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MINUTES OF EVIDENCE
TAKEN BEFORE
THE SELECT COMMITTEE ON ECONOMIC AFFAIRS

DRAFT APPRENTICESHIPS BILL

TUESDAY 4 NOVEMBER 2008

LORD YOUNG OF NORWOOD GREEN and MR STEPHEN MARSTON

Evidence heard in Public

Questions 1 - 33

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TUESDAY 4 NOVEMBER 2008

Present

Griffiths of Fforestfach, L
Hamwee, B
Layard, L
MacGregor of Pulham Market, L
Vallance of Tummel, L (Chairman)

Witnesses: **Lord Young of Norwood Green**, a Member of the House, Parliamentary Under Secretary of State, and **Mr Stephen Marston**, Director General Further Education and Skills, DIUS, examined.

Q1 Chairman: Good afternoon. Thank you very much indeed for coming along and spending some time with us this afternoon. As you know, the committee has a continuing interest in apprenticeships and we like to keep an eye on what is going on. We were very pleased when John Denham and Ed Balls offered a presentation on The Apprenticeships Bill. We look forward to that and I hope, once that is done, we will have some time to ask questions afterwards. Do you wish to go straight into questions?

Lord Young of Norwood Green: I must admit, that is what I assumed we were doing. I must say, Chairman, it is funny, the wheels of fate, is it not, that we should be opposite each other in this committee after all these years. For those who do not know, we were connected to each other within BT when Lord Vallance was Chairman and I was the General Secretary of the Union. What I would suggest is that we do go into the questions but, if there is time and there is an area which remains that you are concerned about, then we will certainly help.

Q2 Chairman: Let me make a start then. Harking back to this committee's report in 2007 and, indeed the subsequent government 2008 review, both of these reports and reviews emphasised the importance of progression routes in apprenticeship from Level 2 through to

Level 4. I wondered if you might comment on why it is that the Draft Apprenticeships Bill makes no reference to the need to promote progression from Level 2 to Level 3 or, indeed, on to Level 4?

Lord Young of Norwood Green: The Bill sets out, if you like, the high level statutory framework for the apprenticeship programme, so it defines what we mean by an apprenticeship; it gives it legal status. What we call the apprentice specification, the blue print, will require apprenticeship frameworks to include specific information on progression routes, and the vehicle, we believe, for finding that is a draft of the revised specification which is going to be issued early in 2009 in time for the second reading of the fourth session of the Education and Skills Bill, so you will see a revised specification of the blue print. In terms of the progression route, we believe the right way to do that is by a statutory instrument so that the Secretary of State can define those. Over a period of time there may be a need to alter them, so there will be a statutory instrument. That is how we propose to deal with it. Finally, the Learning and Skills Council has been conducting a trial to determine a methodology of allocating UCAS tariff points to advanced apprenticeship frameworks in order to ease progression in foundation degrees and higher education, and we have agreed formal recognition of these skills and engineering apprenticeships, and these are effective from September 2008 and another eight popular frameworks are expected to be recognised by 2010.

Q3 Chairman: So it is going to be covered by statutory instrument?

Lord Young of Norwood Green: Yes.

Mr Marston: It is a component of the blue print which is recognised in the Bill so the blue print will make provision that every apprenticeship framework has to set out a progression route.

Q4 Lord Layard: I am going to ask a question about functional skills in maths and English. The Draft Bill refers to this in terms of entry requirements, so you have to have Level 1 to enter an apprenticeship at Level 2 or you have to have Level 2 in order to enter an apprenticeship at Level 3, but there is no reference to how these will be provided within the apprenticeship framework to enable progression. For example, how will Level 2 apprentices have the chance to get Level 2 functional skills in order to progress to Level 3 and how can Level 3 apprentices improve their functional skills? It seems, in a way, peculiar to have such detail of entry requirements in the Bill if there is so little on content in the Bill. I think that is harking back to your previous answer, because I think I know how you are going to answer this question. It is a question why there is so much specificity on some things to do with entry and so little on what actually happens within an apprenticeship?

