

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT

Fifth Delegated Legislation Committee

DRAFT PUBLIC SECTOR APPRENTICESHIP  
TARGETS REGULATIONS 2017

*Monday 27 March 2017*

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

**not later than**

**Friday 31 March 2017**

© Parliamentary Copyright House of Commons 2017

*This publication may be reproduced under the terms of the Open Parliament licence, which is published at [www.parliament.uk/site-information/copyright/](http://www.parliament.uk/site-information/copyright/).*

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

*Chair:* MR DAVID NUTTALL

- |   |   |
|---|---|
| † Argar, Edward ( <i>Charnwood</i> ) (Con)                          | † Marsden, Gordon ( <i>Blackpool South</i> ) (Lab)      |
| Baron, Mr John ( <i>Basildon and Billericay</i> ) (Con)             | † Mathias, Dr Tania ( <i>Twickenham</i> ) (Con)         |
| † Cruddas, Jon ( <i>Dagenham and Rainham</i> ) (Lab)                | † Merriman, Huw ( <i>Bexhill and Battle</i> ) (Con)     |
| † Duddridge, James ( <i>Rochford and Southend East</i> ) (Con)      | † Quince, Will ( <i>Colchester</i> ) (Con)              |
| Evans, Chris ( <i>Islwyn</i> ) (Lab/Co-op)                          | † Robinson, Mary ( <i>Cheadle</i> ) (Con)               |
| † Flint, Caroline ( <i>Don Valley</i> ) (Lab)                       | † Turner, Karl ( <i>Kingston upon Hull East</i> ) (Lab) |
| Greenwood, Lilian ( <i>Nottingham South</i> ) (Lab)                 | Wollaston, Dr Sarah ( <i>Totnes</i> ) (Con)             |
| † Halfon, Robert ( <i>Minister for Apprenticeships and Skills</i> ) | Juliet Levy, <i>Committee Clerk</i>                     |
| † Heaton-Harris, Chris ( <i>Daventry</i> ) (Con)                    | † <b>attended the Committee</b>                         |

# Fifth Delegated Legislation Committee

Monday 27 March 2017

[MR DAVID NUTTALL *in the Chair*]

## Draft Public Sector Apprenticeship Targets Regulations 2017

6 pm

**The Minister for Apprenticeships and Skills (Robert Halfon):** I beg to move,

That the Committee has considered the draft Public Sector Apprenticeship Targets Regulations 2017.

It is an honour to serve under your chairmanship, Mr Nuttall—especially having sat next to you on the Back Benches for five years in the last Parliament. The regulations are the first use of the power under sections A9 and A10 of the Apprenticeships, Skills, Children and Learning Act 2009 to set apprenticeship targets for prescribed public bodies.

The Government are committed to delivering world-class public services and ensuring that people from all backgrounds have the opportunity to reach their full potential. Through investing in education and skills, we will tackle our productivity gap, deliver greater prosperity and promote fairness. We will create a ladder of opportunity that delivers jobs, security and prosperity and enables people from all walks of life to reach their full potential through apprenticeships.

To meet those objectives, it is vital that the public sector embraces apprenticeships, and the introduction of the target will support them to do that, building their workforce capability and delivering more for the public in the process. The regulations will strengthen the public sector's commitment to apprenticeships, raising the prestige of that route into work by putting apprentices at the heart of every workplace.

The regulations set the target that the number of apprentices who begin to work for in-scope public bodies from 1 April 2017 to 31 March 2021 will be equal to 2.3% of the public body's headcount in England. By engaging with public bodies, Government Departments will support their own wider public sectors to meet the 2.3% target.

Our reforms will make apprenticeships more rigorous, better structured, independently assessed and more clearly aligned with the needs of employers. By investing more than £60 million in supporting apprentices from deprived areas, we are enhancing social mobility by ensuring that everyone—regardless of age, background or circumstances—can gain the skills employers need.

