand and do activities within what we have already, and take advantage of where the private sector and other parts of the public sector have skills to be able to help.

**Professor Sandra McNally:** I was at a very interesting British Academy seminar this morning and one of the participants talked about how it would be good to help to improve information relating to job search. For example, when you try to find a job (online), you put in your occupation and your postcode, but it would be useful for something to come up that tells you about similar occupations for somebody with the same level of skills and what other geographic areas near you there might be apart from the area you happen to be in.

Those improvements might also help the job-matching process, which would not be so difficult to do.

Q63 **Lord Tugendhat:** How does the current structure need to change to ensure that the Government can pursue national training and skills schemes while tackling the skills deficits in local labour markets?

**Professor Sandra McNally:** That is a very general question. You have to put right all the things we spoke about at the beginning: resources, good pathways through the system and opportunities for second chances, which seem to have reduced in recent times.

There are very specific recommendations in the Augar review, such as how colleges get funded. It is not just the amount of funding they get but the way they get their funding, which can incentivise not very strategic thinking. It is not their fault. It is to do with how they get their money.

The response to Covid need not be that regional, because the constraints on retail and hospitality and leisure affect everywhere. It is different from other types of crisis in that it is not about manufacturing in a particular area, or anything like that.

I have a lot of sympathy with what Lord Heseltine spoke about: the need for mayoral authorities to have their own resources to be able to address issues in their area. You have to combine a national approach with thinking about the needs of areas in that way; involving the actors themselves, not just imposing something on them. He is right about that.

On the other hand, you do not want to allow complete deregulation, as we have seen at level 2, for example. It has been a total disaster; there are lots of different providers and qualifications, and nobody knows what anything means. You want to avoid that sort of mess.

The tricky bit is how you get a good national framework in place and at the same time have appropriate regional level involvement. Other countries manage to do that. Switzerland, for example, does it very well. We need to learn from other countries that do it very well and try to find out how we could emulate that to some extent.

**Professor Anne Green:** May I add to what Sandra has been saying? The issue of local/national and tying together is very important, because even if you get a national scheme, co-ordination and delivery happen locally with the people on the ground—the local authorities, the training providers, the colleges, the community sector, et cetera. I would agree with that.

Looking internationally, there are countries with strong partnerships and sector councils that play quite a strong role in looking at skills needs across sectors and at local sector-specific needs.

One final point in the context of the Covid crisis is the importance of managers. People's line managers really matter at a time like this. This underlines the importance of management practices more generally. Perhaps we need to invest more in managers' training and upskilling managers. Current circumstances have pointed to the fact that perhaps this is where we have fallen behind. Skills utilisation and looking at how employees can benefit from training and retraining are very important. That is a plug for looking at management training alongside some of these other things.

**Stephen Evans:** On structures, we have had a lot of chopping and changing in further education and adult skills over a long period, so some stability and thinking together about how we make the system work is probably what we need. I would say that we need a lifelong learning

strategy to help to set out what we are trying to achieve and what the different responsibilities are.

The partnership approach that Anne talked about between employers, the trade unions and the further education sector is critical if we are to deliver the results.

I would make one last point, which links back to Lord Heseltine's earlier point about single pots. We did some work with the Local Government Association arguing that, within England, employment and skills funding should, where possible, be devolved to mayoral and other local authorities, and we should measure the success of that on the outcomes it delivers: how many people find work; how many people improve their skills, their productivity or their earnings; or how many get the social benefits of learning that we were talking about before. We should let those local partners think about how we put those bits of the jigsaw together. If we could have a longer-term focus, a clear strategy and that focus on outcomes and joining up, we would be in a much better place.

**Lord Monks:** I came into this world with the industry training boards. Then there was the Manpower Services Commission and the Learning and Skills Council in England. This has been a story of rapidly changing institutions.

In a way, we are all clear about the academic route—there are schools and universities—but people are not clear about the vocational routes and training and so on. They change frequently. Initiatives pile up often at small scale. I am interested to know whether any of you agree with that analysis, and what we should do about it. Could we get a framework for a stream as clearly designed as schools and universities?

**Stephen Evans:** I agree with the analysis, I think. There has been a lot of chopping and changing within further education and skills. If I give a presentation on the English skills system, I often say, "This is scarily complicated, but the good news is that most of these schemes will not exist in two years' time, and that is also the bad news because we keep reinventing these things a little". We need some stability in policy.

The tricky thing is the second part of your question, which is how we achieve that. Part of the Government's answer, certainly within England, are T-levels. Their argument is that this will be a gold standard for technical education as A-levels are on the academic side. It will be a bit challenging to make that work quite in the same way.

Ditto on apprenticeships. We have new apprenticeship standards. There are things that need to change with the apprenticeship system because it has skewed the incentives a little, and young people in particular are missing out. I would rather work with the grain of what we have there, because there is a lot that is good, and chopping and changing damages things. We should work with the grain of what we have rather than try to invent something brand new.

