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GENERAL COMMITTEES

Public Bill Committee

EDUCATION BILL

Fourth Sitting

Thursday 3 March 2011

(Afternoon)

CONTENTS

Examination of witnesses

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The Committee consisted of the following Members:

Chairs: †MR CHARLES WALKER, HYWEL WILLIAMS

† Boles, Nick (<i>Grantham and Stamford</i>) (Con)	† Hendrick, Mark (<i>Preston</i>) (Lab/Co-op)
† Brennan, Kevin (<i>Cardiff West</i>) (Lab)	† Hilling, Julie (<i>Bolton West</i>) (Lab)
Creasy, Stella (<i>Walthamstow</i>) (Lab/Co-op)	† McPartland, Stephen (<i>Stevenage</i>) (Con)
† Duddridge, James (<i>Lord Commissioner of Her Majesty's Treasury</i>)	Munn, Meg (<i>Sheffield, Heeley</i>) (Lab/Co-op)
† Durkan, Mark (<i>Foyle</i>) (SDLP)	† Munt, Tessa (<i>Wells</i>) (LD)
† Fuller, Richard (<i>Bedford</i>) (Con)	† Rogerson, Dan (<i>North Cornwall</i>) (LD)
† Gibb, Mr Nick (<i>Minister of State, Department for Education</i>)	† Stuart, Mr Graham (<i>Beverley and Holderness</i>) (Con)
Glass, Pat (<i>North West Durham</i>) (Lab)	† Wright, Mr Iain (<i>Hartlepool</i>) (Lab)
† Gyimah, Mr Sam (<i>East Surrey</i>) (Con)	Sarah Thatcher, Richard Ward, <i>Committee Clerks</i>
† Hayes, Mr John (<i>Minister for Further Education, Skills and Lifelong Learning</i>)	† attended the Committee

Witnesses

Professor Steve Smith, Vice-Chancellor, Exeter University, President, Universities UK, and member, 1994 Group

Professor Les Ebdon CBE, Vice-Chancellor, University of Bedfordshire, Chair, Million+

Professor Steven West, University Alliance, Vice-Chancellor, University of the West of England

Shane Chowen, Vice President (Further Education), National Union of Students

Professor David Latchman CBE, Master of Birkbeck College, University of London

Martin Bean, Vice-Chancellor, Open University

John Widdowson, Principal, New College, Durham, Chair, Mixed Economy Group

Mark Farrar, Chief Executive, Construction Skills

Michael Davis, Interim Chief Executive, UK Commission for Employment and Skills

Public Bill Committee

Thursday 3 March 2011

(Afternoon)

[MR CHARLES WALKER *in the Chair*]

Education Bill

1 pm

The Committee deliberated in private.

1.1 pm

On resuming—

The Chair: Welcome, witnesses. Thank you for coming this afternoon.

Q249 The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): Gentlemen, thank you for coming. Welcome. It is always a pleasure to see you. As you know, the Government are committed to improving the higher education funding system to make it more sustainable and more affordable for the taxpayer. Do you think that the clause in the Bill, taken together with the wider range of changes, would achieve that?

Professor Ebdon: It is clear that there is a substantial improvement in the arrangements for part-time students, which is something that the universities very much welcome. In this particular Bill, important powers are given to the Secretary of State over the setting of interest rates on the repayments for students. There must be some concern that the Secretary of State now has considerable powers for the setting of interest rates that previously would have been subject to parliamentary scrutiny. According to the Department for Business, Innovation and Skills model, students will borrow, on average, £7,500 a year to pay for their education. In addition to that, they will take out a maintenance loan, which, the Secretary of State says, will become subject to interest at the rate of RPI plus 3% during the time a student is studying. That means that a student taking a £7,500 fee loan and an average maintenance loan would have debts of some £40,474 at the end of their period of study. Obviously, if the fees were set at £9,000, the figure would be higher. That is substantially influenced of course by the rate of interest on that loan. Parliament might want to consider whether it wants to retain the right to scrutinise the rate of interest as it makes such a significant difference to the overall student debt. One must be concerned that the student debt might well put off students from poorer homes. The debt that I am talking about will accrue to all students whether or not they come from a disadvantaged home.

Professor Smith: Universities UK very much echoes Les's concerns. We are worried about the interest rate while a student is studying. We are concerned that there must be some parliamentary scrutiny over the amount charged during the repayment of the loan. I would like to make it clear that our No.1 concern is the long-term sustainability of the model. There is a myth that the Government have cut funding to higher education. They have by the accounting rules, but if you actually look at the data, £3 billion is taken out of HEFCE by 2013-14,

and an additional £6.6 billion of payments are paid out in student loans. Therefore, the resource accounting and budgeting charge on those student loans—31% is the estimate—becomes of critical importance, as do the repayment rates.

The current estimate is that only 30% of students will repay the full amount and 70% will not. UUK is concerned to ensure that we do not return to the situation that the sector was in during 2008-09, where overrun costs on student loans came straight off the funding to universities. Getting this right is incredibly important. The link between the cost of student loans and the RAB charge, and the increase in student grants from £1.6 billion to £2.2 billion a year, involves a lot of additional funding. If those calculations and the assessments of what people earn are wrong, that will throw the calculations into question down the line. UUK's major concern is about the financial sustainability of the whole package.

Q250 Mr Hayes: I will pick up on that point. Before I do, on Les's point, would it be fair to say that you argue that the part-time provisions you described are a critical means of broadening access because part-time learners are typically drawn from a different cohort? Steve, is sustainability to some degree about repayment rates and the degree of repayment? In making the system as progressive as we have, in line with Lord Browne's criticism of the existing model, do you argue that we have risked sustainability?

Professor Smith: It is interesting. First, it is incredibly important to welcome what was done for part-time students. That was a major progressive move. Secondly, as Les has said, things such as the threshold from 15 to 21 and the repayment rate at 9% mean that someone who graduates in 2015 will pay a lower percentage of their total income. I graduated in 1976—I had to look this up because I did not know what the tax rate was. It is interesting. The base tax rate in 1976 was 35p in the pound. I paid 27p in the pound of my total first year income. Even with these changes, that goes to 18% for someone on the same relative salary today. There are issues there.

I stressed that point because I want to ensure that the analysis is done correctly. As president of UUK, I have had to deal with cuts before the current round under this Government. That was not because the Government decided to cut spending, but because of cost overruns. Remember how the BIS budget works. The amount left for HEFCE is the resultant, after the demand side of student support has been accounted for.

I understand entirely that the proposals aim to make the sector more sustainable. We have to work together to ensure that we do not damage the UK's brand. The shock among our competitors is that although they are having fun with the "cuts" to UK higher education, Government estimates say that there will be 10% more funding at the end of the period. I understand that but I am concerned that we get the numbers right and ensure that unforeseen consequences of assumptions about interest rates do not lead to a repeat of the problem that led to the university sector having £400 million cuts in the past two years.

Q251 Mr Iain Wright (Hartlepool) (Lab): Why do you think the Government are using RPI as a basis for assessing inflation when for every other model they use at the moment for assessing price rising uses they use CPI?

Professor Ebdon: I have speculated on that myself. In the future my pension will rise with CPI, but if I had a student loan it would go up with RPI. One possible suggestion is that RPI is higher than CPI, and that will bring more money into the Exchequer. The serious point about this—

Mr Wright: That is quite a serious point.

Professor Ebdon: The serious point is that one would welcome parliamentary scrutiny of the interest rates. One thing Parliament could do would be to ensure that if extra revenue accrues to the Exchequer, it is returned to higher education rather than seen as a Treasury gain.

Q252 Mr Wright: We have talked much about the model's sustainability. But when a young person or potential undergraduate considers university fee levels and interest rates, when setting fees—there has recently been talk about Exeter doing so—are universities looking at the round in terms of general issues about sustainability and students' experience?

Professor Smith: Since we made our announcement yesterday, let me have a go at that. The key issue is not for the institution about that, because the paradox is that the repayment rate is identical whether you set a fee at £6,000, £7,000, £8,000 or £9,000. The only difference is how long one repays for. To the student, therefore, the repayment rate is not the issue. And, of course, the 30-year drop dead date on the debt is of importance.

The core issue about setting fees is that they have to be seen in relation to other changes, including health service funding, the Teacher Development Agency, student training places, and the international students' review with the UK Borders Agency. Institutions are, therefore, looking at fees in terms of their need to make themselves sustainable in the round.

Q253 Mr Wright: The Bill abolishes the TDA. What impact will that have on teaching standards in this country?

Professor Ebdon: It is potentially a serious matter. In the past, through Government the funding for university subjects came from an arm's length body. The abolition of the TDA means that there will be direct departmental funding. That raises concerns due to the temptation to make some kind of a political interference with education.

We know from their White Paper that the Government aims to switch a good deal more teacher training from universities to schools. Yet the evidence from Ofsted, which inspects all initial teacher training, is that the quality of the provision in universities is superior to that in schools. There is a marked difference in quality ratings—I know that Professor Smith has the figures in front of him. Universities make a very significant contribution to teacher training in showing that teaching is underpinned by good skills—much of the initial training takes place in schools whether it is based in universities or schools—but, equally, in ensuring that it is a knowledge-based profession. Teacher training needs to be sustained as something that involves knowledge as well as skills. As the Ofsted reports show, universities have an excellent track record in training teachers for our schools.

Professor Smith: If I may give those figures very briefly. Universities, HEIs, are alone involved in 75% of teacher training, and closely so in the other 25%. They

do deal with research-informed practice and are critical for CPD. But the key piece of evidence is that Ofsted's 2009–10 report rates 47% of the HEI-led training as outstanding. School-centred is at 23%. So HEI provision is stronger. We would worry that any follow up to the TDA which did not have a stakeholder board might end up choosing on price rather than quality.

Q254 Richard Fuller (Bedford) (Con): I hope you will indulge me in placing on record my personal thanks and admiration to Professor Les Ebdon for the outstanding work he does as vice-chancellor of the university of Bedfordshire, which has a campus in my constituency.

Many students come to be trained as teachers on that campus. You have talked a little bit about context, but there is a wider context: the push to more academies and the overall funding for teacher training. Do you have concerns, in that wider context, for how and whether we are going to get a good supply of excellent teachers for the next cohort of students?

Professor Ebdon: It certainly does concern me. As the honourable Member knows, we are among the top 10 largest providers of initial teacher training in this country, and the largest provider of PE teachers. Our allocation of places—our so-called quota—has been cut by 50% this year. The larger providers have been cut more than the smaller providers. That pattern will reduce the numbers of centres of excellence in this country, either for physical education or for other subject areas, if it is repeated. It damages our ability to remain as a centre of excellence and it damages our ability to engage in a number of other things, such as our work through the school sports partnerships and the amount of volunteering our students do in schools, which enhances the work that goes on in schools. Bringing together specialists in particular areas leads to continuous improvement in our teacher training.

Q255 Richard Fuller: On a slightly different topic, there is a lot of talk about access for students to various universities, fee setting and perhaps setting penalties or charges for efforts that universities do or do not make on access for children who otherwise would never get a place. There is often a focus on Oxford and Cambridge, but are there implications for other universities that may implement such penalties on access?

Professor Ebdon: There are substantial implications for a university such as mine. Some 70% of the students at the university of Bedfordshire qualify for a full grant—they have residual family incomes of less than £25,000. Some 1,000 students join us every year with a residual family income of zero, i.e. they come from benefits. Some 43% are 24 years old or older when they join us. Much of the debate seems to assume that students come straight from school into university, but that is not true. Any measure that requires a university to give a fixed amount of money to students from those particular income groups is particularly damaging and costly to those universities that have an excellent track record in recruiting students from access backgrounds. That is a concern. If there is not such a requirement, that risks the other problem, of students going to other excellent universities which do not have such good track records in access—I could point just up the road to Cambridge—but which have a lot more money available to spend on their access students. That is a problem for

a national scholarship programme, if you get those large variations and a postcode lottery in widening participation.

Q256 Kevin Brennan (Cardiff West) (Lab): You mentioned, Professor Smith, the income tax you were paying in 1976. Of course, you would have been paying VAT at 8% and been able to claim the dole in the vacations, so it was slightly different in those days. Professor Ebdon said that an average student would owe £40,474 at the end under this system. On top of that, the interest over the course of their repayment would have to be calculated as well. Professor Smith, in taking your decision to charge £9,000 at Exeter, have you calculated the total amount a student would have to pay back for attending Exeter, if they paid their loans back in full, on the assumption of a moderate rate of interest of 2.5% a year?

Professor Smith: We have calculated the amount of money we will be able to put into fee waivers and bursaries, which is substantial. Then we looked at the issue of what you have to earn to pay back the total fee. Our estimate is that you have to earn some £50,000 a year to pay back the total fee. It links back to my first set of answers. My concern is that the assessment of the cost is based on an assumption of the resource accounting and budgeting charge remaining the same. As someone who has had to deal with the consequences of that being underestimated, that is an incredibly important point. Why would a RAB charge be the same at £3,290 as it is at £9,000? To answer your question directly, our data show us that only about 30% of Exeter students will pay back anything like the total amount of the fee.

Q257 Kevin Brennan: But that is not an answer to my question. My question was: what estimate have you made of how much a student, assuming they paid back the full amount, would pay back over their lifetime if they attended Exeter university?

Professor Smith: The critical problem—I am not trying to evade the question, but there is a difficulty in coming to a single figure—depends on—

Q258 Kevin Brennan: Do you have a range?

