Public Bill Committee

TECHNICAL AND FURTHER EDUCATION BILL

First Sitting

Tuesday 22 November 2016

(Morning)

CONTENTS

Programme motion agreed to, with an amendment.
Motion to sit in private agreed to.
Written evidence (Reporting to the House) motion agreed to.
Examination of witnesses.
Adjourned till this day at Two o'clock.
No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Saturday 26 November 2016

© Parliamentary Copyright House of Commons 2016

This publication may be reproduced under the terms of the Open Parliament licence, which is published at www.parliament.uk/site-information/copyright/.
The Committee consisted of the following Members:

Chairs: † MR ADRIAN BAILEY, NADINE DORRIES

† Argar, Edward (Charnwood) (Con)
† Brabin, Tracy (Batley and Spen) (Lab)
Donelan, Michelle (Chippenham) (Con)
† Evennett, David (Lord Commissioner of Her Majesty's Treasury)
† Halfon, Robert (Minister for Apprenticeships and Skills)
† Hopkins, Kelvin (Luton North) (Lab)
† Jayawardena, Mr Ranil (North East Hampshire) (Con)
† Kane, Mike (Wythenshawe and Sale East) (Lab)
† Mak, Mr Alan (Havant) (Con)
† Marsden, Gordon (Blackpool South) (Lab)
† Rutley, David (Macclesfield) (Con)
† Shah, Naz (Bradford West) (Lab)
† Smith, Henry (Crawley) (Con)
† Tomlinson, Justin (North Swindon) (Con)
† Turner, Karl (Kingston upon Hull East) (Lab)
Vara, Mr Shailesh (North West Cambridgeshire) (Con)

† attended the Committee

Kenneth Fox, Marek Kubala, Committee Clerks

Witnesses

Lord Sainsbury of Turville, Chair of recent Independent Panel on Technical Education

Peter Lauener, Shadow Chief Executive, Institute for Apprenticeships

David Hughes, Chief Executive, Association of Colleges

Professor Alison Fuller, UCL

Richard Atkins CBE, FE Commissioner

Bill Watkin, Chief Executive, Sixth Form Colleges Association

Ian Pretty, Chief Executive, Collab Group
Public Bill Committee

Tuesday 22 November 2016

(Morning)

[Mr Adrian Bailey in the Chair]

Technical and Further Education Bill

9.25 am

The Chair: Before we begin, I have a few preliminary points, which some of you may be familiar with. Please switch electronic devices off or to silent. Tea and coffee are not allowed during sittings, but you may drink water. Today we will consider the programme motion on the amendment paper. We will then consider a motion to allow us to deliberate in private about our questions before the oral sessions, and then a further motion to enable the reporting of written evidence for publication. There is an amendment to the programme motion, because one of our witnesses, Poppy Wolfarth from the National Society of Apprentices, has had to pull out because of a family illness.

Gordon Marsden (Blackpool South) (Lab): On that point, we all try very hard to get the apprentice voice heard, so it is unfortunate that the witness cannot come today. On the original list of witnesses was the name of Baroness Wolf, which has since disappeared, so she is obviously not giving evidence to us today. Do we know the background to that?

The Lord Commissioner of Her Majesty’s Treasury (David Evennett): I believe she is unavailable to come along today because of other commitments. We are disappointed, but obviously people have full diaries.

Gordon Marsden: Indeed, and she is a very busy lady.

The Chair: In the Minister’s absence, I call the Whip to move the programme motion and the amendment to it.

Motion made, and Question proposed,

That—

(1) the Committee shall (in addition to its first meeting at 9.25 am on Tuesday 22 November) meet—

(a) at 2.00 pm on Tuesday 22 November;
(b) at 11.30 am and 2.00 pm on Thursday 24 November;
(c) at 9.25 am and 2.00 pm on Tuesday 29 November;
(d) at 11.30 am and 2.00 pm on Thursday 1 December;
(e) at 9.25 am and 2.00 pm on Tuesday 6 December;

(2) the Committee shall hear oral evidence on Tuesday 22 November in accordance with the following Table:

<table>
<thead>
<tr>
<th>Time</th>
<th>Witness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Until no later than 10.10 am</td>
<td>Lord Sainsbury of Turville; Shadow Chief Executive for the Institute for Apprenticeships</td>
</tr>
<tr>
<td>Until no later than 11.25 am</td>
<td>Association of Colleges; Further Education Commissioner; Sixth Form Colleges’ Association; Collab Group (formerly 157 Group); University College London</td>
</tr>
<tr>
<td>Until no later than 3.00 pm</td>
<td>Ernst &amp; Young; Lloyd’s Banking Group; Santander; Barclays</td>
</tr>
<tr>
<td>Until no later than 4.00 pm</td>
<td>National Union of Students; Learning and Work Institute; Blackpool and The Fylde College</td>
</tr>
</tbody>
</table>

(3) proceedings on consideration of the Bill in Committee shall be taken in the following order: Clause 1; Schedule 1; Clauses 2 to 23; Schedule 2; Clause 24; Schedule 3; Schedule 4; Clauses 25 to 45; and remaining proceedings on the Bill; and

(4) the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 pm on Tuesday 6 December.—

(David Evennett.)

Manuscript amendment made: 1, in paragraph (2), leave out “; National Society of Apprentices”—(David Evennett.)

Main Question, as amended, put and agreed to.

Ordered,

That—

(1) the Committee shall (in addition to its first meeting at 9.25 am on Tuesday 22 November) meet—

(a) at 2.00 pm on Tuesday 22 November;
(b) at 11.30 am and 2.00 pm on Thursday 24 November;
(c) at 9.25 am and 2.00 pm on Tuesday 29 November;
(d) at 11.30 am and 2.00 pm on Thursday 1 December;
(e) at 9.25 am and 2.00 pm on Tuesday 6 December;

(2) the Committee shall hear oral evidence on Tuesday 22 November in accordance with the following Table:

<table>
<thead>
<tr>
<th>Time</th>
<th>Witness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Until no later than 10.10 am</td>
<td>Lord Sainsbury of Turville; Shadow Chief Executive for the Institute for Apprenticeships</td>
</tr>
<tr>
<td>Until no later than 11.25 am</td>
<td>Association of Colleges; Further Education Commissioner; Sixth Form Colleges’ Association; Collab Group (formerly 157 Group); University College London</td>
</tr>
<tr>
<td>Until no later than 3.00 pm</td>
<td>Ernst &amp; Young; Lloyd’s Banking Group; Santander; Barclays</td>
</tr>
<tr>
<td>Until no later than 4.00 pm</td>
<td>National Union of Students; Learning and Work Institute; Blackpool and The Fylde College</td>
</tr>
</tbody>
</table>

(3) proceedings on consideration of the Bill in Committee shall be taken in the following order: Clause 1; Schedule 1; Clauses 2 to 23; Schedule 2; Clause 24; Schedule 3; Schedule 4; Clauses 25 to 45; and remaining proceedings on the Bill; and

(4) the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 pm on Tuesday 6 December.
Resolved.

That, at this and any subsequent meeting at which oral evidence is to be heard, the Committee shall sit in private until the witnesses are admitted.—(David Evenett.)

Resolved.

That, subject to the discretion of the Chair, any written evidence received by the Committee shall be reported to the House for publication.—(David Evenett.)

The Chair: Copies of written evidence that the Committee receives will be made available in the Committee Room. We will now go into private session to discuss lines of questioning.

9.28 am

The Committee deliberated in private.

Examination of Witnesses

Lord Sainsbury and Peter Lauener gave evidence.

9.33 am

The Chair: Good morning and welcome. Would you say a few words to introduce yourselves and the positions you hold, for voice transcription purposes if nothing else? We all know you, but that would be helpful.

Lord Sainsbury: My name is David Sainsbury. I was chairman of the Independent Panel on Technical Education.

Peter Lauener: My name is Peter Lauener. I am shadow chief executive of the Institute for Apprenticeships, and therefore leading its set-up—it will be up and running next April.

The Chair: Before I call the first Member to ask a question, I remind all Members that questions should be limited to matters within the scope of the Bill and that we must stick to the timings set out in the programme motion that the Committee has agreed. For this session we have until 10.10 am, so if we are approaching 10.10 am please do not ask a long question that the Committee has agreed. For this session that we must stick to the timings set out in the programme.

The Chair: Before I call the first Member to ask a question, I remind all Members that questions should be limited to matters within the scope of the Bill and that we must stick to the timings set out in the programme motion that the Committee has agreed. For this session we have until 10.10 am, so if we are approaching 10.10 am please do not ask a long question that the witness would be unable to answer before the knife falls. I call Gordon Marsden.

Q1 Gordon Marsden: Thank you, Mr Bailey. It is a great pleasure to serve under your chairmanship and to welcome our witnesses, both of whom have a distinguished and long-standing interest in this area, which we will pursue.

Lord Sainsbury, these issues about technical education, which you have campaigned and lobbed for hard over many years, have finally reached some form of catharsis—if that is the right word—in terms of the statute book, which for you must be somewhere on the spectrum between huge delight and moderate satisfaction. However, the Bill has avoided committing to the 15 routes that you suggested in your review. Are there any specific additional provisions that you would like to see in the Bill?

