

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT  
GENERAL COMMITTEES

## Public Bill Committee

# TECHNICAL AND FURTHER EDUCATION BILL

*Sixth Sitting*

*Tuesday 29 November 2016*

*(Afternoon)*

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SCHEDULE 1 agreed to.

CLAUSES 2 to 12 agreed to.

Adjourned till Thursday 1 December at half-past Eleven o'clock.

Written evidence reported to the House.

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**not later than**

**Saturday 3 December 2016**

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**The Committee consisted of the following Members:**

*Chairs:* MR ADRIAN BAILEY, † NADINE DORRIES

† Argar, Edward (*Charnwood*) (Con)  
 † Brabin, Tracy (*Batley and Spen*) (Lab)  
 † Donelan, Michelle (*Chippenham*) (Con)  
 † Evennett, David (*Lord Commissioner of Her Majesty's Treasury*)  
 † Halfon, Robert (*Minister for Apprenticeships and Skills*)  
 † Hopkins, Kelvin (*Luton North*) (Lab)  
 † Jayawardena, Mr Ranil (*North East Hampshire*) (Con)  
 † Kane, Mike (*Wythenshawe and Sale East*) (Lab)  
 † Mak, Mr Alan (*Havant*) (Con)

† Marsden, Gordon (*Blackpool South*) (Lab)  
 † Rutley, David (*Macclesfield*) (Con)  
 Shah, Naz (*Bradford West*) (Lab)  
 † Smith, Henry (*Crawley*) (Con)  
 † Tomlinson, Justin (*North Swindon*) (Con)  
 † Turner, Karl (*Kingston upon Hull East*) (Lab)  
 † Vara, Mr Shailesh (*North West Cambridgeshire*) (Con)

Kenneth Fox, Marek Kubala, *Committee Clerks*

† **attended the Committee**

## Public Bill Committee

*Tuesday 29 November 2016*

*(Afternoon)*

[NADINE DORRIES *in the Chair*]

### Technical and Further Education Bill

#### Schedule 1

THE INSTITUTE FOR APPRENTICESHIPS AND TECHNICAL  
EDUCATION

*Amendment proposed (this day):* 30, in schedule 1, page 27, line 3, at end insert—

**“A2DD Directions: consultation**

Directions given to the Institute by the Secretary of State under this Act shall be subject to—

- (a) periodic review, and
  - (b) consultation by the Institute with—
    - (i) organisations representing the teaching professions,
    - (ii) further education bodies and provider organisations,
    - (iii) employers and employers’ organisations,
    - (iv) awarding bodies, and
    - (v) organisations representing students and apprentices.”—
- (Gordon Marsden.)*

2 pm

*Question again proposed,* That the amendment be made.

**The Chair:** I remind the Committee that with this we are discussing the following:

Amendment 31, in schedule 1, page 28, line 32, at end insert—

“(3) Regulations under this section shall be laid before Parliament and shall be subject to the affirmative resolution procedure.”.

Amendment 33, in schedule 1, page 30, line 17, leave out “negative” and insert “affirmative”.

**The Minister for Apprenticeships and Skills (Robert Halfon):** I will pick up on a number of points that have been raised before talking about the main substance of the amendment. A key recommendation of the Sainsbury report, No. 8, stated:

“While it is right for the Institute for Apprenticeships to be delegated wide-ranging autonomy across its operational brief, responsibility for key strategic decisions must be reserved for the Secretary of State. Crucially these decisions include those relating to the shape of the overall national system of technical education”. The Secretary of State will obviously consult when making her decision, and she needs to ensure that any directions are reasonable and include all relevant factors, which means that the Government consult and listen where appropriate. Under public law duties, a Secretary of State has to act reasonably and fairly.

The hon. Member for Blackpool South mentioned City & Guilds, which stated:

“The City & Guilds Group fully supports the Government’s policy drive to improve the skills of the UK workforce and improve the transition for those entering employment from education and training. We see much merit in the Post-16 Skills Plan, and look forward to continuing to work with the Government and the new IATE to improve the quality and esteem of vocational and technical education in the UK.”

The hon. Gentleman also talked about the timescales. We will publish an implementation plan in due course—a real “due course”—which will set out the timeline for delivering the technical education reform set out in Lord Sainsbury’s independent plan and the Government’s post-16 plan. It will demonstrate firmly how we are to ensure that the institute will be able to deliver its functions according to the plan’s timescales.

As I said all the way through this morning’s sitting, the whole purpose of establishing the Institute for Apprenticeships and Technical Education—is to give employers a clear and independent voice. I understand that it must be strange at first sight that the Bill gives the Secretary of State powers to issue directions to the institute in respect of its responsibilities for technical education qualifications and the steps towards occupational competence, but the limitation in the amendment is neither necessary nor desirable, and I want to set out why.

I have mentioned Lord Sainsbury, who touched on this again in oral evidence to the Committee. We are including the direction provision in the Bill because it ensures that although the institute has real responsibility for developing and operating the technical education system flexibly, that will be in an overall strategic context guided by the Secretary of State. The Committee might be concerned that we did not include a similar power in respect of apprenticeships and the institute, but the two cases differ substantially. There is a stronger relationship between technical education and the education system as a whole—apprenticeships form part of that—particularly as it relates to young people, than is the case with apprenticeships individually.

To make it clearer, let me describe the circumstances in which we envisage that the direction power may be used. They could include a national requirement for all qualifications taken by 16 to 18-year-old students to include a specific core skill or knowledge. Or they could reflect reforms to other parts of the system, such as a change in the structure of A-levels or in the length of the academic year, which might have a strong impact on the shape of technical education provision. Many issues covered by the directions are likely already to be subject to specific consultation before they are put in place, such as the consultations that take place on A-level subject content. The direction power simply enables the Secretary of State to ensure that her wider policy responsibilities are given effect throughout the system.

**Gordon Marsden (Blackpool South) (Lab):** I intervene on the Minister at this point to clarify that the point of the amendment, and the argument I made, was not to question in any way the ability, legality or desirability of the Secretary of State having an ongoing, one-to-one relationship with the institute. The point was that the aggregate of those instructions, if they are not tempered—that is the way I want to look at it—by a periodic review or consultation with the sorts of organisations that we have talked about, could cause not a chasm but a gap between what one set of people know and what another set know. I entirely understand the Minister’s point about making these decisions based on technical things, but that is the purpose of the amendment. The purpose was not to question in any way the desirability of the Secretary of State having that one-to-one relationship.

**Robert Halfon:** As I mentioned previously, it is highly likely that the Secretary of State, when issuing a strategic direction, will have a full and thorough consultation. We want to make sure that the Government are able to exercise overall strategic control where necessary and without delay.

The amendment relates to additional consultation on, and review of, directions issued to the institute, rather than the principle of the direction-making power itself. We have just agreed that those directions are likely to deal with changes to the education system as a whole, for which consistency of implementation is of primary importance. Consultation and review relating to only part of the system—the institute’s responsibilities for technical education—seems to have little practical value and, we think, might cause considerable delay, which could put coherent and consistent implementation of strategic measures in peril.

There might be other cases in which the Secretary of State would need to intervene quickly, for example before arrangements for particular qualifications are finalised. We therefore believe that the Secretary of State should be able to exercise a direction power of the kind the Sainsbury panel had in mind, without a specific requirement for additional consultation and review, even though it is unlikely that there would be no consultation when that directional power was given. I therefore hope that the hon. Gentleman will agree to withdraw the amendment.

**Gordon Marsden:** I have heard what the Minister has to say on this matter. Again, I make the point that we are concerned about the aggregate process, and it is that process that prompted this probing amendment. The Minister mentioned the implementation plan, which raises another issue that was brought to us by a number of different people. The Minister and I swapped quotes from City & Guilds, but the original comment I made was what City & Guilds said about the timetable. The implementation plan, which he says will give the timeline in due course, is welcome, and may well allay some of the concerns that others have had and which we have tried to reflect in the amendment. If that is the case—in due course—we will be satisfied. I therefore beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

**The Chair:** Mr Marsden, do you wish to move amendment 31 formally?

**Gordon Marsden:** Ms Dorries, we do not intend to move either amendment 31 or amendment 33. We have established the principle with the first vote, and I do not see the need to detain the Committee any longer on that.