Alongside the reforms to technical education, it is right that the public sector plays its part. We have committed to 3 million apprenticeship starts by 2020. Historically, the public sector has delivered far fewer apprentices than the private sector. That is why it is necessary to establish the target, to ensure that all parts of the economy are able to benefit from the skills revolution. It is only sensible that we take action to meet our public sector skills needs, and the target will

do so by increasing the capacity and capability of public sector employers. It will support them in taking advantage of the reformed apprenticeship system so that they can, in turn, deliver more for the taxpayer.

During the passage of the Enterprise Act 2016, which inserted this provision into the Apprenticeships, Skills, Children and Learning Act, the House debated and voted upon provisions enabling the Government to set apprenticeship targets for prescribed public bodies. At the time, there was cross-party support for what was rightly regarded as an opportunity to both improve public services and provide more opportunities for people of all backgrounds. It is exactly that two-part benefit, which the target can and will ignite, that led the Government to act. We do not increase the responsibilities of the public sector lightly. We remain diligently aware of the challenges faced. Rather, the regulations are an opportunity for public bodies and the nation as a whole.

We consulted on the target in January 2016 and received 180 responses from bodies across the whole public sector, including numerous public sector organisations that recognised the value of apprentices in their own and wider workforces. The majority of those felt it vital that the public sector engaged with our reforms and itself benefited from the growing apprenticeship movement.

We also listened to concerns that were raised. Some respondents were critical of the target being assessed on an annual basis. As such, while we will continue to monitor public bodies' progress in annual returns, the target is calculated for grouped bodies as an average over the target period. For all other public bodies, the target is calculated only in respect of years in which the public body has 250 or more employees. That will allow the best of both options, with organisations being able to plan their training and recruitment of apprentices to meet their workforce needs, and the Government being able to monitor, intervene and support public bodies where suitable.

Headcount is used for the purpose of calculating the target, as we believe that using full-time equivalents would result in a lower number of starts. We want the public sector to deliver its fair share of apprenticeships. However, following consultation, we will now allow local authorities to separate out the headcount of bodies for which they employ staff but do not direct the workforce planning—including schools and emergency services—in their information returns.

We chose the target of 2.3% of a public body's headcount, because that reflects the public sector's fair share of our commitment to achieve 3 million apprenticeship starts by 2020. Different sectors will have different ways to have regard to that target, with my Department supporting others across Government to best engage their wider public sector bodies.

The regulations prescribe the public bodies in scope of the 2.3% target, how public bodies can calculate progress towards meeting the target, and the information that they must publish and send to the Secretary of State. Regulation 2 identifies how to define the headcount that public bodies will use as the basis of their calculation of the target. Regulation 3 prescribes the public bodies in scope of the regulations. Regulation 4 identifies reporting periods relevant to both the calculation of the target and when information must be published and sent. Regulation 5 specifies the target period, and regulations

6 to 8 specify how the target is to be calculated for the different public bodies. Finally, regulation 9 specifies the information that must be returned and/or published.

The groups of public bodies described in the regulations and public bodies with 250 or more staff in England, as of 31 March in any of years 2017, 2018, 2019 or 2020, will be required to publish and/or provide information relating to their progress towards meeting the target for each year they are in scope. There are two parts to that requirement. The first is a data publication. That will identify a public body's progress towards the target through data. Sharing that information publicly, and directly with the Department, will make bodies transparent and accountable, and make clear which bodies are leading in their investment in apprenticeships. Secondly, public bodies will have to send an apprenticeship activity return to the Department, detailing the actions that they have taken to have regard to the target, why they may not have met the target, and their intended future actions to do so.

We recognise that there will be specific challenges across sectors, including the NHS, schools and local government. I am particularly glad that standards for police constables and registered nurses have been approved, and standards for midwifery and teachers are in development. In addition, my Department will be supporting others across Whitehall to deliver apprenticeships and engage their own public sector bodies in scope of the target. Departments will lead their wider in-scope public sector bodies to understand where and how apprentices can be employed in their workforces and how they can meet the 2.3% target. For example, in my own Department, we have recently published a guide to the new apprenticeship system for different types of schools.