Lord Young of Norwood Green: Let me say that the requirements set out in clause 21 refer only to the proposed apprenticeship entitlement guarantee for 16-19 year olds and not the apprenticeship programme. I think we probably would accept that there might be a need to clarify in that area. We are talking about draft legislation. Again, we do intend that the apprenticeship specification, the blue print, requires every apprenticeship framework to include transferable skills, including literacy, numeracy, personal learning and thinking skills. So that is a basic. Some of the frameworks will require Level 2 functional skills, but it will depend on the framework, really, and what is appropriate for that particular sector.

Mr Marston: Might I add to Lord Layard's question: why is one bit rather tightly specified and another bit is not? I think it is because this Bill is trying broadly to do two things, to create a legal framework for the whole apprenticeships programme to support quality and standards and the expansion programme, but it is also to create a new entitlement for young people. You can only create a new entitlement if you are very clear who is entitled and who is not, which is why it goes into some detail as to the entry requirements that trigger the

entitlement; whereas in terms of the whole framework for high quality, relevant apprenticeships, we are trying to develop a hierarchy that still has some flexibility in it and a national blue print which then informs, sector by sector, the sectoral apprenticeship programmes that work for that sector. So it is quite deliberate that one bit is very tightly specified, because you have to be clear who is entitled to the entitlement, where the other bit is deliberately rather broader.

Q5 Lord Layard: I was slightly surprised when you said, Lord Young, that functional skills might not be a part of the apprenticeship at Level 2, so that they would not be necessarily advancing their functional skills, it would depend on the particular apprenticeship?

Mr Marston: The blue print will require that all apprenticeship programmes and all apprenticeship frameworks contain reference to the acquisition of competence, reference to the gaining of knowledge and understanding, but also, thirdly, in every case, the acquisition of basic skills of literacy, numeracy and number. So, yes, that national blue print does require that there is always a consideration of basic functional skills.

Q6 Baroness Hamwee: I think Mr Marston may have just answered the rather overarching question I wanted to ask, Chairman, before coming to the specific one, but I will put it anyway. Why there is a need for legislation and, indeed, legislation which reads to me as pretty centralised? You expressed it very much in terms of the entitlement, and I can see some issues around employment, for instance, which would need primary legislation, but coming very fresh to the topic, and so not burdened with any information or knowledge, this did read to me as quite heavy-handed for something which needs a lot of sensitivity, I suspect, to get the buy-in from the different parties. Is that a fair question? Indeed, have you answered it?

Lord Young of Norwood Green: We do not think it is heavy-handed, we think we have got the balance right. Yes, we are trying to enhance the status of apprenticeships, yes, we are trying to give it a legal status about the framework of apprenticeships, but to answer your concern about sensitivities, that is why the approach is that there is a blue print which defines the generic requirements of the content of an apprenticeship, but the actual, what we would describe as a demand-led point, is the fact that we want this to reflect on what employers' needs are in the current circumstances. After all, they are the agency that is going to generate these apprenticeships. The vehicle there is that they enter into discussions with the Sector Skills Council and they determine the appropriate frameworks for their particular industry. At the moment we have got 180 different frameworks, so we think that we have got the right balance between legal status for apprenticeships and defining what we mean by them and at the same time we have got that flexibility and sensitivity.

Q7 Baroness Hamwee: We will come back, I suspect, to the position of employers, but thank you for that. The question is about the separate technical certificate, which in some sectors is no longer offered at Level 2 and there is no reference to it in the Draft Bill, only to principal qualifications. I wonder if you could explain why the separate technical certificate has disappeared in this way?

Lord Young of Norwood Green: It is interesting, because in your former statement you talked about the need for sensitivity. I think that this reflects some of that. If we are to have an employer-led programme, then employers and Sector Skills Councils should be able to specify the industry requirements and the qualifications that should be included in the apprentice framework. Many of them do specify technical certificates, but not all of them. What we have actually got is an integrated NVQ with the technical certificate, if you like, incorporated. Currently some apprenticeship frameworks have got a separate technical certificate, where this is needed, and we would expect that to continue, but we do not see the

fact that it is not separately specified as devaluation or dunning down. First of all, we would say to you that these are accredited qualifications. They are part of what we call the Qualifications and Credit Framework. They are inspected, they are subject to Ofsted inspection. We share your concern, if you like, that it is not just a question of driving up the volume of apprenticeships, but ensuring that there is a quality product as well that reflects the needs of employers and employees, and those needs will vary depending upon the type of apprenticeship.