Lord Sainsbury: No. It seemed to me to be a very sensible approach to this issue. Always, in these things, you have to combine the basic requirements, but you also need to leave room for flexibility. I do not think that there has been a great argument about the 15 routes, but in the end one needs to have some flexibility built into a piece of legislation, if it is going to last as we hope it will.

Q2 Gordon Marsden: Yes. I am sure that in later discussions the Minister will want to elaborate on this issue, but there have been statements by Department for Education and Skills Funding Agency officials on the extent to which the routes themselves might be rather flexible, in terms of what they could include, even within the 15. It makes me think of the line:

“In my Father’s house are many mansions”.

We hope that some of those mansions will be explored further on.

I want to press you further, because you said that you are perfectly content with the position as it is, but you have been—forgive the English, or the French—“banging on” about this for years and years. I remember at least two excellent addresses in the past decade that you have given to various organisations on this issue. Yet we know, according to Baroness Wolf and the pamphlet, “Remaking Tertiary Education”, which she has just been involved with, that:

“Technical education, at Level 4 and Level 5, is on the verge of total collapse due to a steep decline in numbers.”

I also note that you have called for more funding for the technical route and for implementation. Would you like to comment further on those two points?

Lord Sainsbury: I think that funding is absolutely key to this whole area. I think that we have organised our system of technical education extremely badly over the years, but it is also true that we have underfunded it on quite a substantial scale. What has been proposed in my report, and what is in the Bill, will greatly improve and clarify the system, but there is still an issue of funding.

If you look at the number of hours we fund further education colleges to do this kind of training, you will see that it is extremely low by international standards. So there is a funding issue here, as well as the bits of funding that we have suggested, for example for work placement, which is clearly fundamental and which I hope we can get movement on. There is a more long-term basic funding issue.

Gordon Marsden: We may or may not get some clarity on that in the autumn statement, but I am grateful to you, Mr Bailey, I would like to ask Mr Lauener some questions in due course.

The Chair: Are there any other takers? While other Members dwell upon that, I will invite you, Mr Marsden, to ask your question of Mr Lauener.

Q3 Gordon Marsden: Mr Lauener, it is a great pleasure to have you with us today. You have an enviable record of longevity in this area of activity. When I was going over your CV and looking at the various things you have done over the years, I was reminded of the famous French statesman Talleyrand. When asked what he had done during the French revolution, he famously replied, “I survived.”

You seem to have survived several revolutions in this area, and several Governments. Could you start by saying what the key issue is for you in your new position, as opposed to the variety of positions you have held in the past?

Peter Lauener: Thank you very much; that was a very interesting introduction. The Institute for Apprenticeships does have a key role, and of course as a result of this Bill it will morph into the Institute for Apprenticeships and
Technical Education—subject to Parliament. The key thing for me is, first, that it demonstrates employer leadership of apprenticeships and technical education. That is not just about the body at the head of the institute, where we have been very pleased with the high calibre of applicants for positions, but it also refers to all the route panels and other bodies that will bring expertise to the institute.

We have estimated that overall that should amount to between 250 and 300 employers involved in all parts of the institute. The number itself, if it is managed badly, could just become a bureaucratic process, but I think it is vital that those employers bring expertise and credibility, and that when the institute says we need a new standard in this, it is because employers are saying that.

Q4 Gordon Marsden: I could not agree with you more on that; it is extremely important, going back to the original review in 2012, which talked about the whole area being employer-led, that that is the case. Unfortunately, following a series of untoward events, that has not exactly been demonstrated in the institute’s leadership so far, has it? Because you are the second shadow chief executive who has been there. The first was a lady who had a significantly long civil service career in various Departments, but she did not stay terribly long—I think she stayed about a couple of months. Now you have taken over. I pay tribute to your versatility, because you hold a number of other positions.

The message that has been sent to the outside world, which may be unfair, is that although the Government have talked about the institute being employer-led, they have not put that into practice thus far when it comes to its shadow chief executives. What confidence can we have that the new board, chair and chief executive will have a very strong employer focus?

Peter Lauener: To make an obvious point, the institute does not yet exist—legally it will start on 1 April next year—so the preparations and appointments are being made. When people see the calibre of the board, and the employers on route committees supporting that and bringing particular sector expertise, everyone will see that the institute has employer knowledge, skills and behaviours—to take that phrase—built into every aspect of its operation.

Q5 Gordon Marsden: Can I just stop you there? You talked about the recruitment process, but can you give us any clarity on when it will be completed and when we might expect to see, as it were, white smoke coming out of the chimney? We are on a terribly tight timescale for this process, with the introduction of the apprenticeship levy and the formal setting up of the new institute.

Peter Lauener: The process for appointing members of the institute is substantially complete. I expect an announcement will be made about that shortly.

Q6 Gordon Marsden: Is that a civil service “shortly” or a general one?

Peter Lauener: There is not yet a planned date for it. There are one or two items—

Gordon Marsden: Before Christmas?

Peter Lauener: I would be surprised if there was not an announcement before Christmas. Incidentally, we are also planning to publish for consultation the Government’s remit letter in draft to the institute, and I would also expect, again before Christmas, a draft of the institute’s first strategic plan. The intention is that that would then be open for discussion with a wide group of employers and stakeholders, so that the institute, when it is formed, with the employer members and the shadow chair—I will say something about that in a moment—will be able to start its operation with an agreed plan for the 2017-18 year, which has already been subject to wide consultation and which is owned by the institute.

The other thing to add, of course, is that Antony Jenkins has been shadow chair. In my experience, having had several discussions with him, he has brought very visible employer leadership to this set-up phase, and I have been very happy to support him during that. The advertisement for the post of permanent chair is now closed. I expect interviews to take place shortly and an announcement to be made in due course. That might well take a bit longer.

Q7 Gordon Marsden: It is helpful to hear that you want to keep the employers in a prominent position. It is also important for the wider FE sector, which you are trying to encourage to take up apprenticeships. The Minister’s predecessor, perfectly rightly, exhorted the sector—not with significant success—to increase apprenticeship numbers. On the subject of increasing numbers, I want to ask about capacity—not your personal capacity, which obviously encompasses quite a few areas already, but the capacity of the institute to do some of the things said on the tin.

One of the Bill’s important provisions is the extension to the area of technical education. We welcome that and think it is very important. I am sure Lord Sainsbury does as well. However, that area has capacity issues, too. The Minister and, for that matter, you, have been rather coy about putting out any figures for the staffing of the institute, so we have had to rely on rumours and leaked papers. We were told originally that there were going to be 40 employees, and there is now some suggestion that there will be around 100. Are you able to give any more clarity on that?

Peter Lauener: I expect that when the institute starts at the beginning of April next year, it will have about 60 employees. The planned running costs next year are about £8 million, but the number of staff will need to build up as the additional responsibilities, subject to Parliament, are added. That will probably be another 30 or so staff. I should emphasise that those figures are provisional at this stage. We need to keep them under review. One thing I am looking at is the roles and responsibilities of the Skills Funding Agency and the institute. There may be some marginal adjustments.

Q8 Gordon Marsden: So you are interrogating yourself on a daily basis.

Peter Lauener: I constantly challenge myself by saying, “Am I using the resources available in the best way possible?”

Q9 Gordon Marsden: Well, at least you will have a convenient and convivial conversation, because you are one and the same thing, are you not?

Peter Lauener: I am indeed. As I am sure you are aware, I am also chief executive of the Education Funding Agency. It would not be at all appropriate for these
three things to be combined on an ongoing basis. As I said at the start, I am very pleased, because of a lifelong interest in and commitment to apprenticeships, to have the responsibility of helping to set up the institute for next April and to ensure that the governance is—

Gordon Marsden: Indeed, and we will not commit you to the two further roles that FE Week cartooned you as having: taking part in the “Great British Bake Off” and “Strictly Come Dancing”.

Peter Lauener: No one has contacted me about those.

Q10 Gordon Marsden: As we know from Vince Cable, people from this area have a good track record, so you might want to put that on your list.

You talked about the numbers. I think there will be considerable concern in the sector as to what skills these people bring to the table. With that in mind, and given the staff reductions in the Department for Business, Innovation and Skills—of course, this is a machinery of government change—do you expect to be moving across or recruiting people from either the SFA or BIS who have previous experience in this area?

Peter Lauener: We have advertised externally for the key role of deputy directors, where we are looking to fill six posts. We have been very pleased, again, with the quality of applicants, which I think is an indication of the widespread interest across employers and the training and skills sector in the institute being set up. We have had a very good set of applications. From memory, we had 90 applications for those six posts, and we are very confident that we will be able to appoint a broad range of experienced individuals.

Q11 Gordon Marsden: Can I take you up on that point about a broad range of experienced individuals? That can cover a multitude of abilities or a multitude of sins. Many stakeholders have expressed concern throughout this process—indeed, the Opposition expressed it during the passage of the Enterprise Act 2016, which gave birth to the concept—that the new institute’s board might be too narrow in its experience and focus, as we believe the apprenticeship delivery board has been. Do you have any views on the importance of having, for example, an apprentice or someone from the apprenticeship coalface, as it were, on the board?