**Professor Anne Green:** I would endorse what Stephen is saying: let us refine what we have rather than revolutionise all the time. When we look at England vis-à-vis some of the other countries, what you see with them is more stability. With more stability you get more understanding and buy-in. I agree with Lord Monks's analysis of the chopping and changing.

**Professor Sandra McNally:** I agree that it is not right to chop and change all the time, but what we have at the moment is completely unsatisfactory. I would not be happy to say just go with what we have and that is it, because it does not seem to me to be very good.

The apprenticeship standards are in a constant state of change. We have 740 right now. Germany has 320 recognised training occupations and Switzerland has 240. Why do we need so many, because it is just introducing really narrow qualifications? I do not agree with that. I do not think that is a good way to have your skills system.

Also, the pathways from level 3, T-levels or whatever, to higher national certificates or higher national diplomas are not there. Perhaps you can work with the current system to try to fix that, but what you cannot fix you need to reinvent.

There are questions that need to be asked even on the academic route, such as whether it is right to ask people to specialise in three A-levels. Should people be able to give up their maths so easily and quickly? It means that it is harder for people to retrain later.

We cannot just stick with what we have and go with it. We need to scrutinise the structures that are there and perhaps try to avoid the small scheme that is not really well thought out, or that is not part of some integrated framework, or that has no vision behind it, because that is where the problem really has been.

**The Chair:** It is very interesting that you say that, because when we looked at this issue in our report on treating further and higher education students fairly, the Committee was absolutely horrified when a chart was produced of all the initiatives that had been taken over the last 20 years—all the name changes and what have you. The fundamentals about the further education colleges not having the resources and not having the ability to scale up were a problem.

When I heard the news this morning that the Prime Minister was going to introduce this new scheme, I thought, "Hang on, how is that going to work in practice?" If it is from April on, and if the colleges start in September, how are they going to find the manpower they need? How are they going to scale up, lay on the courses? How are the courses going to be adjusted to the needs of the labour market? I just thought it sounded completely impractical, but am I missing something?

**Stephen Evans:** I think it was a good announcement, because we need more people learning at level 3, and the number of adults doing so has

halved in the last decade, but it is also a very good example of some of the issues that we have been talking about.

First, this is kind of going back to a policy that we had until 2013, at which point an entitlement to free learning was replaced by income-contingent loans for some people. It is a good example of going round the cycle a little bit.

Secondly, there is sometimes an “if we build it, they will come approach” to policy and delivery, in this and in other areas. We have been doing a survey of adults for the past 25 years ago asking them why they do or do not take part in learning. The biggest reasons adults give for not taking part in learning is that they cannot see why they should or they struggle to see how they will fit it around work or home life. A guarantee of free training would be a good thing, but we have a lot of people below level 3 who need help to get up there in the first place. And what about the maintenance costs of learning and the motivations?

As you said quite rightly, there is the timing point, because further education works on academic years and this is done on a financial year, so it feels like it is probably going to be next September before the first people enrol outside of the existing pilot areas.

It is a good example of why we need an overall strategy. If we want more adults to do level 3, we need to think about all the reasons why they do not, and how we help people get up to that level in the first place, rather than a single initiative on its own.

**The Chair:** It felt to me like the Treasury managing its cash flow, but perhaps I am just old and cynical.

Q64 **Lord Stern of Brentford:** What do you think we have learned about inequalities from the Covid experience, and how should we act on that learning, both in the short term—perhaps particularly in the short term—and in the long term? Will you think about inequality on a number of dimensions, including skills, gender and region?

**Professor Anne Green:** Perhaps what we have learned most of all is an accentuation of existing inequalities, whether that is by skill level, by gender, by ethnic group, et cetera. Again in this recession we have seen young people being particularly hard hit, as in previous recessions. In the *West Midlands Weekly Economic Impact Monitor* we pick up the economic impacts, and the impact on young people has been coming through quite strongly there, given that we have a relatively youthful population in the West Midlands.

We also see from the statistics that it is FE students from the Asian, Asian/British, Black African and Caribbean ethnicities who are doing some of the qualifications that are not of such a high level. Some of those who were apprentices have also been hit hard. We have seen the accentuation of inequalities there. We have seen some of those young people on courses such as hospitality and catering and creative arts being hard hit.

We have heard a lot about young people. We have not seen so much perhaps about older workers. I know that Stephen has also done work on this. What we have seen with older workers is that they were the young workers were in the 1980s recession. It is quite a large cohort, and these are the people we have seen participating more in the labour market and the employment rate going up for. An issue we face is that, if those people become long-term unemployed, we know they will take longer to get back into the labour market.

