

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT  
GENERAL COMMITTEES

## Public Bill Committee

### SKILLS AND POST-16 EDUCATION BILL [*LORDS*]

*Third Sitting*

*Thursday 2 December 2021*

*(Morning)*

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CLAUSES 2 TO 5 agreed to, one with amendments.

CLAUSE 6 under consideration when the Committee adjourned till this day at Two o'clock.

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**not later than**

**Monday 6 December 2021**

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**The Committee consisted of the following Members:***Chairs:* †CLIVE EFFORD, MRS MARIA MILLER

† Ali, Tahir (*Birmingham, Hall Green*) (Lab)  
 Bradley, Ben (*Mansfield*) (Con)  
 † Burghart, Alex (*Parliamentary Under-Secretary of State for Education*)  
 † Carter, Andy (*Warrington South*) (Con)  
 † Clarke-Smith, Brendan (*Bassetlaw*) (Con)  
 † Gwynne, Andrew (*Denton and Reddish*) (Lab)  
 Hardy, Emma (*Kingston upon Hull West and Hessle*) (Lab)  
 † Hopkins, Rachel (*Luton South*) (Lab)  
 † Hunt, Jane (*Loughborough*) (Con)  
 Hunt, Tom (*Ipswich*) (Con)

† Johnson, Kim (*Liverpool, Riverside*) (Lab)  
 † Johnston, David (*Wantage*) (Con)  
 † Nici, Lia (*Great Grimsby*) (Con)  
 † Perkins, Mr Toby (*Chesterfield*) (Lab)  
 † Richardson, Angela (*Guildford*) (Con)  
 † Tomlinson, Michael (*Lord Commissioner of Her Majesty's Treasury*)  
 † Western, Matt (*Warwick and Leamington*) (Lab)

Sarah Thatcher, Bradley Albrow, *Committee Clerks*

† **attended the Committee**

## Public Bill Committee

Thursday 2 December 2021

(Morning)

[CLIVE EFFORD *in the Chair*]

### Skills and Post-16 Education Bill [Lords]

#### Clause 2

##### DESIGNATION OF EMPLOYER REPRESENTATIVE BODIES

11.30 am

**Mr Toby Perkins** (Chesterfield) (Lab): I beg to move amendment 43, in clause 2, page 3, line 27, leave out “as the Secretary of State considers appropriate” and insert—

“, including—

- (a) the requirement for the local skills improvement plan to give due regard to relevant national and regional strategies, including in respect of the Decarbonisation Strategy,
- (b) a requirement for employer representative bodies to publish a conflicts of interest policy for all those involved in approving plans or allocating funds which records actual or perceived conflicts of interests, and
- (c) anything else the Secretary of State considers appropriate.”

*This amendment sets out conditions for employer representative bodies. The amendment would require that employer representative bodies publish a conflicts of interest policy and give regard to national strategies (including the Decarbonisation Strategy).*

It is a pleasure to serve under your chairmanship again, Mr Efford. We will try not to give you any unpleasant surprises this time.

This is a relatively small but important amendment, which has three aspects to it. Given the exemplary cross-party work undertaken in another place on local skills improvement plans and climate change, we believe that the Bill can go further to ensure that, as a nation, we meet our commitment to the natural environment. It is therefore crucial to ensure that LSIPs give due regard to the decarbonisation strategy and that employer representative bodies produce plans with due diligence given to committing to ensuring that we have green skills for the future across local labour markets.

If we are to meet the UK’s emissions target of net zero even by 2050—we already know that to be a challenging and potentially insufficient commitment—it is essential that green jobs are created and that that is a key focus of the local skills improvement plans in every single area across the country. One reservation expressed in our previous debates is that the different chambers of commerce and employer representative bodies will have different priorities. The amendment, in the first paragraph, seeks to ensure that, whatever the priorities of the chamber of commerce, it addresses the decarbonisation strategy. If it does not have the expertise itself, it needs to avail itself of that to ensure that the plans move us towards net zero. Once again, this demonstrates the need to align skills policy with national strategies across Departments—in this case the Department for Business, Energy and Industrial Strategy—so that LSIPs do not become silos.

The second paragraph of the amendment would require employer representative bodies to publish a conflicts of interest policy for all those involved in approving plans or allocating funds, to record actual or perceived conflicts of interest. This is an incredibly important proposal, because the Bill places responsibilities and duties on—predominantly, we expect—chambers of commerce in a statutory fashion. I think that is unlike anything we have expected them to do before—unless the Minister wants to draw my attention to something. Chambers of commerce are not statutory organisations, but they are now taking on a role that appears to have statutory status.

Many people at senior levels are involved in chambers of commerce. They are in there because they want to make their local economies better and to improve the opportunities for businesses in their local area. It is also perfectly possible, however, that they will have an agenda about the industry that they are in or represent. Therefore, if they are to take on a more statutory-looking role, it is important that we are aware of what their conflicts of interest might be. If a local skills improvement plan suddenly features policies to do with a certain industry, we need to know who put the plan together so that we can consider why they might have done so. It would therefore be basic best practice for a local skills improvement plan to include a declaration of any interests or potential conflicts of interest.

**Rachel Hopkins** (Luton South) (Lab): It is appropriate that I declare an interest again: I am a vice-president of the Local Government Association and a governor of Luton Sixth Form College. Many local authorities have third-party declarations, where councillors have to declare any potential conflicts of interest regarding the funding decisions that they are making, even if a partner works for a charity that is getting a council grant. It should be the same with regard to employment representative bodies and their members, so that we have a clear and transparent understanding of where funds may be allocated, and where there are potential or perceived conflicts of interest.

**Mr Perkins**: Precisely—I could not have put it better myself. In fact, I do not think that I was putting it better myself. If a chamber of commerce has, for example, a tree surgeon as its chair, and the local skills improvement plan has policies on attracting skills in tree surgery and no other does, people might consider that an agenda has been driven. There are all kinds of other examples. There is nothing negative about tree surgery—we all know how important it is—but people would need to understand why it was in the policy and whether there were any other factors to consider. In recent weeks, there have been real concerns about the allocation of Government funding, who was getting it and on what basis, who was talking to who, who was donating to who, who was signing up to who, and who was the best pal or a publican of a friend of who. In that context, it is important to ensure that local skills improvement plans are not mired in the murk that we have seen from the Government recently.

**Kim Johnson** (Liverpool, Riverside) (Lab): As we know, eight trailblazer ERBs were set up in July this year, with £4 million. Does my hon. Friend agree that

we need to find out how beneficial they have been before we decide to roll them out and have chambers of commerce leading on them?

**Mr Perkins:** My hon. Friend makes an excellent point. It is feature of the Government's approach, particularly to skills, that they set up pilots and then reach a conclusion before it is completed, as we saw on T-levels. We are debating the creation of something when the pilot is still at a very early stage. It was commented on, on social media and elsewhere, that the Minister said on Tuesday that it does not have to be a chamber of commerce; it could be any kind of organisation. When I asked him how many other organisations there are, he said, "Well, none." It is better if we are straight and honest about what we are talking about. The anticipation is that chambers of commerce will do it in the vast majority of cases. Other organisations may come forward, and we look forward to seeing that emerge, but clearly the legislation was written with chambers of commerce in mind, and they are taking on the trailblazer role. My hon. Friend makes a valuable point. Why not find out how these things are working before we rush ahead and do them?