Peter Lauener: I think that the institute should certainly be clear how it is going to secure the voice of apprentices in its understanding and deliberations. I do not think that I should comment about the particular membership of the institute, but the principle of having knowledge, understanding and the live voice of apprentices is really important for the institute’s work. Inevitably, there is a lot of focus on employer leadership, but I think we need to look at apprenticeships from the perspective of employers and individuals.

Q12 Gordon Marsden: My final question is not so much about the membership of the board as about the reception that you want the new institute to get from providers and employers. As you know, a big question that is still being discussed vigorously in the FE sector is the extent to which small and medium-sized employers will be able to benefit from the apprenticeship levy. It is widely believed that gaining acceptance in the SME sector will be critical for the Government to reach their 3 million target. What confidence do you have that the new board will be able to reflect and respond to the SME sector’s continuing concerns that it is not exactly at the front of the queue in terms of the apprenticeship levy?

Peter Lauener: I would extend that beyond the board itself and to the route committees that I have talked about. There needs to be a wide range of employer experience, both from large employers and small and medium-sized employers, in these critical bodies—the route committees—which will be looking at the right standards. Of course, the standard that we are talking about is the standard wherever it is applied; it is about the standard for an occupation and about the knowledge, skills and behaviours that an individual needs to be able to do a job properly for the benefit of the employer. You need the context both of large employers and of small and medium-sized employers to make that work properly.

Q13 Gordon Marsden: But you understand the point that I am making, I hope. Without becoming too technical, one issue historically for SMEs in taking on apprenticeships has been the lack of back-office support. In my experience—I have employed three apprentices over a three-year period, and being an MP is like running a small business; you juggle all sorts of things—SMEs constantly say that they would love to take on apprentices, and when they do and the apprentices are successful, no one is a stronger advocate for them than SMEs. However, they struggle with back-office support, red tape and all the rest of it. I am not trying to commit you to a specific SME place on the board, but do you understand why those concerns persist? Do you intend to try to provide reassurance about them and, if possible, given your years of unrivalled experience in this area, cut some of the red tape?

Peter Lauener: First, the new technical system—the digital apprenticeship service—that will be introduced from the beginning of next year will be much easier for employers of all sizes to navigate and for individuals to see apprenticeships on the system. That will be open to only large employers at the start, but we would expect to extend it over time.

Secondly, we should not underestimate the role of training providers. Again, under the digital apprenticeship system, most employers will still be using a training provider. They will be able to choose from the training providers on the system. In my experience—I speak partly as an employer in my own organisations of apprentices—organisations are heavily reliant on the training provider to make sure that the training is relevant, well managed and that the trainee is supported through the apprenticeship. I would expect that to be a continuing pattern in the future.

Q14 Justin Tomlinson (North Swindon) (Con): I want to build on some of the comments Mr Marsden has made. I used to run a small business, and by accident I employed someone on an apprenticeship because I stumbled across an apprentice, and I benefited greatly. One of the biggest challenges in us reaching the commendable target of 3 million apprenticeships is that lack of awareness from small businesses. I have repeatedly pushed that we should use the business rate mailer to include a rather nice, glossy A5 flier.
It is encouraging that you are talking about this digital portal where there will be a one-stop shop for all the information, but you said at the beginning that that is just for the larger employers. How quickly do you see that being cascaded down to the smaller employers? The reality is that, whatever the political persuasion of the Government of the day, the large employers will re-badge their ongoing training packages to match what is going. If we really are to create some great opportunities, we must include those small and medium-sized businesses that can offer those unique, more bespoke jobs that can fit apprentices’ individual skills and give them a real opportunity to progress. However, those businesses are waiting to be told of this fantastic resource. How quickly can we cascade that information down?

Peter Lauener: I should make it clear that the ability of small and medium-sized employers still to be involved in apprenticeships does not depend on day one of the digital apprenticeship system. We would expect to continue the allocations of funding to training providers—to be clear, that is through the Skills Funding Agency rather than through the Institute for Apprenticeships—which we have operated for many years, for small and medium-sized employers. That will ensure significant continuity in the system. I would expect no risk to the target for growth in numbers.

That will apply for the 2017-18 year. We will need to review that in the context of how quickly the levy-paying employers take up the opportunities to secure apprenticeships under the levy system, so we will monitor that closely. The 2017-18 year is secure, and after that we will review how small and medium-sized employers should be brought on to the core digital apprenticeship service. But even from day one it will be a public-access system and people will be able to see what is on it, so I think it will be a good way of conveying the richness of apprenticeships available.

Q15 Justin Tomlinson: But people will see it only if they know to go and look at it. Therefore, in theory we are relying on the training providers making contact with them, and when they do I am sure that businesses will snap their hands off. However, the training providers do not have huge marketing budgets, so they do not go door-to-door to those small employers.

The Department for Work and Pensions is trialling the small employer offer. It is worth considering sitting down with the DWP and talking about whether there could be joint funding for that offer. In the economy at the moment a lot of businesses have skills gaps, and the idea is that someone in each region or employment area doorsteps an employer and asks, “Do you have a skills gap in your organisation? What is it?”, and then goes back. They could find that, “An apprentice is suitable for you. There are the providers. We will ask them to visit you next week and discuss it over a cup of tea”, and match them together. Therefore, rather than trying to duplicate things, with some co-funding I think you will be able to plug those gaps. That, in my opinion, is the fastest way for us to get to that 3 million target.

Peter Lauener: Thank you very much for the suggestion. I am happy to take that away and look at it. One other thing we operate at the moment, which I think is quite successful, is a dedicated employer helpline, which I think operates 8 am to 7 pm, seven days a week. We get quite good feedback on the information available on that for employers.

Justin Tomlinson: Find a way to sneak it into the business rate mailer—then every business will know about it.

The Chair: I remind Members that we have only 12 or 13 minutes for three further questioners, so could questions be brief and answers pithy? Thank you.

Q16 Tracy Brabin (Batley and Spen) (Lab): I applaud your desire to reach out to learners and have a conversation with them during the teething process. However, there does not seem to be a specific requirement in the Bill to have learners on the board, talking to you. They are going to be the guinea pigs. This will be up and running very soon; April seems five minutes away. Can you specify how learners are going to be connected to the board?

Peter Lauener: I cannot specify that in detail at the moment, because that is, properly, something that the board should discuss. With my deputy chief executive, Mike Keogh, I am making a plan of board activities during January, February and March, to allow the board to focus on all the aspects of its remit and to think about the governance as well. I mentioned earlier that we expect to consult on a draft strategic plan for the institute for 2017-18, and I am sure that that will be an occasion to raise the question and get lots of views back. The board can then discuss it in the January to March period before coming out with its final plan, I hope right at the beginning of April, so that it is clear from the start of the institute’s operation exactly how it will operate across a broad range of activities, certainly including the one that you have mentioned.

Q17 David Rutley (Macclesfield) (Con): The Bill supports the occupational categories of quality apprenticeships set out in that excellent document, the “Post-16 Skills Plan”; they include construction, and engineering and manufacturing. That is fantastic and a real step forward. Do you both believe that the Bill provides an effective ability to redefine those categories as economic sectors evolve? Secondly, do you believe that the mechanisms are in place to enable businesses and employers to have a meaningful role in redefining those categories as things progress?

Lord Sainsbury: It comes back to the original question. You have to have a certain amount of flexibility. As far as I can make out, that flexibility is there, and it is important. Of course, it is also important that we do not let the system degenerate, whereby everyone goes back to saying, “I want something specifically for my business or a very small group of businesses.” It is very important that one keeps down the number of routes, but exactly what categories they include will have to be for the people running those routes to say. I think we have made quite a good stab at doing that, but there are one or two cases where you can certainly argue about whether we got the right job in the right route.

Peter Lauener: It is absolutely vital that the institute actively manages the system of apprenticeship standards. For the past couple of years, while new standards have been developed by trailblazer groups, we have not had that picture of what the overall system would look like.
Lord Sainsbury’s report helps enormously with that. An early priority for the institute is to develop that map, communicate it, review it actively and spot areas that need updating. I imagine that one or two of the early standards will, with hindsight, look a little bit narrow, so they ought to be reviewed. Every standard has a review date anyway, but the institute, through its route committees, will need to actively manage that.

One of the great virtues of the German system is its absolute clarity about the number of apprenticeships, routes into apprenticeships and things like that. If you talk to people in Germany, they often say, “We’d like the system to be more flexible.” I think the institute has the opportunity from the start to build in that flexibility and responsiveness to the changing labour market.

Q18 Naz Shah (Bradford West) (Lab): I have a quick question about the idea that this is going to turn into another 11-plus. What reassurance can you give us about what you have put in place to ensure that the technical route will be as prestigious as the academic route?

Lord Sainsbury: There has been a very long-running argument about this. It is useful to look at the experience of other countries. If you do that, you see that pretty well every developed country has a system of two routes: an academic route and a technical education route. There is quite a variation in the point at which people choose between the two routes, but most of them have it. In most of the successful countries you find the two routes are equally well valued, so there is not a problem of the technical education route being considered inferior. You can have these two routes and both of them be highly valued.

