

# Insight from the Select Committees

## Background

Apprenticeships, technical education and skills have been the subject of further scrutiny by Parliamentary select committees over recent weeks. The 'Education Committee' and the 'Economics Affairs Committee' reviewed evidence on apprenticeships and lifelong learning; funding; value for money; quality of apprenticeships and training provision. The scope of the committees is different, but both cover apprenticeship and technical education skills issues through slightly different lenses. Further information and the links to the transcripts of the recent evidence sessions are presented in the table.

<b>1. <a href="#">Education Committee</a></b>
<p><b>Scope - The inquiry examines whether employers, learners and tax payers are getting value for the time and money invested in training, and whether more needs to be done to detect poor-quality provision.</b></p> <p>Evidence session held on the 27<sup>th</sup> February 2018 Witnesses included:</p> <ul style="list-style-type: none"> <li>• Paul Devoy, Chief Executive, Investors in People</li> <li>• Jane Gratton, Head of Business Environment and Skills Policy, British Chambers of Commerce</li> <li>• Kevin Rowan, Head of Organisation, Services and Skills, TUC</li> <li>• Tim Thomas, Director of Employment and Skills Policy, EEF - The Manufacturers' Organisation</li> </ul> <p>Evidence session held on the 13<sup>th</sup> March 2018 Witnesses included:</p> <ul style="list-style-type: none"> <li>• Stephen Evans, Chief Executive, Learning and Work Institute</li> <li>• Graham Hasting-Evans, Managing Director, NOCN</li> <li>• Neil Heslop OBE, Chief Executive, Leonard Cheshire Disability</li> <li>• Nick Linford, Editor, FE Week</li> </ul>
<b>2. <a href="#">Economics Affairs Committee</a></b>
<p><b>Scope - The Committee seeks evidence on the following two questions:</b></p> <ul style="list-style-type: none"> <li>• <b>Is the current structure of post-school education and training, and the way it is financed, appropriate for the modern British economy?</b></li> <li>• <b>What changes are required to develop a system that meets the needs of enterprise and the labour market whilst providing value for students and the Government?</b></li> </ul> <p>Evidence session held on the 27<sup>th</sup> February 2018 Witnesses included:</p> <ul style="list-style-type: none"> <li>• Professor Alison Fuller, Pro-Director (Research and Development), Institute of Education, University College London</li> <li>• Dr Hilary Steedman, Senior Research Fellow, Centre for Economic Performance, London School of Economics</li> <li>• Mr Antony Jenkins, Chair, Institute for Apprenticeships</li> </ul> <p>Evidence session held on the 13<sup>th</sup> March 2018 Witnesses included:</p> <ul style="list-style-type: none"> <li>• The Rt Hon Anne Milton MP, Minister of State for Apprenticeships and Skills</li> <li>• Mr Sam Gyimah MP, Minister of State for Universities, Science, Research and Innovation.</li> </ul>

The committees' discussions and evidence from key stakeholders (academic experts, employer bodies, specialist groups on apprenticeships and technical education) indicate the areas where there

is likely to be policy enhancement and modification. This paper presents the key points raised and those most relevant to the energy and utilities sector.

## Apprenticeships and the Levy

### High Quality Apprenticeships (Education Committee)

- **High quality apprenticeships are characterised** by their duration; the level of employer involvement; the apprenticeship salary; progression opportunities; retention rates; training which includes skills, knowledge and behaviour development; careful management; employer support and market confidence in the programme.
- The committee members outlined the following **hurdles to achieving high quality apprenticeships**: employers failing to apply the minimum wage criteria resulting in the perception that apprenticeships are exploitative; barriers to entry and operating as employer providers; inflexibility of the way the levy can be used; the practice of employers rebranding and rebadging training as apprenticeship programmes in order to claw back the levy; apprentices being unfamiliar with their rights and the steps they can take to report poor provision and a different definition of 'high quality' among the stakeholders.
- **How can high quality apprenticeships be achieved?** The witnesses agreed that a National Skills Strategy is needed which is delivered by local authorities with regional apprenticeship budgets; Investors in People (IIP) suggested industry bodies could manage the relationship between providers and employers to improve provision; replicating the unionlearn model and recognition for employers with high quality programmes (IIP are already developing this).
- **According to witnesses from the Economics Affairs Committee**, quality apprenticeships must have clear completion and outcome targets; quality 'world leading' standards approved by employers; the resources and the tailored inspection framework for Ofsted to regulate provision effectively; 'training for trainers' programmes for in-house trainers and assurance of the availability and accessibility of apprenticeships for students from all backgrounds.

### Achieving Quality Training Provision (Education Committee)

- To achieve quality training provision, the apprentice, employer and provider **must agree the programme and outcomes that should be achieved from the outset**. In practice, this is not always the case.
- The witnesses appeared to **agree that the extent of subcontracting amongst providers (and the management fees that are charged by some providers) have a negative overall impact** on quality of apprenticeships. Although a need for subcontracting will probably always exist (to provide niche expertise and respond flexibly to fluctuations in demand), there should be a reduction in the overall level. Conversations around a volume cap and examples of best practice are a good start.
- The committee questioned the witnesses on the **accessibility of new entrants into the training market and whether the ESFA is too risk averse**. Witnesses stated the numbers indicate access is not the issue.
- The witnesses felt there were limited and **inadequate controls in place to manage poor quality training**.
- **A more coherent set of incentives is needed to ensure fair access and encourage providers to seek out those from disadvantaged areas**.