Departments will also work with public bodies to develop new, employer-designed apprenticeship standards and increase the number of quality apprenticeships, thereby delivering more for the public and increasing access to the ladder of opportunity, especially for those from the most deprived areas, who are under-represented in apprenticeship positions. The regulations are an important part of our wider plans for the delivery of world-class public services and a skills system with apprentices at the heart of the workplace.

6.9 pm

**Gordon Marsden** (Blackpool South) (Lab): It is a pleasure to serve under your chairmanship, Mr Nuttall, and to respond to the Minister's speech. As he said, there has been cross-party consensus on this issue. We are broadly in support of the principle. How could we not be? The Minister made it clear that the Government are drawing on the 2009 Act, which was passed under a Labour Government, in inserting these proposals for targets. That was of a piece with our proposals on procurement in the 2010-15 period, which the Government, after some scepticism under the coalition, have now come round to taking forward.

We welcome the principle, but we are dealing with a very diverse collection of public bodies, not to mention the varieties of Government Department that will have to deal with this measure. As the Minister said, bodies in the scope of the regulations include Government Departments, local authorities, NHS trusts, fire and

police services and local authority-maintained schools. The Houses of Parliament, further education colleges, the BBC, Channel 4 and the Post Office are exempt from the requirements. I will leave hon. Members to wonder about the criteria on which those bodies were grouped. Perhaps the Minister would like to confirm why they were exempted.

This measure is clearly a big deal for the Government. As I understand it, they expect that 16.2% of the 3 million apprenticeship starts they have pledged to deliver by 2020 will come from the public sector, because that is the percentage of public sector workers in the total workforce. As the Minister was good enough to acknowledge, the proposals have not been without questioning and some criticism. The Institute for Fiscal Studies said that, as currently devised,

“the focus on targets will distort policy and lead to the inefficient use of public money.”

It also said that

“This potentially costly policy is largely designed to hit the government's target for 3 million new apprentices, not as a way to increase the quality of public services. It should be removed”

and that the one-size-fits-all approach to large public sector employers in England is

“clearly not a sensible way to encourage more apprenticeships, or to help deliver efficient public services.”

Some might think that is a sweeping—and possibly sharp—judgment. However, no matter how good the intentions are, we are led to ask some significant questions about whether the broad sweep of that delivery will do quite what the Government intend. I will focus my questions on the process and particular pinch-points in that area.

One such pinch-point was identified by the Local Government Association—again, these are specific issues in specific places on which the Minister might like to respond. In particular, the London boroughs made the point that they would have to increase their creation of apprenticeships by more than 570% to meet the target. The general secretary of the National Association of Head Teachers said that the target was

“unrealistic in the current climate.”

That is the important point: it is about putting the aspiration alongside what Government Departments can deliver in the current climate, and what local government can deliver. Of course, that may vary between local government areas in the same way as it does between Departments, depending on whether funding is more protected or otherwise from the Treasury.

Again—this has been a feature of the criticism of some delegated legislation proposed in recent months—there has been criticism of the lack of an impact assessment for this measure, because, as the Local Government Association said, it seems

“likely to impose significant costs on local authorities in terms of workforce planning, administration...and compliance with apprenticeship quality standards.”

As the Minister indicated, the Government's response did acknowledge those concerns, but they largely rejected any proposals to counter them—though he touched on a number of mitigation measures. Schools will continue to be included in the apprenticeship target, which, as I understand it, will continue to be based on headcount rather than full-time equivalent numbers.

[Gordon Marsden]

It has taken some time to develop the process. My hon. Friend the Member for Cardiff West (Kevin Brennan), the then Business, Industry and Skills shadow Minister, had a lively exchange with the then Small Businesses Minister, the right hon. Member for Broxtowe (Anna Soubry), on the matter in a Bill Committee in February 2016. On that occasion, he said that measuring by full-time equivalent would ensure that any mandatory target for the public sector reflected the actual size of the workforce. She said that, during consultations, she would look at whether full-time equivalent should be used instead of headcount. However, as we have heard, ultimately, that option was rejected.