The question we have to ask ourselves is why in our system the technical route is undervalued. I think the answer is because it is a very bad system that does not deliver what people want on the system. What they want above all is to be able to take a qualification and for that qualification to work in the marketplace. What that means is that you can go along to an employer and say, “I have got this qualification,” and the employer will give priority to you over somebody who has not got the qualification. That is not true of our system. The first thing you have to do to make the technical education route valued is to make it deliver for young people something of value to them, which is the ability to get a better job with security. That is the issue. It is not about age of selection or the fact that you have two routes.

Peter Lauener: I agree 100%.

The Chair: That brings us to the end of the questions. I thank the witnesses on behalf of the Committee. We will move on to the next panel, who are all here. Thank you very much.

Examination of Witnesses

David Hughes, Professor Alison Fuller, Richard Atkins CBE, Bill Watkin and Ian Pretty gave evidence.

10.7 am

The Chair: We will now hear evidence from the Association of Colleges, the Further Education Commissioner, the Sixth Form Colleges Association, the Collab Group and Professor Alison Fuller from University College London. We have until 11.25 am. Welcome. Please introduce yourselves for voice transcription purposes.

David Hughes: Good morning. I am David Hughes, chief executive of the Association of Colleges.

Professor Alison Fuller: I am Alison Fuller, professor of vocational education and work at UCL Institute of Education.

Richard Atkins: I am Richard Atkins, the FE Commissioner.

Bill Watkin: My name is Bill Watkin and I am chief executive of the Sixth Form Colleges Association.

Ian Pretty: I am Ian Pretty, chief executive of the Collab Group.

Q19 Gordon Marsden: I warmly welcome all of our panel, each distinguished in different areas. Who to pick on first is an invidious choice, but given the context of the previous conversations, perhaps I could start with David.

We have just heard from Peter Lauener an expansive view of where the institute is going. He talked about its digital abilities and I think the words he used were that standards would continually need redefining. As that was going on, hammering in my brain was “capacity, capacity, capacity”. You have expressed some concerns about the capacity. Would you like to elaborate on that?

David Hughes: Thank you for picking on me first. The capacity issue is partly about timing as well. I am concerned—we are very concerned—that the changes are being rushed because of the timing issues. Sixty people sounds like a small organisation to deal with 15 routes and 250-odd employers. There is a big job to be done and it does feel as though a lot is changing at the same time.

What we have been doing with Peter and his team and with officials in the Department is trying to think through the risks and to work with them to make sure that we can address any problems that occur very early on. When you are fundamentally changing the funding system, there are lots of unknowns. The big unknown is how employers will behave in the new system—nobody can predict that. It is in all our interests to make sure that we do not lose capacity in the whole system, let alone in the IFA itself. We have offered to work closely with Peter and his team to try to address any problems at a really early stage, and I am really pleased with the response so far.

Q20 Gordon Marsden: That is good, and highly valuable. One of the things I did not mention is the fact that the Government used to be able to use the UK Commission for Employment and Skills as a backstop—sometimes a very short-term backstop—in terms of delivery mechanisms out of the Department, but of course they rather unfortunately abolished that earlier this year. On that point, because as you well know there has been a lively debate between Ministers and your membership in the past as to whether they are doing enough for apprenticeships, are you confident now that your members have got the message about the new institute, or are there particular issues that you would still like to highlight?

David Hughes: I think there are three key issues. One is funding, and it was good to hear Lord Sainsbury talking about the funding issues. If we want a really
high-quality system, we need to invest in it. I still find it completely illogical that we fund 11 to 16 at something like £5,500 per head, 16 to 18 at about £4,000, apprenticeships at about £1,500 per head and higher education at £9,000. In HE, we have index linking coming in with the new teaching excellence framework which we do not have in FE. If we want a high-quality offer at 16 to 18, which we do, we need to get the investment right.

Two other issues that go with that investment, and are really critical to allow colleges and other providers to invest in quality themselves, are stability and certainty. The thing that we want more than anything else, both on the technical education side and on the apprenticeship side, is some stability rather than constant change and churn, and certainty about those changes, so that my members and others can invest over the long term in the equipment, the people, the relationships and the outreach to students and potential apprentices. We have had a blizzard of changes over the past 10 or perhaps 15 years, and that causes my members and others to be cautious about the investment they make. The biggest risk to all this is the lack of certainty for the future. It is difficult, because how do you provide certainty? Some big statements from Government would be really helpful.

Q21 Gordon Marsden: You are absolutely right to make that point. The old joke used to be that when the Minister for HE sent a letter to universities it was more like the opening gambit of a conversation, or, “Would you like to do this?” whereas the letter that went to FE just said, “Do it.” I think and hope that we have moved on from there, Minister, and I hope that will not be the case in quite the same dirigiste way in the future. One of the issues that employers and other sectors are raising with me is just how rapidly some of the things, such as the digital system, are going to come on board. If that is the opening gambit of a conversation, or, “Would you like to do this?” we are really critical to allow colleges and other providers to invest in quality themselves, are stability and certainty. The thing that we want more than anything else, both on the technical education side and on the apprenticeship side, is some stability rather than constant change and churn, and certainty about those changes, so that my members and others can invest over the long term in the equipment, the people, the relationships and the outreach to students and potential apprentices. We have had a blizzard of changes over the past 10 or perhaps 15 years, and that causes my members and others to be cautious about the investment they make. The biggest risk to all this is the lack of certainty for the future. It is difficult, because how do you provide certainty? Some big statements from Government would be really helpful.

David Hughes: There are lots of concerns. The comparison with HE is quite interesting. Last week, the Higher Education Funding Council came out with a report on the financial picture for the sector; it is very concerned that there is only a 4.3% surplus predicted for next year. The FE sector has no surplus. That is my investment point. Quality needs investment, and FE colleges do not have that investment capacity at the moment. Issues around the digital service would and could be overcome by providers and colleges working closely with the employers they already work with, and that is one of those issues of timing and capacity. So there is a partnership approach that we are trying to push very strongly.

Q22 Gordon Marsden: Ian Pretty, you have been in post for about a year now. You have come to what we used to know as the 157 Group, now Collab, from a distinguished background as a career civil servant and also having spent time in the private sector. Having been in post for a year, what have you learned and what are your members telling you about capacity issues that is relevant to the Bill and particularly to the specific questions we have raised about the institute's capacity to do all the wonderful things Peter Lauener told us about?

Ian Pretty: I agree with a lot of what David said. In terms of the capacity issue for the institute, you have to get the right people in the right place, at the right time. As you said, I am a former senior civil servant and a tax inspector, so I have a lot of experience in those things. I would focus on capability as well. You can have 60 people or 100 people in the institute, but have you got the right capability? I would be nervous if the institute was completely staffed by civil servants. If this organisation is about co-creation with the private sector and the education sector, you need people with the capability to understand how business thinks and how business operates. You also need people who understand how the education providers operate. On the capacity issue, in terms of raw numbers you will cite something, but capability is more important.

Q23 Gordon Marsden: You have to drill down, basically; that is what you are saying.

Ian Pretty: Yes, and you have to have the right people sitting in that institution. If the institute is focused on the skills plan, as the Government propose, that is sensible to me. Given my background, one thing I am mindful of is that we spent a huge amount of time—displacement time—on the area-based reviews. If we had had the skills plan and the insolvency regime in place, the ABR process might have been a smoother and easier process, because there would have been a logic to it.

Q24 Gordon Marsden: Your members include a significant number that have HE capacity. We were talking yesterday in another place about HE issues. One concern that has been expressed to us is the institute's ability to grapple with the HE dimension of higher skills, which I am sure Lord Sainsbury would think is important, and treatment in terms of HE in FE colleges. Sometimes, dare I say it—I certainly felt it in the White Paper—it is an afterthought, rather than an integral part of the solution. What do you think the institute and Ministers need to do to ensure that the role of HE in FE is more fundamentally understood by Departments?

Ian Pretty: In terms of the institute's capabilities and the people who are in there, it is important; you are right. Most of our members have HE as part of their remit. This goes back to the whole issue around the skills plan and the Sainsbury review. If you create the right technical pathways, you need to understand through that, from level 1 up to 6-plus, where that will be delivered and the role of HE within that. It could be HE in terms of the universities sector, but in our case it is HE sitting within the FE sector. That is a growing business for us, particularly around things like degree apprenticeships. It is important that the institute understands HE and plays an active role in understanding how HE operates within the FE sector.