**The Chair:** Thank you.

**Gordon Marsden:** I beg to move amendment 17, in schedule 1, page 29, line 34, at end insert—

“(1A) In paragraph 2(1) of (membership of the Institute), after subparagraph (c) insert—

- “(d) but at least one of the members appointed under paragraph 2(1)(c) must have recent experience of undertaking an apprenticeship, or of representing or promoting the interests of apprentices; and
- (e) at least one of the members appointed under paragraph 2(1)(c) must have recent experience of undertaking a technical and further education course, or of representing

or promoting the interests of students undertaking a technical and further education course.””.

*This amendment would ensure that apprentices and learners are represented on the board of the Institute for Apprenticeships and Technical Education.*

**The Chair:** With this it will be convenient to discuss amendment 32, in schedule 1, page 29, line 34, at end add—

“(1A) In paragraph 2, after subsection (2) insert—

- “(3) The appointment of the Chair and Chief Executive shall be subject to a confirmation hearing by the appropriate select committee or committees of the House of Commons.””.

**Gordon Marsden:** We now come to what is essentially the last of the amendments to schedule 1 that we will pursue. It has been designed to broaden both the prospective and the actual membership of the Institute for Apprenticeships and Technical Education. Although we have dealt in earlier amendments with how apprentices, and indeed students, get represented, amendment 17 is the most specific.

The Minister will understand that we wish to insert sub-paragraphs (d) and (e) precisely to reflect what he and I have been talking about, which is that the situation of people undertaking FE and technical courses can be somewhat different in outcome and process from that of apprentices. It is important to make that distinction. There is a certain element of déjà vu here, because we discussed the same issue at the start of the year. I will not repeat the whole saga, but before the Government drafted the provision this was very similar wording to that in our model for the new institute. As my hon. Friend the Member for Cardiff West (Kevin Brennan) noted during the passage of the Enterprise Bill 2016, on which he led for the Opposition in Committee, the Institute for Apprenticeships did not—and for that matter does not—have any clear mechanisms for ensuring that apprentices and learners are able to contribute their experiences via the board, or the institute, to inform the work of their new regulator.

In this morning’s sitting the Minister and I discussed the nature of feedback, and it seemed that he thought it was more rigorous than I did, but we will let that pass. However, this is a question not so much of feedback—which is important—as of sending out a sign that there is proper representation. The institute must be broadly based. It cannot simply be employer-led, however important that may be; it should be guided and structured by them, and we will see in due course what the appointments to the board reflect. The idea that there is a board with no apprentice presence on it is as daft as it would have been in the Higher Education and Research Bill to have the office for students without a student representative. In one way, although we can gloss it, it is as simple as that.

From what Peter Lauener said in his oral evidence, and indeed from what the Minister himself has said, appointments to the institute’s board may or may not be imminent, happening in due course, at hand or whatever phraseology we want to use, but I do not think that I can overemphasise how essential it is for it to have wide-ranging representation, to include all the key components of apprenticeship creation and delivery.

[Gordon Marsden]

I have referred, in relation to previous amendments, to the active participation of various groups of apprentices and their willingness to take up the challenge. These include the National Union of Students, with its own National Society of Apprentices, the Industry Apprentice Council, from whose excellent survey I quoted last week, and other groups such as that of Lindsay McCurdy. After all, in National Apprenticeship Week every year—an offshoot, of course, of the creation of the National Apprenticeship Service under the previous Labour Government—we all go around, as Members of Parliament, shaking hands, having photographs taken and saying how marvellous it is to hear apprentices' life stories and initiatives. Next year the board will be established and the institute will take a legal rather than shadow form. It would seem odd then to go out and talk to apprentices and students at FE and technical colleges and have them say, "It's nice that you have come to see us, hear my life story and take my photograph, but why have we got no representation on the board of the institute?" Perhaps the Minister would like to think about that for a moment.

2.15 pm

The vision for apprenticeships has become particularly pressing because of the Government's announcement about including technical education in the institute's remit. It is important to include the experience of those apprentices and FE students. Perhaps in future—not now, because I appreciate that we are not yet in that situation—it might be appropriate, although for a shorter period, to include the experiences of people undertaking traineeships. Traineeships are an important part of getting people, particularly young people, to the starting post. That is what we strongly believe needs to be done in this context with amendment 17.

Amendment 32 addresses a slightly different aspect, although it has the same element of transparency. It proposes that the appointments of the chair and the chief executive should be subject to a confirmation hearing by the appropriate Select Committee or Committees of the House of Commons, although there is still some settling down to be done. The Minister will know that in recent years Select Committees have increasingly exercised their powers to interview and have quasi-confirmatory hearings for applicants to key posts in bodies outside Government, such as Ofsted. I say powers, but the situation in this Parliament is not the same as the situation in the US Congress, where there are Senate hearings to confirm the appointment of various key officials, and where the officials, if they are turned down, are not appointed. I will not digress, Ms Dorries, but it will be interesting to see what congressional committees might make of the new President's cabinet appointments.

**The Chair:** That is enough now, Mr Marsden.

**Gordon Marsden:** We have a weaker version of that. The Education Committee interviewed the chief inspector-designate of Ofsted and was not satisfied, but the Secretary of State was satisfied and that process went ahead. Amendment 17 is not proposing some form of constitutional innovation; it is something that goes on already.

Sometimes the Minister or the Secretary of State agrees with the view of the Select Committee and sometimes, if the Select Committee has said no, they do not. I do not have a problem with that. In terms of raising the profile of the institute, which is surely what we all want to do in the run-up to its formal launch in the spring, this would be a very useful measure for the Government to agree, which would send out a signal.

As I said, this is a probing amendment. If the Minister were to say, "It is probably more appropriate for just one of them—the chair or the chief executive—to have it," we would not argue with that. Agreeing to this measure would send out an important signal about how important the Government consider this issue to be. The Select Committees have already shown interest in apprenticeships, technical education legislation and the apprenticeships levy, as the Minister well knows because he has been before them, so I cannot believe that they would not be happy to perform this duty. That is the basis on which we tabled the amendment.

**Kelvin Hopkins** (Luton North) (Lab): I support what my hon. Friend says about amendment 17. It is very important to have representation by an apprentice or someone who has recently been an apprentice, so the board gets feedback from someone who has been on the receiving end of the experience, rather than just from people who think they know about it, but may not know it all. An apprentice who has spent considerable time going through the system will have a lot to offer to the board, so that is very important.

It is important to have members of the board who are different from the rest of the board. In the past, having one woman on a board—nowadays, we have many more than that, I am glad to say—made a difference to the nature of the discussions. Having representatives from minority communities on boards makes a difference by broadening the discussions and making them better. Assumptions that might have been made if the board were made up of small "c" conservatives and middle-aged white men in suits—I am one of them—can be challenged. We see too many people like me, and not enough of other people—[*Interruption.*] I said people like me, not necessarily me personally. It is important to recognise that there are other voices and other views, and the way to get those views represented is to have such people on the boards. Having at least one apprentice on a board is a good idea, although it should be someone who is experienced—someone who is coming to the end of their course or has just completed it, not someone who is at the beginning of their course. I strongly support what my hon. Friend said, and I hope the Government take cognisance of his views.

Turning to amendment 32, I have chaired two confirmation hearings and I sat on a committee interviewing an appointee before they went for their confirmation hearing. I think it is an extremely good exercise that has improved the quality of the appointments in recent years, so I very much welcome it. Occasionally, the people have not been ideal for the job and have chosen to stand down before going right through the process; I think that shows wisdom. Sometimes the Government and Ministers have been reluctant to let go of appointments, but they have now done so, and I think they are pleased with the job that Select Committees have done on confirmation hearings. I really do think that this would be a very good idea.

It is particularly important to have confirmation hearings for the chair, although perhaps the chair should deal with the chief executive. The confirmation hearings I chaired were to do with that role. It might not have been a chair—it might have been a director or something—but we were essentially interviewing for the chair role. It was extremely interesting and very useful, and I think that in each of those hearings we got the right result. I support amendment 32 in principle, even if my hon. Friend does not press it to a vote.

**Robert Halfon:** Let me begin by saying that if there were more people like the hon. Member for Luton North in education and skills, we would be in a very good place indeed—whatever their age may be.

**Kelvin Hopkins:** I should correct myself. I said “middle aged”; I think that is rather beyond me. [*Laughter.*]

**Robert Halfon:** I thank the hon. Member for Blackpool South for tabling these amendments, particularly amendment 17, which is a very thoughtful amendment. He may be interested to know that even before they were tabled, when we were discussing these matters, I made some of the points that he just made.