**Matt Western** (Warwick and Leamington) (Lab): To amplify that point, I am sure that Members on both sides agree that we need greater transparency. All we are asking for is openness in the process, so that people cannot seek to influence decisions. To take one simple example, not very far from me there was a local enterprise partnership, the chair of which happened to be a huge landowner who was seeking to steer future business decisions towards that parcel of land. That is why this is really important. Of course, it could come from any direction; I just happen to use that example. Whether it is the cronyism that my hon. Friend referenced earlier, or the chair of the Office for Students, these things have to be out in the open and as transparent as possible.

**Mr Perkins:** Absolutely. That is particularly important because organisations such as local enterprise partnerships, the Office for Students and others operate on a statutory level, with expectations around that. From a governance perspective, they are kind of arms of Government. The chambers of commerce are independent of Government. The Government are outsourcing responsibility for a function that they have created. It will be delivered as a function of Government, but they are expecting a private organisation to deliver it. It is therefore important that that private organisation operates in a way that a statutory organisation would.

**Rachel Hopkins:** My hon. Friend is making a very interesting point about transparency and the outsourcing of a Government function to a private entity. Does he agree that, given that a freedom of information request cannot be placed on a private entity, this is another reason why it is vital that these conflicts—or potential conflicts—are raised early doors and up front for transparency?

**Mr Perkins:** My hon. Friend makes another incredibly important point. It is something that people should naturally accept. I will be very interested to hear the Minister's response. That was another important intervention from my hon. Friend, and I appreciate the

interventions both she and my other colleagues have made—if any Conservative MPs want to involve themselves in the debate, they would be very welcome to do so. It is important that everyone gets to know what is being said, who is saying it and on what basis it was said. That is the reason for the amendment. We do not need to continue describing it, but I am very interested to hear what others have to say on it.

**The Parliamentary Under-Secretary of State for Education (Alex Burghart):** It is a pleasure to serve under your chairmanship again, Mr Efford, and I look forward to making even more rapid progress today, as we continue with clause 2 of our 39-clause Bill. I rise to speak to amendment 43, tabled by the hon. Members for Chesterfield and for Warwick and Leamington, regarding specifying certain conditions for the designation of employer representative bodies. It is obviously right that a designation may be subject to terms and condition, such as the terms and conditions that the hon. Member for Chesterfield has set out. However, the precise terms and conditions need to be flexible, and may change over time in the light of wider circumstances. They also need to be tailored to the specific employer representative body in question. That is why the specifics should be set out by the Secretary of State in a notice of the designation, which can be modified from time to time, rather than in the Bill.

**Mr Perkins:** I thank the Minister for that very brief response—the Opposition have heard it. It is important that there is clarity about where people are able to find these conditions. We are once again being asked, "Vote for it now, and we will let you know what it means tomorrow." It sounds almost like the coalition agreement. I believe that a commitment at this stage to having those aspects in the Bill would have been useful. I do not believe the Minister touched upon decarbonisation at all in his response, which seemed quite an omission, but we are of the view that a decarbonisation strategy should play a central role in these LSIPs. For that reason, we will seek to test the mood of the Committee by pressing the amendment to a vote.

*Question put, That the amendment be made.*

*The Committee divided: Ayes 6, Noes 8.*

#### Division No. 8]

#### AYES

Ali, Tahir  
Gwynne, Andrew  
Hopkins, Rachel

Johnson, Kim  
Perkins, Mr Toby  
Western, Matt

#### NOES

Burghart, Alex  
Carter, Andy  
Clarke-Smith, Brendan  
Hunt, Jane

Johnston, David  
Nici, Lia  
Richardson, Angela  
Tomlinson, Michael

*Question accordingly negated.*

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

**The Chair:** With this it will be convenient to discuss new clause 3— *Report on the performance of employer representative bodies*—

## [The Chair]

“(1) Within six months of the passing of this Act, and every twelve months thereafter, the Secretary of State must publish a report on the performance of employer representative bodies and lay it before both Houses of Parliament.

(2) Each report must contain a statement setting out—

- (a) the role of employer representative bodies,
- (b) the accountability of employer representative bodies,
- (c) the cost of employer representative bodies,
- (d) the number of employer representative bodies in England and the areas covered,
- (e) the number of employer representative bodies that have been removed and the reason why.

(3) Each report must contain an independent assessment of the impact of each employer representative body on—

- (a) the development of local skills improvement plans, and
- (b) local rates of participation in further education.”

*This new clause requires the Secretary of State to publish and lay before both Houses of Parliament an annual report on employer representative bodies to allow for scrutiny of their role and performance.*

11.45 am

**Alex Burghart:** Clause 2 is important for placing employers at the centre of the local skills system, shaping post-16 technical education and training so that it is more responsive to local labour market skills needs. It gives the Secretary of State the power to designate genuine employer representative bodies to lead the development of local skills improvement plans, working closely with employers, providers and local stakeholders. Employer representative bodies will be well placed to give a credible articulation of local skills need and drive greater employer involvement in local skills systems.

The Secretary of State will designate employer representative bodies based on criteria. They must be satisfied that a body is capable of performing the duties of developing and keeping under review a local skills improvement plan in an effective and impartial manner, and that it is reasonably representative of employers in the area. The body must also consent in writing to being designated. Designated bodies should draw on the views of a wide range of employers of all sizes, as well as other relevant employer representative and sector bodies, to inform the development of those plans. This should ensure it is as easy as possible for employers, especially small employers, to engage and have their voice heard. The success of the plans will depend on sustained and effective engagement between employers, convened and represented through the designated bodies, and providers.

Clause 2 requires the Secretary of State to provide written notice of the designation detailing the designated body, specified area, effective date, and any terms and conditions the employer representative body will be subject to. Introducing this power to designate is crucial to ensuring there is an effective employer-led body in place that is capable of leading the development of a robust local skills improvement plan for an area, working closely and in co-operation with relevant providers and stakeholders.

New clause 3, tabled by the hon. Members for Chesterfield and for Warwick and Leamington, is concerned with the performance management of employer representative bodies. It proposes a requirement for the Secretary of State to periodically

“publish a report on the performance of employer representative bodies”.

We agree that employer representative bodies need to be accountable for their leadership of local skills improvement plans, and the Bill already provides a framework for this. The Secretary of State must be satisfied that an eligible body is capable of developing a local skills improvement plan in an impartial manner before they are designated. The Secretary of State can then specify terms and conditions to which a designation is subject and modify them as necessary. In its role, the designated employer representative body will be accountable to the Secretary of State, and the Department for Education will monitor and review its performance.

If a designated employer representative body does not have regard to relevant statutory guidance—as we were discussing last time—or comply with any terms or conditions of its designation, or if it ceases to meet the criteria for which it was originally designated, the Secretary of State may well decide not to approve and publish the local skills improvement plan, and has the power to remove its designation. If that power is exercised, the Secretary of State must publish a notice, which must include the reasons for the removal. The Secretary of State is already accountable to Parliament, and Members can of course raise questions on this issue if they wish.

**Mr Perkins:** With regard to clause 2, we remain of the view that without amendment 37, which the Committee decided to vote against on Tuesday, the Government will be introducing a good idea badly. As such, local skills improvement plans will not enjoy the holistic representation or offer the breadth of experience they could have done, which is hugely regrettable. I do not propose to repeat all of the arguments we made last Tuesday, or even any of them, but it remains our view that not incorporating amendment 37 in the Bill will fundamentally undermine local skills improvement plans.