Professor Smith: Of course. The key point is what you earn. If, for example, you go to an institution where you earn quickly, you pay off much more quickly. We can provide the data. But the estimates always are that, if you earn a lot, you pay off much more quickly and therefore do not pay as much in interest. That is the key trade off.

Q259 Kevin Brennan: Professor Ebdon was able to give us a figure of £40,474 plus interest. Could you give us a range, so that we have some idea of what a student earning sufficiently would pay back?

Professor Smith: If you assume that the student gets an average salary, our estimate is that they will not pay off if they graduate from Exeter.

Q260 Kevin Brennan: With all due respect, that is not what I asked. You seem to be suggesting that no one will pay back.

Professor Smith: 30% will.

Q261 Kevin Brennan: How much will they pay back? What is the likely range?

Professor Smith: If they paid back their total debt at Exeter, it would be something between £30,000 and £50,000.

The Chair: Professor Smith, could you provide the Committee by Monday with the necessary information, so that we do not spend the next 10 minutes discussing this?

Professor Smith: Sure.

Q262 Kevin Brennan: Do you have any calculation, Professor Ebdon, regarding my question about what happens if someone is subject to a £9,000 charge?

Professor Ebdon: We have not set our fees and done that.

Among the other things is the fact that repayments will vary according to one's success in the employment market. You pay back a larger sum of interest if you earn more money. In fact, the system is incredibly complicated. One of the challenges with the system is how complicated it will be, for example, for an employer to work out the appropriate charges. We are devising a new form of payment to Government which is very complicated and costly.

Q263 Kevin Brennan: Very briefly, could both of you confirm that you would welcome the Government accepting an amendment to the Bill to allow parliamentary scrutiny of the interest rate being set for loans into the future?

Professor Ebdon: Yes.

Professor Smith: Yes.

Q264 Mr Sam Gyimah (East Surrey) (Con): This week GlaxoSmithKline and KPMG both announced that they will be paying back the student loans of the graduates they take on. Do you see this as a continuing development from corporate in the higher education sector?

Professor Smith: Yes, it will be a continuing development. The only issue from the UK's perspective is whether that will occur to the entire range of universities. There is a danger that they select a small group of universities to do that with. Individual institutions may be able to compete equally, but we would not want to see a situation with people paying fees up front if that led to individual institutions being privileged in their ability to access that.

Q265 Mr Gyimah: If some students were able to pay fees up front, meaning that they did not take subsidised loans, would that not free up space for other students who may not be able to go to university?

Professor Smith: It would in principle. The only issue is that there are two ways of paying up front. One, the student comes with his or her cheque and is outside the student loan system, which relates to the point about widening participation, and also to who can pay that. The other issue, which is the concern for universities, is that they might offer off-quota places on a needs-blind basis, meaning that they would have to take out the loans from the banks to advance the money to the student. The rate of interest the bank would charge the university

would depend on their assumptions about the rate of return from attending a particular university. It is possible, but we must ensure that institutions do not only take people from wealthy backgrounds.

Q266 Mr Gyimah: Obviously, we want to widen participation. If some people were able to pay up front, allowing us to widen participation as a result, would you still be against it?

Professor Smith: Personally, if we want to widen participation, you need to look at what happens at 16. At 16, some 52% of students do not get five GCSEs at A to C, including maths and English. If you take A-level points, your probability of going to university is within roughly 1 percentage point for every A-level combination. The key issue in the UK is that there are 360,000 kids every year who do not get five GCSEs at A to C. While you are absolutely right that we have to look at those who apply to university, the core issue is those who are filtered out at 16.

Q267 Mark Durkan (Foyle) (SDLP): Does Universities UK assume that that the devolved territories will, sooner or later, all follow the path that is set out in this Bill on student finance? If the devolved territories do not, and go for different fee levels themselves, will they find themselves under pressure to say that they only support those fee levels in universities outside their jurisdictions to that same rate? Do you see any impact on student mobility in the UK?

Professor Smith: First, we do not assume that every devolved Administration will follow the England model. We think that the current situation leads to some complex movements of students, for example from Wales to England and England to Wales, and especially in the Scotland and Northern Ireland situations. In Scotland it is particularly acute. The complication is, if English universities set a fee level that brings in additional resources to them, what does that do to the long-term health of the other Administrations' universities ability to compete? There is an issue, three or four years down the line, when fees have been established in England, as to what that does to the income streams for those universities. That is the biggest problem. The other complication is EU law, whereby an EU student can go to Scotland and pay the same as a Scottish student. An English student, however, has to pay up front. There are some complicated issues around student movement, but the bigger issue is the strength of those university systems.

Q268 Mark Durkan: Just to follow on from that. If university fees are supported by the Northern Ireland Assembly to the tune of £6,000, or something approaching that, for students at colleges in Northern Ireland, there will be pressure on the Northern Ireland Assembly to say that it will only be to that same rate that they would support student fees anywhere. What impact will that have on student mobility, if that happens?

Professor Smith: The critical point is what then happens in Northern Ireland to the grant to the two institutions. It is the trade-off between 70% cuts in England, but increased fees. It is the net figure. If an Administration limits the amount they are prepared to pay in fees elsewhere, that raises an issue for student mobility,

because those students would have to find the money from somewhere else. There are significant devils in the detail between each of the three devolved Administrations and England.

Q269 Mr Graham Stuart (Beverley and Holderness) (Con): Can I take you back, Professor Smith, to the subject of school-centred training and universities? I know that Ofsted took its line, but the "Good Teacher Training Guide 2010" suggested that school-centred training was more likely to be of a higher quality than university training centres. The guide said that if you took the top 10 school-centred initial teacher training centres, only two universities would make it into the top 10 on the basis of schools. That was Cambridge in first place and Oxford in fourth. All of the other places were taken by SCITTs. Can you help the Committee understand what the story is with SCITTs and university training?

Professor Smith: My brief answer is that I am only going by the Ofsted data, which are overwhelmingly clear about higher education. That seemed pretty definitive.

Professor Ebdon: It might well suggest that you have a very mixed bag among SCITTs. It would not surprise me if you had some excellent ones, but with a very long tail, from the figures that you are giving, because of the data that you have from Ofsted.

Mr Stuart: My understanding from Professor Smith is that there is a higher percentage of top-rated SCITTs than there are of university training centres.

1.30 pm

The Chair: Thank you for joining us.

Q270 Mr Hayes: Welcome, gentlemen, we appreciate you coming. I want to address my first question to Shane. I think you and I have a shared view on raising the status and profile of further education, celebrating its success and helping it to grow. We are also both interested in the learner voice in further education and higher education. Can you give me some examples of best practice that is out there, that we can learn from and build on?

Shane Chown: There has been significant progress over the past four or five years on the learner voice agenda and the seriousness that is attached to it in institutions. College managers are seeing it as integral to their quality improvement processes, and there is a wide recognition across the sector that it is the views of those in the classroom and in the workshops that make the most difference in improving the provision.

If you go into City College Norwich, for example, the principal there holds student views in high regard and invests highly in an effective student union, because he believes that students should be empowered to lead the student voice and make those views heard on college committees and so forth. There are wide-ranging examples, from Norwich down to Cornwall college, which has a particularly difficult set-up because it is multi-site. Cornwall is the best at doing a multi-site, while City College Norwich is the best at its particular type of FE college. Obviously, there are other providers that have their own best practice as well. The clause that removes the duty for governing bodies to consult with learners and employers

is particularly concerning, although we look forward to working with the Government to ensure that that can be enforced.

Q271 Mr Hayes: I wonder whether the way of doing that might be through looking more broadly at governance. What are your views on how we can work with yourselves and representatives from the sector to build a model of governance which is highly consultative? If we are to move to a more demand-driven system, learner demand and the learner voice are critical. Is that something that you would be interested in being involved in? Is that a way forward along the lines that you have described?

Shane Chownen: Absolutely. The work done in colleges on this agenda has to come from the very top. It is right that the instruments and articles of governance in colleges and FE institutions prescribe a duty to empower senior managers to consult students properly. We will, of course, work with the Government to ensure that that happens.

Q272 Mr Hayes: But you welcome the freedoms and the status that we are trying to build around FE, I hope.

Shane Chownen: Yes. It is right to improve the status of FE. We consistently find ourselves viewed as lesser than other education sectors, which is completely wrong. We will continue to work with anyone who wants to help us in improving the esteem in which further education is held.

Q273 Kevin Brennan: Why are you not welcoming the provisions on discipline in the Bill?

Shane Chownen: We have significant concerns about elements of the Bill, particularly the extension of stop and search powers in FE. What is of particular concern is the ability of teachers to search pupils and students for a range of items that have been weirdly categorised together. Your iPod will be in the same category as a weapon, which strikes me as odd. It strikes me as odd as well that teachers are being given extraordinary powers to be able to stop and search students, more so than police. There are actually more safeguards for both the searcher and the searchee if a person is being searched by a police officer than by a teacher. That is dangerous. That is difficult. Under the Bill, teacher anonymity powers include only schoolteachers. In a post-16 environment, that would include school sixth forms. I can't imagine a scenario in the real world where such powers would be utilised in further education institutions. They would just create too much risk, not just for teacher safety, but because the teacher anonymity powers do not extend to FE. Teachers would be put at too high a risk, and they would not engage in it.

My view is that, if you suspect that someone in the classroom or in the college is carrying a weapon or something dangerous, you call in the professionals. There are many colleges out there that have on-site campus security. They have that because they recognise that there is a risk, so they take those precautions like good college management should. It is not right to put teachers in that position, which is why I have significant concerns about that particular element of the Bill.

Q274 Kevin Brennan: Professor West, we were talking to witnesses earlier about the changes made under the Bill and the impact that they will have on how much

students will have to pay back. We were unable to ascertain a figure for the total sum that someone paying the full amount back would be likely to pay, if they were being charged £9,000 by Exeter university. Do you have a range of figures under the provisions of the Bill and the interest changes for what people might pay back during their working life if they were paying back the full amount?

Professor West: No, we do not. We are modelling that at the moment. You must understand that much of the information has been given very late to universities about what will be required through access agreements and OFFA, and the impact that that might have on how universities are setting fees. Our board of governors, in particular, expects to discuss that towards the end of March, and it is at that point when we will set our fees. We are more than happy to share the modelling with you.

Q275 Kevin Brennan: Do you think that the Government should accept an amendment that would require more parliamentary scrutiny of the rate of interest?

Professor West: Yes.

Q276 Mr Wright: Shane, do you think that provisions in the Bill regarding careers guidance and the emphasis on schools will allow pupils to make the right choice of further education?

Shane Chownen: Not to the extent that they need to. We had welcomed the announcement of an all-age career service. We have been working towards that, and calling for it for a number of years. I do not think that the Bill goes far enough because it is all well and good calling for independent information, advice and guidance, but that does not necessarily mean impartial. We need to be much more explicit about that. I also think that, for far too long, we have used the issue of information, advice and guidance as an excuse for not getting the right kind of people into the right kind of education. There has not been a hard-core information, advice and guidance strategy.

Another thing that concerns me is the transitional period between the abolition of Connexions and the introduction of the all-age career service. The Connexions stuff is happening very much now—my members are telling me that, and they are losing out. We do not have an assurance that there will be sufficient careers advice in place before the all-age career service fully kicks in, and that concerns me incredibly.

Mr Wright: May I go on to ask about the curriculum and the specific reference to the repeal of the diploma entitlement? What impact do you think that that will have on student choice? I asked witnesses this morning about whether that would be the death knell of the diploma. What is your view?

Shane Chownen: The diploma sought to bring together a mixture of academic and vocational learning into a cohesive qualification for the first time. It is right that young people have that option from the age of 14, too. They should continue to have that option in my opinion. The intricacies of the Wolf review, which was published today, were unsettling. I would be surprised if your analysis of what will happen to the diploma does not happen, given the Wolf review and the apparent Government response to it.

Mr Hayes: I would like to explore a little about advice and guidance that Iain raised. A part of what we are doing in the Bill is to ask schools to procure appropriate advice and guidance. Given what you said earlier, is it appropriate for us, in the guidance we offer around that, to insist that that is from a licensed provider and offers the kind of empiricism you call for?

Shane Chownen: Yes, it is right that should be national standards regarding the practitioners delivering information, advice and guidance. That has been lacking, and we will, of course, work with the Government to make that happen. There also needs to be an emphasis on a national service providing careers advice and guidance for young people, rather than something that differs regionally. With the rise in the participation age in 2013 and 2015, parents also need much more access to independent information, advice and guidance, because the options open to young people from the age of 16 will be far more vast than they ever have been. As I have found with my members, informal advice and guidance has equal, if not more, impact on young people's decisions than the formal side of things.

Another function of the formal information, advice and guidance framework needs to be educating the teaching work force in primary and secondary schools. For example, according to my members, even primary and secondary schools advise that you have to go to university and get a degree in order to make a success of your life and earn lots of money. We now know that that is not true. Factual evidence shows that university graduate lifetime earnings are £105,000, which is the same for someone with a level 3 apprenticeship. Therefore, we need to stop deluding young people into a specific given route which may have existed 10, 20 or 30 years ago but no longer does.

Mr Hayes: That is music to my ears. I have nothing more to add.

Q277 Mr Wright: I want to come back to Shane, if I may, on the NUS's concern about Muslim students and the impact of charging real rates of interest. What work have you done with Government Ministers to ensure that those very real concerns, which will hinder participation in education among the Muslim community, are addressed in terms of the wider fee regime?