In that Bill Committee, Labour Members raised other issues. My hon. Friend talked in particular about whether local authorities should be allowed to include apprenticeships generated in their supply chains. I do not want to stray from the focus of this Committee, but there is an interesting echo there of the discussion we are having about how widely firms and businesses should be allowed to look at other factors to cover some of their apprenticeship levy costs. In that Bill Committee, my hon. Friend the Member for Newcastle upon Tyne North (Catherine McKinnell) asked—I do not think the Government have addressed this—whether excluding supply chains may encourage local authorities to keep services in-house when they could find better cost-value in outsourcing.

May I point out to the Minister, not that I think he is unaware of it, that the response of the supply chain, both in the public sector and the private sector, to Government initiatives, whether this initiative or the apprenticeship levy, is critical. In many sectors, as he will know, the effect of involving the supply chain, and many of the small businesses that go with it, can be twofold, threefold and, in some cases, fourfold that of a large employer. Therefore, there are still some significant questions to be addressed in that regard. It would be helpful if, in his response, he touched on that and the continuing concerns.

I go back some time in this place, so I remember well the controversy in the early to mid-2000s about the Labour Government's Train to Gain programme, which members of the Conservative party, which was then in opposition, were highly critical of. Indeed, the Select Committee on which I served looked at some of those issues and whether Train to Gain had encouraged employers simply to rebadge existing employees. I am not suggesting that that will automatically be the effect of this initiative, but it is the case that there are some challenging targets to be met not only in London schools, where it is more difficult to rebadge existing employees as apprentices, but in other large public bodies, not excluding Government Departments.

If I were of a mischievous frame of mind and if episodes were still being made of "Yes Minister", an interesting episode might be written on the challenges of various Government Departments to compete with other Government Departments. I say that in jest, but it is a serious point. In implementing this measure, the Government need to be careful that people are not rebadged for their existing training. The Government need to ensure that the apprenticeship contribution is a genuine, new contribution that empowers those individuals

in the public sector not simply—the Minister will have heard me comment on this before—in terms of the bespoke skills that they need for the job they are doing in the public sector at that point, but in terms of the more analytical skills that they will need—this is particularly true for the large number of women in the sector—as the way in which we deliver services and administer things in the public sector begins to change. That is true in general terms, as well as in terms of the specifics about automation, which we have read quite a lot about recently.

The Minister spoke about the targets and the particular focus he wanted to have. I know he feels strongly about this issue, and I applaud him for that. He talked about the £60 million for local government to support apprenticeships in deprived areas. I ask him, as always, what scope will there be to increase that further? Those deprived areas and the local bodies in those areas—particularly local councils—have often been hit the hardest in that respect.

The Government may or may not go along with what I was speaking about in Birmingham at the *FE Week* conference last Thursday. I said that we want to consider committing ourselves to targets for increasing the number of apprenticeships for people with disabilities, care leavers and particularly—this is a new suggestion—veterans. I know from my own experience, as chair of the all-party parliamentary veterans group, that a number of younger leavers from the armed forces are leaving with skills that are not easily passportable into civvy street or recognised, and in some cases are leaving with very poor skills. That is an area to look at. Perhaps the Minister can tell us how that could tie into public sector apprenticeship targets.

How will the Government encourage and incentivise local authorities to increase their apprenticeship starts amid a series of cuts to funding? The figures are bleak. The Local Government Association has estimated that councils will face an overall funding shortfall of £5.8 billion by 2020, and budgets have been cut by £18 billion in real terms since 2010. My own local authority in Blackpool has taken some of the biggest hits for a small unitary. This is not simply an argument about the Labour party's position on cuts as opposed to the Conservative party's position. If Government are not careful, this will impair and undercut the impact of what they are trying to do.