New clause 3, which we have proposed,

“requires the Secretary of State to publish and lay before both Houses of Parliament an annual report on employer representative bodies to allow for scrutiny of their role and performance.”

We think it is essential that there is proper scrutiny and oversight of employer representative bodies, that they enjoy the confidence of elected representatives at local and national level, and that local communities, local businesses and, crucially, learners—who are so absent from the Bill—can see how an employer representative body has performed and assess the quality of the plans they have produced. Given that employer representative bodies will control much of the adult education and skills budget and their direction through the formation of these local skills improvement plans, due diligence and accountability will be vital. All we ask for is an annual report to Parliament that will enable Members to analyse the performance of employer representative bodies and ensure they are doing the role they are intended to.

**Alex Burghart:** I want to clarify a point regarding something the hon. Gentleman just said. It is important for us all to realise and recognise that employer representative bodies will not be commissioners. They do not control budgets; they set out plans that local providers of education then have to respond to. He may not have meant that, but I just wish to clarify that point.

**Mr Perkins:** I am grateful to the Minister for clarifying that. I did understand that. When I used the phrase “control much of the adult education and skills budget”, I meant that the direction in which that budget ends up being spent will be informed—in fact, legally, will have to be informed—by those local skills improvement plans. While they might not be writing out the cheques, they will very much be responsible for the pathway that that funding takes. I thank the Minister for his clarification, but I do not think it alters the point that I was making.

**Matt Western:** Clearly, the new clause is quite simply about, as my hon. Friend is saying, ensuring that there is scrutiny of the actions and the role of these bodies and that they are actually serving in the way that they are intended. The change being introduced is quite significant; while we see some of it as being positive—although perhaps not very well formed, as we have articulated previously—that is why it is important that there should be scrutiny. The Government should take interest in that. This is just another example of there not being enough scrutiny in our governance.

**Mr Perkins:** Absolutely, and the Government have been accused of treating Parliament with contempt. What we ask for here is an important change that would lead to an annual report to Parliament and ensure that the Secretary of State would come to Parliament and answer to that once-a-year report.

The Minister spoke about the accountability of ERBs to the Secretary of State, but said nothing about the accountability of ERBs to Parliament, or of the Secretary of State to Parliament. It is not good enough to simply say “Well, there will be a responsibility to the Secretary of State, and if you want to ask him a question, you can.”

It is not asking too much to say “Once a year, provide a report. Members of Parliament expect a statement to be produced alongside that report, and any MPs with particular concerns have a tiny section of their parliamentary year to ask questions about employer representative bodies, and at least have those on the public record.” That was the purpose of our new clause 3. I think that it is a very sensible one, and that it would be useful if the Government ensured that they were open to that scrutiny.

**Matt Western:** It is a pleasure to serve under you in the chair again, Mr Efford. I will just add a simple point. I appreciate that it is always difficult in these situations for a Minister, but I would urge him—I am sure my hon. Friend the Member for Chesterfield would agree—to reflect on this very constructive new clause. While it may not be successful today, perhaps in days to come, the Government will reflect on that and look to introduce it at a later stage. I think that would be a very positive thing for the Government to do.

*Question put and agreed to.*

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

### Clause 3

#### REMOVAL OF DESIGNATIONS

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

**Alex Burghart:** Clause 3 is an important accountability mechanism, which gives the Secretary of State the ability to remove an employer representative body’s designation in certain conditions. Hopefully, that will not be required, but we need to be clear on when such circumstances may arise, and ensure there is a process—

**Mr Perkins:** On a point of order, Mr Efford. I do not think we have dealt with new clause 3. Did we?

**The Chair:** The new clauses are dealt with at the end of the proceeding. So we will deal with all of the new clauses and any votes then. You will move new clause 3 formally at that stage and we will vote on it.

**Alex Burghart:** As I was saying, we need to be clear when such circumstances may arise and ensure that there is a process for taking appropriate action, which will be through a published notice.

The ability to remove a designation is needed for a range of important reasons, for example in the event that an employer representative body does not comply with the term or condition of their designation, or does not have regard to relevant guidance on carrying out their role. This clause helps to ensure that the employer representative body designated for an area remains representative, and capable of delivering and keeping under review a local skills improvement plan in an effective and impartial manner.

**Mr Perkins:** This clause is obviously necessary, given the votes that have taken place already. It outlines the circumstances in which the Secretary of State can remove the designation of an employer representative body.

It would be useful to get clarification from the Minister about the reasons why the Secretary of State would look to replace an employer representative body, such as the performance of that body; any representations made by anyone within the body, be it further education colleges or other institutions; representations by other employer representative bodies that perhaps did not consider that the body was being consistent or was properly declaring interest; or any other criteria that might require an employer representative body to be replaced.

The other real concern is that the Secretary of State has awarded himself huge powers. He will be the person who will decide who to appoint; he will be the person who approves the local plan; therefore, he becomes the person who decides whether it is right policy for Bishop Auckland, or for Bishop Stortford, or for anywhere in the country—the Secretary of State is the man who decides whether or not a plan is the right one. If he then decides, “Oh, well, I don’t really like this plan”, or, “I don’t like the way the employer representative body is carrying out its business”, he can choose to get rid of the employer representative body as well.

The Secretary of State is taking a lot of powers under the guise of devolution to set policy in individual local areas. Although we understand the purpose of the clause and do not intend to vote against it, it would be useful to hear from the Minister a little more about the criteria that will be used. It is also important for these employer representative bodies to have clarity and that it is not just a case of, “Look, if you annoy the Secretary of State, he might get rid of you”, and that instead we have a proper process and proper criteria.

**Andrew Gwynne** (Denton and Reddish) (Lab): We have to legislate for the worst case scenarios as well as for the best case scenarios. Given that there is little democratic oversight, particularly outside areas with metro Mayors, in this whole process, does my hon. Friend think that we perhaps need parliamentary scrutiny of any decision that the Secretary of State makes in respect of who the representative bodies are and are not at any one particular time?

**Mr Perkins:** That is an important point. Obviously part of my hon. Friend's constituency comes within the Greater Manchester Combined Authority. He and his colleagues in the Greater Manchester area have a very strong sense of the priorities for their local area. They might have worked very closely with an employer representative body and come up with a plan that they liked. However, the Secretary of State might not like that plan and might decide, "Well, I'm overruling that"; the Secretary of State is sat there in Stratford-on-Avon, but he thinks he knows better than my hon. Friend what Greater Manchester needs. Some kind of process that just explains on what basis the Secretary of State will make these decisions would be very valuable.

This reminds me of what was happening around the time of the second coronavirus lockdown, when we know that the Government and the Secretary of State were very angry with Andy Burnham, the Mayor of Greater Manchester, for not complying with their strict demands and edicts. If it was an employer representative body that was angering the Secretary of State, goodness knows whether or not he would cite this clause and say, "Well, we'll have to get rid of you, because you haven't done what we said".

When the Secretary of State awards himself such powers—and we understand that there is a need to put in place a clause to replace ERBs, on occasion—some kind of parliamentary scrutiny is needed of those concerns and the desire to remove the designation.