Shane Chownen: We have asked the Government to ensure that there is a full and robust consultation with Muslim groups. At this stage, I find it particularly disturbing that the Federation of Student Islamic Societies apparently has not been fully consulted on this measure, and the Government should undertake that as a matter of priority. Some young people in school sixth forms and colleges, particularly from Muslim and low-income backgrounds, have significant concerns over what this new framework could mean for them.

Q278 Stephen McPartland (Stevenage) (Con): Shane, do many of your members feel that university was the wrong choice for them now that they are there, about to finish their studies, and finding it difficult to achieve employment because their chosen course was not the best for the route in which they wanted to take their career? Going back to careers guidance, perhaps they were never given any real advice when they were 15 or 16, or the advice was more about lifestyle than professional guidance.

Shane Chownen: The honest answer is yes. While students usually do not regret going to university and doing their course—university has a raft of benefits in terms of personal development, alongside the actual qualification—I do hear a lot from students wishing that, for example, they had been told about level 3 apprenticeships and how much it could have enabled them to earn, or been made aware of opportunities to work and study part time when they were making their choices at 14, 16 and 18.

Q279 Stephen McPartland: Professor West, do you find that there is a disenchantment from some students who feel that they followed a particular university course which they believe has not prepared them for the workplace? They have a good degree, but cannot get a good job.

Professor West: That is certainly the case. There are a number of students who clearly are disappointed that, having studied for a degree, they are not able to realise its potential through employment. We have to understand that in order for the UK to prosper in the future, we need to ensure that there are no fracture lines between education and employers. One of the things that we are trying to create is diverse opportunities for a range of students who can benefit from different sorts of education. If we are really a knowledge economy, we have a real problem in front of us. What I am hearing all the way through the debates and discussions is that we are looking for fracture lines all the time, looking at ways in which we can differentiate or move one group in a particular direction as opposed to another. We have to start joining some of this up.

Fundamentally, that means going back and saying, "What routes might be of benefit to a range of students with different needs?" I would include apprenticeships, universities and further and higher education working better together to create those opportunities, but doing that in partnership with employers. There is little point in going forward if, at the end of an academic or vocational programme, there are no jobs. We have to get to grips with how we join things up, how we get employers engaged early and how we give the right career advice.

When students at 16 begin to think through how they stream their education, many of them are not given good advice. Some of them find it difficult to engage with the advice because of their maturity or their support. If students come from families where a tradition in universities or any sort of education is not the norm, their advice networks can be quite limited. We have a fair bit of work to do.

Other pressures influence students' choices. Some of them are as simple as the media—what happens to be on telly at the time. Why did we see a huge explosion in forensic science when we all know that there are not many forensic science jobs out there? It was because of TV at the time. We must understand that the pressures on young people and the way in which they make choices and engage with education are very complex. In considering how we prepare those young people, we must think very hard about how we prepare our teachers, counsellors and career guidance people so that young people are given appropriate advice and support.

Q280 Stephen McPartland: I take from both your answers that you would appreciate a more professional careers guidance service. No doubt you welcome that

[Stephen McPartland]

part of the Bill where it is professionalised and people are given good options and advice. Reading some of Professor Wolf's report, I notice that of the people who are following the vocational route, around half of them do not have a GCSE in maths and English. In the wider world, people tend to need a GCSE in maths and English to have a job. I just wonder whether you need a GCSE in maths and English to go to university.

Professor West: Most universities would look for numeracy and literacy.

Q281 Stephen McPartland: But it is not a requirement to have an A to C?

Professor West: It depends on the programme that a student is accessing. For most programmes, that would be the case. Certainly in university settings, if they are taking any of the teaching, science or health programmes, those grades are fundamental. If they are taking art, a foundation programme in art, it may be less of an issue. They are looking at the potential through a different lens, so it depends on the programmes that they are accessing.

Shane Chownen: Inevitably, some universities will want to look at your GCSE grades. I have not been to university yet. I have done my UCAS form three or four times, but I keep finding other things to do. You do not have to put in your GCSE grades now, but in a more competitive environment, people will start looking at what you did before your level 3 or A-levels. That will differ from institution to institution. Certain groups of institutions will be much more rigorous in terms of checking your background.

We need to be very careful because there are specific reasons why young people are on what Professor Wolf would describe as useless, low-level vocational qualifications. It is because they are disengaged from the traditional education system. They have had a negative experience and they have found something that they are engaged in. I do not think that we should be alienating these people and saying, "Because you are unlikely to get an A to C at 16—not to say that you won't get it later—we are going to marginalise you and say that you have no future and that you won't be able to go to university." That is an incredibly dangerous precedent to set and an extremely dangerous message to send to young people.

Q282 Stephen McPartland: That is a very good point. I am just wondering about something. If someone did not have that A to C grade in English and maths at GCSE, perhaps the chance to get that qualification should be offered to them as they were going through university, so that they could leave university with that qualification. I say that because I am very keen to reduce the gap between education and employability and we want to get rid of any barriers that stop people being able to get a job. I was the first generation in my family to go to university and effectively we are saying to these children, "Work hard at school, work hard at university and then try to get a job at the end of it", but they almost feel betrayed that they get to the age of 21 or 22, having done everything that they were told to do, and they cannot get a job because they did not do something when they were 15 or 16.

Shane Chownen: That is something that the FE sector in particular is extremely good at and pioneers. What we have to start doing in these types of discussions is to

draw a distinction between higher education and going to university. You can do a foundation degree in a FE college if you want to and do those GCSEs at the same time. That is an option that is around now and that has been around for a number of years. The truth is that people are not telling young people that that is an option. One of the scary things coming out of Professor Wolf's review is that she is reinforcing a traditional HE university model, and HE is different today—it just is—and it throws open opportunities to many more people, which we should be celebrating.

Professor West: As we have said, the university of the West of England did quite a lot of work with employers to identify what were the competencies—the skill sets—that every employer was looking for, regardless of discipline. On the back of that work, we have developed something called the graduate development programme, which is available to all students going through the university—in fact, it is a requirement—and prepares them for the world of lifelong learning and the world of employment. It picks up numeracy, communication, literacy, how students present themselves and how to communicate effectively. We are now seeing the first cohort, who have gone through a three-year programme, engaging with that and we will see whether or not that has an impact on our results.

At the moment, the university is bucking the national trend in that more of our students are going into employment than the average. That may be because of the profile of our programmes and the fact that they are often professionally orientated, so they are leading to the licence to practise in something.

Q283 Stephen McPartland: I would be grateful if you could share the details of that programme with me.

Professor West: Sure.

Stephen McPartland: Thank you very much.

Q284 Julie Hilling (Bolton West) (Lab): May I continue to ask about vocational qualifications and other routes in? Regarding what feels like the downgrading of vocational qualifications, which is how they have been viewed by HE institutions, how do you see that in the future? Is there more emphasis on the academic qualifications rather than the vocational-type qualifications?

Shane Chownen: One of the things that we have suffered from in this country is constant restructuring of the FE sector in particular and, hand in hand with that, a constant restructuring of vocational qualifications. For example, when I was in year 9 and choosing my GCSE options, I chose not to do some GCSEs and instead chose to do a GNVQ in ICT, because I saw that as something that was much more beneficial. I have learned how to build websites. That is a skill that I think you will need in the 21st century, over a language for example.

That qualification does not even exist any more and I only did my GCSEs about eight years ago. So this constant restructuring gives an instability to employers. Employers do not know what is going on. Some employers out there will want to engineer their own vocational qualifications and some want to see a level of consistency. Students want to see a level of consistency, because they want their qualifications to mean something and not to be abolished a few years later. So what we urgently need

is stability in the sector. If you look at other European countries, where the vocational route has existed in the same way for generations with perhaps a few minor tweaks, you will see that they do not have this parity of esteem issue. That is crucial in building the system for the future, by giving people an equal platform of opportunities for HE and for employment.

Q285 Mr Wright: You said that for far too long the FE sector has been subject to tinkering and that there is a need for a degree of stability. In that context, do you think that the Bill, which centralises a lot of powers and transfers a lot of powers from local authorities and various quangos to the Secretary of State, is a good or bad thing?

Shane Chown: I think that it is a bad thing. The example that I would use is the abolition of the Young People's Learning Agency. That in itself is not a bad thing, but the powers going directly to the Secretary of State is. One of the things about the YPLA is that it has a stakeholder board, with an assurance of accountability to the sector. For example, there is a student representative on the board. I am pretty sure there is. It is not me, anyway. We have no assurance now that, for future funding for 16 to 19, the education funding agency will have that accountability to the sector. That is really important.

Q286 Julie Hilling: I was interested in the university view on the vocational bit.

Professor West: I speak on behalf of the west of England. We have equivalents. We have mapped vocational programmes against the so-called tradition A-levels and GCSEs that students can access with vocational qualifications. We will be accepting BTECs. We will be accepting diplomas. We will be accepting a vast range of vocation-orientated programmes, as well as access programmes into the university. Those students do as well as any other students, provided they are supported appropriately. Many of them are coming in slightly ahead in terms of their understanding of a particular vocational area. To take teaching and nursing as two examples, students coming in with BTEC have often been in environments in which they have learnt skills that then immediately transfer and translate into elements of the curriculum within the university. They will be ahead of those students who perhaps have followed a more traditional route that is academically orientated. Overall, the balance is that they do as well.

Q287 Julie Hilling: Let us consider funding and fees of the courses that are not the three years at university, but sandwich courses and courses where a person is getting a degree as part of an apprenticeship. What will be the effect of the changes on funding coming into the institutions and fees for students?

Professor West: The Bill acknowledges that part-time students are an important sector that we need to support. I certainly welcome the changes that have come about as a result of that. Increasingly, we have seen over the years is a drift for students' appetite to undertake sandwich degrees, adding another year. Over time, that has eroded. In engineering, it used to be the norm. It is not now necessarily the norm.

In identifying continuing professional development, part-time routes and retraining, reskilling and re-education, we are seeing an increase. In the past three years,

organisations have moved away from employers picking up the fee element of that. They are giving people time, and they are expecting the individual to pay the fee directly to the university. That has been a trend that, over the past three years, has increasingly put the onus on the individual to pay the fee and to do more and more in their own time.

Q288 Julie Hilling: A totally different area is anonymity. The Bill talks about anonymity in respect of any sort of accusation made against a teacher, misconduct or assault on a pupil. What is your view in terms of higher education and further education. Is there a need for anonymity for teachers, lecturers or support staff who are accused by students of that such activity?

Professor West: It goes beyond the staff. It also involves students who may be on placements when an issue might arise. My personal view is that anonymity is important, but we need to be assured that we can investigate fully and ensure that all parties are protected during the process. Clearly, the outcome of that process needs to be timed so that it does not drag on too long. I have seen that happen because it often causes difficulties.

The other thing that we need to understand is that sometimes, where accusations are made, those accusations quickly move into police investigations and fall outside the remit of any particular institutions investigation. The internal investigation is frozen until the police have investigated. It is important to try to protect, if possible.

Q289 Julie Hilling: Is there a student view of that, as well?

Shane Chown: Yes. Teacher anonymity is relevant, but it has to be seen as separate from the stop and search powers, which are totally the wrong way to deal with the problems that the Government are trying to deal with. For example, the issue of cyber-bullying cannot be tackled by confiscating someone's iPhone. That is a 19th-century solution to a 21st-century problem. It needs a total rethink.

Teacher anonymity is a particular concern. There are increasing cohorts of 14 to 16-year-olds studying in FE colleges. There will be FE teachers teaching young people, who could be subject to the same kind of malicious accusations as someone who would teach in a school. Those people are exempt from the protections in the Bill currently—that should change. Also, the announcement this morning that the Department for Education will allow FE teachers to teach in schools is positive and should be welcomed, but, again, the law needs to protect them, in terms of anonymity, against accusations in the same way that it protects school teachers.

Q290 Mr Hayes: As you know, the Government are very committed to apprenticeships. As Alison Wolf said today:

“Conventional academic study encompasses only part of what the labour market values and demands: vocational education can offer different content, different skills, different forms of teaching.” She endorses it very strongly. How will the additional freedoms we give to colleges enable them to embrace and make real that apprenticeships offer?

Shane Chown: I am not sure that colleges are the problem, as such, because if you look regionally at the number of employers that take on apprentices, the north-east does the best. Only 7% of employers in that

region, however, take on apprentices. That is an incredibly low number. The issue is what the barriers are for employers, as well as colleges. They will tell you that it is confusion on what qualifications are on offer and what they mean.

That was discussed at the all-party parliamentary group on FE on Monday. The CBI and the Federation of Small Businesses were saying that the bureaucracy attached to employers was a particular issue that needed to be overcome. It is on the employer side that we need to do more work. There are some incredibly good employers. We need to recognise that the challenges facing big and small employers are different, and that the offer to apprentices differs too. As the participation age goes up, and young people and their parents are increasingly aware of what the other options are, we have an opportunity between now and then to ensure that employers are able to offer the best quality apprenticeships that young people can have access to, so that everyone has an opportunity to have the full range.

Q291 Mr Hayes: Alison Wolf also argues that we need a more employer-driven system in those terms. If what is offered is more closely mapped to employer demand, that will encourage the greater employer engagement that you seek.

Shane Chownen: I think it will, but I do not agree with seeing employers as a homogenous group. There will be increased competition for apprentices in big employers such as Rolls-Royce and BT. Those kinds of employers will face massive competition, much in the same way that we are seeing with universities, interestingly. I want small employers to have a look-in as well. It will be difficult, because large employers can pay more. The minimum wage for apprentices is £2.50 an hour, and you would see that more in small businesses than big businesses. That is an issue in itself that should be sorted out.