Q25 Gordon Marsden: Finally, I will come to you, Professor Fuller. I am not going to credit you with quite the longevity—perhaps I should, but never mind—that I gave to Peter Lauener, but you have been around for quite a long time in this area. You have seen promises and Select Committees come and go. In the things you have seen and heard so far about the new architecture that the Government are proposing, which do you think are good and positive steps forward, and which are you feeling a bit more queasy about?
Professor Alison Fuller: I certainly welcome the renewed focus on what we used to call vocational education but now call technical education, and the seeming rise of it up the public policy agenda. However, today and in our deliberations in this Committee, we have to ask ourselves how much of the funding we are proposing in this Bill is really vocational education and what other aspects it may cover. I think it may be best if we start with the definition of the Bill what we are trying to scrutinise is what stands behind that. We have been concerned about that for years, and it is about the seriousness with which this is taken. My colleagues have talked very clearly about capacity and capability issues. When we look at comparative countries, we see much more stability and longevity about arrangements for drawing in all the key constituencies to the decision-making processes. That kind of stability is there.

In addition to the stakeholders that have been mentioned, I would also say that the professional bodies and associations are key to this as well, because we are talking here about how these new routes will articulate during a career with the ladders of progression that exist. The professional bodies and associations are essentially the guardians of that kind of area.

In terms of concerns, it is really the substance and significance of the routes that are being proposed that concern me, if we are going to try to create something that is really high quality and which begins to address the parity of esteem question, which one of the panel was talking about earlier. The reality is that we are talking about a proposal for two-year programmes, which are called full time, but if you dig into what full time means, the definitions can be as little as 12 to 14 hours a week. If you phone up a college and say, for example, “I am looking to do a level 3 course in business administration. How many hours would that be?” you will typically be told 12 to 14 hours. If you look at the benefit rules, full time is defined as around that time. Potentially, we are looking at trying to help young people to reach a much higher level—level 3, hopefully, after two years—but with very little input. That is a real concern for me. That raises questions about how the routes are articulating downwards with the GCSE and upwards to higher education.

There is a big issue about intensity. Again, when we compare with other countries, we see that the full-time vocational routes tend to be longer. They may start a bit earlier. We have at the moment 16-plus, 16 to 18; they may start at 15, but they will typically have three or even four years, ending up at a good level 3 standard. That is an issue and has huge implications for resourcing and funding, which David and others have raised.

Q26 Gordon Marsden: You are talking about length. There have been a lot of conversations, some of them a bit semantic, about the pre-apprenticeship route, particularly if we want young people to get good-quality apprenticeships. There is obviously the traineeship issue, or call it pre-apprenticeship, or whatever. Are you saying, Professor Fuller, that the actual process needs to be longer or that there need to be more preparatory steps to get young people—not only them, though they are the key component—who would not otherwise be able to compete for some of the high-quality apprenticeships that will be on offer?

Professor Alison Fuller: Probably both. If you look at attainment at 16, we have just had recent figures that show that still it is only just over 50% of young people who are achieving five GCSEs A to C grades, including English and maths. We know that those who are achieving that benchmark tend to stay on in the school route and take A-levels or a combination of A-levels and BTECs, which are sometimes called applied A-levels. That particular route has been quite successful in supporting social mobility and particularly progression to higher education.

Unless we start to eat into that population, we are talking about young people who have not attained that level at 16. We are proposing what we would all want to be a very high-quality technical education route within two years to get to what point? That is where we need to take a check and be realistic about what we might be able to achieve in two years on those kinds of numbers of contact hours and that kind of period.

We know that a good-quality level 3 standard is a really strong platform for career progression and engagement with employment. So for a good majority of our young people at 18 or 19, that is the kind of real aspiration we should be aiming for. It seems to me that without a much stronger commitment to what the resources are going to be, and what the container is going to be, if you unpack what a route is, we could end up with young people who have not made sufficient progress to reach the platform where they are going to have a secure stepping stone into the labour market and good-quality apprenticeships.

We know that at the moment 60%-plus of apprenticeships are at level 2 and that not many 16 to 18-year-olds are doing them—I think it is about 130,000. So there is quite a lot to do to ensure that all apprenticeships are as good quality as the fantastic ones that we know do exist.

Q27 Tracy Brabin: David, I have been told that in some circumstances members of staff such as receptionists without relevant qualifications or training are carrying out careers guidance in colleges as a tick-box exercise. Are you concerned that there is no careers guidance provision in the Bill?

David Hughes: I am very concerned if that story about reception staff is true, because it is an incredibly important area of education and, of course, it does not start at 16; it starts a lot earlier. I would fully echo what Alison was saying. We need to think about key stage 4 rather than just look at age 16-plus, because the decisions that get made by young people and their parents and carers are critical to their future. We need to think about introducing them to the world of work rather than just providing them with some information about courses, so the work experience and work placements that the Sainsbury report and the skills plan rightly concentrate and focus on are really important to consider for key stage 4, rather than just waiting until 16. We want some of the best young people with good achievements at GCSE at 16 going into the technical route and apprenticeships rather than what we have now, which is mostly that if you do well at GCSE at 16, you take an academic route.

We know that probably about £1 billion is wasted when young people go on an academic route for a year and then move off it because they find it is not suitable for them. We need to stop that happening because that wastes money and, more importantly, young people are using up a year of their life on something that does not stimulate them or motivate them. We have got to go back into key stage 4 rather than just wait. It is critical that we get college information, advice and guidance
right, but let us think about careers education through school, not just right at the end, and let us think about persuading the best young people to do technical if that is the right thing for them, because it should be high-quality to attract them.

Q28 Kelvin Hopkins (Luton North) (Lab): What David Hughes and Professor Fuller have been saying is striking. I recall comparisons made some 25 years ago by the National Institute of Economic and Social Research and Professor Sig Prais between technical education in Britain and in Germany, Italy and Spain in particular, where they had up to 30 hours a week of contact-intensive pedagogic teaching over a period. In Britain it was nothing like that.

The underfunding of technical education and 16-to-19 education is noticeable. By contrast, at universities—I went there many years ago—you have a few lectures and a couple of seminars and tutorials, so the contact hours are much lower but the funding is much higher. Do you not think we have got this the wrong way around?

David Hughes: For lots of the technical routes, we are getting 12 to 14 hours of contact time, and that pales into insignificance compared to most of our competitors in the OECD. It is a really important issue. It is not just for technical, though: we have now got young people being offered only three A-levels rather than four AS-levels, and that is really shameful. It means that their opportunities to explore at 16 have been limited.

We really must address the investment issue to get the level of support that is required for young people. We are talking about young people who might have careers lasting 50 years-plus. They need a broad education to allow them to become learners, to think about continuous professional development, to change career probably two or three times and to be able to move when technology moves. I do not think that 12 to 14 hours of contact time for the 16-to-19 phase is enough. I do not think that the quality will be high enough or that the choice, even on A-level routes, is good enough, given the funding that is available.

Professor Alison Fuller: I am sure others will want to speak, but I would hate to say, just because we maybe think there is a big contrast in the numbers, that higher education is overfunded. I certainly would not want that message to come through.

There are a couple of other points. One is that a lot of vocational education—I still say that—that happens in universities. The expansion of higher education has largely been in relation to vocational higher education courses in applied areas. A big cost of that is in equipment—lab space, technology, machinery and so on—and that same argument is behind suggesting that further education should really be better resourced. Good-quality technical education does not come cheap; the reality is that it is extremely expensive. We need very highly qualified vocational teachers—I include those who are moving in and out of employment, and I am sure Richard will speak about that, because he was part of the very influential report a couple of years ago from the commission chaired by Frank McLaughlin. It is a case of being serious about what it costs to provide a good-quality technical education, in terms of the people, resources, equipment and facilities.

Q29 Kelvin Hopkins: I wonder whether Mr Watkin would like to say something about sixth-form colleges and the squeeze on funding there.

Bill Watkin: We published a report recently about the impact of the current funding levels, which, although the Government have set them at a certain level, are set at that level following three significant cuts which have cost the sector about 17% since 2011. As David just said, we find that the number of A-levels being offered is increasingly only three rather than four; that minority subjects are being lost—it is not just the high-profile archaeology and history of art, but modern languages and sciences—and that the enrichment support, pastoral support, the activities after college and the careers guidance are all at risk because of low funding levels.

We are also finding, exactly as has been said, that international comparisons show we are not funding enough hours of tuition per week. In Singapore and Shanghai, for example, they are funded for approximately 30 hours a week, whereas in New South Wales it is 26 hours a week. In England it is about 15 hours a week. Of course, the impact of that is that students from more disadvantaged backgrounds will find it harder to use the untaught time. It is not just that there is not enough teaching time to cover the qualifications, but that the non-taught time has to be used effectively. It is much more difficult for young people from disadvantaged backgrounds to use non-taught time well.

Q30 Kelvin Hopkins: It is a major factor. When Michael Gove was Secretary of State, I asked him why we were having to recruit so many engineers from abroad. He said that we were not training enough ourselves because our mathematics was not good enough and we could not get them up to the standards required. Resource is surely what the problem is.

Bill Watkin: It is certainly one of the problems. There is also the shift in what qualifications are available. To move away from apprenticeships and technical professional education for a moment and talk about the academic curriculum, we have just seen, for example, the loss of use of maths and the loss of statistics from the range of qualifications available. That means that young people coming into a sixth-form curriculum looking to study maths only have one route available for them at the moment. That is almost a commercial decision made by awarding organisations, but it is enormously unhelpful to young people who want to support their studies in engineering and physics by following a course of maths because the only course available is an A-level in maths. We would like to see, for example, a core maths qualification and a part 2 core maths that has A-level branding and equivalence, so that there is an alternative to an A-level maths qualification.