Regarding advertising and interviewing for the board members, we have had 281 applications to the board, representing a wide spectrum of apprenticeship experience. I believe that once the board is finalised the hon. Gentleman will be happy with the membership—we have a few rubber stamps to go yet, but I think he will be happy. He will know that the board is responsible for ensuring that the interests of apprentices and students of technical education are well represented.

I have thought about this issue very seriously—long before we discussed it in Committee—but I cannot go so far as to say there should definitely be apprentices on the board. In part that is because board members need to have experience and they carry a great deal of governance responsibility; they also come under press scrutiny, which is not easy. In addition, the board needs to represent the interests of all apprentices of varying levels, ages and sectors, so a single recent apprentice would be unlikely to speak for all apprentices. We do not think that the amendment offers the best way to represent the interests of apprentices and those in technical education.

I think we can square the circle by agreeing that the institute should draw on the experiences of apprentices, so I am pleased to announce that we expect the institute to invite apprentices to establish an apprentice panel, which would report directly to the board. The panel would be made up of apprentices from different occupations and experiences. The panel would decide for itself which issues to focus on, and it will challenge and make recommendations to the board. That squares the difficult circle of wanting experience but also having the vital input from apprentices up and down the country. The Institute for Apprenticeships and Technical Education will ensure that the first panel is in place before the institute goes live in April 2017. The institute will consider how best to engage with apprentices on an ongoing basis and how best to represent technical education students ahead of it taking on that responsibility in April 2018.

I am also pleased to report that there are plans to recruit three apprentices to work at the institute, which will review that number periodically. While I am in this post, I will certainly look at this issue with an eye to expanding the number of apprentices who work for the new institute.

Regarding amendment 32, I understand that it is looking for scrutiny of these crucial appointments—the hon. Member for Luton North spoke about how important these appointments are. However, given the size and scope of the institute, and even after the addition of the new functions in the Bill, I do not agree that the amendment is necessary. Generally, appointments that are subject to confirmation hearings by Select Committees are to much larger organisations. Furthermore, the appointment of the chair is subject to a code of practice set out by the Office of the Commissioner for Public Appointments, as the hon. Gentleman no doubt knows, and is already subject to a high degree of scrutiny.

In line with requirements, the Secretary of State has approved the launch of a recruitment campaign for the chair and the public appointment selection panel. The panel is chaired by a public appointments assessor, and as the appointing Minister I am kept informed every step of the way. A shadow chief executive is in post; the recruitment of the permanent chief executive will follow established civil service rules, with fair and open competition. Also, the Enterprise Act 2016 is clear that the chief executive will first be appointed by the Secretary of State in consultation with the chair and thereafter by the institute itself. The chair and chief executive can of course be called on by the relevant Select Committees to give evidence to Parliament and account for their actions.

I do not think the amendment is necessary as I believe that the appointments will be subject to appropriate scrutiny, consistent with established public appointment rules. I hope that the Committee agrees on the need for the institute’s leadership to be established without delay, especially given questions posed by the hon. Member for Blackpool South about the institute’s capacity, whether it will be set up in time, and so on. I hope that the Opposition are sufficiently reassured by that information to withdraw the amendment.

2.30 pm

**Gordon Marsden:** I will treat the Minister’s two responses separately. On amendment 32, which deals with the appointment of the chair and chief executive, yes, there is always the argument that because we are speeding towards setting the institute up—I do not criticise that—there is not time for a confirmation process. I hope that I do not misrepresent him, but I think that is the gist of what he said.

All these things are contextualised. I do not want to open old wounds, but the Institute for Apprenticeships has not had a great record with shadow chief executives—not because of their calibre, but simply because of the time for which the first stayed and the fact that the second, Peter Lauener, is doing the job two days a week. To be blunt, that has aroused scepticism—or to put it positively, a wish to be reassured—among stakeholders across the board about whoever the new chief executive is. It seems to me that an appointment hearing would be neither inappropriate nor unreasonable.

[Gordon Marsden]

The Minister cannot have it both ways. He tried to persuade me the other day that I did not need to worry too much about the institute having only 60 employees because an enormous number of other people were doing things, but if that is the case, it is a rather more significant organisation than the Minister's bald figures and comments suggest. To be frank, I am not sure that is the strongest of arguments.

**Kelvin Hopkins:** There is not necessarily a correlation between the importance of an institution and the number of people involved. Some institutions may be quite small but extremely important. As my hon. Friend says, size is not so significant.

**Gordon Marsden:** My hon. Friend may well be right. Significance is the important thing, and I just think a confirmation hearing would be appropriate for a new organisation such as this. As the Minister said, such a hearing may well take place in some shape or form with a Select Committee anyway, but we will see. We will not press amendment 32 to a vote at this point, but we reserve the right to return to it on Report.

Let me turn to amendment 17. I listened carefully to what the Minister said in addition to his point about the proposed apprentice panel to report directly to the board, and I am bound to say—this is an instant comment, not a considered reflection—that I think that is a positive and enlightened approach. It addresses many of the issues that concern us and I think will concern apprentices, and although the devil is always in the detail, it could be an elegant way of squaring the circle, to use the Minister's phrase. We will see how things go and wait to see the list of appointments.

Incidentally, our proposed amendments are not comments on individuals. I always take the view that we are making legislation for a generation and we have to make it for all individuals. Having said that, I am particularly encouraged and pleased with the Minister's response. On that basis, I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

*Question proposed,* That the schedule be the First schedule to the Bill.

**The Chair:** With this it will be convenient to discuss the following:

New clause 3—*Report on quality outcomes of completed apprenticeships*—

“(1) The Institute for Apprenticeships and Technical Education shall report on an annual basis to the Secretary of State on quality outcomes of completed apprenticeships.

(2) The report under subsection (1) shall include information on—

- (a) job outcomes of individuals who have completed an apprenticeship,
- (b) average annualised earnings of individuals one year after completing an apprenticeship,
- (c) numbers of individuals who have completed an apprenticeship who progress to higher stages of education,
- (d) satisfaction rates of individuals who complete an apprenticeship on the quality of that apprenticeship, and
- (e) satisfaction rates of employers who hire individuals who complete an apprenticeship with the outcome of that apprenticeship.

(3) The Secretary of State shall lay a copy of the report before Parliament.”.

*This new clause would require the Secretary of State to report to Parliament annually on specified quality outcomes of completed apprenticeships.*

New clause 4—*Institute for Apprenticeships and Technical Education: duty to promote awareness*—

“(1) It shall be a duty of the Institute to promote awareness of—

- (a) occupations, and
- (b) steps by which people may become competent to work in occupations.

(2) In promoting awareness under subsection (1)(b), the Institute shall give due weight to—

- (a) apprenticeships, and
- (b) technical education qualifications.”.

New clause 5—*The Institute: duty to consult*—

“(1) The Institute shall consult on a regular basis on—

- (a) the development and progress of standards and assessment plans, and
- (b) the delivery of apprentice end point assessments.

(2) Consultation under subsection (1) shall be carried out with—

- (a) further education bodies and provider organisations
- (b) awarding bodies
- (c) organisations representing employers, and
- (d) organisations representing students and apprentices.”.

Ms Brabin, as you tabled a new clause in this group, it would be nice if you were to lead the debate.

**Tracy Brabin (Batley and Spen) (Lab):** Thank you, Ms Dorries. I will speak to new clause 4 on careers advice and the duty to promote awareness of occupations.

We all remember the careers advice we received at school. I remember the suggested career given to me very clearly: as a young woman with 11 GCSEs and four A-levels, I was advised to become an air hostess, because of my bubbly personality. I did not follow the careers advice that I was given because I had a dream that I was determined to follow: to become an actor. It is not lost on me how enormously lucky I am to have enjoyed the career that I have and therein lies an important point—careers advice has not improved in the way that we wish it had.

Even with the enormous amount of data and emerging opportunities open to us, some young people leave education, ready and able to start on their career paths, with hardly any guidance, never mind a plan to follow. That is why new clause 4 is so important. I was genuinely surprised to learn that its provisions were not already in the Bill. Surely any education Bill should at its very inception promote careers and give guidance on how people can work in occupations? I hope the whole Committee can agree that our young people deserve to be given the time and resources to plan their careers and to have all the information in front of them as they set out gaining qualifications and making educational decisions based on the goals they wish to achieve.