Mr Marston: Might I add a little to that? It is absolutely crucial that all apprenticeships are high quality. There will be no dispute between us about that. The question is how best we ensure that. The distinction between a technical certificate on the one hand and a national vocational qualification on the other is a distinction about different assessment forms. There are now qualifications developing that combine both. What the blue print will require is that in every case for every apprenticeship you have a knowledge-based element and a competence-based element and the key skills element. So what we are focusing on is trying to guarantee that we always have the right mix of knowledge, key skills and competence, but we do not see a need to insist that you must express it through the technical certificate on the one hand and the NVQ on the other, because we can properly allow people to mix the knowledge-based element and the competence-based element in a single integrated qualification. That is fine, and it can work very well. You do not have to insist on two different assessment forms; it can still give you very good quality in balancing both technical and competence.

Baroness Hamwee: In view of where I started I could hardly object!

Q8 Lord MacGregor of Pulham Market: The Government's 2008 Review envisages that all apprenticeships will include a mentoring requirement and "a reasonable absolute minimum for off-workstation learning time". I gather the Draft Bill does not include either of these

elements in the specification of the apprenticeship agreement. Why is that, and if it is not in the Bill, how can we be confident that it will be guaranteed for all apprentices?

Lord Young of Norwood Green: Again, the blue print will specify 280 guided learning hours. I think the discussion, of which there have been numerous ranging over a significant period of time, is whether or not we should seek to define a specific number of guided learning hours away from the workplace. Again, our view is that we should not seek in this Bill primary legislation. We should not seek to do that. Once again, we have defined the criteria within the blue print that all apprentices have to measure up to. The Sector Skills Councils plus the Qualifications and Credit Framework, we believe, are the vehicles to ensure that we get a quality apprenticeship, and, again, we see a wide variety of different circumstances in apprenticeships. From my own experience of apprenticeships, some are very technical in complex industries, others may be less complex in the technology employed but the manual skills element will probably be a lot higher. So it is about getting the mix right for different types of apprenticeships but ensuring that, wherever these guided learning hours take place, once again, we are delivering a quality product, and they will be assessed, they will be part of the accreditation process.

Q9 Lord Griffiths of Fforestfach: The Draft Bill suggested schools are required to “consider” offering information on apprenticeships, but they are not required to. Why is that?

Lord Young of Norwood Green: This is a delicate balance that we are trying to strike here but, let us be clear, the draft principles set out a clear expectation that schools will ensure that all students receive impartial information and guidance on the full range of learning and career opportunities, and it will be part of the legal requirement that they receive that. Also, by April 2009 we will have established the National Apprenticeship Service, at its maximum something like 400 field officers when it is fully up and running, and part of their remit will be to go into schools to explain exactly what we mean by apprenticeships. I welcome your

interest in this because this is a vitally important area, in my opinion. Can I express a personal view, something that I have noticed if you like from my own observation of my son, for example, who when I asked him (I think he was about 17 years old) if he had chosen to go down the vocational route what was the view of his peers, said that is a second-class route for those who could not make it to it university. So there is quite a job for us to do in changing the perception of young people, changing the perception of their parents as well, and, dare I say it, probably changing perceptions in schools as well so that we do get a balanced representation of the real value of apprenticeships and absolutely vital need for them in today's society.

Q10 Lord Griffiths of Fforestfach: Can I say, without in any way patronising you, that was a very effective response that you really want schools to change and raise the standard in terms of information, and then you say you have a National Apprenticeships Service and so on. Surely, that all suggests to me you should make it a requirement for schools rather than just something you would like them to do, because you have almost made the case for saying it should be required.

Lord Young of Norwood Green: Perhaps I did not make myself clear. There will be a requirement. All students have got to receive impartial information, advice and guidance and, let me stress this, on the full range of learning and career options, and the full range of learning and career options is not just university but must include apprenticeships as well.