Q31 Mike Kane (Wythenshawe and Sale East) (Lab): This is an interesting panel because it represents sixth forms and FE colleges. In Greater Manchester, where my constituency is, further education is a devolved function but sixth forms are not. We have just gone through an area review process, which I supported. Fortunately, we have strong civil servant and political leadership in Greater Manchester, but I can only describe the process as tortuous and complicated. It has come out of a number of reviews around mergers and synergies of FE colleges—it does not affect sixth forms. You get
to that position and then have to enter negotiations between the FE colleges about co-operation. That really is a process of herding cats, in my opinion. There are things I would like to say, but it is ongoing so I will not say them in public for now, but the Government’s area review programme is going to be rolled out in places that are less well organised than Greater Manchester. It could be a recipe for chaos. Do the panel want to comment on that?

Richard Atkins: It would be best if I started. As you probably know, I have been the FE commissioner for about four weeks. I was not involved in chairing or attending the Greater Manchester review, although I know Theresa Grant, who chaired it. I am going to Manchester in the next three or four weeks to see how things are going and to talk to the individual colleges. I sat and observed the Education Committee scrutinising area reviews about two weeks ago. Generally, I think the process has worked reasonably well. Clearly they begin from a premise that each college is an independent corporation and therefore is able to make its own views. I accept that that can lead to what you describe as tortuous negotiations, because each college needs to be convinced and persuaded of the right solution.

We have now done waves 1, 2 and 3 of the five waves. Nearly 200 colleges have been through area reviews; some 88 of them are working towards merger, 50 of the sixth-form colleges are considering becoming academies, and 62 colleges have confirmed that they want to go for stand-alone status. We have done that in a remarkably short period. Colleges that are changing the nature of what they do can apply for a restructuring facility to support that. We have done that with a remarkable amount of co-operation and good will. I do not think the process is in any way perfect or a silver bullet that will resolve all the structural problems.

It became obvious in the Education Committee that it is different in each area. There are 37 area reviews, based on the local enterprise partnership areas, and experiences genuinely differ from one area to another. If you had told me at the beginning that at this stage, two thirds of the way through, we would have 88 colleges considering merger and that 62 stand-alones have had to carry out a rigorous analysis of their own data to be sure that they can stand alone financially. I hope that what emerges from the process is a network in which more colleges are financially sustainable. I do not disagree that having those independent corporations gives governors the opportunity to make decisions for themselves, and therefore a high level of persuasion and influence is required to try to get the best results for learners.

In my new job, with my team of advisers, I am currently seeking to ensure that as often as possible, we get the right solution. I do not think it is a silver bullet. I do not think at the end of it we will have the perfect set of colleges across England, but I do think we will be in a significantly better place than we were when the process started only just over a year ago.

David Hughes: The Government have a choice. In Wales and Scotland, the Government decided to impose structural change, and in England they did not. There are pros and cons with both. We have to remember that we have had the past three years of insolvency, a managed market and a managed competition. It is probably fair to say that in the past four or five years, the management bit of that has been getting smaller and smaller, so we do have competition post-16. We recently challenged a decision by a regional schools commissioner to open a new sixth form in east London, because we think that it is not in the interests of young people in terms of quality and breadth of curriculum.

As Richard says, the area review process has been variable across the country. In some areas, it has helped enormously to move things forward quickly; in other areas, it has been more difficult and more awkward. We have got to think about the 2,100 school sixth forms, over half of which recruit fewer than 100 learners into year 12. The Government’s guidance suggests that you need at least 200 to make it both financially and educationally viable. In our autumn statement submission, we have asked, and we keep saying again and again, that if it is right for area reviews to happen for colleges with the rigour that Richard talked about and with really detailed five-year financial plans, why not do that with school sixth forms?

We have hundreds of thousands of young people learning in very small school sixth forms; you can make that work, but it is really difficult to get the breadth and quality right. We would really like to see that some rigour applied to school sixth forms. We know that some local authorities are starting to do that themselves, and it would be great to see Government supporting that and getting a framework for it across the country. You do not have to do it all at the same time but it would be nice to see that rolled through, in the interests of young people in terms of the quality and offer that they get.

Bill Watkin: I should just reiterate the difference between sixth-form colleges and school sixth forms, because they are not the same thing at all. I entirely agree with what David was just saying. To give an example, a sixth-form college straddles—usually successfully but sometimes slightly awkwardly and uncomfortably—two sectors: the FE sector and the schools sector. A sixth-form college offers a school-type curriculum, but it does so with economies of scale. For example, I recently visited a college that has 1,000 students studying maths A-level, and another where there are 400 students studying psychology A-level. These are not the small school sixth forms that David was just talking about; they are large colleges that are incorporated and therefore usually included in considerations about the FE sector. They were also included in the area review process, and there are those who say that it was not entirely helpful not to include school sixth forms while including sixth-form colleges—that did not necessarily make a great deal of sense.

The other consequence of straddling those two sectors is the relevance of the Bill to sixth-form colleges. Much of what is in the Bill will have only a very limited impact on a small number of colleges, and most of them will not be hugely touched by it. There are two areas of particular interest to sixth-form colleges: one is the insolvency regime and the impact on their finances, and the second is the applied general qualifications, which are enormously important to sixth-form colleges. Applied A-levels, BTECs and applied general qualifications are enormously important part of a blended curriculum offered to students in sixth-form colleges as a pathway to high-end destinations such as universities; two students
recently got into biomedical degrees at Russell Group universities with entirely BTEC provision. That is the sort of curriculum that sixth-form colleges offer.

Q32 Mike Kane: Richard, may I just challenge you a bit further? Say you have two successful FE institutions and the recommendation from the area review is to merge—this scenario is not a million miles away from what is going on—but they say, “No, we are independent institutions. Forget it.” We know that they can stand alone, but the review said that they should come together. What is the stick? What is the incentive? How do you get from the world as it is, to the world as you want it to be?

Richard Atkins: I have two points. If they were both very successful and could produce the sorts of data that David referred to, they would probably be stand-alone anyway. If they could produce five-year data that showed that they would be financially sustainable and would continue to be very successful, they would probably opt for stand-alone and we would probably support that. We have got one or two cases like that.

If they cannot produce those data and we and the steering group think that merger is the best solution—this is possible, and we are doing it in at least one or two cases at the moment—we will put that recommendation in the report. The college can still opt independently not to do it. That means it will never be able to access the restructuring fund; if something went wrong in future, it would not get access to the large restructuring fund that is currently available. Of course, it would be subject to the new insolvency regime if this legislation goes through, so the world looks quite a lot tougher for it to the new insolvency regime if this legislation goes through, I would say not. If they cannot produce five-year data that showed that they would be financially sustainable and would continue to be very successful, they would probably opt for stand-alone and we would probably support that.

We have got one or two cases like that. If they cannot produce those data and we and the steering group think that merger is the best solution—this is possible, and we are doing it in at least one or two cases at the moment—we will put that recommendation in the report. The college can still opt independently not to do it. That means it will never be able to access the restructuring fund; if something went wrong in future, it would not get access to the large restructuring fund that is currently available. Of course, it would be subject to the new insolvency regime if this legislation goes through, so the world looks quite a lot tougher for it to the new insolvency regime if this legislation goes through, I would say not.

Ian Pretty: The area-based reviews, as a general process, struck me as reasonable. Where it has become more challenging is that the key objectives were that you wanted fewer, larger, financially sustainable colleges; that was the premise on which the ABR process was set up. As I said earlier, the key thing for me is the extent to which you have looked at things such as the skills plan and the pathways first, putting in place things such as the insolvency regime, and then perhaps the ABR process would have been an easier process for many.

I think that it is absolutely right that further education colleges are allowed to be independent and remain independent. I recognise that that creates frictions in terms of their not necessarily agreeing to things, but that was how they were set up back in 1992. The risk with all this, in terms of the ABR and the current lack of an insolvency regime, is that I do not think you have the flexibility to be able actually to create the merged institutions that you might or might not want. I have a personal view that a solvent college merged with an insolvent college is not a solvent college; that causes problems afterwards.

Speaking as an organisation, I know that the association has representatives in Scotland, Wales and Northern Ireland—we have five colleges altogether there—and I think there is a lot that the Department for Education and Government can learn from the experience, particularly in Scotland, which did bang them together to create regional colleges. They could look at the successes and the failures. There are strong successes there, and there are colleges where the merger has not been so successful.

Q33 Gordon Marsden: I would like to continue on the theme of the implications of the area reviews and to come back to you, Richard, if I may. As you have already said, you have had a distinguished career as a college principal and have held leadership positions in the Association of Colleges, so at least for the moment, until you are covered in the bureaucracies, you can see from both angles. I want to ask you about the implications of 88 colleges moving towards merger. Sir Francis Drake famously said that

“it is not the beginning, but the continuing of the same, until it be thoroughly finished, which yields the true glory”. Although, the question here is whether there will be glory or lots of pain along the way. I want to press you on two particular points.