It would be useful to hear more from the Minister about how that process will take place. Who will be able to make representations around the replacement of an ERB? What weight will be given to the representations of alternative employer representative bodies, FE colleges and independent training providers? The worry is that the plans may mean that independent providers that play an important role in individual sectors are overlooked and are not seen within the employer representative bodies or the local skills improvements plans. Who will be able to make representations on all that, and what level of scrutiny will there be? Those are important questions, and we look forward to the Minister assuring us on those matters.

12 noon

**Alex Burghart:** I have listened carefully to the hon. Member for Chesterfield, and I refer him to clause 3. The Secretary of State will set out terms and conditions for each employer representative body, and those terms and conditions will be public. Statutory guidance to govern how employer representative bodies behave will also be public. In the event that a Secretary of State wishes to remove the designation of an ERB, he or she will have to do so in writing. Under the terms of clause 3(3)(a), he or she will have to

"include reasons for the removal of the designation".

Obviously, the Secretary of State is accountable to Parliament. I imagine that there would be further urgent questions on the matter, and that Select Committees might want to look into it. I believe that our mechanisms for parliamentary accountability are sound and good—particularly when they are overseen by noble Chairs such as yourself, Mr Efford. With that, I resume my seat.

*Question put and agreed to.*

*Clause 3 accordingly ordered to stand part of the Bill.*

#### Clause 4

##### INTERPRETATION

*Amendments made:* 11, in clause 4, page 5, line 35, after "institution" insert "in England".

*Amendments 11, 12, 13 and 14 ensure that a relevant provider, to whom the duties in clause 1(4) apply, must be in England. This amendment ensures that, for an institution within the further education sector to be a relevant provider, it must be in England.*

12, in clause 4, page 5, line 38, leave out "a" and insert "an English".

*See the explanatory statement for Amendment 11. This amendment ensures that a higher education provider will be a relevant provider only if it is an English higher education provider.*

13, in clause 4, page 5, line 40, after "provider" insert "whose activities, so far as they relate to the provision of post-16 technical education or training, are carried on, or partly carried on, in England".

*See the explanatory statement for Amendment 11. This amendment ensures that an independent training provider is a relevant provider only if the provider's activities that relate to providing post-16 technical education or training are carried on, or partly carried on, in England.*

14, in clause 4, page 5, line 41, at end insert "in England".

*See the explanatory statement for Amendment 11. This amendment ensures that the only schools that can be relevant providers by virtue of regulations under clause 4 are schools in England.*

15, in clause 4, page 6, line 9, leave out "in respect of which amounts are"

and insert

"funded, wholly or partly, by amounts".

*This amendment, together with Amendments 16 and 17, ensure that education or training is treated as English-funded where amounts are paid directly to providers of the education or training in accordance with regulations made by the Secretary of State (as, for example, where payments are made by the Student Loans Company).*

16, in clause 4, page 6, line 10, leave out "by the Secretary of State".

*See the explanatory statement for Amendment 15.*

17, in clause 4, page 6, line 11, after "made" insert

"by the Secretary of State".—(*Alex Burghart.*)

*See the explanatory statement for Amendment 15.*

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

**Alex Burghart:** Clause 4 is important in providing clarity as to the providers who will be subject to the duties relating to local skills improvement plans and the employer representative bodies eligible to be designated to lead them. It also gives the Secretary of State the ability, through regulations, to include additional providers.

The clause enables the Secretary of State to specify further types of providers that deliver English-funded post-16 technical education and training in England to be encompassed in the future. However, those regulations

would be subject to annulment in pursuance of a resolution in either House of Parliament. I hope members of the Committee agree that this is an important aspect of the LSIP provisions.

**The Chair:** The question is that clause 4—

**Mr Perkins** *rose*—

**The Chair:** Sorry, I am getting ahead of myself.

**Mr Perkins:** We are moving at such breakneck speed, Mr Efford, it is hard to keep track.

The clause is an interpretation clause, clarifying what is meant by the various terms of eligible body, employer, training provider and so on. We have no reason to vote against it. Amendments 11 to 17 have just been made. It would be useful if the Minister could inform the Committee what the consequence of the proposals on local skills improvement plans will be for the Barnett consequentials. How may they be considered by the Scottish Government, Welsh Assembly and Northern Irish Assembly?

**Alex Burghart:** I thank the hon. Gentleman for his support for the clause. My understanding is that there are no Barnett consequentials as a result of this measure. If that turns out to be incorrect, I will let him know at the first available opportunity.

**Mr Perkins:** Given the amount of money that is being spent on local skills improvement plans and the initial budgets towards the trailblazer, I am slightly surprised to learn that there is no equivalent expectation for Scotland, Wales and Northern Ireland. I will take the answer that the Minister has given me as the one that will stand for now, and forever into the future, unless I hear otherwise.

*Question put and agreed to.*

*Clause 4, as amended, accordingly ordered to stand part of the Bill.*

### Clause 5

#### INSTITUTIONS IN ENGLAND WITHIN THE FURTHER EDUCATION SECTOR: LOCAL NEEDS

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

**Alex Burghart:** There is strong agreement on the importance of the provision of high-quality technical education and training that is responsive to local needs. For many colleges, the delivery of technical education is a key part of a wider curriculum that responds to different local needs.

The wider curriculum can include, for example, academic provision for students hoping to move on to university, English or maths provision for adults, or high-needs provision for learners with an education, health and care plan. Colleges also need to deliver other functions that support education delivery, such as careers education and advice, support for students with special educational needs and pastoral support.

We will only achieve our goal of provision that is responsive to local needs where there is effective strategic curriculum planning within every college. Such curriculum

planning needs to reflect both the priorities set out in the local skills improvement plan, and the needs of different groups of learners.

The clause therefore places a duty on governing bodies of institutions within the further education sector to periodically review their provision against local needs and to consider changes that might improve the way those needs are met. The duty applies to further education and sixth-form colleges, and to institutions designated under section 28 of the Further and Higher Education Act 1992. That reflects the importance of those institutions in many local communities and the breadth of their curriculum offer.

In carrying out the review, the governing body must have regard to any guidance issued by the Secretary of State. A draft of the statutory guidance has been published by the Department. The guidance sets out the principles that should be followed when carrying out reviews and how reviews should be conducted, including working with different stakeholders and other governing bodies.

While the new duty builds on the existing good practice within the sector, there are also cases where improvement is required. That might include, for example, cases where intense local rivalries have led institutions to prioritise the needs of one group of learners over another, even if that is at the expense of learners in the local area as a whole. By putting in place a legal duty requiring reviews to be published, we are strengthening transparency and accountability around decisions on provision that are vital for local communities. When carrying out reviews, colleges will need to be mindful of their other relevant statutory obligations, including those in relation to learners with special educational needs and disabilities.

The clause strengthens the legal framework in which colleges, working both individually and in collaboration with each other, regularly review their provision to identify how it can be improved. That will help to deliver more responsive further education provision and will benefit local communities in all parts of England.

**Mr Perkins:** Clause 5 sets out the duty for institutions such as colleges to review provision in relation to local needs. The review must be published on the institution's website and must be conducted in line with the Secretary of State's guidance. The Opposition do not propose to divide the Committee on the clause. I am grateful to hear from the Minister specific mention of special needs. He will be aware that we are very concerned that that area should be reflected in local skills improvement plans, so I appreciate his reference to it. It is important to ensure that the review takes into account local circumstances and has the broadest possible base. We support the clause.