Q292 Mr Hayes: On widening participation—my great passion—how much is that about prior attainment, information and guidance and the things that we have discussed in terms of part time, and how much is about admissions?

The Chair: Short answer.

Professor West: There is not a short answer because this is a very complex picture. It is a combination of all. Widening participation is more about how universities work in schools, in colleges and in partnership to influence admissions tutors. There are different answers and solutions in different universities. West of England, for example, does remarkably well on widening participation and we are very proud of it. I have no difficulty justifying what we do and how well we do. Other universities do not do as well; we need to understand why. I can give you some insight into why I think they do not do as well.

Shane Chownen: It is mixture. If you look at the university of Oxford, for example, you have to ask why its record of admitting people from black and minority ethnic backgrounds is particularly poor. It is not to do with information, advice and guidance.

Q293 Tessa Munt (Wells) (LD): I should like to concentrate a little on this issue of the price of courses and ask you what your view is about how much impact that will actually have on students choosing universities.

Shane Chownen: The realities of applying to university will mean that the next time I fill in my UCAS form, which I may or may not do, I will have to look at institutions and courses based on prices. That in itself is a problematic process to go through because, at that level, you are not getting all the information that you need to make an informed decision, and that information is not as freely available now as it should be. For example, some universities are not setting their fees until the end of March. The general perception around continuing in education from a post-16 perspective will change significantly. Young people, particularly disadvantaged young people, will be looking at education as expensive. The abolition of the education maintenance allowance will make going to college or sixth form more expensive and, in some instances, will mean that a person may not take that route. That is just one of many factors that you will have to analyse when deciding whether the traditional higher education route of going to university is for you. You will need to look at fees, the interest repayments and the additional loans that you might have to take out to support yourself. A combination of factors will change people's entire views and attitudes around participating in post 16-education, particularly young people. Fee price is just one element.

Q294 Tessa Munt: If you make the decision then to go to university, will you differentiate between a university that will charge £3,500, £6,000 or £9,000?

Shane Chownen: What we have seen so far is that universities that consider themselves to be the most prestigious will charge the most. That will endanger someone's ability to make an informed decision based on other factors. When I call my grandparents every other weekend as I do, they ask me if I am going to university. I have to keep breaking their heart and say no. They want me to go to the places that will be charging £9,000 a year because they are deemed to be the most prestigious. That in itself raises a number of problems, and it is incredibly difficult for young people to look at a vast array of cost prices for courses and not make those assumptions around prestige.

Professor West: When we introduced the fees last time round it had no impact at all on widening participation. The honest answer is we have not got a clue what will happen this time. Anybody who suggests that they have got a clue is perhaps deluding themselves. We are moving into a situation in which the cultural and behavioural changes that will be required are huge. There are multiple dimensions as to how people make these decisions, depending on their backgrounds, their cultures, their experiences and their parents' and friends' experiences, so we really do not know what will happen.

We are moving into a situation in which markets and consumerism will be present. When we have conducted surveys with sixth formers and the schools and colleges with which we work in partnership and on our open days, there is a view in a high proportion of those with whom we were exploring this agenda that the quality will be determined by the fee that is charged. If you charge £9,000, regardless of whether or not you are seen in a high division of the league tables, that equates to high quality. If you charge a low fee that is low quality. The parents and the students quite rightly are saying, "I don't want to go if the quality is poor. What will you ensure that you deliver for me?" It is very, very complex.

You cannot assume that universities will neatly align themselves into so-called league tables in terms of how they will set their fees.

Q295 Tessa Munt: Thank you. I have a very strong sense of the fact that if you are offering something at £3,500, it is an inferior product. It might be perceived as an inferior product. Can I put that back to you briefly? Can you see the point that maybe if you are charging £9,000, you have got to be the best, and if you are charging £3,000, you might not be the best?

Shane Chown: Yes, absolutely. The key question is how will universities communicate that to prospective students through their literature and communications. As I said before, the informal guidance matters just as much as what arrives through your door when you order a prospectus from a university. It is about what the views of your parents are about you getting a perceived lesser product because you are paying lower fees.

Q296 Mark Hendrick (Preston) (Lab/Co-op): When we were in Government, obviously we introduced the £3,000 level. There was a great debate around whether we should charge £1,000, £2,000 or £3,000. In the end, virtually everybody went for £3,000. We found that the demand for places meant that it did not make a lot of difference and enrolments were still pretty high. My local university is the university of Central Lancashire and, despite the objections of the vice-chancellor and the student union at the time, it now admits that £3,000 was not a problem. This Government's proposals have led to the tripling of the fees despite the fact that they say they want to widen participation. Can I ask both of you—Professor West has already touched on this—how conducive will the abolition of the EMA and the tripling of the fees be to widening participation?

Professor West: I am disappointed that the EMA has gone and that Aim Higher has been lost because both of those schemes do a huge amount towards widening participation. It is now for the universities seriously to address how, in the absence of that, they are going to engage with young people to ensure that they understand the benefits of universities and that they can see routes through if they are students who will potentially be put off by the fact there is a fee. Admittedly, they will not need to find that fee up front, but they will ultimately pay it back.

There is a huge communication issue for us to engage with. The politicians, the universities and the media need to get the message right. If we do not get the message right, we potentially damage a whole generation of young people who will feel that they are not going to go to university. For me, that would be a complete disaster, regardless of what backgrounds students are coming from. We seriously have to face up to collective responsibility for getting some messages out clearly and in a way that is understood.

Mark Hendrick: On a point of order, Mr Walker. Could I ask the Minister to listen to the witness? That is why the witness is here.

The Chair: Point of order made.

Professor West: In terms of those students who are coming from low-income families, of course, they are better supported in the proposals. When we look at the

scholarship schemes and university bursaries, assuming the fair access agreements deliver what they are supposed to deliver, those students should be better off than current students.

Shane Chown: There is an interesting correlation when you talk about WP, EMA and progression on to university. That is one of the reasons why I found the Government's decision to abolish EMA distressing. If you look at the statistics, there is an under-representation of people from black and minority ethnic backgrounds going to university. Some 77% of the entire population of 16, 17 and 18-year-old Pakistanis, for example, are on EMA, and 88% of 16, 17 and 18-year-old Bangladeshis in this country are on it. The Government's decision to abolish EMA was based on a report where the survey respondents were 91% white. There is yet to be an equality impact assessment on the abolition of EMA, despite various calls for there to be one. That would give you the reason why. So I think that there will be a direct correlation and that the attitudes around participation in education, as I mentioned before, for all young people, particularly those from disadvantaged backgrounds, will change culturally as a result of post-16 education becoming more expensive.

Q297 Mark Hendrick: Prior to this Government coming into office, we had something like 43% of young people going into HE and we had a target to get more than 50% of young people going into HE. Obviously, our plans were rubbished by the then Opposition. We were told that people did not want Mickey Mouse courses any more and that people should not be going to university who were doing courses that were not needed by the economy, and 101 other reasons why more than 50% of young people should not be entitled to an education that many of us around this table today received. The figure was 43% when we left office. What do you think the figure will be in five years' time, with the ending of the EMA and these tripled tuition fees?

Shane Chown: Again, this is one of those occasions where I think that the mistake with the 50% target was not drawing the distinction between university and HE, and if it is HE and not university then that target is not anywhere near high enough. What those things will do in terms of that particular figure, I cannot say.

Q298 Mark Hendrick: You might be saying that the target of 50% was not ambitious enough and that it did not make that differentiation between university and HE. However, I am asking if that 50% target was the right direction of travel and what direction of travel do you think we will see now?

Shane Chown: We need to recognise that there are people from certain backgrounds who need extra support to achieve what they should be entitled to achieve and the abolition of the EMA goes directly against that. I think that the principles behind the Government's HE reforms also go against that. So, if anything I can see that particular percentage dropping. Also, what makes me uncomfortable is other routes of HE being seen as more accessible because another form of HE is financially inaccessible.

Professor West: If we are a knowledge-based economy, it was absolutely the right direction of travel. I would argue that it is not just about university. This is about

higher-level education through a variety of different means. I also think that we have to understand what is going on globally and the investment that is going into education globally, and we are slipping as a country. If we look at the trajectories of other countries, including those in emerging continents, we are in danger of losing ground significantly. I think that we have to acknowledge that and invest in education through different routes. I am not suggesting that everybody should go to university—absolutely not—but everybody should have an opportunity to develop to their full potential through a variety of different approaches and I would include apprenticeships, FE and HE as well as universities in those approaches.

Q299 Mr Stuart: Shane, can I take you back to Oxford? Why do you think that Oxford has this record on BME entry?

Shane Chownen: You would have to ask them.

Q300 Mr Stuart: You said that it was not one thing, suggesting that you thought it was another thing.

Shane Chownen: I know that it is not—I would make a fair assumption that it is not about information, advice and guidance. I know the work that goes on in the colleges that I work with to encourage as many people as possible, particularly from under-represented groups, to go to university. That is why I say that I do not think that it is about information, advice and guidance. I think that there are probably chronic issues in the admissions system. The excuse that they will give, for example, is that people from certain backgrounds do not achieve well at school and therefore—

Mr Stuart: That is not true then?

Shane Chownen: The typical Russell group response to the question, “Why is your WP record so bad?”, is, ultimately, “We take students who gain a base level, we are not going to distinguish between those groups and if you don’t get the right qualifications then you’re not coming in.”

Mr Stuart: That is how universities work. You have to get 3 As at A-level, excluding general studies, in order to qualify and there are only about 450 black students in this country who get those grades compared to 29,000 whites. That is the discrepancy and that is the scandal. It is a failure at school level, is it not? It is not a failure at university level, and you are making a false representation. You are not even coming forward with an argument. You are none the less smearing universities such as Oxford by suggesting that it is some in-built bias when there is no evidence for it.

Shane Chownen: The question needs to be, “Why are we punishing these young people then for a system of failure that is not their fault?” So my question back to you and back to Oxford would be, “What is on offer for these people? Why have they been let down by a system and then by the best opportunities for a “university education”, and the doors are being shut in their face?”

Q301 Mr Stuart: Would you both agree that it would be a helpful change if the Bill made it clear that careers guidance should explicitly give both vocational and academic routes to every young person, regardless of their academic standing?

Professor West: Yes.

Shane Chownen: Yes, absolutely. I think that there should be national standards for high-quality careers advice, including professional staff, and equal opportunities to extend into different routes.

Q302 Mr Stuart: I have not yet had a chance to read the Wolf report, but my understanding is that it emphasises a core of academic study until the age of 16, which would militate in some ways against young apprenticeships at 14 and the rest of it. Do you think that that combined with the emphasis on the English baccalaureate could lead to the closing off of options that might be more suitable for some people, or is it a welcome move to ensure that every young person has access to an academic core all the way to 16?

Shane Chownen: There is a risk, I think, of certain doors being closed. The thing about the English baccalaureate is that it is a league table exercise, to start off with, so students’ interests are not necessarily at the forefront. Also, the subject choices within that are, in my opinion, questionable. Why religious studies, IT qualifications and business studies are not in the criteria needs reviewing, given where we are in a 21st-century economy and how skills needs have changed.

I think that there needs to be an entitlement—there is an entitlement—for everyone to get five A to C’s in English and maths as a base. That is right, and it is wrong that so many people do not have it at the moment. The system needs to be flexible enough to enable someone to do a vocational course while getting A to C in English and maths, but it must also recognise that the reason why they do not have an A to C in English and maths might be disengagement from particular teaching methods and teaching styles, and it should look at different ways that people can gain those qualifications.

Professor West: I worry about closing off options and routes too early. If you narrow down to the point where you have, in effect, locked out some opportunity at age 16, that is really difficult.

Q303 Mark Durkan: This goes back to a question that I asked earlier about mobility. If fees are set at a different level in devolved territories, if those universities end up saying in a few years’ time, “We are losing out because we are not getting the same money in fees as our counterparts in England,” if there is natural pressure for fees to rise and if, as we heard in answer to earlier questions, universities will tend to price for prestige to the same amount, what market will exist in price terms?

Professor West: If all that happens, there will not be a market in price terms. We have to remember that what triggered all of this was a recognition that universities were chronically underfunded. That led to the Browne report. Lord Browne proposed a whole raft of measures that would have introduced a market, but we do not quite have full Browne. We have some of Browne, and we will see what happens. I think that one issue is that we already know that our Scottish universities are receiving less income than those in England, in terms of their unit of resource, and they are finding it very difficult at the moment. If everybody agreed that universities were chronically underfunded to begin with and we want to be a world-class country delivering high-quality education, there is going to be a natural tendency to drift towards a point that ensures that more funding comes in to universities.

Q304 Mark Durkan: Taking that point and looking to the future, if universities here are now setting fees at £9,000 and tending to bunch there, what force of gravity will prevent those fees from increasing in future, for exactly the same reasons that you have just given to justify the current levels?

Professor West: That is the issue of sustainability. If you look at the States, where in effect the fees are ramped up year on year, it is not a sustainable position. I think we have to look at that and tell ourselves, "If we don't think this through, we could end up in a situation where fees get ramped up, ramped up and ramped up over a period of time." I am not sure that will deliver us a safer future.

Q305 Mark Durkan: On EMAs, you said earlier how other universities have perhaps not done as well as yours in encouraging wider participation. In your experience, how significant a factor have EMAs been in wider participation? Are you and Shane reassured in any way by the Government's suggestion that it will be replaced by a narrower allowance? How do you think that narrower allowance could be more appropriately targeted, assuming that it could be?