In private meetings, real concerns have been raised with me about the lack of careers provision in our colleges right now. It has been stressed that there is such a lack of advice available at the moment that without explicit legislation on careers guidance, it will be nudged even further towards the back of the priorities queue.

With overstretched resources in colleges an ever-growing theme, I was not surprised to hear that at least one institution a receptionist at had been asked to carry out careers guidance, despite having no specialist qualifications or training in how to do that well. Although I was not surprised, I was ashamed that we had allowed our young people to be treated in such a way. I hope Members will join me in seeing the opportunities for the Institute for Apprenticeships and Technical Education to use its national role and unique connection between educators, institutions, learners and businesses to create a leading occupation awareness service.

Just this week, I had the pleasure of presenting an award to a company for its excellent apprenticeship programme. I heard testimony from the apprentices that showed that the employer was a great example of how employers can take the lead in careers advice, but we all know that, sadly, not every apprenticeship provider is the same. The company in question gives its new recruits a few weeks at a time on each aspect of its business, working out where the recruits' skills lie before setting them on a course to earn qualifications and begin a career in a place where they will flourish.

The time and investment an employer puts into an apprentice differs enormously. Not every employer is as good as the next, so the advice learners get from college is essential, hence the importance of new clause 4. I suggest that, as part of its duty, the Institute for Apprenticeships and Technical Education seeks examples of good practice from employers and promotes them among their connections and levy payers. Careers advice should not be confined to the classroom or to one-on-one meetings, but should be practical and hands-on in the workplace as well.

It is important to mention that I was encouraged during the Committee's first sitting last week by the warm words from the Minister on careers advice. I appreciate his genuine intentions to improve careers advice, but at a time when the co-Chairs of the Sub-Committee on Education, Skills and the Economy accuse the Government of appearing

“to be burying their heads in the sand while careers guidance fails young people, especially those from disadvantaged backgrounds, and exacerbates the country's skills gap”,

I do not feel we can rely on warm words alone. We must have provisions in writing—in legislation—because we have an obligation to learners.

If anyone has yet to be convinced that there is a problem, a simple google of the words “careers advice apprenticeships” is illuminating. The first two links are aimed at parents; then there is a link to the Government website that no longer works, a link to a newspaper article lamenting the woeful careers advice for apprenticeships, and a link to careers advice in Nottinghamshire. I am glad that Nottinghamshire seems well cared for, but it is worrying that no obvious official advice is immediately available. While I am sure there is official advice somewhere, should it not be obviously available to the young people who seek it? I hope that the institute becomes the known home for information where anyone who is interested in careers or a new career can access information easily. From where we are now, that would be an obvious and basic improvement.

The Bill is designed to harness the talents of our young people and unlock the potential of the country. Those are worthy aims—we can all agree on that—but

I cannot see how we can do that without an explicit commitment to promote awareness of occupations and advise young people on how to get a job in the area they wish. The opportunities that the institute provides are enormous. I hope we seize the opportunity presented in the clause to build a top-quality advice service for apprenticeships and technical educational qualifications.

**The Chair:** Mr Marsden, would you like to speak?

**Gordon Marsden:** On a point of order, Ms Dorries. May I clarify that we are having a debate on all three new clauses and schedule 1 stand part, so it would be appropriate for me to speak to all of those?

**The Chair:** It would now, yes. I called Ms Brabin first because I thought it would be nice, for a change.

**Tracy Brabin:** Thank you, Ms Dorries—a female voice in the room.

**Gordon Marsden:** Yes, I thought so, too. May I congratulate my hon. Friend—I think it is the first time she has spoken in Committee—on a lively and inspiring presentation? The issue of careers guidance is not new, but I will not go through its whole history. She was right to make those points, and the examples she gave of what appears to be there in principle but is not in practice were all too symptomatic of the difficulties the Government have had until relatively recently—I will be fair—in addressing the problem.

We had a lengthy period under the coalition Government and even at the start of this one where they were running rapidly to catch up with what had become a disastrous position in careers advice and guidance in schools, with work experience no longer required in the curriculum at key stage 4. An array of organisations—everyone from the CBI to the Federation of Small Businesses—complained and continue to complain. When the Government attempted to respond to some of the many cuts that virtually dismantled much careers advice in local authorities and schools—the Connexions programme was maimed beyond repair—to be fair, for post-24s they did do quite a lot in terms of online guidance and so on, but for under-24s they had done precious little, and my hon. Friend's investigations suggest that even that is not in the best of nick at the moment, if I can put it that way.

We still await a formal strategy from the Government on careers advice and further reports on how the money allocated to the Careers & Enterprise Company will be spent and distributed. To be fair, as I have said previously, the Careers & Enterprise Company is beginning to do some useful work, but it is hampered by the sheer volume of stuff that needs to be done. The Industry Apprentice Council report to which I have referred previously makes that point as well. My hon. Friend the Member for Batley and Spenningsdale is right to raise the issue with the Minister in this way and at this time. As I said, I accept the Minister's bona fides in this area and his wish to do something about it, but we need to see it taken forward.

2.45 pm

New clause 3, in essence, develops some of the issues that we talked about this morning: how we concern ourselves with not only the input to, but the outcomes of, apprenticeships. Historically, a tradition in Governments

of all parties has been to put great emphasis on input, but not always—certainly from a central position—on output. That has been remedied in recent years, and we sometimes have a lot more on output, but output and outcome are not necessarily the same thing. That is one of the things that we want to stress with the new clause.

In broad terms, the Labour party—my Front-Bench and Back-Bench colleagues and I—supports the objective of a major expansion of apprenticeship starts, which the Government have decided to deal with through the target of 3 million starts by 2020. As the Minister rightly said, apprenticeships are vital to bridge the growing skills gap, and the potential expansion might fuel some of the cohorts needed to fill the gaps in technical and professional staff, although other mechanisms can be considered too, as the Minister has observed. The new clause is timely, given the list of the sorts of things—it is not an exhaustive list—we believe would demonstrate the desirable outcomes of apprenticeships.

Despite some progress in recent years, the situation of those young people who remain not in employment, education or training is fragile. The most recent official figures show an increase in the number of 16 to 24-year-olds classed as economically inactive over July to December. That has lifted the number of NEETs to 857,000, an increase of 14,000 on the previous three months and up 3,000 from a year earlier, so we cannot be complacent about the job that still needs to be done to deal with many of the 16 to 24-year-old young people who come into the NEET category. That is one of the reasons why I am encouraged by what the Minister said about how traineeships might be used.

As I said, many commentators, businesses, sector skills people, providers, universities, the public sector, and college heads and staff whom I meet continue to put question marks over the quality of the 3 million new apprenticeships. We have to ensure that the focus for the Government's potential 3 million starts is high standards, not simply a concentration on meeting target numbers. As the Minister will appreciate, to some extent he is in a no-win situation, because although he can say, "We will do this," in order to back it up we need robust and developing statistics on outcomes. Only then when the Minister says, "We will do this," or "We will improve this," will people have some facts and figures to signpost the way forward.

Young people themselves are very keen to ensure that their apprenticeships are ones of quality. In the recent Industry Apprentice Council survey, their top ask was to protect quality, because industry apprentices rightly see their apprenticeships as badges of honour, as do their employers. Anyone who participates in any of the events in National Apprenticeship Week will get that sense of pride, even more so if they visit the events related to EuroSkills or WorldSkills, some of which involve apprentices and some of which involve other young people. That sense of pride in quality is really important.

The level of satisfaction with apprenticeships has been high and 2015 showed no change from previous years. Nearly nine in 10 level 2 and 3 apprentices were satisfied with apprenticeships. However, with such an increase in apprenticeships planned, it is extremely important that we monitor that satisfaction rate to ensure that it is not being lost as the Government chase targets.

We also have to be watchful of the fragility of apprenticeship success rates. Those have fallen from 76.4% in 2010-11 to 71.7% in 2014-15. It is reasonable to look at the Government's own apprenticeship evaluation document in 2015, which shows that eight out of 10 apprentices received formal training either from an external provider or in the workplace. The proportion of higher apprentices receiving formal training had fallen from 84% in 2014 to 79% in 2015. That might appear to be a modest fall, but it is a warning sign, not least because, quite rightly, the Government are putting a lot of emphasis on increasing the number of higher apprentices, with the focus on degree apprenticeships and so on.