Some three years ago, I was privileged to work with my hon. Friend the Member for City of Durham (Dr Blackman-Woods), who is now in our party's Communities and Local Government Front-Bench team, on a pamphlet with the Smith Institute called "Apprenticeships—how local government is making a difference". In that pamphlet, we cited a number of local authorities that were doing some very good stuff. In 2013, Lewisham Council was offering 74 apprenticeships for its 2013 intake. My own council in Blackpool was employing 45 apprentices, as well as a further 47 apprentices with its partners in the construction industry. Newcastle City Council was maintaining its commitment to apprenticeships, with a target of 500 new ones. Plymouth City Council, which is smaller, was nevertheless employing 49 young apprentices and 21 adult apprentices. In that year, it met and exceeded the Government's target of 2.3% of the workforce being apprentices, because its figure was equivalent to 2.6% of the workforce.

The question I have for the Minister is not where are the snows of yesteryear, but where are those apprenticeships now? Many of them, sadly, have gone because those local authorities, which were very ambitious and took that forward, have simply not had the financial base—particularly given the doubts as to what the financial base will be by 2020, in terms of the variability of benefiting from retaining business rates—to continue pressing on that. If the Minister wants local government to walk the walk, as well as him talking the talk, he has to take up that issue with his colleagues in DCLG.

I have already said that we still believe that the target should, in most cases, be based on full-time equivalent—FTE. What ability will the Minister have to monitor how effective that is and how it is taken forward? I am conscious that the target is very ambitious and will involve a lot of ambitious monitoring. Who, in Government, will do that monitoring? The Minister will probably know what is coming, but anything to do with apprenticeships could be monitored, in theory, by the Skills Funding Agency, by the Institute for Apprenticeships, which will launch next month—I have said on a number of occasions that I, and many others, have concerns about its capacity and numbers—or by another body. I invite the Minister to tell us who will be doing the nuts and bolts of monitoring what happens between various Departments, for example.

The Minister talked about publishing information on take-up: how will the Government address that, regarding Departments and the other public bodies—the smorgasbord of organisations that produce their accounts at different times? He also mentioned the standards and cited a couple of positive and encouraging examples of Departments collaborating to produce particular apprenticeships and particular standards—there were always going to be one or two good examples. How will the Minister monitor particularly closely—perhaps this is an issue for the Cabinet Office as well—the performance and delivery of those areas?

As I have said, Labour Members approve of the direction of travel of the regulations, which is why we will not oppose them, but the devil, as the Minister will no doubt tire of hearing from me, is in the detail. Our questions, and the Government's asks of the many public bodies, some of which are extremely vulnerable in a local context, need to be responded to.

6.27 pm

**Caroline Flint** (Don Valley) (Lab): It is a pleasure to serve under your chairmanship, Mr Nuttall.

I want to follow on from the contribution of my hon. Friend the Member for Blackpool South, which was thoughtful and positive, but not without constructive criticism. As he said, I think we would all agree that apprenticeships are a good idea and any opportunity to consider how we can better restore their value in society, which has perhaps for some decades not been there, is worthwhile.

What is really important, however, and this is one of the reasons why apprenticeships were so valued in their heyday, is the quality of apprenticeships and the direct routes they can provide into work, as a meaningful alternative to higher education and the university route. I say that at the start to ensure that the Minister understands that I believe that this is an area whose

time has come. In hindsight, it was probably a mistake to get rid of the polytechnics, because we got rid of something that was valued for technical achievement, from surveyors to architects and all sorts of vocational jobs and life opportunities. In some ways, the university title got rid of some of the emphasis and focus on those areas. Many people of my age—friends, and also constituents—people who went into work with an apprenticeship or as a technical assistant, have in more recent times worked their way up through the company or organisation to become top management. However, when they look at the ladder for others, it is not there in the same way.

I have some questions about the regulations and the targets. There is no mention in the regulations of any repercussions following a failure of a public body to meet the targets. I would be interested in hearing the Minister's answer on that.

There is a worry that in public bodies that have more than the average number of staff on part-time contracts, using a head count rather than full-time employment as a basis for the target will affect the number of people in those organisations who can provide the hands-on mentoring and training that apprentices need. When the overwhelming number of staff are part-time, full-time apprentices could present a problem. I would be interested in hearing the Minister's comment on that.