Professor West: In terms of students gaining access to universities, the EMA clearly gets them into the part of the system that feeds the universities so they can continue their education from 16 to 18. We would look to understand the barriers to someone coming into that 16 to 18 slot. We would then target our resources and ensure that they have an impact. I am not sure that we have enough information at the moment to know how to do that.

Q306 Mr Gyimah: We have focused on price and its likely impact on access to university. If people had access to the employment rate, contact hours and drop-out rate for each course, how would it influence how students make decisions about courses and their ability to access higher education and university?

Professor West: A lot of that information is already available in many institutions. You have to understand that much of those data are a year or two behind because they are based on the public information that is available. It would have an influence, there is no doubt about that, in the same way that students often pick programme areas that they know will lead to a particular licence to practice or a particular discipline. We see that happening all the time. It is part of the information that they need, but it is not the totality of the information that they need.

One of the things we want to ensure is that students are coming to university because they are passionate about the particular subject and want to study it in depth, because they want to grow as individuals and because they are prepared to commit to it. I do not want to see students making choices because they believe it is going to lead to a particular end point at which the employment prospects in that area are 100%. They are not really interested in the subject at all, but they are guided by the goal and end point of employment. That would be a disaster.

Q307 Mr Gyimah: Does it not force universities to justify the prices they are charging, rather than just pricing for prestige?

Professor West: Of course it does. Students must understand how they will benefit by going to a particular university and what their fee will deliver for them.

Q308 Mr Gyimah: My colleague Mark Hendrick mentioned that 43% of students are now going to university, which is a laudable achievement. How do you explain the gap between that and the figure of 20% youth unemployment?

Professor West: The universities are not responsible for how the employment market is functioning at the moment. There is no doubt that universities are working with graduates to ensure that they are best placed to be able to take up employment, but all we can do is ensure that we prepare our students and our graduates for the world of work with appropriate qualifications, understanding, skills and knowledge. If the jobs are not there, we have a slight problem.

Shane Chown: All I would add is that youth unemployment has been a chronic problem since the late 1970s. Even in 2005, when we were in an economic boom, it could be argued that youth unemployment was still far too high. The more fundamental issue is long-term Government policy decision making to prevent situations such as we are in now where one in five young people are unemployed.

Q309 Mr Gyimah: I think that our focus has been so much on access and price and not on getting the quality degrees that would get students jobs. That is what we should be looking at, as well as price.

Shane Chown: Also, potentially where the jobs are. My guess is that the fear that Professor West highlighted about people judging their courses based on employability outcomes will become increasingly likely.

The Chair: Thank you, panel.

2.30 pm

The Chair: I welcome our next panel. We have 45 minutes, so short questions and short, snappy answers, please. Do not feel that you have to answer every question; if a question is outside your area of expertise or you feel that it has been answered, let us move on.

Q310 Mr Hayes: Thank you, gentlemen, for coming. Do you agree that with this Bill the Government have responded effectively to criticism that part-time students have not always been dealt with as fairly as they might? How do you see that linking into the widening participation agenda, which is at the heart of the Government's commitment to social mobility and social justice?

Martin Bean: Good afternoon, everyone. It is nice to see you. We had four tests as we worked our way through the various stages of the reform of higher education. The first was equality of access, the second was parity of treatment, the third was flexible study and the fourth was to ensure that we improved the quality and innovation of our teaching. Clauses 70 and 71 of the Bill largely clean up the detail of normalising between full-time and part-time study, and we are fully in support of that. I would like to thank everyone in the room and everyone outside the room for making sure that the four in 10 undergraduates who study part time at last get to participate on a level playing field. So it is a resounding yes, John.

Professor Latchman: Absolutely. We entirely endorse that. This is a step change for higher education in terms of giving a level playing field to part time. I think that the only caveat is that we are still working through with the Department for Business, Innovation and Skills the details of how the loans will operate, and we have to be careful that the loan conditions do not re-create a slightly uneven playing field.

John Widdowson: I think that we are in danger of breaking out in furious agreement but, yes, the principle is good. I also think that it is fine if it focuses more attention on different ways of participating in higher education, on there being not just a single full-time route at 18, and on the fact that higher education can be undertaken at any time that life or careers require it, or people want to do it. I do think that, as always with these things, there is some devil in the detail, and I am particularly concerned that people in employment currently and in the future get every encouragement to participate, and that whatever structure is there does not create either bureaucratic or other barriers to their participating and improving their qualifications while still working.

Q311 Mr Hayes: Could I just ask you to put the widening participation angle on that? Thank you for the welcome, and as you know, not least from speeches that I have given at the OU and Birkbeck, that I am very committed to the whole idea of a more modular approach to HE. How critical is that for getting widening participation right, and why, in terms of cohort? Perhaps you might say more about what we could do to match the rhythms and patterns of study to the rhythms and patterns of more kinds of people's lives.

Martin Bean: I will kick that off. In many ways, the Open university—I am sure this is not lost on anyone across the four nations—is the widening participation university of the United Kingdom. Some 41% of our students have one or no A levels at the point at which they embark on their programmes. We have more than 12,000 students with disabilities and 9,000 students who come from the 25% most-disadvantaged communities in our society, and we constantly top the league tables for students' satisfaction with quality. This is part of a journey of widening participation.

You asked what more could be done, John. We have taken a very big step. All the conversation in the last session was about young people. You would not hear it as much, but I hear it all the time because the average age of our students is 32. That is a big, courageous step. The national scholarship programme of £150 million started off with bright, young people from poor backgrounds. I am delighted to see that the language is now more inclusive to bring in people from all stations in our society.

Most of you will be aware that, in addition, the Higher Education Funding Council for England currently invests £372 million extra for widened participation. I was thrilled to see in the BIS guidance letter to HEFCE for this year that the No. 1 priority was the protection of that £372 million so we did not give £150 million and take away £372 million. That was for one year so, in asking the question what should we do in the future, and all of us having an eye to social mobility, it is absolutely critical that that be protected through the discussion in the White Paper and subsequent legislation. That is something else that we absolutely need to do.

Social mobility and widening participation are not something that we can plan and execute in annual cycles. If you want us and others to continue to make a difference in the lives of people who need us, you had better think beyond individual HEFCE cycles and guidance letters.

Professor Latchman: Listening to earlier evidence, it will always be the case that people will miss out and not go to university at the age of 18, people who are perfectly capable of doing so. There has to be a system that allows those people a lifelong opportunity for widening participation. We try to make that as easy as possible, for example, by offering one-year certificates that are a preparation for higher education, and that are much less threatening than starting a degree programme. Those certificates take you into the second year of the degree programme, so you do not miss out.

At the moment, the regulations for the loans suggest that those people would begin repaying their loan immediately after they had done the certificate. We need something that recognises those who immediately progress not to the first year of a degree but to a second year of degree, whereas if they went straight into the first year of degree, they might actually drop out. This is a way of getting them in, and taking them at the same pace. It is about lifelong participation.

John Widdowson: I would just reiterate the point about people in employment and people who may at 16 choose an apprenticeship route. That should not, in their minds or in the mind of anyone else, exclude higher education requiring high-level skills. We have to make sure that there are good opportunities for apprenticeships. I think everyone would support that. We want apprenticeships to be available at higher level as well, so that they are available at post A-level, post-level 3.

We also have to find progression routes for people doing vocational qualifications at 16, of which the Wolf report has made some mention. That route has been neglected in terms of progression to HE. In widening participation that way, we must make sure that the right progression opportunities are available so that validating institutions can actually create the right sort of curriculum that will appeal to people who choose a work-based route. At the moment, that can create difficulties.

Q312 Mr Wright: I note the agreement about levelling the playing field, but I will be frank: I have no idea how it will work in practice. I do not understand how risky your business model would be in terms of part-time students. Can you shed any light on the eligibility for fee loans for part-time students, and when they start paying it back if they are in employment? There does not seem to be much meat on the bones. Do you have any more meat?

Professor Latchman: We very much welcome the decision to extend loans to people studying at one quarter of full-time, rather than one third as the minimum, because that will bring in a whole cadre of students. We are still very worried about the repayment conditions as announced in the regulations so far. If you are on a three-year full-time course, you will repay in the April after you have graduated. If you are on a four-year full-time course, you will repay in the April after you have graduated. If you are on a four-year part-time course, you will pay in the April before you graduate,

because the current regulation is three-and-a-half years for repayment for four-year part-time students. That is an inequity in the level of the playing field, but it will also make it very hard to explain to our students. Rather than saying, “You are starting a four-year degree, and you will repay after you graduate”, we will have to say—if this regulation is maintained—“You are starting a four-year degree, and you will have to repay in the April before you graduate.” That will make life very difficult.

As for the business model that you mentioned, on average—at least for our students—it takes four years for a part-time student from the first moment they think about studying until they actually come to us. They tend to take the decision very late. August and September are peak months for applications. In our business model, I am expecting a considerable dip in applications for a couple of years while part-time students come to terms with loans. We will recover after that, as they realise that it is actually a much better deal than studying full-time.

Q313 Mr Wright: That is an interesting point. Is that true for the Open university and New College Durham?

John Widdowson: I will answer that from the FE college perspective. Our concern is about people in employment, and particularly employers who want to support their employees, which we all strive to do. One assumes that that will be possible, but will it incur any early repayment penalty? Will there be a disincentive for employers to pay the fee if they think that their employees can call down a loan? There may be employers who are not as committed to supporting employees as they ought to be.

There are also issues about mature students and employment. Mature students may be in their 30s and 40s and going back to education to improve the skills that they need to keep their job, get promoted or start their own business. They will look at the repayment period and think it is a very long time. They will have all sorts of other things happening in their lives such as mortgages, families or other loans that they have to sustain, and they will see any study loan in that context.

The devil is in the detail. There is a lot that we do not know about this system. Any bureaucratic system of repayments must be flexible enough to allow employers to pay to support employees, both old and young, and to support apprenticeships in the workplace. It must also be flexible enough to allow those individuals with the means to repay to do so when it suits them. They are planning for the rest of their life, and study cannot be separated from that.

Martin Bean: We would be worried about the dip that I have already touched on. If we are not careful, one of the unintended consequences of this may affect those in our society who just want to get started and need some support in their first year for their hopes and aspirations so that they can succeed in higher education. If the funding levels for widening participation drop, we will see a dip in the number of those people. Of all the dips we may see, I would be saddest about that one. It is fair to say that we do not know. The only certainty is that if there is a wholesale drop in funding for widening participation for targeted populations under the current system, we can expect to see a greater drop in the future system.

Q314 Mr Wright: Mr Bean, you mentioned support for part-time students. The Browne review was quite scathing in many respects, and suggested that support for part-time students is not adequate or equivalent to that provided to their full-time counterparts. Is that a valid observation?

Martin Bean: Thank you for the question. It is absolutely a valid observation, and I am delighted to see how everybody has rallied around that finding in the Browne report and supported it. That is terrific; it is the point that everyone seems to agree on at last. As I have said before, it is about 40% of all undergraduates. Your first question was about the practicality. Browne also talked about it being free at the point of entry—that is absolutely critical. David has talked to you a little about at what point people should start repaying, and there has been some great work on that. On the lowering, Browne recommended 33% intensity and dropping that to 25%. That one change allows the OU alone to bring in an extra 19,000 students. This is a journey of cleaning up and normalisation. The White Paper has to put a lot of the meat on the bones, as does the legislation that will follow.

There are a couple of points to illustrate what still needs to be decided. One of the things recommended by Lord Browne and his team was that we should meter numbers into the system through UCAS tariff points—A-level tariff points. He also mentioned in the report that there should be a separate system that operates for those such as the Open university. Let us put that in context. I have 265,000 students and 41% have one A-level or fewer. That is why I am sure David Willetts stated that that is an unworkable way of metering numbers into the system.

Mr Hayes: We won't do it.

Martin Bean: Thank you, John. I have another illustration of that point because it is important and there are a wider number of things that need to be cleaned up. The 1962 Act likes to define full-time education through an in-attendance rule. That might have been appropriate for the 1960s, but in a web 2.0 world, defining full-time education by being in attendance is somewhat laughable. We have to have the courage to clean up those types of things. Otherwise, we will inadvertently perpetuate the two systems.

Q315 Mr Stuart: Do you think that the Bill and the policies set out in it will allow a more dynamic and flexible future for the provision of higher education? Could you describe what that might look like?

Professor Latchman: Absolutely. In the next few years we will start to see people having a choice of whether to study full time or to work and study part time. Many mature students now go through UCAS and study full time, probably because they do not know about the availability of part time. It is an amazing change that UCAS is proposing to flag part-time courses from 2012–13 and have a single entry system from 2014–15. We are absolutely clear that all parties are committed to doing this, and we to delivering it, but the only caveat is that the detail needs to be got right. The devil is in the detail. There is no deliberate attempt at whatever; it is an issue of not understanding. I was told in the last few days by a senior civil servant that, because my students

study at 75% of full time—in other words, a three-year degree in four years—it must mean that they were only working 25% of the time. Those students are working full time and studying in the evenings, making a huge commitment. For those of us brought up on the 18-year-old going to university, it is very hard to understand how that is working. We can make it really work, and deliver with it, if we now just get the last few details right.