Now that we have the new routes and standards for technical education and apprenticeship expansion, I believe it is vital to track the outcomes for each group. As I said, last year's apprenticeship evaluation showed a slight increase in the proportion that had completed their apprenticeship who were in work compared with 2014. There tend to be higher levels of unemployment among completed apprenticeships in newer frameworks such as ICT, which had 9% unemployment, and arts and media, which had 11% unemployment. Those aspects need to be looked at.

Among the other elements we would like to see in the report, monitoring progression and pay is very important. We had an encouraging announcement in an otherwise fairly arid autumn statement about the rise in the apprenticeship rate. Apprentices have talked about a number of positive impacts in the workplace, but that does not always translate into pay or promotion benefits. Some 46% of apprentices had received a pay rise since completing their apprenticeship and 30% had been promoted. That compared favourably with 2014, when 38% had received a pay rise and 23% had been promoted.

As I have said, there are other things that show how important it is to monitor each of these different areas: appetite for further training; the number of apprenticeships at levels 2 and 3, on which there continues to be a vigorous debate; and the numbers who complete a higher apprenticeship.

The Minister might respond that the Government are already doing some of those things. I accept that they are being done, but only partially. There is no guarantee or obligation yet to say that they are critical to the success of policy. I know that the Minister is concerned to get a step change in the diversity of traineeships, so it would make sense if traineeships were included in that basket of outcomes.

We have touched on a number of the issues raised by new clause 5 under previous amendments. In a sense, it is a further iteration of those. I want to say something about the delivery and progress of standards and the end points. I have raised with the Minister the number of people who currently issue apprenticeship frameworks. I appreciate that that is a process that will ultimately disappear, but it would be helpful to hear from the Minister what the relationship will be between those apprenticeship frameworks and the issuing authorities that take them forward, and the development of new structures of standards at the new institute itself. As I have said, I think there is also significant overlap between what may be done by the institute and what may be done by Ofqual. That is another reason behind new clause 5.

Finally, I will say a few words about some of the issues with the schedule that have been raised with us. The first relates to copyright. Other than having a minor interest as someone who has written one or two things over the years for which my copyright earns me a few pennies a year from the Authors' Licensing and Collecting Society, I do not have any specific knowledge or concerns about copyright. However, it is clear from the written submissions that we have received from the Federation of Awarding Bodies, City & Guilds and a number of other organisations that there is a concern.

The Federation of Awarding Bodies is concerned not about the institute approving technical education qualifications, but about the phrase:

"The right or interest in any copyright in a relevant course document is...transferred from the person to the Institute at the time the approval is given."

It makes the following point:

"There is no mention in either the Sainsbury Report or the Skills Plan of the handing over of copyright to the IATE in documents related to qualifications. The only reference to this requirement is in the Bill."

It goes on to say:

"We are further concerned that the Bill seeks to give IATE the power to assign or grant a licence of the copyright to any person." Without being an expert on copyright, that seems to me to be a pretty sweeping power, and possibly a worrying one. I therefore think it would be appropriate for the Minister—if not this afternoon, perhaps by providing a further note to the Committee—to explain the rationale for granting such a sweeping transfer of copyright when that does not appear to have been an issue in either the Sainsbury report or the skills plan.

The second issue is the restriction of competition between awarding bodies. I say straightforwardly that I entirely accept that the multiplication of awards and standards has been a problem. I think most people understand that. However, the Centre for the Study of Market Reform of Education, City & Guilds and others question whether the proposals go too far.

The NCFE said:

"we have identified a number of issues in the bill which may have unintended negative consequences around a risk of market failure... We also believe, that as currently set out, the bill will restrict opportunities for learners and employers to become involved in providing".

It is also concerned that each technical level will have only one awarding organisation. It believes, and there is perhaps some reason for saying this, that to have only one awarding organisation offering each technical level qualification occupational route would be unfortunate, but to have two—to adapt the Oscar Wilde saying—would be beneficial, as that would provide competition and enable providers to switch quickly in the event of problems, without having the multiplication issues that have caused problems and difficulties elsewhere. The NCFE also said:

"The current proposals do not seem to recognise the great expertise in designing and assessing Technical and Professional Education qualifications that already exists within Awarding Organisations."

3 pm

I am not saying that I necessarily agree with all the points made by the bodies to which I have referred, but I think it would be wise of the Minister to address those issues in some way, shape or form.

The final point, on which I will be brief, is one that we have touched on already, but which I think is still hazy. What will the relationship be between Ofqual and the new institute? Again, I simply refer to what City & Guilds said in its Second Reading briefing and what the Association of Colleges said. The Association of Colleges made the point that paragraph 27 of schedule 1 gives four agencies—IFATE, Ofsted, Ofqual and the office for students—the power to share information with one another, but that raises the issue of the crossover between the agencies. For example, Ofqual, which is very important and has been the subject of great discussion and controversy in recent weeks, regulates English and maths qualifications that will form an important part of technical education programmes regulated by IFATE. The roles of IFATE and the OFS will overlap when it comes to degree apprenticeships. IFATE and Ofsted both have a responsibility for the oversight of apprenticeship training quality.

I am not saying that that is automatically a recipe for confusion, but the Minister will understand that, given those potential overlaps and the potential for choice that that offers people in those areas, in terms of providers or employers—I referred to that earlier as one of the factors that worries me about the capacity issues not being easily determined for the new institute—it would not be unreasonable for him to say a little more about how he and his Department envisage the overlaps being creative rather than chaotic. It would be helpful if the Minister touched on that in his response.

**Kelvin Hopkins:** I will not speak for long, but I want to support the three new clauses.

I feel very strongly about new clause 3, because there has been a lot of talk in recent years about apprenticeships that do not really deserve the name—the quality of them was so poor that they were really forms of cheap employment and nothing more. Quality is important. Apprenticeships have to have a high reputation so that when people are offered an apprenticeship, they know that they will get something of real value from the experience. Therefore, reporting back information about apprenticeships—about how individuals are doing and about the quality of apprenticeships—is very important. We have to raise the status of apprenticeships and not allow that to diminish.

On new clause 5, which is about consultation, we want feedback from everyone concerned with apprenticeships to ensure that the institute and, indirectly, the Government have proper information about what is going on on the ground. We want to know what is actually happening and to be able to say that we are making progress and having success.

On new clause 4, I congratulate my hon. Friend the Member for Batley and Spen on her excellent speech; it was first class. Nothing more needs to be said, but I just want to reinforce what she said about the lack of careers advice.

When I was at school, there were two courses: either we were going to stagger on towards university and higher education or we were told, "Go and work in a bank." That was all that was given. Indeed, an extraordinary number of my school friends ended up working in banks. Whatever their talents, many of them finished in a bank. I had friends who had superb writing skills or

[*Kelvin Hopkins*]

were natural cartographers and could have done all sorts of different things, but they finished up working in banks because that is where they were guided to by our school. They were almost dismissed. The school was really interested in those going on to higher education, and so to anyone else it said, "Go and work in a bank." It really was not good enough. I was one of those who eventually staggered through higher education, otherwise I would have no doubt finished up in a bank—[*Laughter.*]—not as a senior banker, but just a clerk.

Over the past 10 or 20 years, I have seen a wonderful careers service in my town of Luton, where I knew most of the careers advisers as personal friends, being dissolved. It has been dismantled bit by bit, and the advisers have ended up doing other things. One has become a headteacher of a school, which is fine. She went on to retrain as a teacher after the careers service disappeared. That means young people are not getting the advice they need.

We are talking about apprenticeships and post-16, but lower down, in schools, we want children to be aware of the immense possibilities and tremendous variety of work, so that they can match their skills. If someone can write, they can then get into something that involves writing. If someone is naturally mathematical, they can move into that area. If someone is naturally bent towards engineering and mechanical things, they can be guided into all sorts of interesting jobs. However, if there is no advice, they might finish up doing the wrong thing and spending their lives being a bit frustrated because they really wanted to do something else. That is a very important point.

My two granddaughters are only eight and nine, but they are already talking about what they are going to do when they are adults. They fortunately come from a background where their parents talk incessantly about all sorts of interesting things and what they can do in life, but not everybody has that opportunity. Many children have parents who are not so well informed and cannot give advice, so they depend upon professionals giving advice.

Advice should cover the whole range of abilities, not only highly skilled jobs and professions. There are millions of jobs that are much more basic, but that are equally valuable to society. We depend on everybody and every type of skill, and we should present all our children and young people with a full understanding of the possibilities of life, so that they can not only enjoy life and fulfil themselves, but make the most effective contribution to the economy and to our world. What my hon. Friend the Member for Batley and Spennings said was first class, and I hope that the Minister will accept it.