What action will the Government take to ensure that there are sufficient numbers of apprenticeships in some of the exempt public bodies? Some of the most prestigious public bodies, including the BBC, Channel 4, the Post Office, the House of Commons, the House of Lords, housing associations, charities, higher education institutions, colleges and independent schools, do not have a target. I would be interested in hearing from the Minister where the direction of travel lies for those organisations, some of which should be well able, compared with a local authority, to meet public sector commitments. Is there not a danger that requesting public bodies to monitor apprenticeship starts could lead to the churn of short-termism? As well as monitoring starts, is it not also important to monitor those who complete apprenticeships and end up in a job?

In Public Accounts Committee evidence sessions on the impact of the Government's policy in this area, I have raised some of the pertinent issues, particularly in schools, that still need to be resolved. While we all want more apprenticeships, this is a once-in-a-lifetime opportunity to ensure that they do not follow the normal pattern of gender segregation within employment. Whatever job an apprenticeship falls under, there is an absence of thinking about how to ensure that both men and women are encouraged into it, and that we do not embed another generation in which men and women go into jobs defined by their gender.

6.32 pm

**Robert Halfon:** I thank the hon. Member for Blackpool South and the right hon. Member for Don Valley for their contributions. I also thank the hon. Gentleman for the kind comments he has made about my not being able to attend the *FE Week* conference because of the security issue that took place in Parliament. I will answer some of their points individually and some together.

[Robert Halfon]

On quality, the right hon. Lady made an important point about polytechnics. Perhaps the wrong decision was made. I hope that with the boost to FE through the Sainsbury reforms, national colleges and institutes of technology, and the extra £500 million announced, we will go back to state-of-the-art technical education. That is the purpose of many of the things I am trying to do in my work. We have changed the legislation to ensure that an apprenticeship does what it says on the tin—it is about not just work experience for a few months. As defined in the legislation, it must be a minimum of a year, with 20% off-the-job training. We have moved from a framework, where there was a spaghetti junction of qualifications, to rigorous employer-led standards that meet our skills deficit. That is why we have created the Institute for Apprenticeships and, from next year, subject to approval by the Lords, the Institute for Apprenticeships and Technical Education.

Both the hon. Gentleman and the right hon. Lady asked about those bodies that are outside the scope, for which there are various reasons. The House of Commons, for example, is not subject to the control or direction of Ministers. As a smoker, I know that we would legally be allowed to smoke in here, but the Speaker has made a decision that there will be no smoking. As the hon. Gentleman will know, when I entered Parliament I was the first MP to employ a full-time parliamentary apprentice in the House. Many MPs now do that, and the House of Commons has a very good apprentice scheme. Over the years, I have met those apprentices, who work in all the different areas of the House of Commons. The BBC works with the scheme very closely. As to the Post Office, the reason is partly that 97% of the 11,500 post offices are run by independent postmasters on an agency basis, rather than by people who are Post Office employees, so there are reasons why some FE colleges and universities are out of scope and why a number of organisations were not included.

**Caroline Flint:** Can the Minister give one good reason why a university is out of scope while schools will be affected?

**Robert Halfon:** FE colleges are corporations or companies, for the most part; universities are regarded as independent bodies and were not seen as in the public sector or managed in the same way. However, there may be universities subject to the levy, depending on their wage bill, so they will be required to have apprenticeships or the levy will be used to fund apprenticeships elsewhere.

An impact assessment was done for the whole Enterprise Act 2016. Neither an impact assessment nor an equalities impact assessment was prepared for the regulation, because the measure affects only publicly funded bodies, with no costs to business. The Better Regulation Executive confirmed that no impact assessment is required in relation to the regulations but, as I have said, one was done for the whole Act.