Mr Marston: We do believe this is a very big step forward in trying to address what has been a very long-running concern about the lack of good guidance about apprenticeships. So the new components that have not been there before are a duty on every school to provide impartial guidance to all of its students covering all of the choices, secondly, backed up by statutory guidance that has not existed before on how you deliver that, and we will make sure

at DCSF that covers apprenticeship programmes in full. Thirdly, you have got the National Apprenticeship Service with its field force able to work with careers teachers within schools.

Chairman: I am afraid we are going to have to go and vote.

The Committee suspended at 3.59 p.m. to 4.07 p.m. for a division in the House

Q11 Chairman: Welcome back. I think Baroness Hamwee may be a moment or two, so we can continue. Had we more or less finished the question on requirements on schools? I think we probably had. I would stress also that in our earlier inquiry one of the things we did come across was a concern that there had been some who were resistant to the idea and thought it was, as you said, a second-class option, and that is something that you really have to address. The Draft Bill proposes that when an apprentice is taken on there should be an apprenticeship agreement drawn up, which is, in effect, a contract of service between the employer and the apprentice. Could you let us know what recourse will be available to an apprentice if the employer fails to honour that agreement?

Lord Young of Norwood Green: What we would envisage is that in the normal process of employer/employee relations, hopefully, in the first instance, the apprentice would raise the issue with the employer, also possibly the training provider. We have also got the role of the National Apprenticeship Service there as another possible mediator. With an apprenticeship there is a clear, explicit agreement on the employment contract and, I suppose, if these measures fail then, apart from going through the employer's grievance procedures, the support of the trade union, if there was one, and (we would like to see this as a final recourse) an Employment Tribunal. So we hope that there will be a proper process whereby there might be minor problems to start with that the apprentice ought to be capable of raising with a supervisor officer, where they are resolved, but if that does not work, then possibly the training provider, National Apprenticeship Service, as I have just said. We are examining what complaints procedures the National Apprenticeship Service should have, and I suppose

what we are trying to do is balance it with the intention to focus the apprenticeship service's activities on employer engagement. So we are going to see it as a central part of the apprenticeship service's role to mediate between employers and apprentices, but we would not rule it out.

Q12 Chairman: Apprentices will not be in a strong position with companies in these circumstances. Will they have clear guidance as to which routes to take?

Lord Young of Norwood Green: I think they should, yes. After all, there is going to be a contract between the two. We would hope that that ought to lay down guidance, but I think we ought to possibly take away that question of what guidance should be available. That is an interesting point.

Mr Marston: One of the purposes and benefits of the Bill is to strengthen the explicit statement of rights and responsibility of different parties, and that will include, of course, apprentices. For the first time there will be that statutory-backed agreement between the apprentice and the employer setting out rights and responsibilities. We think that is going to be a big step forward in terms of each party knowing how this relationship is going to work, and that itself will strengthen the position of the apprentice. If something goes wrong, of course they then do need to know, "Who can help me? Where do I go?" and, yes, you are absolutely right, that will need guidance to back it up.

Q13 Lord Layard: The Draft Bill does not specify the contents of the agreement, although the notes suggest that it would have off-the-job and on-the-job training and also mentoring, but which authority will be responsible for specifying the minimum content of an agreement and what mechanism will exist for ensuring it is effective?

Lord Young of Norwood Green: I think the Sector Skills Council is the body that has been originating the framework agreements. We are not proposing a change in that process, so I

would say the Sector Skills Council will define what is contained within---. I wonder if you could just repeat it to make sure?

Mr Marston: The agreement I think Lord Layard was referring to is the one that the Secretary of State would be responsible for specifying. Lord Young is absolutely right that the apprenticeship frameworks are specified by the Sector Skills Councils, but if you are asking who is the authority for the agreement, it is the Secretary of State.

Lord Layard: Thank you.