**The Chair:** Before I call the Minister to respond, I remind Committee members that any decisions on new clauses are taken at the end of the Bill.

**Robert Halfon:** I will start with new clause 4 and then go on to the other provisions before answering the general queries of the hon. Member for Blackpool South.

I congratulate the hon. Member for Batley and Spennings on a really important contribution to the debate; I mean that genuinely. She knows from the brief conversation

we had that I completely agree with much of what she says. I agree that we have a problem with careers in our country. I agree that for so long, careers guidance has pushed people towards universities. Having said that, I can imagine a lot of things, but I could never imagine the hon. Member for Luton North as a banker—I have a broad mind, but it is not that broad.

One reason why we have those problems is that wherever I go around the country, whatever institutes I visit and whatever kids I speak to, it is exactly the same: the chances are, they will not have been given advice on apprenticeships or technical education. It is university, university, university. We need to change that. I would be pleased to have the hon. Lady's input. Careers guidance used to be fragmented and covered by two Departments, but we have moved it wholly to the Department for Education.

When I was appointed Minister for Apprenticeships and Skills, I realised that the title should have been Minister for apprenticeships, skills and careers guidance because careers guidance is perhaps the most important part of everything we are trying to achieve in the Bill. It is the first rung on the ladder of opportunity because without the right careers guidance we will not succeed in what we want to do. That goes back to the arguments of the hon. Member for Luton North on prestige and other things.

The hon. Lady said—this is important—that we need more than just warm words. I accept that and I am looking at the whole issue from the beginning: what we can do in careers guidance, whether it is possible to gear it much more towards skills and starting not in secondary school, but primary school and going all the way through. To be fair, the Government have done substantive work. First, it is now a legislative requirement that schools must give careers advice on apprenticeships. With reference to what the hon. Member for Luton North said, we have also tightened up in legislation the definition of "apprenticeship".

When I spoke at an hotel recently, I asked someone whether they realised they would be paying the levy and whether they were going to have apprentices. The reply was, "We've already got some in the kitchen." When I said, "You already have apprentices?" they replied, "No, they are interns, or whatever." We have changed the definition to make sure that an apprenticeship is what it says on the tin.

We have also created the Careers & Enterprise Company, to which the hon. Member for Luton North kindly referred, and again I have been around the country to see it working in practice. I have been to east London and the north-east. Of course there is much more to do. Some £90 million, which is a serious amount of money and not just warm words, is being invested over the Parliament not just in the Careers & Enterprise Company, but in careers generally: 1,190 enterprise advisers and 78 enterprise co-ordinators. They have connected 900 schools in about 37 of the 38 local enterprise partnerships, the whole purpose being to build careers links with students and to get them to do work experience.

There is a £5 million careers and enterprise fund to boost provision for nearly 250,000 young people across England in 75% of the areas the Careers & Enterprise Company identified as cold spots. There is a £12 million mentoring fund, because mentoring is incredibly important. This year, £75 million is being spent on the National

Careers Service to help its work and £24 million on web kits to support more than 650 people with face-to-face advice. We have started the work.

**David Rutley** (Macclesfield) (Con): My hon. Friend is setting out some important things the Government are doing and no doubt he will explain what more is to be done. Does he agree with Lord Heseltine who said recently in a Select Committee that industrial policy for the benefit of the country starts in primary school classes if we are to achieve the productivity gains we want?

**Robert Halfon:** My hon. Friend is exactly right. I was in a primary school—it might have been in the constituency of the hon. Member for Blackpool South—where the kids had to guess the career of the individuals there. They included a fire officer, a business person and a pilot, who then went out and returned with their uniforms on. Careers guidance must start in school. We will not achieve what we want unless it starts in primary schools.

I am looking at the matter and there are substantive funds, but we must change the whole argument and gear careers advice towards skills and apprenticeships, although we have no problem with people going to university. I have held roundtables, not just with the great and the good, but with people from up and down the country, to get ideas for how to form our careers strategy. The hon. Member for Batley and Spen is very welcome to take part in them when they carry on next year.

3.15 pm

It will be essential for IFATE to have a clear understanding of the real world impact of the functions that it will carry out. The collection of the kinds of outcome data that the new clause proposes would help it and others to do exactly that. The institute will be required to report on its activities annually under the Enterprise Act 2016. That report must include a description of what the institute has done that year, including how it has taken account of the statutory guidance it has received from the Secretary of State, and it must be placed before Parliament. The Enterprise Act will also allow the Secretary of State to ask the institute to report on anything else she thinks appropriate. Therefore, a legal provision already exists to allow the Secretary of State to ask the institute to report on the specific outcomes included in the new clause.

In requiring the institute to publish that information, the new clause might suggest that the institute is directly responsible for all those outcomes. Its role is not that broad. The institute's core role is to oversee and quality assure the development of standards and assessment plans for use in delivering apprenticeships and, from 2018, college-based technical education. It cannot be held wholly responsible for job outcomes and wage rates of apprentices once they complete their apprenticeship. The outcomes are the responsibility of several different organisations, as the shadow Minister acknowledged, from the Government to non-departmental public bodies, all the way to employers.

However, we expect the institute to make good use of the data on outcomes made available to it through those public data sources and surveys, and to explain in its annual report how it has deployed those data.

**Gordon Marsden:** I understand the Minister's point, and I, likewise, would not want to lumber the institute with the responsibility for all those things. Will he give us an assurance, because he said these things occur from time to time, that there will be, at some point during an annual cycle, what I can only describe as a "state of the nation" report? That report could actually bring these various things—not necessarily all of them—together, so that not only stakeholders but Parliament will have a clear picture of what has happened over the past year.

**Robert Halfon:** I will reflect on what the hon. Gentleman has said. I reiterate the point that a lot of that is done already. We have monthly and annual announcements of all kinds of data to do with apprenticeships and skills. I always ask about destinations because I think they are incredibly important. I am glad that surveys show, for example, that more than 90% of apprentices get into work afterwards, either by staying in place or entering other employment. That is an incredibly important destination statistic.

On new clause 5, the principle of consultation, which we have mentioned quite a lot today, is already a key feature of the current Institute for Apprenticeships. The institute has a statutory duty under the Enterprise Act 2016 to undertake its functions with regard to industry, commerce, finance, the professions and other employers regarding education and training within the institute's remit. Even more importantly, the institute must also undertake its functions with regard to those who may wish to undertake education and training that is within the institute's remit—the apprentices themselves.

More specifically, the institute also already has a statutory responsibility to ensure that all draft standards and assessment plans are subject to third-party scrutiny before they can be considered for approval, and it must take account of the findings and conclusions of those carrying out that independent review. The bodies and organisations listed in the new clause are already covered by that existing legislation, and the institute must have regard to them in all functions, not only the specific function set out in the new clause. That approach will also apply to the functions that the Bill plans to give to the expanded IFATE.

The consultative principles that will underpin the institute have already been evidenced. Antony Jenkins, the shadow chair, has held a series of roundtables with a wide range of external organisations to hear how they think the institute should operate. Later this year the shadow institute will publish a full consultation on the operational plan for the institute, setting out its core functions and proposals for how it will deliver them.

The Department also plans to publish a draft for the consultation of a statutory strategic guidance document, which it will issue to the institute next year. That will include the steers that the Government expect the institute to have regard to. It will ensure that the institute consults all those with an interest when carrying out its functions. I therefore hope that the hon. Members will be reassured and will not press the new clauses.

I will come to an overview of schedule 1 but will begin by answering some of the key questions the hon. Member for Blackpool South asked. Although the 19 to 24-year-old NEET figure increased by 0.8% in July to

[Robert Halfon]

September, he will know that the overall trend has been down over the years. The figure for 16 to 18-year-olds fell by 1.5% compared with the same quarter in 2015.

The hon. Gentleman also asked about the clarity of a single awarding body—the Wolf report body. Of course, we looked at that but the Wolf report, as the hon. Gentleman will know, identified that a large proportion of vocational qualifications offered very little value to employers, young people and adult learners. The whole purpose is to remove thousands of poor-quality qualifications that were not valued by employers.