### Levy in Practice (Economic Affairs Committee)

- The Committee raised concerns regarding how the levy funds are being utilised, **particularly the high expenditure on training for existing employees and for HE provision** (degree apprenticeships). The witnesses were unable to make an informed judgement on this, as they felt there was a lack of systematic data collection.

- The Education Secretary stated that she has the authority to introduce the necessary levers to stabilise the market, meet employer demand and ensure apprenticeship policy outcomes. **However, it is too early to establish where these interventions may be most usefully applied.** Potential areas may include using the levy for wider technical skills development, ring-fencing for Level 3 skills development or to tackle restrictions around upskilling.

### Apprenticeship Starts and Completion (Economic Affairs Committee)

- Regarding apprenticeships starts, the witnesses outlined that take-up was expected to be low and is largely a transition issue. **The starts are affected by the inefficient and time consuming standards approval process, poor SME take-up and engagement and employers viewing the levy as a tax and therefore only investing in business critical training.**
- The 3 million apprenticeship start target was described as the **wrong measure for the objectives of the apprenticeship reforms.** Suggestions for measures are starts at levels required for industry, completion numbers and more at Level 3 where there are entrenched skills gaps.
- **The lack of completion is due to a combination of factors,** as outlined by Mr Jenkins (Chair of IfA): *“Sometimes people do not even know that they are on an apprenticeship, sometimes the selection of people to do an apprenticeship is not very good; sometimes the training is not very good; and sometimes people do not have the necessary meta-skills, which are fancy words for commitment to get the job done.”*
- **The inflexibility of the levy** – the witnesses from the Education Committee outlined that the levy is inflexible and this is slowing down recruitment. It was recommended that the levy be used for all upskilling and witnesses stated that an ‘honest broker’ role between the employers and providers is needed.
- **Low minimum wages are an issue for some apprentices,** but this is not across all sectors (engineering industries were mentioned) as the general median wage is high. Low wages cause financial difficulty, which lead to higher dropout rates. Maintenance grants and loans were discussed as a potential solution.

### Adult learners and the Future Funding System (Economic Affairs Committee)

- Witnesses suggested that the decline in the number of adult learners was the result of **funding being restricted to particular types of skills development.** This results in adult learners facing undue financial pressure, if loans are taken to support the training, and some learners feel that the economic gains of the training are insufficient to make the investment viable. **The trend, therefore, is that adults are only investing in training where it is a requirement for their occupation.**
- **The witnesses concluded that there needs to be a cultural shift in the learner’s, the employer’s and government understanding and their individual role in investment in training and development.**
- The current FE and HE funding system is not sustainable and student loans will implode as the debt grows. The current funding model is based on the age of the learner and certain qualifications, and these parameters are considered to be too restrictive to accommodate market demands. **Consequently, a blended funding model is recommended which includes funding entitlement, loans and the flexibility to enable lifelong learning.** The system must be based on the kind of economy, labour market and society the UK wants and funding must be aligned to this remit.
- **Changes to the funding model will require a forward looking investment system, where employers will need to become self-reliant, a system which is based on ‘licence to**

**practice' training, utilising the levy more widely and better training provision with the right incentives.**

- **Devolution of the adult education budget must be accompanied by a UK-wide, joined-up skills and workforce development strategy** with national targets and regional operational tailoring of implementation.

## Review of Post-18 Education and Funding (Economic Affairs Committee)

Areas for the 'Review of Post-18 Education and Funding' panel to consider are:

- The Post 18 Education and Funding Review **presents an opportunity to scrutinise every aspect and component of the system**, to ensure a sustainable and workable future system, that meets immediate and future skills requirements, skills that will be determined by the market and technological developments.
- The current **mismatch between the skills gaps and the qualifications potential employees achieve.**
- **How information on training and outcomes can be made available to learners to enable them to make an informed decision, on career paths and employment opportunities available to them.**
- **In terms of funding**, the role of public funding, funding for skills gaps such as level 3-5 technical skills, the role of loans and maintenance grants in both HE and FE and ensuring value for money across HE and FE.

## Possible Policy Recommendations

The analysis of the evidence sessions indicates the following policy recommendations from the Committees:

- Additional ways to improve apprenticeship quality, such as a 'quality mark' for employers with high quality apprenticeship programmes in place.
- Possibly 'train the trainer' programmes and further guidance for training providers and employers on achieving sufficient provision as well as working together.
- Also, improved incentives for providers to offer training and further resource for Ofsted to inspect apprenticeship provision.
- In the future, there may be some refinement on what the levy can be used for and the possibility of some targeted approaches in skill shortage areas.
- In addition to the 3 million apprenticeship target there is the possibility that there will be an inclusion of additional measures such as retention, completion and progression.
- An overhaul of the FE and HE funding system and remit.