Q14 Lord MacGregor of Pulham Market: Is the committee correct in understanding from the Draft Bill that apprenticeships for 16-19 year olds will be expected to offer a course or courses of training and that this must be distinct from training provided while the apprentice is actually working in the job? Is this likely to discourage employers from taking on 16-19 year olds and, a separate question, will they then be compensated for the additional costs incurred?

Lord Young of Norwood Green: Again, we hope we have got the balance right and that we are not going to discourage employers. Apprenticeship learning includes, as we have already said, both occupational, competence and more theoretical knowledge. The intention is that the apprenticeship is a flexible programme of blended learning and it is something that is integrated. As we have already said, we see it as critical that we do involve employers in the design of these programmes and that we meet their concerns in developing a programme. The pattern of release for off-the-job education and training needs to be agreed between the apprentice, the employer and the training provider. That will, once again, depend upon the framework agreement, but, as I said earlier on, all these agreements will be accredited and Ofsted inspected. We do not believe the way that we have defined the requirements should discourage employers. However, I think I would be expressing naivety if I did not say that I think we have got quite a task in encouraging employers, and there is a real task to ensure that

we will win the battle of hearts and minds about the benefits that apprentices will bring to a company.

Q15 Lord MacGregor of Pulham Market: And compensation is not part of it?

Lord Young of Norwood Green: First of all, there is the exemption of the 16-19 year old apprentices from the national minimum wage, although we have increased the apprenticeship wage now to £95, so it is a recognition that they will be less productive than other employees while they are in training. We are piloting in 2009 a proposal in world-class apprenticeships to trial, providing a contribution to wage costs for small employers, and so we are cognisant of the impact especially on small employers.

Q16 Baroness Hamwee: This continues the questions about employers, hearts, minds and the administrative burden, and so on. How will the burden on employers be reduced. Does it make it easier for employers to develop a qualification which fits in with the employer's own business? More generally, what buy-in has there been from employers to this, both in terms of the apprenticeships (and I know that economic circumstances have changed) but jobs for apprentices to move on to, which I would have thought is quite an important part of the whole picture?

Lord Young of Norwood Green: Very much so. If we look for a minute at some of the figures, certainly we have seen a significant increase in apprenticeships, in starts and completions of apprenticeships, from a quite low figure of something like 24 per cent completion rates in 2001/2002 up to 63 per cent in 2006/2007. So we see that as buy-in from employers, although we are not complacent. So that is one measure. Stephen, I wonder whether you would like to add anything.

Mr Marston: In relation to the wider apprenticeship programme, it is very, very strongly supported by employers, including our apprenticeships ambassadors network. I think you are

absolutely right that we may now be facing, within the wider economic climate, some difficulties in getting the number of places that we want, but at least the principle of apprenticeships is very widely supported and the commitments to expansion are very widely supported. You asked a couple of more specific questions. One was about qualifications. It is part of our wider programme of working with employers that the Qualifications and Curriculum Authority can now accredit training offered by employers so that it ranks as a national qualification, and that will work for apprenticeships as well so that employers offering good training, if it wants it to lead to a qualification, that can be done and it goes into our Qualifications Credit Framework. On the burden on employers, how can that be reduced: there has been a significant issue around the bureaucracy associated with the apprenticeships programme. John Denham has taken a personal lead in trying to understand what is causing that and what can be done about it, and we have got a programme that is trying to reduce the bureaucracy that is in the apprenticeships programme. There are a number of things that we do not need to do any longer, such as storing paper records for a number of years. There is quite a lot we can do simplify this programme.

Lord Young of Norwood Green: Also, of course, we are going to introduce a vacancy matching service, which we see as another vital component. We are trialling this at the moment with employers registering vacancies onto this database, and, indeed, I believe, looking through the evidence of your previous committee, I think that was an idea that you were keen on. We have trialled it. The first trial we had of it was some success. The trials should be completed by December and we start a careful roll-out in January, I think. We obviously want to get this right. We want a system that, once it starts getting loaded up, is able to respond. So we hope that that vacancy matching service will be an important facility.