John Widdowson: That is the key price—there will inevitably be short-term turbulence. For part-time students in the FE sector, there will be a significant increase in the price of courses and we will have to explain that. It will be difficult. I cannot predict what our enrolments will be in 2012 compared with 2011—having said that, I predict that they will possibly go down for all sorts of reasons. We are faced with price increases to individuals or employers, which we will have to stand by and justify in terms of the quality of what we offer. But the artificial divisions between full and part time need to be broken down. I do not think that there is any comprehensive or widely understood definition of what full-time study means these days. Most students on full-time courses have part-time jobs. Those jobs can extend into the rest of the time they have, and that is no bad thing in many respects, because it prepares them for work. So if we could get away from some of the artificiality of the system, which has held us in good stead up to now, and let it open up access to higher education to people who choose different routes at different stages in their lives, it will be a job well done. But we need to think about different definitions, and I do not think that full and part time are very helpful as we go into this new world.

Q316 Mr Stuart: It seems to me that we have been focusing on careers guidance and trying to make sure that vocational and academic routes are made available. Careers guidance needs to bear in mind part-time study, as well as vocational and so on. I think it is only about 4% of people who start an apprenticeship go on to HE at the moment. This Government is, in my view rightly, building on the previous Government's efforts on apprenticeships and will take them forward. How do we ensure that apprenticeships can lead on to whatever level a person wants to reach?

Martin Bean: There is no doubt that we need to do a much better job of knitting together secondary, further and higher education with more connected pathways. It is not just about the advice and guidance, but also structural reform in the way that we validate institutions, the normalisation of the Quality Assurance Agency with what it takes for a higher education college to collaborate with a further education college. It is about ensuring that credit is more transferrable within the system and that we have vocational lattices where people can see how they can progress between and through institutions.

Going back to your question, the good thing is that the Bill and the work before it puts all those enablers in place. But again, there is a piece of work, which I know John is very supportive of as well, which still needs to get done to ensure that our world's work more effectively together so that people, through the various stages in their lives, can move through and in and out of the system as and when they need to.

John Widdowson: The 4% figure is UCAS-derived if I am not mistaken. It will only monitor full-time progression. So if a young person takes an apprenticeship at 16, they

undertake a very challenging and in some ways much more demanding route than A-levels, because they have to work and combine study with all sorts of other things. At 18 it is probably unrealistic to expect them to give all that up and embark on a full-time course. It is suspect that that is the 4%. But we find, as an institution, that many people have gone through that work-based route and, when they finish their apprenticeship, want to work, and their employers want the same. They will therefore come back into the system in their mid-20 to mid-30s, when maybe their outlook is different. Take the construction industry. They work on site and with the tools until their mid-20 and early 30s, and then perhaps have the opportunity of a job in a professional capacity, for which they will need retraining and thus come back into the system. I guess that we do not do a good enough job of tracking those who come in, but we do know that on HNC construction courses, for example, the average age of students is well into the 20s and 30s; they are not 18-year-old full-timers. We need to ensure that there is the value attached to that. People should be able to choose to do higher level apprenticeships—apprenticeships with a higher-level of study attached to them—at 18 rather than full-time study at university.

Q317 Mr Gyimah: One thing I want to understand is this whole idea of levelling the playing field. Before we go there, can you explain to me how those on part-time courses, who are not funded by the employer, currently fund themselves?

Professor Latchman: Currently, if you have an income below a certain level, you are able to obtain fee support, but it is paid to you as a grant. That fee support is capped at a level that is approximately half of what you would get if you were studying pro rata to full time. In other words, it will pay about half your fee. That is at the minimal level on a very low income. That tapers away as your income rises. There is very poor support—minimal amounts of money—for the very poorest students. That is not a level playing field in terms of what is available for full-time students.

Q318 Mr Gyimah: Presumably, there are some students who would use things such as the career development loan to fund part-time courses. Some take out commercial loans. In that context, the new regime, which is in this Bill, is a significant step forward to how people on part-time courses fund themselves at the moment? Am I right?

Professor Latchman: That is precisely why we and the OU have greatly welcomed this change.

Q319 Mr Gyimah: The next thing is about the participation. Martin Bean, you made a comment about lots of your students being in their 30s and 40s. In the interests of widening participation, especially in an area in which fees are going up, how would you go about attracting students in the lower age groups, the 18 to 21 group?

Martin Bean: In fact, our fastest growing cohort in the last 12 months has been the under-25-year-olds. About 25% of our student population are 25 years or younger and there has been a 20% increase in that cohort. That is because part-time education—earn and learn as it is starting to be characterised in the media—is

actually becoming very attractive and interesting to young people. David touched on the point about being able to do more of that. Part-time provision is not fully part of the UCAS admissions system. We can participate in some promotion elements of it, but if you go to UCAS to enrol for a university course currently, part-time provision is not in there. I was on a Government task force on e-learning in the United Kingdom. One of our big findings was that if you look for flexible distance education or e-learning in the UCAS system, it is virtually impossible to find those options. Part of what we can do is to put in student support and structure our programmes to help under-25-year-olds be successful. There has to be a lot of reform in the rest of the sector that has been built for full-time-provision fully to embrace part-time provision as it evolves.

Q320 Mark Hendrick: On the earn and learn, the previous panel mentioned the fact that sandwich courses were beginning to die out. I am one of those people who, in the past, did a sandwich course and benefited greatly from it. The advantage was that you could earn money and that helped with your costs. Why have they died out when fees have been introduced and there is natural incentive to do such a course?

John Widdowson: That type of course was in decline well before the existing fees regime, partly because of the difficulties in finding the right sort of placements for students for a year. There were still some, but as HE developed and grew, the number of placements probably did not grow to the same degree. One's mind moves more towards how we educate people already in employment so that they do not have to make that break in the sandwich provision but can actually not rule themselves out from higher education by choosing a work-based route. That was starting to emerge as a real option. I am not particularly surprised by the decline of the sandwich course. For some people and for some industries, it is the right thing, but there are other options that might be more flexible and more appropriate that allow people to earn alongside learning in a much more organised and structured way that employers support and that leads to a job at the end of it, or even has a job all the way through, which is the ideal solution.

Martin Bean: Just to add, four out of five of the FTSE 100 companies sponsor employees on OU programmes today. It still is alive and well, in another way. This notion of the sandwich programme as you described it is about to go through a renaissance. Some of you may have seen KPMG's announcement with the university of Durham about allowing people to start straight away and begin their audit careers as well as doing their accountancy qualifications in parallel. Our ability to bring in to FE and HE in more meaningful ways what the CBI estimates as the £18.5 billion a year that is spent on plc training, while at the same time allowing people to get the goodness of studying and practising at the same time, will create some great outcomes. Going back to your question about painting a picture for the future, I think that is a great picture of the future.

Q321 Kevin Brennan: Perhaps I could direct this question to Professor Latchman in particular. Would you welcome the Government accepting an amendment to the Bill requiring parliamentary scrutiny of the setting of the interest rate on student loans?

Professor Latchman: We would say that that was a matter for the general sector. All we would ask is that whatever scrutiny is applied is applied equally to full-time and part-time students.

Q322 Kevin Brennan: That would be your answer too, would it?

Martin Bean: Yes, I would agree with that. In principle, scrutiny over anything is important, particularly on the way that we fund education and ensure that it is as inclusive as possible. As David said, it must be applied equally.

Q323 Kevin Brennan: You have expressed concern, Mr Bean, on the position of part-time students who are already earning over £21,000, which is the repayment threshold for student loans, while they are studying. How would you recommend that these students be treated under the new system?

Martin Bean: Certainly, free at the point of entry, along with full-time students. The current statement on students repaying once they are three years into their course of study is something that we support. I also support David's comments that we need to avoid anything that looks like part-time students being treated unfairly compared with full-time cohorts in terms of the expectations. If that means that we need to move more to a four or four and a half year delay, based on the discussions or David's comments, to ensure that there is that parity of treatment, that is critical. That is because we need to avoid, at all costs, any further impression that there is a distinction between part time and full time.

Professor Latchman: Currently, if you earn over the threshold you repay in the April after your third year, and I would suggest that for part-time students, one should move to the April after the fourth year. There are two very good reasons for that. First, that places it in line with four-year full-time students, who repay after they have graduated. Secondly, it would remove the unfortunate straplone that, as currently constructed, all full-time students will reach their repayment point, whether they repay or not, after they have graduated, while all part-time students will reach it before they have graduated.

Q324 Kevin Brennan: That is a very helpful clarification. Can I just ask Mr Widdowson about the price of courses, which he mentioned earlier? If you were to make an estimate, what would be the FE rate of inflation that we can expect for courses, all things being equal, over the next couple of years?

John Widdowson: Because of the withdrawal of the HEFCE teaching fund contribution, we are probably looking at a doubling at least of most course fees in the first year.

Q325 Kevin Brennan: Did you say a doubling?

John Widdowson: Yes. Courses are now priced in their hundreds. We will pro rata price them. It depends what the price for each course is fixed at—whether it is between £6,000 and £9,000, or less than that. I would expect it to be pro rata to the price that is fixed.

Q326 Kevin Brennan: So we could expect an FE rate of inflation for courses, other things being equal, of 100%.

John Widdowson: In the first year, as we compensate for losing the HEFCE teaching grant.

Q327 Mark Durkan: My question would be to Mr Widdowson again, based on his FE experience. On the provisions in the Bill on powers for members of staff in FE institutions to search students, do you see any issues with how those powers are provided? Would you have any apprehension that colleges or staff could face controversy or litigation either for the exercise of such powers, or, as often happens in my part of the world, Northern Ireland—where litigation is increasingly based on people being accused of dereliction—for not having exercised powers, in a way that led to a risk to someone?

John Widdowson: It is important that college staff have the same powers as those available to staff in schools. That seems to be entirely sensible. There is a further complication in virtually every FE college—maybe not in sixth-form colleges—in that we have adult students on the premises as well. It might be slightly different to deal with a young person under the age of 18 and then to deal with an adult. Given that we are trying to widen participation not just in HE but in all sorts of other provision as well, we get all sorts of adults through colleges, as you will be aware.

Therefore, I think, that power needs to be handled sensitively. Certainly, in my own institution, it would be done—and is done at the moment, where we have powers to intervene with students—only by trained staff, and in most cases by specialist security staff. It is not something that I would expect every classroom lecturer to engage in as a day-to-day activity; that would be most unusual, and to be discouraged. But to have the same power would be very useful and very valuable.

Q328 Mark Durkan: Further to that, on the disciplinary powers in schools, the Bill makes reference to school rules, but there is no equivalent reference that I can see to college rules specifically in relation to the powers given here. The powers are basically given to staff. There is also a provision that in exercising those powers, people would have to have regard to the guidance issued by the Secretary of State. How often do you think the Secretary of State might issue guidance on such matters? Every time that there is controversy over a particular case or issue, will there not be demands for the Secretary of State to give a view on whether what happened at a particular college was consistent with the guidance issued?

John Widdowson: We always value the guidance of the Secretary of State, obviously, but it is important that they listen to what actually happens in colleges, the reality of how we deal with our students, the sorts of issue that our students present us with and how we have to cope with them on a day-to-day basis. There are some really serious issues within some inner-city colleges, where you have to make sure that the environment is safe and controlled and that it is a place where we would want to send our kids, in the same way that we expect other people to send theirs. I would expect and hope that the Secretary of State would consult widely on this, listen to the voice of experience within colleges and then give effect to that in whatever guidance he came up with.

Q329 Julie Hilling: My question is at the other end of that and involves postgraduate education, whether that is masters, doctorates or professional qualifications after people have done their degree. Have you considered at all whether fees will have a detrimental effect on people continuing with their education?

Professor Latchman: We do both full-time and part-time masters and PhDs, whereas we do only part-time undergraduate degrees. I am expecting that the full-time market might start to contract due to the burden of debt, but I rather think that the part-time market will expand, because it will become increasingly attractive to say, “I’ve got my job and I’m going to study part-time because I’ve got the debt carried over from my undergraduate degree.” I think we might see a shift between studying full-time and studying part-time at that level. The fees will presumably be affected only in a different way, because there is no direct effect in terms of the changes in support at the undergraduate level.

Q330 Julie Hilling: I do not know whether you do full-time professional qualifications post-graduation.

Professor Latchman: We do part-time professional qualifications.

Q331 Julie Hilling: So you do not have courses where people cannot work until they have completed them?

Professor Latchman: No.

John Widdowson: With regard specifically to professional qualifications, there is already a lot of self-funded provision there, not least because if it gives some form of licence to practice, in the way that you just said, the student can see some incentive. Equally, to go back to my point about employers, often employers will pay for their staff to be qualified, because it helps them carry out their business more effectively. In accountancy practices and legal practices, it is to the benefit of the employer to have people qualified to a certain level. Then they can undertake more independent activity.

I think that there is an issue about access to the professions, however one defines the professions: not simply surgeons and lawyers at the top end, but all the other professional bodies that give access to people from low-participation groups. There may be an issue there that crosses the different funding streams for FE and HE. Many of those courses start at level 2 or level 3 and then have a progression pathway into level 4 and beyond. There are some issues at that lower end—the access end—where we probably need to look again at what sort of support is available and what sort of support for fees is available for people who want to go down a professional route as opposed to a traditional academic route. I would not want that to be neglected in this debate. There is a challenge in relation to full and part-time definitions and a real question about how we can break down some of those barriers and give support to the people who need it.