The proliferation of qualifications was partly down to the awarding organisations' competition for market share within the existing system. Following Lord Sainsbury's recommendations, we are bringing the system into line with the best in the world to ensure excellence in technical education provision and having a single awarding body per qualification model. It is strange that the hon. Gentleman should argue for competition while I am doing the opposite but we live in a topsy-turvy world. We are not being driven by competition in the market, with the adverse effects that that brought. Innovation will be driven by the awarding body competition for the market through winning exclusive licences.

**Gordon Marsden:** We may live in a topsy-turvy world but, on balance, we are a little less gung-ho about competition than the Minister's colleague, the Minister for Universities, Science, Research and Innovation, was on the Higher Education and Research Bill Committee. However, that was not the point I was going to make.

The point I want to make is that there is a distinction. I made it clear that I was putting forward the concerns of a number of the awarding organisations that they put to us in evidence. There is a clear difference between letting 1,000 flowers wither because they are of poor quality, and coming down to a single qualification point. I made the observation in one of the papers that the suggestion had been made that there might be two or three. There was no suggestion that there should be no dilution; simply that a monopoly position was possibly unwise, not least because one of the awarding companies might one day go bust.

**Robert Halfon:** I will reflect on that but the whole purpose is to ensure quality and simplification. Once it is agreed to have another one, then there is another and another and so on. I think we are right to follow the recommendations of Lord Sainsbury and Baroness Wolf.

**Tracy Brabin:** I appreciate the amount of money given to careers advice; it sounds substantial. I have just googled the Careers & Enterprise Company and discovered that in my region of Leeds city only 5.6% of young people are in apprenticeships; 33% of 16-year-olds and 30% of 17 to 18-year-olds are poorly prepared for work. That is on the Government website. That suggests to me that they have not had brilliant careers advice, even given the extra money that is available, so maybe that message is not coming through.

**Robert Halfon:** I will find out what the Careers & Enterprise Company is doing in Leeds and in the hon. Lady's constituency. It will be involved with the LEP,

but it has not been there for a long time; it is a recent creation. It has been working to identify the spots where we need help the most. I will look into what is happening and write to the hon. Lady.

On the copyright issue, the content of qualifications will be determined by employers, with the support of the institute. That is very different from the current system, where awarding organisations develop qualifications in subjects or sectors of their choosing. In some cases that is with the involvement of employers, but not always. The new technical qualification will be based on the skills, knowledge and behaviours that employers have identified as requirements for particular occupations. As the content of the qualifications will be determined with the institute's oversight, it is perfectly reasonable and appropriate that copyright for relevant course documents should rest with the institute.

On the relationship between the framework and the new standards, the same organisations can deliver assessments for frameworks and new standards as long as they meet the criteria for assessment organisations for standards and are admitted on to the register of assessment organisations. The same position exists for training. Providers can offer training for both but need to meet the criteria and get on to the provider register.

When I was talking about careers, I forgot to talk about the investment we are putting into training, which the hon. Member for Blackpool South mentioned. The hon. Member for Batley and Spen gave examples of constituents who are not getting apprenticeships and described the low take-up. For those people, we potentially offer traineeships. We have spent £50 million on that. Many of those people—over 19%—are people with learning difficulties and disabilities.

In terms of Ofqual and Ofsted, I see it not as a problem but as a bonus that there are all these qualification organisations out there, maintaining the quality of apprenticeships and technical education. As the hon. Member for Blackpool South knows, Ofqual and Ofsted are responsible for different elements of the system; Ofqual regulates qualifications and Ofsted regulates the trainers and providers. The institute will regulate the quality of standards and assessment plans. I do not think that is a problem. It is a good thing that all those bodies are there, to ensure we get the quality technical education and apprenticeships we need.

**Gordon Marsden:** I will reflect on what the Minister said. Even if it is a good thing that there is a plurality of opportunities, I will reiterate two points. First, it does not make the judgment of what capacity the institute may need when competing in this marketplace any easier. Secondly, I hope the Minister will understand and accept that there are enough difficult organograms out there already in further and technical education without creating one with lots of little dotted lines here, there and everywhere. If he is going to maintain that position, it is important that lines of responsibility and why they work are clearly explained to stakeholders and employers.

**Robert Halfon:** The hon. Gentleman makes a fair point and I will reflect on what he has said, but I think it will be set out clearly. We are considering how the new technical education qualification should be regulated. The regulatory approach will need to be designed specifically

for new qualifications and in the light of the institute's contract management function. Ofqual remains the qualifications regulator.

I am pleased to turn now to the schedule and give an overview of what the Bill seeks to do. We have discussed much of it today. The schedule seeks to extend the remit of the Institute for Apprenticeships to give it responsibility for implementing reforms that we believe will raise the quality of college-based technical education. The reforms will result in technical education courses that are designed around employers' needs, support young people and adults to secure sustained employment and meet the needs of our economy.

3.30 pm

Our country faces a pressing need for highly skilled people, but the current system, with its bewildering array of overlapping qualifications with similar aims, often results in low-value qualifications that lead to low-skilled, low-paid employment. The schedule will extend many of the powers that already exist for apprenticeships to cover wider technical education courses. Giving the institute responsibility for both modes of learning, and basing apprenticeships and taught courses on the same employer-led standards, will ensure that all technical education provision is closely aligned and of the same high quality.

I passionately believe that the Institute for Apprenticeships and Technical Education is the right body to be at the heart of the reforms for improving skills in our country, and ensuring alignment of all technical education with apprenticeships. The Government are committed to ensuring that the institute can deliver the role, and that there is a clear road map for its establishment. On that basis, I hope that the Committee will agree that schedule 1 should stand part of the Bill.

*Question put and agreed to.*

*Schedule 1 accordingly agreed to.*

## Clause 2

### OVERVIEW

*Question proposed,* That the clause stand part of the Bill.

**Gordon Marsden:** I rise to speak to clause 2 in particular, and to comment on the subsequent clauses that are also a statement of where this is going. It is important, in this context, to reflect—this will be very important when we come to the next part of the Bill—on why this clause is in the Bill in the first place.

**The Chair:** Mr Marsden, may I make it clear that, if you are speaking to clauses subsequent to clause 2, no amendments have been tabled for clauses 3 to 12 either? We understand that neither the Opposition Front-Bench team, nor the Minister, wish to speak to these clauses. Is that correct?

**Robert Halfon:** Except for clause 2.

**The Chair:** So do we have the leave of the Committee to put the question—after the Minister has spoken—and we have dealt with clause 2, that clauses 3 to 12 stand part of the Bill?

**Hon. Members:** Aye.

**Gordon Marsden:** As I was saying, on clauses 2 to 12—we will obviously proceed to the second part of the Bill, which deals, in schedule 3, with the important issue of the innovation of education administrators—it is important to understand why the Government have to address these issues at this time. The reality is that these insolvency rules are important to protect, above all, students and those in colleges. Colleges are crucial for providing further education nationally and have an important local presence. When colleges have financial difficulties, that can affect many stakeholders, including students, employers, lenders, the funding and oversight bodies and the local communities in which they are situated. Colleges are, quintessentially, locally based and respond to local employment and skill needs. That is why they have been successful over the years in being able to adapt, sometimes in a rather more nimble fashion than universities—although there are community-based universities that resemble FE colleges in their output and remit more than they do traditional universities.

The reality is that the FE sector has experienced a prolonged period of funding cuts. The House of Commons Library briefing shows the scale of the reduction in funding: in adult further education and skills, funding fell from a 2010 baseline of

“£3.18 billion to £2.94 billion in 2015-16, a reduction of 8% in cash terms or 14% in real terms.”

The financial health of the FE college sector has been declining since 2010-11. There was a deficit in the sector in 2013 for the first time, and 110 colleges recorded an operating deficit. The number of colleges assessed by the Skills Funding Agency as having inadequate financial health rose from 12 to 29 in the same period. That decline in the sector's financial health is one of the things that has fuelled what the Government have said here today.

We have already referred to the searing report produced by the National Audit Office in 2015, and I do not intend to go into detail on that again. It is obvious, and not an open secret, that the Treasury has insisted on a robust insolvency scheme as part of the quid pro quo for the additional funding that has gone into the sector. That is the reason for the profusion of these clauses in the Bill.

**Mr Ranil Jayawardena** (North East Hampshire) (Con): Is it not also true that, from the evidence received, banks would welcome this certainty? The position for them is currently unclear, and that could help them lend more to the sector, which is invaluable in helping our students.