The context of this, as Ian Pretty has alluded to, is two things: first, the critical National Audit Office report, which really bashed the former Department for Business, Innovation and Skills right around the head over some areas and set off alarm bells about financial stability—I am sure that played a major part in the insolvency regime set out in the Bill—and secondly, on a year-on-year basis, when we exclude apprenticeship funding, the trajectory of funding for FE colleges from Government has been going down.
The situation is febrile and, in some cases, is producing that number of mergers. Once they are merged, there are then of course the consequences for the staff and students. For example, when two colleges merge in a suburban or rural setting, the implications for them being able to maintain their courses, which are after all the viability of those colleges, will be significant if issues such as travel do not come into it. I see nothing in the Bill at the moment—and little has been said by Ministers—about where the funding to support that process will come from.

My second point picks up on what my colleague Mike Kane said earlier about his experiences with Greater Manchester—I am a native Mancunian by birth, so I understand the area’s issues well, and the cohesion that already exists, and lots of other areas will not have that cohesion. We are going through a period of significant devolution from Government of responsibilities and funding—for what it is worth, I am wholeheartedly in favour of that—and skills and FE will be affected. We have a situation in which things are beginning to be set in stone in combined authorities or mayoralties that are likely to have significant powers in the next couple of years. For example, when two colleges merge in a rural setting, the implications for them might well come along and say, “Actually, this didn’t include us. We want to unpick it.” What do you have to say to that?

**Richard Atkins:** May I take the first question first? Thanks for setting it in context. If I may do so, you are right that I had a long career as a principal, and when I started there were 469 FE and sixth-form colleges; there are 321 today. Some of those mergers have been very successful, but not all. But just as in business and other walks of life, some mergers do succeed. For example, takeovers are often more successful than mergers, but some have been very successful. I remember when towns such as Derby had two or three colleges, but now they have one strong college. So I think that in a number of cases the mergers we are proposing through area reviews may well strengthen college provision in that part of the country, but I do not for one minute think that every one of them will work out as if a magic wand has made it all brilliant and successful immediately.

There is continuing work for me and my team as the agency calls us in to support the implementation of the area reviews, to work out where things are going in the right direction or how to get them back on track, or to come up with alternatives, if necessary, to keep the process going. I do not think that it will be a cliff edge as such. I am talking to colleges a lot about the fact that it is not a cliff edge. I do not see 31 March and the end of the area review steering groups as an absolute cliff edge.

**Q34 Gordon Marsden:** That is a fair point, but may I press you a bit further? I am not necessarily saying that all these mergers will be a disaster; what I am saying is that they will be challenging—I gave you two particular examples—and what I wonder is whether you think the Government have given this enough attention, in terms of contingency funding or, for example, support for travel for students who might be affected. Or do you think it is part of your job and that of your fellow commissioners, when you are deliberating on these things, to send a stronger message to Government on these matters?

**Richard Atkins:** There are two points. Mergers do not necessarily mean the closure of sites, so they do not mean the end of provision for students locally. Clearly, in rural areas, for example, the history of the sector has been that provision has not gone even when there have been mergers. When Truro and Penwith came together, that did not end provision in Penzance. In fact, it regenerated the provision in Penzance to a higher standard. You can see that across the country.

Certainly, in any recommendations for area review that I am involved in—I have said this a lot—the interests of the learners would be paramount in my mind. I know that finance is one of the factors driving this. I do not disagree with you about the fact that there are pressures on colleges. Non-apprenticeship funding has been challenging. The cuts that colleges have faced in terms of the adult skills budget have been as big as any across education, and of course we have had a demographic downturn in 16-year-olds that goes on for another five years, and more competition. So colleges are under real pressure.

However, when I go out and intervene—the second part of my role, as you know, is intervening in colleges that have had either an inadequate Ofsted assessment or serious financial concerns—I actually find that what is missing are some of the basics of governance, leadership and financial management. I do not always find that it is a lack of funds.

I would like to see more investment in the sector. As a long-standing principal, I spent a long time arguing for that. I hope that in the future we will see greater investment in technical education, but when I go out to look at some of the most acute cases, what I find is—you will see this from my predecessor’s reports as well and the lessons I share with the sector—lack of a costed curriculum plan, staffing costs well above average compared with turnover and so on.

Part of my job is to share that practice, both good and bad, with all the colleges so that people can keep on track. I do think that is part of my job. It is also part of my job to represent the interests of learners. I hope the insolvency legislation proposed in the Bill does not have to be used, but if it did, I hope that the administrator would call in our team. I hope that we would act in the interests of those learners to ensure that the right solution was found with the institution and, most importantly, the right solution was found for the learners.

I do not think that merger necessarily means rationalising the number of sites; it may do in an urban area. My first college, I seem to remember, reduced from 11 sites to two. In a reasonably small town there was plenty of room for rationalisation. The idea that you close provision down in a particular district, borough or town is not something I would be in favour of at all. I would be looking for merger solutions that bring together back-room services, avoid duplication and so on.

Equally, particularly at levels 1 and 2, I would ensure that provision continues to be delivered locally where those learners can best access it. I do not see merger as necessarily meaning a rationalisation of locality and sites, particularly at levels 1 and 2. When you get to level 3, just look at the distances that students travel to Bill Watkin’s sixth-form colleges around the country. If you go to levels 4 and 5, which I hope we are going to see more of, I find that learners are very happy to travel considerable distances for the right provision. I do not
see mergers as necessarily wiping out, but I do see my role as representing the best interests of the learners, and I hope that is what I have brought with me from being a principal all those years.

I would love to see more investment in the sector, but that is not what I find when I go out and do interventions at the moment—I have done several already. I am not walking into the problems being caused simply by underfunding; I am walking into areas where there is room for considerable improvement in governance, leadership, management and financial management.

Q35 Gordon Marsden: But you will be aware, with the eagerness of people to travel distances, as you say, that they might be eager but, if they do not have the money to travel, they will not be able to.

Richard Atkins: Sure. Coming from a county such as Devon, I am acutely aware of that: there are the lowest take-home wages in the country in place such as Torridge and west Devon. I am very aware of the travel. That is why I say that provision at levels 1 and 2, in particular, needs to be as local as you can get it to the learners, whether in an urban or rural area. I agree.

Q36 Gordon Marsden: Indeed. We will keep a close eye on that.

Finally, I will come to Ian. We have been talking about insolvency provisions. You have experience in other areas that may be useful for taking an overview here. Let me say straightaway that I very much welcome the new provisions, but there seems to be a tension, which no doubt we will explore in our line-by-line scrutiny, between the role of the administrator and the natural commercial demands and pressures that will come from the traditional insolvency process. Have you had any thoughts about that? I am mindful that we do not want to paint a picture of the whole area being ripe for insolvency—David, you made that point to me not that long ago. Nevertheless, we must plan for the worst. Are you confident at the moment, notwithstanding welcoming the new provisions, that the balance is right regarding securing the interests of the staff and the pupils at the college that might be in trouble alongside those of the people who are the traditional creditors?

Ian Pretty: Broadly, yes. That is the slightly negative answer. It is right that we very much welcome the insolvency regime. I think that part of it has been adjusted. One of the concerns we had initially was with things such as winding-up orders. It looked like anyone from anywhere could issue a winding-up order on a college, which would have created some real dangers, particularly to the learners, in that they would suddenly have had nowhere to study, and to the employees, who would have had no jobs. I see that the proposed legislation has made adjustments to that, which is welcome.

On the role of the education administrator, it looks like a fairly standard role that you would see in any winding-up or any receivership or administration in the private sector. The biggest concern I have at the moment is about governance and liability in terms of disqualification under the Company Directors Disqualification Act 1986. I still have real concerns, as do our members, particularly as we are colleges that are very commercially minded, that, depending on how that is interpreted and perhaps put into secondary legislation, you might be at risk of ending up in a situation in which you deter private sector people from being on boards of governors.

You might also deter politicians and people from the third sector—from charitable trusts—from being on boards of governors. It is absolutely essential that the sector has that insight and know-how brought in to help it through the processes. If there is a risk of someone being told that they will be disqualified as a director, you can imagine that that is quite material in the private sector. That is the area we are most concerned about at the moment. On executive functions, on people like principals being disqualified, we have no problem with that.

On creditors and bankers—I know that you will be speaking to the banks this afternoon and I am sure that they will be able to tell you whether they are supportive of the provisions—

Gordon Marsden: I will not ask you about your experience with the banks.

Ian Pretty: Don’t ask! There are sections of the proposed legislation that talk about indemnities and guarantees given by the national authority, be it the UK Government or the Welsh Government. Again, that is fine. I am sure it must be giving some comfort to the creditors, but the risk, of course, is that the Government become the guarantor of last resort. It is noticeable that other sections of the legislation refer to the college that is in administration having to re-fund. It depends on the sums of money that are involved, but if you do that you run the risk of never getting out of the insolvency cycle.