Q332 Mr Stuart: I wondered what your thoughts were on the tuition fees policy more widely. It seems that the policy Professor Smith laid out earlier has shortcomings, but not the ones that have been communicated to the public. In terms of access, lower-earning people should not be put off; they should be celebrating this new system. The question, rather, is

whether it is sustainable and gives certainty to institutions such as yours. Do you have any thoughts on the issues of sustainability, access and social justice in relation to the tuition fee proposals?

Martin Bean: It is impossible to know right now what the implications will be, but here are just a few thoughts for you, so that I can answer the question. Firstly, because part-time is set outside the current system, we have always charged fees and we have always been market facing. So we have always had to be in tune with the notion of value for money for our students and returning value for what they invested with us along the way. The same methodologies we have always used to price in the market historically are exactly the same ones we will use to figure out where to go in this new world. As I have mentioned, it was absolutely vital that it was free at the point of entry and that payment did not begin for part-time students right away or until they were earning above £21,000. Those things have been taken care of. Without being repetitive—because I know the Chair would like me not to be—looking forward, should we see a retrenchment away from the current investment in widening participation funds, we absolutely will see a drop in participation from those communities that need a starting point to enter higher education, irrespective of how we structure the loan programme.

Professor Latchman: I entirely agree with that. The full-time sector will have to learn some of the lessons that we learned in the part-time sector a long time ago. I was interested to note, when talking to the chief executive of UCAS, that she thinks some institutions will introduce a tiered fee structure with different fees for different things. We have that already, with a default tier in the middle, higher fees for certain popular professional-type courses—such as law—which are strongly supported by bursaries, and a lower tier for widening participation-type courses. We will continue that in the new system with higher fees. The full-time sector will probably have to learn that lesson, but there will not be many institutions that just put a blanket fee out. If they do, they might well have to change to a tiered structure in a few years' time.

Q333 Mark Hendrick: On that point, you see universities marketing courses a bit like supermarkets market their goods, with loss leaders and some courses cross-subsidising other courses. They are selling it in that way in order to maximise income and keep the show on the road.

Professor Latchman: If you go down the London underground, you will see huge numbers of Birkbeck adverts. We spend an enormous amount on that sort of marketing because we do not have the captive audience of 18-year-olds who come through UCAS. We have had to learn lessons about that, including the type of courses I mentioned earlier—low-cost access one-year certificates that, if you pass, you go into the second year of a degree course. Courses like that could be offered in partnership with FE colleges, for example, which is something we are exploring with a few colleges in London at the moment. They will have to be more creative in those terms, rather than relying on a captive cadre that just looks at UCAS and says, "Okay. That seems fine. I'll go there."

John Widdowson: I shall point out three things. First, participation initiatives have been valuable, but they take time. They do not just take effect at the point of

entry. In my experience, you have to support students certainly through their first months—maybe their first year—on a programme if they have come from a low-participation background. Those initiatives are useful and we have to make sure that the money is targeted and directed well. But it does have an impact. Things such as Aim Higher—I speak at the chairman of the Aim Higher partnership in Durham—have worked and we have seen a significant increase from low-participation communities.

The second thing is just the need to communicate this. We are probably dealing with a lot of debt-averse families and individuals. The sums look very big and the repayment periods look very long. There has to be a clear explanation of what this means and what the deal is for them.

The third thing would be about keeping the bureaucratic burden of all this on the student as simple as possible. It is early days yet and we do not have much detail, but it looks quite complicated from the student's point of view. There are quite a lot of gateways to get through that were not there before and which need to be explored and simplified as quickly as possible.

Q334 Mr Hayes: This is a question targeted at John. By the way, I think my office has been in touch with your college today to arrange a visit.

John Widdowson: We are anticipating it already.

Q335 Mr Hayes: With glee?

John Widdowson: Absolutely.

Q336 Mr Hayes: You will be familiar with the Foster report of some years ago which talked about a galaxy of oversight, inspection and so on. The measures in the Bill do two things. They lift colleges out of some of the statutory requirements that previously prevailed and they give them some new freedoms. How welcome are they?

John Widdowson: They are very welcome. Colleges, like universities, value the autonomy that they are given. The more autonomy we have to make our own way, even through difficult times, the better. That allows innovation and creativity. It also allows accountability in a much more direct way. Although that can sometimes be difficult, if you are the person being held accountable, it is important, given the amount of public funds and individual funds that are now in the system and always have been in the system. It is to be welcomed. It is something that we are used to and we look forward to it. That is a very positive element in the Bill.

Q337 Mr Hayes: How much of that is about simplifying the funding? One of the complaints that I heard over the years in opposition—in the dark days before I came into the light of government—was that funding and funding mechanisms can sometimes inhibit the kind of discretion that you need to respond to learner choice and employer demand.

John Widdowson: Particularly in terms of responding to local need and local demand, what operates in the south-east of England may not operate equally well in the north. The priorities may be different and what we have to do to serve our communities will certainly be

different across a lot of the north-east. So that flexibility to make decisions at the point of delivery is required. The other thing that would be very helpful would be to reduce our internal number counting burden, the management information systems that we have to operate and the number of people we have to employ simply to keep track. With any of the other things that come in through the Bill or subsequently, one has to be careful that the bureaucratic burden is not increased, for whatever reason. Therefore we have to keep it simple. We have to keep it manageable and understandable.

Q338 Mr Stuart: Do you think that the end of the diploma entitlement is a regrettable move or a recognition of reality? What does the future hold?

John Widdowson: That is an interesting question. I think it is a recognition of reality, to be honest. If we take the headlines from the Wolf report in the media today, I do not think that is a vote against vocational education, it is a vote for meaningful and realistic vocational education. Colleges have had a lot of experience in delivering that. Until recent times in my own college, we had 500 young people coming in a week under what was known as the increased flexibility programme. They were doing NVQs at level 1. They were learning real skills and you could see the competence that they got in a context that they enjoyed, which led to them succeeding better at school and progressing to study, employment or apprenticeship at 16. Those programmes have a real impact. It would be wrong to have any form of dilution or any form of soft-edged vocationality, which does not do anybody any good, particularly the students.

Q339 Kevin Brennan: Do you have any estimate of what you expect to happen to apprenticeship numbers for 16 to 18-year-olds in your area over the next couple of years?

John Widdowson: They are in very short supply at the moment. We are working very hard to get employers to support young people into apprenticeships, but it is difficult. It is difficult because of the economic situation. When employers look at the size of their work force, it is quite difficult to look at reductions they may have to make and at the same time to create opportunities for young people to come in.

Q340 Kevin Brennan: So will they go down?

John Widdowson: I think they will.

The Chair: I thank the panel for being very polished and informative in giving evidence. Thank you for joining us today.

3.15 pm

The Chair: Hello. We shall crack on; there is half an hour left, so I shall hand you over to the Minister. Can we have quick questions and quick answers?

Q341 Mr Hayes: You know that the Government are committing resources, emphasis and status to apprenticeships. Do you welcome that?

Michael Davis: Absolutely, yes.

If you would like a slightly longer answer, at the UK Commission for Employment and Skills, we see a commitment to apprenticeships across all four nations within the United Kingdom, which is nice to see when school policy is often devolved. In Wales, Scotland, and Northern Ireland, you see a strong commitment to

apprenticeships. Employers have a strong commitment to apprenticeships, so it is a positive story that continues to improve.

Q342 Mr Hayes: The recent national statistical first release shows growth in apprenticeships in every area and every age group, but what more can we do to support apprenticeships? Is it about frameworks, levels or employer engagement? How do we deal with those things?

Mark Farrar: I would see that coming in various tiers. One of the starting points is with information, advice and guidance in schools, and there are what I would describe as various pathways through the schooling system that would lead young people into an apprenticeship, or, as in my case, to a wider career in the construction industry at a professional level. Funding also has a part to play, not only at the 16 to 18-year-old level, but in how that is orchestrated over higher-level apprenticeships and those pathways into higher education that were discussed earlier.

Michael Davis: If I may briefly add something to that, what you see from the data is variation in the take-up of apprenticeships by sectors. Clearly, Mark's is a leading sector in terms of the take-up of apprenticeships, but there are others where more can be done. When you look at apprenticeships by numbers of employers, you see pockets of small businesses that do an awful lot, and the number of apprenticeships that such employers take on relative to the size of their work forces is very strong. Larger employers take on more apprenticeships, but they make up a lower percentage of their work forces, so there are opportunities to extend the number of apprenticeships there.

There are also progression opportunities, so if more can be done to extend apprenticeships at level 3 and level 4, it would be very positive. We need to look at the apprenticeship frameworks, because a small number of them provide a vast majority of apprenticeship numbers. The commission's own work around future skills demand highlights the importance of STEM subjects, so science, technology, engineering and mathematics all have areas where we see prospects for apprenticeships in the future.

Q343 Mr Hayes: One small question in response. You talked about information, advice and guidance. You will know that there will be an all-age careers service from the autumn, and part of its purpose is to rebalance advice that is given so that it is more equal in respect of vocational options. Should sector skills councils, however, be given greater clarity about their role in primary legislation? Would an amendment to the Bill that defined the legal personality and the function of sector skills councils be welcomed?

Mark Farrar: Employers should be engaged in that information, advice and guidance on two levels. First, the raw information needs consistency and it needs to be bang up to date right across the country in its delivery. Employers in various sectors—not only my own—can participate in ensuring that that is the case. Secondly, employers can play a very hands-on role in engaging with schools. On construction skills, there was an example at our Cambridgeshire training group with employers where we had schools and schoolchildren, and it all worked perfectly. There was real-buy in from

kids and school teachers, who wanted more. It would have to be orchestrated on a sectoral basis, but there is a role for employers grouped in sector skills councils.

Q344 Mr Wright: Do you see this Bill as moving away from the previous Government's approach to apprenticeships? Is it a different direction of travel?

Mark Farrar: It is good to see support for apprenticeships—there is no question about that.

Q345 Mr Wright: But, essentially, the previous Government revitalised apprenticeships by trebling them and doubling the number of completions. Apprenticeships really were revived.

Mark Farrar: We certainly have seen increasing numbers of apprenticeships in past years—certainly in construction—but the dominant factor that we have to deal with at the coal face in my organisation at the moment is the economy and the output. Construction has gone through a tough time and the forecasts for an industry that employs more than 2.5 million people and that accounts for 8% of GDP are lacklustre at best for the future. The challenge is to get that basic contract of employment for a young person that will secure them the apprenticeship. The challenge will lie in how public funding in particular can assist that, especially in specialist areas. That will be over a journey for that individual. The road ahead will be rocky, but it is the economy that will drive it.

A good example might be something like the Government's own green deal and the low-carbon agenda. If I was a young person who had fallen out of the industry or who was unemployed through no fault of my own, there would be challenges getting back into the industry or skilling myself to the degree required to participate in some of the potentially growing markets of the future. That can be surmounted, but it will take time and effort.

Q346 Mr Wright: Our parliamentary colleague, Catherine McKinnell, has brought forward a private Member's Bill on linking public procurement with growing numbers of apprenticeships, and the Minister has been very positive towards it. It has not got through due to lack of parliamentary time, but would you welcome amendments to this Bill that would enact a lot of what Catherine tried to do on public procurement in her Bill?

Mark Farrar: Certainly, at ConstructionSkills, we have spent a lot of time and effort helping to develop procurement guidelines for clients—in this case, public sector clients of all sorts—particularly to deal with OJEU requirements in particular. We have specified, on a light-touch basis, skills and, particularly, apprenticeships. That work has progressed over the past 18 months, and I believe that it is having an impact at this moment in time on maintaining a flow of apprentices, certainly in some areas. I would welcome a deeper embedding of that, but the caution that would be needed, if I take construction as an example, is that, at the end of the day, construction companies are there to build things, so there is a limit to what can be put in their contracts and what they can be expected to deliver alongside that.

Q347 Mr Wright: What needs to be done to increase the numbers of apprenticeships for 16 to 18-year-olds as opposed to, for example, for people over the age of 25?

Mark Farrar: In construction specifically, our challenges tend to be at 19-plus if employers are seeking a slightly older intake. You do not necessarily want a 16-year-old at the top of a 20-storey scaffolding rig for various reasons. On 16 to 18, in my own sector, we would continue to do as we do now—engaging with schools and with career pathways through something like the construction and the built environment diploma—to keep that throughput moving through and the attractiveness of the industry.

Michael Davis: To answer your first question, I think that the growth in apprenticeships builds on the policy of the previous Government. I echo that it is reflected in all four nations, so there is a genuine UK consensus to do more and to continue to do more.

To answer your question about procurement, the commission's view would be that sectors, and strong sector leaders and business leaders, should be identifying what is the best mechanism in their sector that would really drive the demand for them. I think that that highlights the importance of a sectoral approach. When we have looked at international evidence on what we call collective measures, there is no single magic bullet so that you can say, "Well, if we did procurement everywhere, that would solve the problem." You look at it in each sector and say, "What is your biggest skills challenge? How do apprenticeships play a role? How can we cause an action?" In construction's case, that is through the levy. In another industry, it might be through a collective measure action, but the important thing is the bottom-up business leadership that says that this is the right thing for us to do so that business is driving that change of behaviour.

In relation to 16 to 18-year-olds, the take-up will, again, vary by sector. The most important thing is provision of work experience opportunities. When you look at things such as the commission's employer perception survey, you see that although only a small number of employers take on 16 to 18-year-olds, when they do they are broadly satisfied with them, and as they get older they become more satisfied with them. So the logic of that is that the greater the quality of the work experience that you can offer, the greater the chance that you could increase the number of 16 to 18 take-ups.