Q17 Lord Griffiths of Fforestfach: Coincidentally, I joined this committee just as this report was being concluded. I was very enthusiastic about the report and the committee, and

even the new members of the committee, I think, have been very enthusiastic. The question I remember asking, I think in my first meeting, was how we know we are going to get enough employers who will really take this forward so that it is employer-driven? It seems to me the Draft Bill is really about making sure the product is first-class. Nobody could doubt that the product is other than first-class, but in the evidence that we submitted on 10 July there is a record of a pilot in Hampshire: on the Isle of Wight 17,000 applicants registered and only 6,000 apprenticeship places were offered. David Way has indicated that the National Apprenticeship Service is going to play a role, but it seems to me you need much more than that. You need, basically, almost a movement within British industry and services which is nationwide, which has very powerful leadership, like in Germany. Germany have had continuity. The apprenticeship schemes here have fallen into disrepair and, I must say, I would like to know how as a government you feel you really are going to get this thing kick-started, especially if we debate this in 2009. The outlet for the economy is, frankly, gloomy. It looks as if there is going to be negative growth. You are really fighting such an uphill battle. I am sorry, it is a long question, but, on the other hand, it is because I am so excited about what you are doing that it is a long question, because I would hate to see it somehow stumble because of external events.

Lord Young of Norwood Green: I share Lord Griffith's enthusiasm and concern, and I suppose we could say, if we wanted to start building up apprenticeships, we would not want to be starting from here, but we are where we are, and in a way, I suppose, if we can achieve it in these circumstances then we will be able to achieve it in any set of circumstances. I think Stephen Marston has already mentioned to you the apprentice ambassadors, and they are important. There are a number of key figures in industry that are prepared to go out and bang the drum for apprenticeships, and that is important. We also have to focus on the SMEs, on small and medium employers, and anything we can do that takes away the administrative

burden from them, whatever we can do to reduce costs. We have talked about the possible wage costs, the concept of group training associations where there is a pool of apprentices which can respond to the needs of a pool of employers. They can use apprentices from that pool and, hopefully, at the end of that period we will have enough apprentice vacancies arising from that pool. There is no one model of group training, there is a number of different models that are being tried and applied; so we agree with you. The skills brokers will have an important role to play, they will operate within the Business Link support service - in fact they will probably be the first port of call in a way - and as soon as they indicate that there is a possible need for apprenticeships within a company, but, yes, an uncertainty perhaps - "If I take on an apprentice what am I letting myself in for" - that is when we direct them towards the National Apprenticeship Service which, if we get it right, is going to be the one-stop-shop that will take away all the administrative burdens and concerns. So the National Apprenticeship Service has got a key role in ensuring that the stories that SMEs tell among themselves is that when you utilise the services of that organisation it is first-class, it takes away that administrative burden, and the flexibility that processes like the Group Training Association we think will make a contribution. We have no doubt that this is not an easy one. I am going out and about and around the country, talking at meetings organised by chambers of commerce to those employers who have signed up to the Skills Pledge, an important first step in recognising that their company understands the importance and the need for training, and we are selling hard the message to them that if you want to survive in the current climate your ability to survive is 2.5 times better if you invest in training and apprentices as part of that.

Q18 Lord Griffiths of Fforestfach: Can I make one comment? The Treasury would not like it but it does seem to me that, at a time when unemployment is likely to be rising, a more generous offer from the Treasury would really be very useful. It is a job creation scheme as

well as an investment in the future and, instead of having unemployed young people, I think there is a very strong case to be said for a more generous approach financially in getting behind the programme.

Mr Marston: Might I say on that, we have increased the funding very significantly last November in the funding allocations and we will shortly be announcing the funding for next year. The funding for the apprenticeship programme is going up significantly. The other point I would bring out is the importance of apprenticeships in the public sector as well as the private sector, because, you are absolutely right, particularly now in the current circumstances, it is right to expect the public sector to play its full part in offering good quality apprenticeship programmes, whereas in the past many parts of the public sector have not, there have been very few apprenticeships. So we have got a separate programme going on with each major component of the public sector, including central government, where we are well ahead of the target that we set ourselves for taking apprenticeships but also the Health Service, local government to build apprenticeships right across the whole economy, the public and the private.