*Question put and agreed to.*

*Clause 5 accordingly ordered to stand part of the Bill.*

### Clause 6

#### FUNCTIONS OF THE INSTITUTE: OVERSIGHT ETC

**Mr Perkins:** I beg to move amendment 32, in clause 6, page 7, line 23, at end insert—

“(2A) The Institute shall perform a review of the operation of the apprenticeship levy, paying particular regard to ensuring that sufficient apprenticeships at level 3 and below are available.”.

[Mr Perkins]

*This amendment would require the Institute to perform a review of the operation of the apprenticeship levy, and would require the Institute to pay particular regard to ensuring that sufficient apprenticeships at level 3 and below are available.*

The debate on this amendment is the only opportunity that the Committee will get to talk about apprenticeships in the skills Bill, and that is pretty remarkable. The amendment would require the institute to perform a review of the operation of the apprenticeship levy and to pay particular regard to ensuring that sufficient apprenticeships at level 3 and below are available. Apprenticeships are the gold standard in vocational opportunity. Every single one of us is aware of apprenticeship providers and employers that have excellent apprenticeship programmes in our constituencies, and we have met people whose lives have been changed by their apprenticeships. However, we also know that for many of our constituents—particularly our younger constituents—apprenticeships remain elusive. There are far fewer apprenticeship opportunities than there should be.

A Labour Government will be committed to increasing the number of apprenticeship opportunities and addressing the calamitous collapse in new apprenticeship starts at levels 2 and 3. We will promote apprenticeships as the No. 1 vocational opportunity for young people who are not attending university, and we will seek funding for them ahead of schemes such as kickstart, which is more costly and less well defined, demands less commitment from employers and makes less impact on learners. It is a vivid demonstration of the Government's complete failure to address key issues that while they preside over their failure on apprenticeships, they introduce a skills Bill that almost entirely fails to touch on the reform needed to salvage these crucial career opportunities.

**Andrew Gwynne:** I am grateful to my hon. Friend for raising this important point, because it is, quite frankly, flabbergasting that in a skills Bill there is very little mention—in fact, almost none—of apprenticeships. For so many, apprenticeships could be the route to developing the skills for the jobs of the future. When I talk to local employers, they now appear to be using the apprenticeship levy funding to upskill their own workforces, rather than using the money to skill up the next generation.

**Mr Perkins:** Absolutely, and that speaks to the heart of the amendment. The apprenticeship levy has, remarkably, led to a steep decline in those aged under 25 taking on entry-level apprenticeships. In fact, it must be the first policy—well, that is probably not true, but certainly it is one policy—that set out with a particular objective, only to achieve the polar opposite. We have an apprenticeship policy that has drastically reduced the number of apprenticeship opportunities, and it is worth reflecting for a moment on the scale of that failure.

12.15 pm

In 2016-17, 494,000—almost half a million—people were doing apprenticeships. By 2019-20, before we even take into account the collapse in apprenticeship starts during the covid crisis, that number had gone down to 322,500. That is a 35% reduction in the number of apprenticeships. On the point made by my hon. Friend the Member for Denton and Reddish about the number

of apprenticeships going to under-19s, the number fell from 122,800 in 2016-17 right down to 76,300 in 2019-20—that is a 38% reduction in the number of apprenticeships for people under the age of 19.

**Kim Johnson:** My hon. Friend makes some important points about apprenticeships and the fact that the number of them has reduced. Does he agree that some of that is down to the lack of information and career guidance available in schools for many of our young people?

**Mr Perkins:** I absolutely agree. There are a huge number of causes, but my hon. Friend is right that one is the abandonment of careers guidance that happened in 2010, when this Government came to power and scrapped Connexions—got rid of many of those—and the statutory responsibility for careers guidance.

To give a scintilla of credit to the Government, they have at least realised to an extent that the decision made back in 2010 was catastrophic and made an attempt to rebuild some kind of careers service. We have many criticisms of their approach, but at least there is a recognition that simply getting rid of face-to-face careers guidance and going towards a purely online service was disastrous. My hon. Friend the Member for Liverpool, Riverside is absolutely right about the number of people not doing apprenticeships. We will have an opportunity later in proceedings to discuss careers guidance in more detail—it is a priority for the Labour party.

Without in any way undermining what my hon. Friend said, it is also important to make the point that there is a real shortage of opportunities out there; it is not purely that people do not want apprenticeships. I went to a training academy for construction on the south coast and I was told, interestingly, that there were about 100 applicants for every one of its apprenticeship opportunities. In an area with relatively low levels of unemployment, kids are still fighting to get hold of those opportunities. They recognise the value of apprenticeships. The importance of promoting apprenticeships is a strong point to make, but there is also a huge amount more to be done on supply.

To return to what I was saying a moment ago, it is important to understand the scale of the collapse in the number of apprenticeships. The number of apprenticeships going to 19 to 24-year-olds declined from 142,200 in 2016-17 right down to 95,500 in 2019-20, so there was a fall of almost 33% over that period. The levy was supposed to boost employer investment in training—my hon. Friend the Member for Denton and Reddish was in this place when the apprenticeship levy was announced, and he will remember that we were all told it would boost the amount that employers would invest in training—but that has declined, with £2.3 billion less spent in 2019 than in 2017.

The current funding arrangement particularly fails small businesses, which are a real priority for the Labour party. Especially in communities such as Chesterfield, small businesses are the prevalent providers of employment, and the fact that they have been shut out of the apprenticeship regime so dramatically with the introduction of the levy has had a massive impact. In 2016, 11% of businesses with less than 50 employees had apprentices in their organisation. I think 11% was probably not enough, but it was something. By 2019, there had been a 20% reduction in the number of small businesses with apprenticeships.

It is no wonder that the Chartered Institute of Personnel and Development described the apprenticeship levy as having “failed on every measure”. It says that the levy will continue to

“undermine investment in skills and economic recovery without significant reform”.

Where is the opportunity to provide significant reform to apprenticeships and the apprenticeship levy, if not through a skills Bill? Yet the Government have chosen to leave apprenticeships out of it. Where is the reform? What are the Government doing about this failure, and do they even acknowledge that it exists? The starting point for addressing a problem is to accept that there is one. We have been forced to shoehorn an amendment into this skills Bill in order to even talk about apprenticeships.

Let us take construction as an example. The Construction Industry Training Board estimates that we need 217,000 new entrants to construction by 2025 to prevent growth from being slowed. The Government have for 11 years presided over a low-growth, high-taxation economy. Without an increase in the construction workforce, that growth will continue to be stilted.

**Andy Carter** (Warrington South) (Con): The hon. Gentleman seems to have forgotten that up to 2019, this country had the highest level of employment in history. He is being very selective with the information he is providing.

**Mr Perkins:** The hon. Member talks about high levels of employment, but I have people in my constituency who are doing three jobs at once and still cannot pay their bills. The truth is that under this Government, we have a low-wage, low-growth economy. People are paying the highest level of taxes since the 1950s. He might not think it makes much sense, but to people in my constituency it absolutely does.

**The Chair:** Order. The interventions are straying a little bit away from the amendment. I would be grateful if we could return to the subject of the amendment, exciting though that exchange was.