Q348 Richard Fuller: I just want to evolve that theme, if I may. There has been some commentary, both here and outside, saying that over the past few years, there has been over-concentration on university as the only way to go and a lack of focus on apprenticeships. Do you think that that is fair comment? Do you think that there is a need to herald and champion apprenticeships?

Michael Davis: There is a continuing need to herald and champion apprenticeships, and I think we are getting very close to a tipping point at which higher education becomes an increasingly expensive option about which young people will think very seriously before they embark on it. At the same time, with groups such as the Apprenticeship Ambassadors Network, there are some very strong household-name employers, and the UK Commission for Employment and Skills has some very strong case studies and examples of the value of the apprenticeship route. There is strong economic evidence about the wage returns for individuals pursuing the apprenticeship route. We just need to keep pushing out those messages.

Q349 Richard Fuller: So there was no over-focus on universities in the past. You do not think that is a fair comment?

Michael Davis: Governments have sought to widen the number of options for higher education in the past—yes, perhaps at the expense of the vocational route.

Mark Farrar: What is important is that we get the career pathways mapped out to enable those linkages. In construction, there is a propensity for at least some cohorts to go through on a part-time basis. In ConstructionSkills we use employer funds to support some 20,000 apprentices, but we also have 5,000 undergraduates. Those undergraduates are not necessarily full time. Some are part time, and some could even be day release.

We have been doing some work with the Institution of Civil Engineers and we have a higher level apprenticeship coming on stream. Care needs to be taken in future to ensure that funding is mapped out all the way from 16 right through to higher education. Particularly with the introduction of loans, you do not want to have a lower rate of funding for, say, a level 4 apprentice, only to hit a higher rate of funding and loan system for foundation degrees or undergraduate degrees.

Q350 Richard Fuller: I have a second question on apprenticeships and small businesses. I was heartened to hear you say that small businesses are very active in taking on apprentices, because I assume that there is a quite a lot of burden on small businesses with limited overheads when managing people through apprenticeship programmes. Could you talk a bit about some of the practical problems that small and medium-sized businesses might encounter in keeping apprentices? What can be done to smooth that further? Could skills based on entrepreneurship and setting up businesses be incorporated into apprenticeship training?

Michael Davis: As the Minister knows, I am also chair of governors at Leicester college, which has an apprenticeship training agency. That is one of the really good examples of how you support small businesses. The apprentice is employed within the agency housed by the college or the provider, which takes away many of the employment regulations—it does not take away the responsibilities, but it eases the burden—and supports the individual in an apprenticeship. Another example is group training associations in which an apprentice is shared among a number of employers. So there are burdens but, equally, you are seeing a number of innovative responses coming through from sectors, employers themselves and providers to address them positively.

Mark Farrar: I would endorse that. We certainly have advisers on the high street directly assisting SMEs, which do need such help with the paperwork and the form filling that is required. We have some pilot models of group training associations running, which seem to be proving successful and enable us to share the burden on employers. Equally it allows the young person involved to widen their experience, because it is difficult, particularly in the current climate, to get all the experience you need in one firm.

In the context of training in more general business knowledge, I believe that you can have your trades in construction and professions bang up to speed, but

unless your management of resource is operating effectively, the productivity of the industry will not be what it should be.

There is only so much you can do in the early days of that, although you can provide some training, because other factors come to bear, such as the carbon agenda, that need to be accommodated. We are focusing particularly on SMEs and trying to assist them at the moment on how to survive a recession, how to engage and how to compete for business, and some of them might not have had to do those things before. These things are actively being pursued, but all sectors will be experiencing this in different ways.

Q351 Mr Stuart: Do you think that programme-led apprenticeships were sometimes useful and that the Government urgently need to introduce some sort of course that helps to make people ready to start an apprenticeship proper?

Mark Farrar: In construction, we have never engaged with programme-led apprentices as they existed in other sectors. We were quite wedded to ensuring that we had employer engagement from the off. Indeed, at the moment we are looking to work with schools on what we are terming “Pathways to Construction”, where we are organising between employers and young people a 16-week training programme as a block release somewhere in there as part of their experience.

That sits alongside a very successful young apprenticeship programme that has been operating. The statistics from that programme show a high proportion of those students moving on either into a full apprenticeship or elsewhere into the industry. At the moment, a lot of time and effort has been invested by employers in our construction and built environment diploma. Even my own chairman and his construction company, the Wates Group, have put a lot of time and money into web-based activities or resource going into schools to assist with pulling that throughput through. We have had some good models working down in Wales. So I do not think that it is a case of any one model working. There are two or three models, certainly in my own sector, that are operating successfully.

Michael Davis: The employed status of an apprenticeship is critical and it is the defining feature of what an apprenticeship is. We have seen a reduction in the number of programme-led apprenticeships during the last 12 months and the system seems to have coped with that. So making the employed status a defining feature is very important. When you talk to employers—one of our commissioners is himself a former apprentice—about the value that comes from an apprenticeship, it is inextricably linked to that employed status.

Q352 Mr Stuart: The Bill places what I view as a very welcome requirement on schools to bring in professional careers advice. Would you welcome it if that careers advice, when it is provided, offered information about both vocational and academic routes? Would you welcome it if that provision was explicitly in the Bill? Do you think that that might be helpful?

Michael Davis: Yes.

Mark Farrar: Yes, I subscribe to independent professional advice on this subject and my understanding is that there is a commitment to an all-age service. We would

welcome that appearing in the near future. It is an area where clarity is needed. We want to ensure that there is a fairly seamless transition, at least in the years ahead, between the current model and a new model. That is critical, particularly in this environment. It would also be useful to understand whether such a measure was planned to be on a statutory or a looser regulatory footing.

Q353 Mark Hendrick: The 1980s and early 1990s saw the demise of traditional apprenticeships in many ways and the introduction of schemes such as YTS—the youth training scheme—and YOP—the youth opportunities programme. In my view, they were a poor substitute for apprenticeships. Now that there is cross-party agreement on the importance of apprenticeships in the 21st century for a modern industry, do you think that there is a role for the industry training boards, such as the construction industry training board, many of which were abolished in the past? Do you think that there is a role for more of them in the future in providing more of the traditional longer-term apprenticeships, whereby firms made commitments to apprentices and offered them good prospects for the future?

Mark Farrar: We are not the only one, but certainly the construction industry is a very diverse industry. There is a long tail of smaller employers—the SMEs. I believe that the model that we are operating allows us vertically to integrate—that is how I would describe it—standards, skills council and educational qualifications with, in our specific case, an employer-funded grant scheme through our levy. That is done through the targeted delivery on the ground, where others simply cannot go. It might be targeting training, or whatever. It works and works well. It enables a speed of response and the industry is certainly very engaged. I am scrutinised from various directions. The one that catches my attention every day is the industry's own scrutiny of us. It is a model that, certainly for our sector, has worked. It is a blend of different approaches and it has some substance and longevity behind it. I would imagine other sectors would vary in what would or would not work there.

Michael Davis: I come back to my earlier point. We should hope for sectors defined by their own bottom-up sense of leadership, and their primary skills challenge and how best to resource and support it. Mark has described the model that works well for his industry. Others would say that is not the model that works for theirs, because of how they are constructed. It is important to understand that skills are derived from the wider strategy or the wider ambition that sits within a business. You then expect unique solutions to come forward.

Q354 Mark Hendrick: In the past there was no software industry, nor any of the modern high-tech industries that we see today. As newer industries come on, is there a way in which the old EITB could have a renaissance and apply to the newer industries?

Michael Davis: In the sense that the skills that those industries are developing take time to form. For me, institutional form follows after the strategy and the sense of direction that an industry wants to follow. The risk is that you put the form in front of the function that you are seeking to pursue. Then you end up boxing it in to be something that it is not.

Q355 Mark Hendrick: The problem surely is that we have huge skills shortages in many important sectors of the economy. Students are not choosing those subjects at university or earlier, so there are shortages across the board. Is there any way we can stimulate that? I am not suggesting a levy on industry, for example, but maybe industries could get together and replicate some of the organisations that used to exist and provide support of the type that we need.

Michael Davis: There are two parts to that. One, as we have discussed, is the importance of advice and guidance in the system, that help individuals make the most informed choices. There should be more information about where the income opportunities lie. Then individuals will start to follow where the learning opportunities are that give them the greatest wage gain. From our perspective, sector skills councils are well placed to achieve that sector reach and to define the appropriate solution for their sector.

Mark Hendrick: If sector skills councils are doing the same job, then fine. I wondered about which model best suits industries.

Q356 Kevin Brennan: The Bill gets rid of the apprenticeship entitlement, which was a requirement on the chief executive of the Skills Funding Agency to secure a sufficient number of apprenticeship places for young people in the area within reason. Do you think that there is any danger that taking that away—you always have to have a number of employers—might take away some of the drive within the Skills Funding Agency itself to push for more apprenticeship places?

Mark Farrar: The stark reality we deal with is the need for work, physical output for any organisation, which allows it to take the risk—and it would be seen as a risk—of employing X number of apprenticeships. That dominates all other factors on this. I am placing reliance on the fact that, because of the ongoing priority for apprentices and the funding that is being allocated in behind them, there will be sufficient support from the public sector to bolster the commercial sector's approach to this. From within the Skills Funding Agency, therefore, I do not necessarily believe on the financial funding side of it that that will make a significant difference. If I speak again of my own sector, we are pushing as hard as anyone to get those apprenticeships in and that will not change.

Q357 Kevin Brennan: Michael, it is fine if you want to comment on that. However, can I also ask you for a response on this matter? John Widdowson, the principal of New College Durham, said that he felt the number of 16 to 18-year-old apprenticeships were likely to decline in the next couple of years. There are obviously economic reasons for that. Is that something that you and the UKCES in your scanning of the likely skills needs have picked up and think might happen?

Michael Davis: To answer your first point first. The Bill's amendment is a pragmatic response. It seemed a responsibility that would be very difficult to fulfil, because ultimately an apprentice is employed by a business. I do not see that that would in any way change the emphasis that the Skills Funding Agency is putting upon it. The demand for individuals clearly outstrips the number of places currently available, so that is positive.

On the second one, as the answer was being given, I was trying to flick through the data. If there is any, it will be in response to the economic conditions and employers simply not employing rather than any change in approach or attitude from businesses themselves.

Q358 Kevin Brennan: If we see apprenticeship growth, is it more likely to have come from what can be described as the low-hanging fruit of people already in employment, perhaps at an older age, being re-assigned from what they might have done at Train to Gain in the past and perhaps doing an apprenticeship within an existing employment, rather than seeing apprenticeship growth among young people seeking work for the first time?

Michael Davis: No, the emphasis is in the actions that you see from the Skills Funding Agency and the National Apprenticeship Service on finding strong apprenticeships for young people and supporting them.

Q359 Kevin Brennan: So do you predict—because it is your job to scan such things—that, in the next couple of years, there will be stronger growth in the number of apprenticeship starts among 16 to 18-year-olds than the older group?

Michael Davis: That will only be caveated by what goes on in the labour market at large. An apprenticeship or an employment opportunity sits within the overall state of the labour market, so it will be challenging.

Q360 Kevin Brennan: I understand that, but it is a fairly simple proposition. Would you expect to see stronger growth? Your previous answer seemed to suggest that you would expect to see stronger growth among 16 to 18-year-old apprenticeship member starts than you would among older age groups. Are you standing by that as a proposition?

Michael Davis: Yes.

Q361 Julie Hilling: My question is totally different. I think you, Mr Davis, said earlier that you saw the STEM subjects as important. The English baccalaureate does not contain a number of subjects to which you referred. What would you like to see in an English baccalaureate, as a standard qualification that young people would expect to do?

Mark Farrar: Can I start my answer somewhere else? Our industry put a lot of time and effort into the existing construction and the built environment diploma. It has other routes. There are apprenticeships, and there is clearly the traditional academic route through into

the industry. Some employers who I talk to have warned me that more than 1,000 employers and 100 different consortia out there are supporting the diploma, and that there is a lot of activity for the September intake. First and foremost, to maintain that would be appropriate in our particular circumstances. The prime academic learning route within the diploma has actually been lifted and put into the Welsh baccalaureate, which is an interesting observation.

Michael Davis: It is not an area of specific expertise of mine, so I cannot add anything more to what Mark has said.

Q362 Julie Hilling: Do you think that there is a risk that the schools are being focused on history and geography—the academic bit? I have certainly heard it from apprentice providers in my area that technology has been a key plank whereby their young people can go into engineering. Do you think that those subjects will not be on offer in school?

Mark Farrar: One of the things required in this country is something that motivates young people and acts as the background wrapper to their education. It clearly needs to include basic numeracy, writing and communication skills. I can only speak for my own sector. We find that it is useful, probably because, unlike France or Germany, we do not have an artisan pull through on the technical master craftsman side as a country. Some degree of push and encouragement is needed that takes us into vocational qualifications. Beyond that, we must get the right balance and the right sort of vocational training locally. It is not necessarily to make the job ready or directly lead them in, but just to encourage them and give them a breadth of experience on the way through.

Q363 Kevin Brennan: Alison Wolf said in her report today said that there is a risk that the English baccalaureate could do that. Do you think that she is right?

Mark Farrar: You have clearly got further down Alison Wolf's report than I have managed to in the time available today.

Kevin Brennan: Page 136.

Mark Farrar: Thank you. I shall refresh my knowledge.

3.45 pm

The Chairman adjourned the Committee without question put (Standing Order No. 88).

Adjourned till Tuesday 8 March at half-past Ten o'clock.