Q19 Chairman: While we are on the point of funding, perhaps I can go back to one of our committee's main recommendations back in 2007. We felt that government funding for apprenticeships should go straight to employers rather than via training providers, because in a sense the training providers are a check on what goes and, if you really want to incentivise employers, at the end of the day having the money in their own hands directly is perhaps the only incentive that you get. The Secretary of State told us that many smaller companies would not want the extra administration that goes with that, but is not the answer to simplify the administration and still go for the direct incentive, which is that, whether you are an SME or a big company, you have the money in your own hands and it is not rationed?

Lord Young of Norwood Green: I am not sure whether I am going to please you with the response. We did reflect on the point that you make, because, obviously, we do want to do everything that we can do to encourage employers to see this in a positive light. We believe that we need a system that offers flexibility and choice, and that is what we are seeking to develop, and one that makes it easier for employers to develop their own framework. We say to you, in response to the point that you make, that some small employers report that they do not want the extra administration of co-ordinating the training and the other necessary administration relating to taking on apprentices. We do not believe that just directing the funding will solve that problem. We adhere to the view that taking away the burden of administration, which we hope certainly the National Apprentice Service will do in part, the skills brokers playing their role in defining the training needs and developing group training associations which support employers through the entire apprenticeship process, is the best way forward.

Q20 Chairman: You have mentioned that there is some resistance at least from some small employers. Are you quite sure the resistance is not just from the training providers who do not want to see a change?

Mr Marston: I think we are confident of that because the choice is there. We are very happy to fund employers direct, and we fund quite a lot of employers direct through the National Employer Service wherever an employer wants to do that, and that is absolutely fine, but all the evidence we have is that quite a lot of employers do not themselves want to take on the role of the delivery of the training component. It is more convenient for them to have somebody else do that organising for them. They are very happy to employ the apprentice, to provide the work experience, to provide the work placement, but if someone else can organise the training, that is a win from their point of view. So we are trying to offer the choice. Why would we force an employer that does not want to organise the training to say, no, you have

got to. We are offering a choice currently, and that feels like the right thing to do because employers are saying to us, “Actually, we are happy to provide the apprenticeship place, but, please, can the training provider organise the training?”

Chairman: When one thinks about the most successful apprenticeship schemes in Europe, one tends to think of Germany and perhaps Austria, I just mention that in both of these countries the funding goes direct to the employer.

Q21 Lord Layard: I wonder if I could ask a question to follow up Stephen Marston’s remarks. Certainly the National Employer Scheme has worked well, but how much is it promoted to employers locally that there are two routes they could go, one direct and one through a training provider? Are we really making both those routes absolutely clear to employers locally?

Mr Marston: I am sure we can do more to make that choice clear and explicit so that every employer knows, “I could take the funding direct and do it direct or I could work with the training provider”, but I have to say that the way we are thinking about trying to grow the Apprenticeship Programme, we do think there is a real obstacle to expecting particularly SMEs to take on the full responsibility for managing the whole of an apprenticeship programme, which is why we think group training associations and consortia are going to be such an important way of doing this. If you are an SME, organising purely under your own steam the whole of an apprenticeship programme is quite a challenging thing to do. We do think it is part of our job to make it as easy as possible for employers to engage in whatever way they find sensible and practical for them, and if they want to organise the whole thing, that is great, but if they want to be partners within a group training association that is also fine. We are just trying to offer different models to get as many employers as possible working with us on a basis that suits them and their circumstances.

Q22 Baroness Hamwee: The Train to Gain scheme: could you update us on its success in finding apprenticeship places, please?

Lord Young of Norwood Green: In 2006/2007 the skills brokers referred employers with 1,560 potential apprenticeship places to training providers. In 2007/2008 this figure increased to 2,329 and, in addition, they referred 983 employers in 2006/2007 and that increased to 1,326 in 2007/2008.

Q23 Baroness Hamwee: I did not catch that. You said they referred employers?

Lord Young of Norwood Green: They referred them in this case for information on apprenticeship.

Q24 Baroness Hamwee: They were providing information?

Lord Young of Norwood Green: Yes.