The hon. Member for Blackpool South asked whether a number of areas in public services would be able to have apprenticeships, and perhaps I can give some examples, beginning with the national health service. The public sector target is 27,500 new apprentice starts

for 2017-18. That is estimated to deliver 100,000 apprentices in the course of the Parliament. The information from Health Education England is that almost 20,000 apprentices were employed in the NHS in 2015 and 2016. I have met many healthcare apprentices when visiting colleges and apprenticeship training providers. We are developing pathway apprentice standards—level 2 healthcare support worker leading to level 6 nursing apprenticeship.

I recognise that schools are a difficult issue. First, it is important for councils to share their levy pot fairly. We have issued guidance to schools. The Department for Communities and Local Government is keen that the levy pot should be shared fairly. The whole purpose of the levy is to change behaviour and create an apprenticeship and skills nation. Why cannot a teaching assistant in a school do a teaching assistant apprenticeship, a cook in a school do a hospitality and catering apprenticeship, or someone who is doing business administration do a business administration apprenticeship?

**Gordon Marsden:** The right hon. Gentleman is responding with particular examples to what I said about problems and pressures for schools. None of those is a bad example, but the issue is whether the apprenticeships will lead to any progression or improvement in career status. I am concerned, as others may be too, about whether, particularly in strained financial circumstances, schools will rebadge people doing existing relatively low-level jobs—I put it mildly—to achieve the target.

**Robert Halfon:** There is an important point here. I have acknowledged in the past that there will always be some gaming of the system and I accept that once the levy comes in we will not know how much, for a while. However, if someone is doing a teaching assistant job why should they not be offered an apprenticeship and a skill? They certainly will not be able to progress without a skill. With a skill and an apprenticeship they will have a much better chance of progressing. If someone is a school cook, why not give them the chance to do a hospitality and catering apprenticeship?

**Caroline Flint:** I do not see the evidence that some of those routes for progression are not already working. I have in mind people in my constituency who have become teaching assistants—in fact it was something that the last Labour Government helped to create. I know a number of people who have used that route to be supported and get training, and they have ended up taking the teaching route afterwards. Likewise, in many of the schools that I visit, and I am sure that the right hon. Gentleman visits many schools too, members of the ancillary staff—whether that is in the kitchens, or on the maintenance side of the school—often have to get their NVQs and other qualifications that are suited to what they are doing, and it is concerning that we just end up with a rebadging for no good reason.

**Robert Halfon:** First, that may be the case for some people, which is all well and good, but I want everyone to have a chance of having an apprenticeship. However, even if the right hon. Lady is correct that everyone has a certain qualification or a certain level of training, why not give them a chance to do an additional piece of

training? If they have a level 3 qualification, why not give them an apprenticeship in level 4, and so on and so forth?

As I say, the purpose of these regulations is to change behaviours. As long as standards continue to be developed—new standards are being developed and they are of higher quality—I think we will give everyone that chance. We want employers to know that when we say we want to create an apprenticeship nation, that is what we mean.

The hon. Member for Blackpool South talked about the issue of the headcount versus the full-time equivalent; that was also raised by the right hon. Member for Don Valley. We think that headcount is the fairest measure to assess workforce numbers for the purpose of delivering high-quality apprenticeships. If someone does more than one apprenticeship with the same employer, they can count towards the target more than once. Headcount data are readily available across the whole public sector, and if the headcount target were to be replaced on a full-time equivalent basis, the 2.3% target would result in a lower number of starts, meaning that the public sector would not deliver its fair share of apprenticeships unless the target was raised. Having said that, we have listened to those who are concerned about how the target might impact on them, given the high proportion of part-time workers, and we suggest that these bodies should use FTE in parallel with headcount, to report and explain any underachievement of the target as necessary.

This is not about one size fits all; we have listened to people and responded. The hon. Member for Blackpool South talked about cuts. No one has denied that there have been pressures—significant pressures—on the economy but most of the organisations that we are talking about pay the levy, so for most of them it will come out of the levy pot. It is not relevant to say that cuts will affect this process, because if an organisation wants an apprenticeship, it will come out of its levy pot. That is an important point.