**Gordon Marsden:** I thank the hon. Gentleman for his intervention, and for the penetrating questions he put to the witnesses. Hopefully that will be a by-product of the process, and that is entirely right. I am also bound to observe that there are other factors pushing it down this route. One of those other factors is the underlying financial weakness of the sector. When the further education commissioner gave evidence—he talked of 82 or 84 colleges in a merger position—he was, to be blunt, far more optimistic and gung-ho about the outcome of those mergers than I would be. From memory, some other members of the Committee expressed a different point of view. The truth of mergers is that they do not always work out well, and this was commented on by Mr Pretty from the Collab Group. He made those

[Gordon Marsden]

observations based on his own experience. There are a number of factors here. Changing priorities in public funding is a reduction, it is how some colleges have struggled with large debts or partially completed capital investment projects. The latter partly reflects weaknesses in the planning and financing of capital projects under the former Learning and Skills Council.

**Kelvin Hopkins:** Two or three points were made about mergers during our evidence sessions. One was that it is not just a question of scale. Sometimes colleges are not enormous, but they still work well separately. Sometimes mergers take place where a weak college is merged with a strong college, which turns them into a joint weak college, not a joint strong college. So there are all sorts of possibilities, probabilities and problems with mergers, and they should be judged carefully on their own merits.

**Gordon Marsden:** My hon. Friend is right, and what he says is underpinned by his great experience in this area. I am not saying that every area review that produces merger proposals will automatically result in colleges finding themselves in a financially weaker position and therefore more in need of the insolvency clauses in the Bill than otherwise, but it is part and parcel of that aspect.

It is not just FE colleges feeling the strain. It was helpful to have the presence of the Sixth Form Colleges Association in the evidence session. It, too, mentioned courses having to be dropped as a result of funding pressures. Three quarters of colleges have limited the size of their study programmes and more than a third do not believe that next year's funding will be sufficient to provide the support for educationally or economically disadvantaged students.

In my neck of the woods, as well as the excellent FE college, Blackpool and the Fylde College, which the Minister visited, is Blackpool Sixth Form College, which is also an excellent college that has, over the years, done splendid work on the vocational side, in traditional qualifications and with the previous Aiming Higher programmes. Although the college is outside of my constituency—it is just in the constituency of the hon. Member for Wyre and Preston North (Mr Wallace)—it takes students from three or four constituencies. It has done splendid work, but the previous principal and the current principal have had to juggle the finances very carefully indeed to complete some of the programmes they wanted to do for the college and for the physical infrastructure. Sometimes the physical infrastructure of such colleges is 30 or 40 years old, and needs renewing.

I am reflecting on the various factors that give rise to the clauses we are passing into legislation. I want to focus us on the detailed conversations we will have when we move on. The picture of fragility that I described makes it even more important that the insolvency clauses and the position of the educational administrator, which we will talk about in considerable detail in due course, are a real answer to this problem, rather than something that sounds good on paper but does not do the business in practice.

**Kelvin Hopkins:** I have some experience in these matters. There have been funding pressures in all spheres of post-16 education, although not necessarily in universities, which seem to be well funded compared with other

areas. In spite of the fact that there are advantages of scale in producing wide ranges of subjects in whatever qualification one is taking, some of the smaller subjects are, even now, dying. We are getting to a point where subjects such as modern European languages are being lost entirely from an area because no college or school will teach them any more. That is tragic. We should be creating more variety of opportunity in technical and academic education, not less.

My second major speech when I first came into this place was about funding for sixth-form colleges and the fact that they did a superb job. I said that funding constraints were in danger of killing the goose that lays the golden eggs: the sixth-form college sector. They do a fabulous job and I know from experience that we should have created more of them. Sadly, a view was held that we should create lots of schools with small, less efficient sixth forms with much narrower subject ranges, instead of sixth-form colleges. I think that went in entirely the wrong direction. I hope that I can persuade the Minister and others that we ought to look more favourably on sixth-form colleges and FE colleges if we are to make serious advances in educating and training our young people better than we have done in the recent past.

**Robert Halfon:** May I put some things in context for the hon. Member for Blackpool South before I speak directly on the clause? No one denies that there have been funding pressures, as the hon. Member for Luton North pointed out, but, even with such pressures, 80% of colleges are either good or outstanding, and 79% of adult FE students get jobs, move to apprenticeships or progress to university. Some 59% of institutions are in good financial health and 52% are operating with a surplus. That does not mean everything is rosy, but it puts things into context.

3.45 pm

Despite the funding pressures, we have protected the base rate of funding at £4,000 per student for all types of providers until 2020. We know that the proportion of 16 to 18-year-olds in education or work-based learning is at a record high. We have maintained the funding for core adult skills participation budgets in cash terms at £1.5 billion. If you include the advanced learner loans and the apprenticeships, the adult education budget will have increased in real terms by 30% by 2020.

**Gordon Marsden:** I have two observations: first, “protecting” is an interesting word when we are talking cash terms as they are not real terms. By 2020 inflation may have eaten into that figure. Secondly, the hon. Gentleman mentions the advanced learning loans, but are they not sums of money out there to be offered—and at the moment, only 50% of them have been taken up?

**Robert Halfon:** Yes, but it is still a Government expenditure item and its aim is to help more people take part in education.

Overall, the Department for Education plans to invest £7 billion in 2016-17 to fund education and training places for 16 to 19-year-olds. The area reviews will support those colleges that want to merge—no one is being forced to merge—and we will provide financial support where appropriate to help them do so. We are

confident about the programme and we will deliver strong, sustainable colleges for the future. Mergers do not necessarily mean that provision in a local area will end. It will be up to the colleges to decide whether to keep a campus or site open.

The clause is probably the least technical of the Bill's insolvency-related clauses. It explains that part 2 is about the insolvency of further education bodies and, in summarising what is covered by chapters 2 to 7, sets the scene for what we will debate over the coming sittings. Underneath the simple clause is the Government's commitment to ensuring that every young person has the opportunity to achieve their full potential and to succeed.

The Secretary of State talked about the Government's commitment to building a further education sector capable of delivering these skills and that is why we are supporting colleges through the area review to take whatever steps are needed to transform themselves into providers of the highest quality teaching. We are providing them with the opportunity to ensure they are in a strong and sustainable financial position for the future.

Once the area review recommendations have been implemented, the Government has been clear that we will no longer provide exceptional financial support to colleges that find themselves in financial difficulties. We will draw a line under what has become an implicit understanding among creditors and some educational institutions that those who fall into extreme financial difficulty will be able to rely on the taxpayer to make good the shortfall.

The provisions in the Bill will send a clear message to colleges that, to deliver excellence in teaching and leadership, they need to ensure that they have strong and robust financial controls in place. The commissioner who gave evidence said that, where there had been significant problems, much had been down to leadership and financial

management. Why is it that so many colleges are doing extremely well, the college of the hon. Member for Blackpool South being an example?

Any college or creditor in extreme financial difficulties cannot look to the Government as the bank of mum and dad for a bail-out. The bank of mum and dad—the taxpayer—will be shut, because we have a duty to give taxpayer value.

Although we expect a college insolvency to be a rare thing, we cannot say it will never happen. That is why the measures the Bill introduces will ensure existing insolvency procedures apply to further education bodies, whereas ordinary insolvency procedures would offer protection only to creditors.

If I summed up this part of the Bill in a few words, it would be about protection, insurance, prudence and caution. Through the Bill we will introduce a special administration regime for the sector that ensures that, in the unlikely event that a college become insolvent, the Secretary of State or Welsh Ministers will be able to take action to protect the interests of the learners.

That is at the heart of the Bill: protecting learners and ensuring that colleges are cautious about borrowing and banks are cautious and prudent about lending. Young people entering a college expect to complete their studies, leaving with the skills that they need to move forward in their lives. That is the purpose of the SAR and I urge that the clause stand part of the Bill.

*Question put and agreed to.*

*Clause 2 accordingly ordered to stand part of the Bill.*

*Clauses 3 to 12 ordered to stand part of the Bill.*

*Ordered, That further consideration be now adjourned.*  
—(David Evennett.)

3.51 pm

*Adjourned till Thursday 1 December at half-past Eleven o'clock.*

**Written evidence reported to the House**

TFEB 07 Association of Employment and Learning  
Providers  
TFEB 08 Federation of Awarding Bodies

TFEB 09 Association of School and College Leaders  
TFEB 10 TUC  
TFEB 11 Centre for the Study of Market Reform of  
Education