The other issue I would like to highlight here as regards what needs to be done, among other things, is digital skills and digitalisation. While people are very heterogeneous, we know that older workers in aggregate, particularly those from the lower socioeconomic groups, tend to be less digitally aware. If you are moving into a labour market where you have to apply online and be interviewed online, if you are not confident about that it is a heck of a disadvantage.

I would point to the need for everybody to brush up and extend their digital skills. That has come through very strongly. There is a big inequality with regard to people without good skills, people without access to technology when they need it, as we have seen with children in schools in the period from April to June. I will stop there and let others come in.

**Stephen Evans:** I thank Anne for the kind plug for some of the work we have been doing with the Centre for Ageing Better. Through this current crisis we have found that younger people and older people—the two ends of the age spectrum—have been harder hit and are most likely to have been furloughed and to lose their jobs.

By older people we mean particularly those of about 50 plus and 60 plus, where there is a smaller spike in unemployment compared to young people but they are less likely to be able to get back to work afterwards. Previous employment programmes worked less well for older people than they did for younger people. There is definitely that age dimension.

So far, we have seen that unemployment, as measured by the number of people claiming unemployment-related benefits, has risen fastest in areas where unemployment was highest to start with, so there is more of a risk of splitting apart than levelling up there.

There are all the pre-existing inequalities that Anne talked about. If you have a degree, you are four times more likely to get training at work than if you have no qualifications. There are large inequalities in access to learning by class and by ethnicity and lots of other things as well. Pre-existing inequalities have in many ways been accelerated.

Those groups are also overrepresented in key workers. That is why we need a joined-up push and approach to extend that skills offer, that learning offer and that employment offer so that we tackle those inequalities. We have a chance to do that if we join it up with industrial strategies and where we want to create the growth of the future.

**Professor Sandra McNally:** Anne and Stephen have addressed a lot of the important points there. One thing I would add on inequality is, as has already been said, that the people with low skills and low education are the people who have been most exposed, because they have been working in the sectors where social distancing has been more important, they have been furloughed, and they may lose their jobs. That is far more likely to happen if you have low skills. There has also been gender inequality in these respects.

A very striking finding from the UCL longitudinal studies was that young people are far more likely to have mental health problems as a result of what has been happening over the last few months. I did not necessarily expect that. It is very important to bring that in as well. The same people have been exposed to multiple shocks of the possibility of losing their job and all the negative impacts of what is going on at the moment. We should consider that.

**Lord Stern of Brentford:** You have been very helpful and analytical about what is happening, but will you be as specific as possible about what we should do now in these coming months? That is addressed to anybody who has a specific idea.

**The Chair:** We have time for a contribution. Stephen, I think this is probably your area, is it not?

**Stephen Evans:** We have lots of ideas. Given that young people have been particularly hard hit, as everyone has said, I think we should be implementing the youth guarantee of a job, training place or apprenticeship. We can do that and we know how to do it.

For older workers who have been particularly affected, and where previous programmes have not worked as well for them, we need to work with employers and empower local communities and local authorities to think about how they join up that employment support with their engagement with employers. That could be quite powerful.

There is a balance between the extent to which the trends we are seeing at the moment are permanent, where what has been going on in the past has accelerated, and as we progress with any vaccines or treatments for coronavirus the extent to which we will go back to where we were.

We need to empower people. We have argued for wider learning entitlements beyond what the Government have offered today—a bigger push on basic skills and a level 2 entitlement, as I think Sandra suggested earlier.

There is more that we can do specifically on investing in young people and ensuring that we reach young people who are at risk of falling between the cracks. We need to ramp up employment support for older workers for whom it has not worked so well in the past, give people the entitlement to more learning linked to local jobs, and give them the

power to choose rather than trying to say we can plan this from the centre down.

**Lord Stern of Brentford:** Can we deliver on those entitlements to learning in the next few months?

**Stephen Evans:** We have two challenges there. The first is the academic calendar, which has been mentioned. The Government did a number of flexible learning fund trials last year to try to get learning a bit more flexible, using online and blended learning and those sorts of things. It will be quite interesting to see what the learnings from that will be, so that we have an offer that will help people to fit learning around their work and home life, rather than having to wait until September for a full-time course, which people are not necessarily all going to do.

Secondly, taking basic skills as an example, there is an entitlement to free basic skills training now. Take-up has fallen by 40% over the last 10 years, but the need is still there. Having the entitlement on its own is not enough. We need outreach and engagement. We need the housing associations, councils, jobcentres and others to engage people and to refer them on to learning. I feel that we can do this. It needs to be not just the entitlement but the effort and the focus to get flexible learning, and to get out and reach people.

**The Chair:** On that optimistic and positive note, that concludes this session for the Committee. May I thank you all for your very helpful answers to some pretty difficult questions, some of which we have been asking for quite a few years now?