**Tahir Ali** (Birmingham, Hall Green) (Lab): Compare high unemployment with the youth unemployment in core cities. The opportunities and pathways available to those young people are almost non-existent. Where local authorities, such as Birmingham, have worked tremendously hard to bring down youth unemployment, it has been reversed as a direct result of the actions taken by Government. In Birmingham, for example—

**The Chair:** Order. Interventions should be a lot shorter than that. I am sorry to interrupt the hon. Gentleman, but we must keep to the point. I will allow him one sentence to finish his intervention, then we will go back to Toby Perkins.

**Tahir Ali:** Does my hon. Friend agree that more needs to be done to address youth unemployment and apprenticeships?

**Mr Perkins:** Absolutely, and I thank my hon. Friend for that point. It is precisely the motivation behind the amendment, which we will get the opportunity to vote on. I think his point is incredibly important. Many

young people in cities such as Birmingham look at the future and find that jobs are very thin on the ground. Even thinner on the ground are careers, rather than jobs. I am talking about opportunities to develop skills and get involved in a long-term career, as opposed to a casual job where they go to work, come home and are still living in poverty. That is why skills are so important, and why this investment is so important.

**Brendan Clarke-Smith** (Bassetlaw) (Con): I thank the hon. Gentleman for being so generous with his time. To go back to a point that has been made in previous interventions, does he recognise that although getting younger people into employment will always be an issue, the fact that this country’s rates are so low compared with those of many of our neighbours on the continent, such as Spain and Italy, represents a roaring success story?

**The Chair:** Order. I will not allow you to answer that, Mr Perkins, because it takes us wide of the issue, which is the review of the levy and ensuring that there are sufficient apprenticeships. Can we get back to the amendment?

**Mr Perkins:** I appreciate your iron grip on the debate, Mr Efford. I will confine my contribution to the amendment, as I was doing before I was so rudely interrupted. There is a link between youth unemployment and apprenticeships, and it is precisely that link that the amendment, which I tabled with my hon. Friend the Member for Warwick and Leamington, seeks to address. The current funding arrangements are failing small organisations. It is important that the Government acknowledge that and take steps to recognise that problems exist. We are not seeing anything that suggests that they realise that there is a problem with the apprenticeship levy.

**Lia Nici** (Great Grimsby) (Con): Does the hon. Gentleman not see some irony in his speech? The reason why the Bill introduces LSIPs, and so on, is that we want employers to take control and understand more about apprenticeships, because there are lots of jobs and apprenticeships available, unlike when Labour was last in Government and we had 25% youth unemployment.

**Mr Perkins:** I do not see a lot of irony in my speech, but I saw quite a bit in the hon. Lady’s intervention. The truth is that we have had 11 years of a Government that told us that every single reform that they took was about putting employers in charge, and yet, at the same time, apprenticeships have fallen. I will not repeat the figures.

**Lia Nici:** Will the hon. Gentleman give way?

**Mr Perkins:** Let me destroy the intervention that we have just had before I take another. If we accept that there is real value in apprenticeships, surely—given the fall in the number of apprenticeships, and the 11 years of reforms intended to put employers in the driving seat—anyone would think that continuing to do something that keeps failing is the definition of insanity. That is why we have tabled amendments to address that.

**Lia Nici:** I extend an open welcome to the hon. Gentleman to join a meeting of the apprenticeship diversity champions network, where we have more than 100 employers—more are joining—who are doing fantastic things with apprenticeships. I assure him that he will be able to hear lots of positive stories from them.

**Mr Perkins:** I would be delighted to attend that, and I look forward to receiving the invitation. I have already seen many examples of great apprenticeship programmes. I do not for a second deny those that exist, and I always enjoy seeing employers, in my constituency and elsewhere, who offer good apprenticeship programmes. It is because I recognise their value that I am so angry that apprenticeship starts have fallen from 494,000 in 2016 to 322,000.

One of the things that really concern me about the Government is that they operate by anecdote. They see something great, and it convinces them that everything is all right with the world. Actually, although there are superb apprenticeship programmes around and a lot of employers are committed to them, overall the numbers are going down. The number of them at levels 2 and 3 is going down. The number of small businesses offering apprenticeships is going down. The availability of apprenticeships in crucial sectors such as construction is going down, and so is the availability of people to get on to them, particularly in smaller towns that do not have major employers. That is what we are trying to address with amendment 32.

**Matt Western:** My hon. Friend is making, as ever, some very important and powerful points. The wording of the amendment is very simple and, I would have thought, pretty honest and straightforward. It is about better governance and better operation of any attempt to improve skills delivery in education and across our economy. The amendment simply says:

“The Institute shall perform a review of the operation of the apprenticeship levy”.

I have spoken to many businesses in my constituency and elsewhere, and they are really concerned. They see the apprenticeship levy as having simply become a tax on business, with £250 million returned to the Treasury in 2020-21 and £330 million in 2019-20. Does my hon. Friend share my concerns?

12.30 pm

**Mr Perkins:** I absolutely do, which is probably why I teamed up with my hon. Friend to table the amendment. He is absolutely right. We do not oppose the apprenticeship levy, but it is really important that we explore the point he has made. The apprenticeship levy is a significant tax and it falls on 2% of all businesses, as the former Chancellor George Osborne told us when he announced it. At the same time, he completely withdrew the Government's own funding for apprenticeships and replaced it with this funding.

George Osborne did something unique: he created a tax that businesses get to decide how to spend. When we send a cheque or BACS payment for road tax, as all drivers do, we do not do so with an accompanying list of the potholes that we want to be repaired. When we pay our overall road tax, we get to drive and the Government and councils decide which potholes will be fixed and which road improvement programmes will be carried out. What happened here, however, is that the

Government isolated a tiny fraction of all employers and said, “You're paying this tax. This is the only contribution to apprenticeships that is going to be made and you get to decide what it is spent on.” All the other 98% of businesses, which are not levy payers, therefore have no funding for apprenticeships.

It is hardly surprising that we have seen a dramatic collapse in the number of small businesses that are able to offer apprenticeships, because they have been excluded from the system. They heard a very powerful message back in 2015: apprenticeships are something that big businesses do, and they are not for small businesses any more. All kinds of measures were put in place, in terms of the bureaucracy around apprenticeships, and that really reduced the opportunities available. Many small businesses that had up until then been successfully involved in apprenticeships got the message and got out of that environment.

**Matt Western:** That is the point. I am sure it was not by design that the money got lost in the Treasury, but it is a real tragedy that the money intended for delivering apprenticeships to small businesses has been lost. Therefore, the really important parts of our economy—the small businesses that might be working in our supply chains, our service sectors or whatever—are not getting the money they need in order to train the next generation.

**Mr Perkins:** My hon. Friend is absolutely right. Regardless of whether it was by design or not, it was absolutely foreseeable that that was what would happen, and many such criticisms were made at the time. The reality is that the Government set up the apprenticeship regime on the basis of successful programmes at organisations such as BAE Systems and Rolls-Royce. They thought, “That is what we want for everyone,” so they created an apprenticeship regime that was designed around major businesses, without recognising that those major businesses are simply not available in many of our constituencies. If young people in my constituency wanted to do an apprenticeship, they were doing it at their local hairdressers, construction firms or other small businesses. A successful regime would support small businesses in accessing apprenticeships in the same way as large businesses. The Government need to recognise that the scheme's bureaucracy is simply pushing businesses away and preventing them from taking part unless they have large training, HR and personnel departments.