Mr Marston: They were helping to set up the apprenticeship programme. The brokers are the first source of information, guidance about how we do it, and that is the number that they were referring to support to set up apprenticeship programmes.

Q25 Baroness Hamwee: Thank you.

Lord Young of Norwood Green: Perhaps I should add to that that there have been ten Train to Gain sector compacts that so far have been agreed, and these will support the Sector Skills Councils to work with the brokerage service to drive up employer demand for apprenticeships. So a commitment of an additional 30,000 apprenticeship starts over the next three years has been agreed through these compacts, so that is an example of another means of trying to drive up the number of apprenticeships.

Q26 Baroness Hamwee: Do you have any targets? The government often does have targets? Or is it a question, and I would have sympathy with this approach, let us just do the best we can?

Lord Young of Norwood Green: We have targets.

Q27 Baroness Hamwee: How closely does the achievement fit the target?

Lord Young of Norwood Green: This government not having a target; perish the thought! No, it is essential that we do. First of all, the objectives were defined in the Leitch Report. We are aiming to do better than that, because our aim is to provide by 2013, I think, a one-in-five target; a place for all qualified young people by 2013. That is our target.

Q28 Baroness Hamwee: How do these figures fit with the stages towards meeting that?

Mr Marston: This is one flow from the Train to Gain brokers into the apprenticeship programme. Overall, in terms of the numbers starting apprenticeships this year, we are somewhat ahead of the target that we set for this year. So we have a trajectory that works through the current comprehensive spending review period and on to 2020, and at present we are a bit ahead of that trajectory for the number of people starting apprenticeships.

Q29 Lord MacGregor of Pulham Market: This committee's report argued that it would be easier to build up apprenticeships if responsibility came under a single department, but the Government has decided that responsibility should be split between the two government departments. Why was that?

Lord Young of Norwood Green: There are two sides of this particular coin, are there not? I would like to think we have already in part answered that question. In terms of meeting and developing the skill-set needs of the nation as a whole, we are quite clear that is the responsibility of DIUS, but in terms of ensuring that young people, first of all, are educated to

a reasonable standard so that they are able to participate but also ensuring that in the school environment information on apprenticeships is conveyed in a way that does justice as a career option, we could not remove that from the Department for Children Schools and Families. We do not see that it would be possible to focus it on one government department. We are clear about our role in developing and enhancing apprenticeships, but we cannot ignore the fact that the starting point for apprenticeships is going to be young people who are still in school, and, if that is the case, we need to be able to influence their choices.

Q30 Lord Layard: You mentioned the forthcoming blue print, which I think you said would be published, or presented, after the second reading of the Bill. Did I get that right?

Lord Young of Norwood Green: Yes.

Mr Marston: We are planning to publish the blue print so that it is available around the second reading in the fourth session. So there will be an Education and Skills Bill in the fourth session of Parliament. At the second reading of that Bill, which will incorporate the apprenticeship clauses, the blue print will be available.

Q31 Lord Layard: Are you saying the Draft Apprenticeship Bill is going to be part of a bigger bill?

Mr Marston: Yes.

Q32 Lord Layard: We lose the title?

Mr Marston: There will not be a separate bill just called apprenticeships and just about apprenticeships, these clauses will be incorporated in an education and skills bill which has been announced as one of the bills for the next session of Parliament.

Q33 Lord Layard: Coming back to the blue print, is there any intermediate stage, consultation, or process by which this committee or private individuals can comment before it is finalised?

Mr Marston: Certainly before it is finalised, because what we would expect is that it is made available as a draft to accompany the passage of the Education and Skills Bill through Parliament. So the components of the blue print can be discussed as a draft alongside the Bill, and then it gets finalised through that discussion, taking account of all the discussions with this committee and through consultation. So what we first publish will be very much a draft with plenty of scope for discussion and revision.

Chairman: Perhaps we can put up a marker now that is something we are likely to want to have a look at. As you know, we have a great deal of sympathy with the Government and its aspirations in this area. Our concerns have always been with the implementation and implementation is a difficult area, so you can expect us to show a continuing interest. In the meantime, many thanks indeed for spending your time with us.