The hon. Gentleman also talked about the supply chain. He will know that after the first year of the levy, provisionally 10% will be allowed in terms of the supply chain. He talked about gaming; if anything, we could affect gaming if we do not get things right. After the first year, we will see how things pan out, then we will make a decision, but the 10% figure will not apply until after the first year of operation of the levy.

The hon. Gentleman also asked whether or not this process was an efficient use of public money. If we look at apprentices' returns, we see that if someone is doing a level 2 apprenticeship their wage increase is 11%, between £48,000 and £74,000; the figure is between £77,000 and £117,000 for level 3 apprenticeships. Ninety per cent of apprenticeships get jobs. Apprenticeships are very good for the economy. There is another figure that I forget, but all apprenticeships deliver a huge return in terms of cost-benefit to the economy.

The hon. Gentleman mentioned social justice and social mobility. He will know, because I mentioned it in the debate in Westminster Hall about financial support for apprentices, that we are undertaking a review of social mobility and apprenticeships. Some £60 million was guaranteed for this year, and the review is under way. As for the Maynard reforms, I hope to make an

announcement soon—that is a real “soon” and not a civil servant’s “soon”—that I do not think he will be too unhappy with.

The hon. Gentleman talked about veterans, and I will reflect on his remarks. I have not seen his whole speech, I only read the article in *FE Week*. I thought that was important, and I will look at what we are doing. I know, as the Defence Secretary proudly tells me, that the Ministry of Defence is a huge employer of apprentices, but I think that is an important thought.

The hon. Lady—

**Caroline Flint:** Right hon.

**Robert Halfon:** Sorry, the right hon. Lady—I beg your pardon—talked about getting women into STEM.

**Caroline Flint:** That is an important area, and there are lots of jobs across the public sector that need the skills that a STEM-based education provides. However, I am sure the Minister knows as well as I do that, across the public sector as well, there is a massive amount of gender job segregation, which, in some ways, reinforces the pattern of low pay for women in certain sectors. It would be very good in the long term if we can do anything at all to encourage more diversity across those areas.

**Robert Halfon:** The right hon. Lady makes an important point. Some 53% of apprentices are women, and the survey suggests that female apprentices actually earn more than men. However, there is a huge problem around women in STEM subjects.

One of the issues I face when looking at careers guidance in schools is that they show a picture of a woman being a nurse and man doing engineering. That is from primary school onwards, and it is a significant problem. We are doing a huge amount of work on careers strategy and we are looking at that. Everywhere I go, I try to promote female STEM apprenticeships and females doing STEM in schools, but there are cultural issues and all kinds of problems that make this quite a difficult problem to surmount.

**Caroline Flint:** I thank the Minister for what he says, but perhaps he could go away and reflect. In evidence to the Public Accounts Committee, officials told us that there are targets for addressing this particular problem for black and ethnic minority people but not women, which he clearly understands from what he has just said.

**Robert Halfon:** It is important that we take the right action to make sure that we increase those numbers; I think that we are doing that. The hon. Member for Blackpool South asked about monitoring. The Skills Funding Agency, through the National Apprenticeship Service and the Digital Apprenticeship Service, is monitoring that and works with the bigger employers. Department for Education officials will analyse the returns on a yearly basis. He will know that my boss, the Secretary of State, chairs the “Earn and Learn” taskforce.

[Robert Halfon]

There is no particular stick that public sector bodies get if they do not meet targets, but we are doing everything possible. We want to work with public sector bodies—they will obviously publish their information; it will be up to the independent bodies how to collate it—to try to see this as a new thing that we are doing. We will see how it pans out each year as we assess, but at this point in time, we are trying to work with public sector bodies, rather than saying that there will be a penalty if they do not deliver on their particular targets.

You will be pleased to know that I am coming to the end of my speech, Mr Nuttall, but I shall close by saying that this is a very important part of our reforms; it is not just a stand-alone product. It is part of our designs to change behaviours to create that ladder of opportunity for millions of our young people.

*Question put and agreed to.*

*Resolved,*

That the Committee has considered the draft Public Sector Apprenticeship Targets Regulations 2017.

6.48 pm

*Committee rose.*