I have a level 3 apprentice in my office. MPs' offices are effectively small businesses, with very small numbers of people working in them, and that apprenticeship involves significant bureaucratic requirements. A very helpful independent training provider is supporting me on that apprenticeship programme and has worked through the paperwork with me, but high-quality apprenticeships should not have to be linked to bureaucracy and funding arrangements that drive small businesses away.

There is one legitimate question that has not yet been asked by the Government, but I will save them from having to do so by asking it myself. They talk about reform, but what should that reform look like? We want an apprenticeship regime that supports access for small businesses, ensures quality, and recognises that the majority of the apprenticeship levy should be spent on level 2

and level 3 apprenticeships. There is absolutely a role for degree apprenticeships—for people who aspire to get level 6 qualifications—but that should be about a journey, not organisations doing what they are currently doing in many cases, which is saying, “We’ve got this levy. What are we going to spend it on? Well, we’ll let the finance director do his MBA—he’s always fancied that.” That is what apprenticeship funding is currently being used for in so many cases. I am never going to advocate against continuous professional development—of course it is important—but it is also really important to recognise that that is what is happening, and that it needs to be addressed.

The amount of money going back to the Treasury is actually worse than the figures given by my hon. Friend the Member for Warwick and Leamington. During the back end of this year, we got an answer to a parliamentary question showing that last year a total of £2 billion of apprenticeship levy funding had been sent back to the Treasury unspent. A huge amount of this funding is not being spent, which to me is the very definition of a failing system.

**Matt Western:** I thank my hon. Friend for giving way; he is being very generous with his time. Regarding that £2 billion figure he has just cited and his earlier point about the construction industry, surely the amendment’s proposed review could give direction for the delivery of courses. For example, the construction sector needs to undertake retraining exercises up and down the country, and ensure that they are delivered on time.

**Mr Perkins:** Absolutely: construction is a great example. As I have said, there are 217,000 too few construction workers. Anyone who has tried to get serious construction work done at their house—an extension or similar—will know how tough it is to find a builder who has time to do it. Our country is losing huge amounts of growth and we are also facing a housing and homelessness crisis, because we simply do not have enough workers in the construction industry. It is incredibly important that these issues are addressed.

We would have liked to propose more specific reforms to the apprenticeship levy. More specific amendments would have sought to rectify years of neglect by this Government, particularly of SMEs and sectors that are crying out for a pipeline of apprenticeships. However, we were told that such reforms were outside the scope of the Bill. Nevertheless, we are proposing that the IATE introduces a review of the current operation of the levy, particularly in relation to ensuring that sufficient opportunities are available at level 3 and below. That is essential to ensuring that opportunities exist for young people who are seeking to step on to the first rung on the ladder, as well as adults who are seeking to retrain, particularly in sectors such as care and others that I have referred to. It is vital that levy funds are used to train up the next generation.

Within the scope of what already exists, the Government are attempting to do things that I think are positive, supporting businesses that pay the levy to allow their supply chain to use those funds, thereby benefiting more small businesses. However, this is still about trying to correct a wrong that was there in the first place: a better apprenticeship reform would be about making sure that more of that funding actually goes to small

businesses and is used in every single community in the land. It would be about more people doing level 2 and level 3 apprenticeships, more opportunities for 16 to 19-year-olds, and the careers regime that my hon. Friend the Member for Warwick and Leamington referred to, which would give young people opportunities early in their school career to follow the apprenticeship path. It would allow young people to go into a level 2 apprenticeship at the age of 16 and to work their way through to a degree at 25 or 26, after having been paid all the way there. That is the kind of future that a Labour Government would get us to.

**Andrew Gwynne:** It is a pleasure to serve again under your chairmanship, Mr Efford. I rise to support the Opposition amendment—a modest amendment that simply asks for a review of the apprenticeship levy, paying particular regard to ensuring that sufficient apprenticeships at level 3 and below are available. This is really important. My hon. Friend the Member for Chesterfield has set out in great detail why we believe the apprenticeship levy is not working in the way in which the Government promised. The intention of the apprenticeship levy is a good one, but the practice of it in our constituencies is not working. We can see that in all the data and all the facts that my hon. Friend has laid out. The professional bodies responsible for training also support that view.

If the Minister has not already read the House of Lords Youth Unemployment Committee report, I encourage him to do so because it is very clear about the failings of the levy and the negative impact it has had on apprenticeship opportunities for younger people. It acknowledges that there has been an increase in higher-level apprenticeships, which is good, but drilling down into the data we see what the Opposition have already outlined—employers ensuring that their existing workforce are trained up to higher levels. That is good, and continuous improvement in the workplace is something we should support, but I do not believe the apprenticeship levy should pay for something that has always been paid for by employers. It goes against the ethos of the apprenticeship levy. Why do I speak so passionately about apprenticeships? I want to take the Committee back to 1990 when we had a Tory Government. We were in the 11th year of Baroness Thatcher’s premiership.

**Alex Burghart:** Hear, hear.

**Andrew Gwynne:** I know how to warm up a Committee. It was also the year that 16-year-old Andrew Gwynne left Egerton Park High School in Denton with a clutch of good GCSEs, but I did not know what I wanted to do. All I knew was that I did not want to go to college, so I took the rather unusual decision, given how it was painted at the time, of applying to go on youth training, the successor to the old YTS—the youth training scheme. I was very fortunate in the opportunity that youth training gave me. As I say, I had a clutch of good GCSEs and could have gone on to study A-levels, but I did not want to do that. I wanted to go down the vocational route.

I had to have a job interview at ICL—International Computers Ltd, now part of Fujitsu—in West Gorton in Manchester. I got my new suit from Burton and got on the 210 bus, nervous as anything. I had my job interview and got the two-year placement. When I think of the real responsibilities that they gave that 16 to

[Andrew Gwynne]

18-year-old, I look back in horror because I am not sure that I would have given 16 to 18-year-old Andrew Gwynne those opportunities—[*Interruption.*] I can see you staring at me from the Chair, Mr Efford—I do not think you would have given 16 to 18-year-old Andrew Gwynne those responsibilities either.

12.45 pm

I had the opportunity to study at level 3—the same as A-levels—and I got a BTEC national certificate in business and finance, along with City and Guilds and Royal Society of Arts qualifications. That gave me a huge start in life, and I will be for ever grateful to those managers at ICL for the experience they gave me in the workplace. I want to ensure that those opportunities exist for the 16-year-olds leaving high school today, which is why I really support the amendment and a review of a system that is clearly not working in the interests of 16 to 18-year-olds. We should keep that system under constant review. I want the Minister to be as passionate about apprenticeships as I am, and I want him to ensure that the data outlined by my hon. Friend the Member for Chesterfield is reversed and becomes a positive trend for 16 to 18-year-olds, so that we get them skilled up to at least level 3.

Let us not belittle level 2 apprenticeships either. As my hon. Friend said, there is a skills shortage for a lot of jobs that require level 2 apprenticeships, so we need to ensure that, through a review, we get the right skills in the right places, and motivate and encourage young people to take those opportunities to develop themselves. Who knows, a 16-year-old leaving high school today might, in 30 years, be the hon. Member for somewhere or other.

**Alex Burghart:** I could listen to that all day. What a heart-warming story of great education and training achievement under a Conservative Government. Although I do not agree with all the detail given by Opposition Members, I echo their sentiment. We all care deeply about apprenticeships, and the good news is that we will get more of them, because the Chancellor committed to spending a great deal more money on apprenticeships, taking their budget to £2.7 billion a year by the end of the spending review period.

I am pleased that the amendment was tabled because it gives us an opportunity to go over some of this ground and talk about the great work that we have been doing on apprenticeships. Alas, we lack the time to go into all the detail raised by the Opposition, but I remind them that although there have been changes in the numbers of people doing apprenticeships, that has happened for a reason. It has happened because when the coalition came to power, there was a need to review the quality of apprenticeships in our country. The Richard review—a famous and widely respected review—found that apprenticeships were not giving employers the skills that they needed, and that one fifth of apprentices reported receiving no training and one third of apprentices did not know that they were on an apprenticeship. That is why we decided to go for quality, and that quality is now paying off.

I was lucky enough to be at the national apprenticeships awards last night—I was sorry not to see Opposition Members there—and it was a fantastic evening. We saw

many people—some young; some not so young—who were doing apprenticeships at all levels, and fantastic employers, from big companies and small schools to the Royal Navy, which is a fantastic provider of apprenticeships at all levels. It was a real celebration of the new landscape of high-quality apprenticeships to provide young people, and not so young people, with the skills that employers need.

I recognise the points made by the Opposition about level 2 and level 3 apprenticeships, of which I also want to see more. However, in 2020 and 2021, those levels made up 69% of apprenticeship starts. The majority of employer-designed standards are still at levels 2 and 3—345 out of 630.

It has been this Government, during the pandemic, who have paid employers and providers £1,000 when they take on apprenticeships for young people aged 16 to 18.<sup>1</sup> More than 80% of 16 to 18-year-olds were participating in education or an apprenticeship at the end of 2020, the highest number on record.

More than one third of apprenticeship employers are still SMEs. We will see that number increase as the excellent levy transfer scheme continues to go great guns. Already millions of pounds are being transferred by large employers to smaller employers in their supply chains and beyond. Some of the case studies I have seen so far are wonderful. I do not know whether they are in the public domain, so I cannot talk about them, but we are seeing providers pass their money on in really creative and interesting ways.

We must almost remember that 95% of the costs of training and assessment for smaller employers are still covered. The figure is 100% for the smallest employers who are taking on young people.

**Mr Perkins:** Someone listening to the hon. Gentleman who did not know about the subject might well think that he was talking about a record of success. The figures that I have referred to, and which the CIPD described as having “failed on every measure”, are the reality of apprenticeships. It is one thing for the Government to say there is a problem here and they are seeking to address it, but the Minister seems to be talking as though everything is going well as the result of this policy. Is there any sense that this Government believe that the levy needs reform or that there is anything they are going to do to increase the number of opportunities for young people?

**Alex Burghart:** We are increasing the number of opportunities. We got an excellent settlement in the spending review. We are going to have more apprentices at every single level. This is a Government who believe in apprenticeships, who back them and who put their money where their mouth is. Listening to Opposition Members, one could be forgiven for thinking that apprenticeships in this country were worthless. That is not a picture I recognise. It is not a picture that providers I meet recognise. It is not a picture that the apprentices I meet recognise.

**Matt Western:** No Opposition Member has said that apprenticeships are worthless—quite the opposite. We really value them. I think the frustration is that businesses are saying that the system is not working, whether that is large businesses paying in and not getting any return, or the smaller businesses not getting any gain. The

1. [Official Report, 13 January 2022, Vol. 706, c. 4MC.]

money seems to be being lost to the Treasury, as my hon. Friend the Member for Chesterfield said.

**Alex Burghart:** If the hon. Gentleman had been at the awards ceremony last night, he would have struggled to find any provider saying that they were not getting any gain from the scheme, which is what he has implied—in fact, not implied; it is what he said explicitly. Equally, the small and medium-sized employers who were there were getting a great deal of gain from it. The people who are on the apprenticeship schemes are getting a great deal of gain. Where we absolutely agree is that there is a need for more apprenticeships. This Government are going to provide more apprenticeships. We have already provided more apprenticeships at a higher quality than we have ever had before. We are going to see that continue.

**Matt Western:** Just to be clear, I do not think I implied that at all. What I am saying is that, speaking to businesses, including some major businesses in and around my constituency that I talk to regularly, as I do with Warwickshire College, one of the largest colleges in the country, they have been saying that, while the programme is good and the apprenticeship levy had good intent, it is not working. That is why we tabled the amendment. We want to be constructive and help the Government make it work better.

Sadly, I was not invited to the awards last night. I will check my email, but I do not believe I was. I very much look forward to coming next year.

**Alex Burghart:** I very much hope that the hon. Gentleman is invited next year. I look forward to seeing him.

**Tahir Ali:** Have him as your guest.

**Alex Burghart:** The hon. Member for Birmingham, Hall Green suggests I take the hon. Member for Warwick and Leamington as my guest. I was myself a guest. I am sure those organising will have heard his appeal for a ticket.

We want more apprenticeships. We have a great many fantastic employers in this country, providing wonderful opportunities for people at all levels at the moment. We are going to see that increase under the commitment that the Government have made. It is for the Government to consider when might be the right time for a review of apprenticeship reforms, through consultation with stakeholders. For now, we want to focus on improvements to apprenticeships to make them attractive to employers in more sectors. We want to focus on making apprenticeships relevant in new and changing occupations, and on improving quality.

**Mr Perkins:** That was a very disappointing contribution. To describe the Labour party's view—that apprenticeships are the gold standard—as that we think apprenticeships are worthless, is beneath the Minister. I hope he will reflect on that. We absolutely do not think they are worthless; we think they should remain the No. 1 opportunity. We think far more young people who are not going to university should be going on to apprenticeships; we think that far more people who are going on to apprenticeships should use those as a vehicle towards university. We see them as one of the most important ways of tackling social mobility—they are a huge priority for us. It is precisely because they are a priority that we are so frustrated with this Government's failure. I do not recognise the way the Minister represented the Opposition's opinions on this.

I will return to the point that independent organisations, such as the CIPD, have described the apprenticeship levy as having failed on every measure. Everyone will have heard that we have a Government with no intention to reform the levy. If young people want more opportunities, if they want a Government that will invest more in 2025 than they did in 2015, which this Government will not be doing—even by 2025 they will not reach the amount that was contributed toward apprenticeships in 2015—and if young people want a Government that will change that, they will have to vote Labour. That is the message that is coming out of this debate today. There is one party that believes the apprenticeship levy could be a route to reforming and creating opportunities for young people, and one party that thinks that the apprenticeship levy is working just fine the way it is. That is what this next vote is all about.

*Question put, That the amendment be made.*

*The Committee divided: Ayes 6, Noes 8.*

#### Division No. 9]

#### AYES

Ali, Tahir	Johnson, Kim
Gwynne, Andrew	Perkins, Mr Toby
Hopkins, Rachel	Western, Matt

#### NOES

Burghart, Alex	Johnston, David
Carter, Andy	Nici, Lia
Clarke-Smith, Brendan	Richardson, Angela
Hunt, Jane	Tomlinson, Michael

*Question accordingly negatived.*

*Ordered, That further consideration be now adjourned.*  
*—(Michael Tomlinson.)*

12.58 pm

*Adjourned till this day at Two o'clock.*