Q37 Kelvin Hopkins: Two issues have been raised in the past few minutes. One is mergers, and I think that David Hughes suggested that there could be a case for not enormous colleges staying as independent colleges; some might merge, but each could be judged on its own merits. But that should not be elided with the issue of sixth-form colleges doing A-levels and the contrast with small school sixth forms. I should say that I am a 25-year governor of a sixth-form college, a former teacher in further education and the chair of the all-party group on sixth-form colleges. The statistics produced by the Sixth-Form Colleges Association overwhelmingly show that sixth-form colleges do better in educational achievements and in value for money. Some might argue that would do well to persuade schools, local authorities or whoever to pool their sixth forms and create many more sixth-form colleges. That would be enormously advantageous to the country, to education and to young people.

The other issue is governance, which Ian Pretty talked about. I agree strongly that we ought to have breadth in our governing bodies. I have to say that the governing body of which I am a member has invariably had at least two members qualified in accountancy and at least two with legal qualifications, as well as members from the education sector, including primary and secondary schools, and from local businesses. It is small, tightly knit, monocultural governing bodies—perhaps drawn only from small local businesses—that tend to get out of control and that do not do too well. There was one glaring example of that in my constituency—I will not mention its name, but many of you will know about it. It got into a disastrous state, although it has now been picked up by a superb new principal. That breadth of governance, with all sorts of skills as well as commitments, is crucial. I wonder whether you accept that that is a sensible way of doing things.
**Richard Atkins:** Shall I begin? First, on interventions and area reviews, the quality of governance is critical to the success of the college—more critical than many governors realise. I see that when I go into colleges that are not doing well. Getting the sort of governing body that you describe, with a broad base of skills and knowledge, is essential. I pay tribute to the chairs and to the role they play in the area review. They are giving up a huge amount of time and showing enormous commitment to their colleges by coming to all the steering group meetings and taking part in this. Governance is critical to the quality of colleges. I agree with David that the size of a college is not the key determinant; we have some successful big colleges, but we also have some very successful small, niche colleges. Logically, you would think “How do they survive?” but actually they are doing very well.

Another point that I did not make earlier is that, although area reviews are leading to these 88 mergers—I am thinking about the area review that we are about to start in your constituency; I was talking to the two principals last week—in some areas we are simply generating collaboration short of a merger at a level that we have not seen for a long time. I happen to know that those colleges in your area have already been to see me to talk about a new form of collaboration. If that is the best solution for that area, and the data underpin that, we will support it. Merger is not the single blind answer in every case; collaboration short of a merger may well be the best solution in certain cases.

**David Hughes:** I want to assert that governance in the FE sector is very strong. I know that the Minister is very interested in helping to improve it, but we have a sector with very strong governance. These are independent organisations taking big business decisions over the long term, and in the vast majority of cases they deliver a very high-quality service and achieve a surplus. For many years, in the Learning and Skills Council and the Skills Funding Agency, I did a job that was not dissimilar to the FE commissioner’s: overseeing all the colleges that were getting into difficulties. It is quite striking that, despite all the funding cuts and all the competition, there are still only 20 colleges in financial difficulties. That is a very familiar number; it was not dissimilar through the noughties and into this decade. Despite all those challenges, FE and sixth-form colleges have proved incredibly adaptable and have responded really well to the funding environment.

Let me just go back to the fact that higher education is generating a surplus of more than 4% every year. The Higher Education Funding Council for England thinks that that is a problem, because it is only 4%, but FE has had a deficit in the last two years. That is not a commentary on the lack of good leadership and governance, but on the competition and the funding levels. We need to address that; otherwise, we will still not have the technical and academic education we need for young people and adults in this country. These are really important issues. It is not easy, because the economy is not doing as well as anyone wants. We are looking to the autumn statement this week and perhaps the Budget in the spring. As Lord Sainsbury said this morning, how do you properly fund technical education in this country, possibly for the first time ever?

**Bill Watkin:** I will respond to your comments about the growth of sixth-form colleges in the context of the economies of scale they offer, the quality of qualifications, their outcomes and their support for young people. I would also add that, with the population shift, the number of 11 to 16-year-olds is growing.

There is an interesting example of a proposed merger between a sixth-form college and an academy chain. The school, which has a large sixth-form provision, is looking to shift all of its sixth form across to the sixth-form college, and then to build capacity for 11 to 16-year-olds to serve the community. That is an example of a successful outcome of an area review recommendation. There is also the opportunity for sixth-form colleges to roll out their successful brand and open up a free school 16-to-19 provision, as happened in Pontefract.

I am pleased that the Government are reviewing the approval process for small school sixth forms. We have been invited to contribute to that review. I sincerely hope that there will be a different way of considering applications to open up schools’ sixth forms.

**Professor Alison Fuller:** I certainly do not want to downplay the importance of governance and efficiency—we are talking about public money, after all—but I do not want us to lose sight of the issue of efficacy and quality, which we started the session off with. The initiatives in the Bill will potentially achieve a step change in quality if we get this right. We know how much this matters, because the population performs very poorly in the OECD’s programme for the international assessment of adult competencies survey—the adult skills survey, which is administered to 25-year-olds. The added value from 15 to 27 is very weak, in terms of the age range, when you compare us to countries that have strong upper secondary and strong vocational and technical systems. The legacy effects that we are suffering as a consequence of the current system and what happened historically are playing through into the economy, life chances and wellbeing more generally. The prize is huge, but so is the challenge. I am a little concerned that an over-emphasis on governance may deflect from the really difficult thing—the quality issue.

**Ian Pretty:** Can I build on the discussion on mergers, which I think is a healthy one? To me, the merger is the merger. It is very easy to say, “We are all going to merge together. It’s all going to be wonderful, and the world is going to be fantastic,” but if you look at the statistics across all sectors—commercial and public—only 25% of mergers ever achieve their objectives. Post-merger integration is the most difficult thing. Part of that is that you have to understand the logic of the merger—is it a logical merger or a “shotgun” merger?—because that can have an impact. The studies show that, when they are successful, it is because of culture and cultural fit. Within the FE sector, some colleges are more likely to be able to culturally fit with another than others.

Having been on the receiving end, when I was in government, of ministerial decisions to merge, I can attest to the fact that it is difficult. If you take Inland Revenue and Customs and Excise was an interesting experience, to say the least—I promptly walked out the door and went to the private sector.

You have to look at the logic of the merger, and then there is the whole point about post-merger integration. We have talked about whether there is enough funding, and all that sort of stuff, but do you have the right
leadership? Do you have the right cultural fit that will make the merger work? Does the merger have the right objectives?

The other thing that is worth looking at is that we see regional college groups merging, and we see alternative versions of collaboration. Devon recently announced the launch of the Devon Colleges Group. The colleges have not merged together; they are collaborating. That is quite significant. You will then see that some college groups are working very well as merged entities or as groups. Hull, for example, is a successful college that has HE sections and FE sections. Warwickshire has merged a large number of colleges together, but it has not got rid of the place. It can therefore maintain community.

Going back to one of my earlier points, it is worth looking at the experience of places like Scotland. North East Scotland College has been a highly successful regional college group around Aberdeen and Aberdeenshire, and it has campuses that are 40 miles apart and still work—it still succeeds. It is worth looking at those models, but it is about the objectives of the merger. There must be a clear post-merger integration plan, because that is where you are going to get more success, rather than just saying, “We need to knock this together to get a smaller number of colleges.”

**Q38 Justin Tomlinson:** Building on Ian’s comments about the mergers, we had a similar discussion this week in the centre of the universe that is Swindon, where New College and Swindon College are considering whether to merge formally, whether to collaborate further or whether to continue with the status quo. Ian highlights that the success rate is only some 25%, and it comes down to leadership. What more can be done to engage with local employers? They could provide expertise and leadership in the next wave of governors—colleges are all chronically short of that—thereby improving the culture. Crucially, that could lead to opportunities for the students later on, because too often employers are not being engaged. What more can be done?

**The Chair:** May I ask for short answers?

**Ian Pretty:** The quick answer is that college principals ought to be working with local businesses to understand whether their post-merger integration plan is really viable and will work. My other point goes back to the concern I raised about one of the clauses in the Bill—that governors run the risk of being disqualified if the college is made insolvent. You have to look at those sorts of things. You have to look much more closely at how businesses want to interact with FE colleges and how colleges can learn from business.

**David Hughes:** Richard mentioned Derby College, and I was involved in the three-way merger 15 years ago. What we did, and the lessons are pertinent today, is that we created clarity for employers about where to go. In places like Swindon there is a lot of good sense in having one college so that employers can say, “There is one place for us to go.” I would not underestimate the big difference that simplicity can make. It is obviously a lot more than that. It is also about having staff in the college who will go out and be credible with employers. It is perhaps about picking out the level 4 and 5 specialisms on which the college needs to focus, bringing employers together around those specialisms and allowing them proper agency to influence what gets delivered—making sure that they are contributing to the curriculum, offering work experience and work placements, and so on. It is about properly engaging for the long term, rather than just the short term. It can be done. Again, it requires really good leadership and governance within the college, and it requires employers to step up to the plate and meet halfway. Co-creation is what you want. You want for both sides to feel that they are contributing to something.

**Q39 Justin Tomlinson:** What is done to share that best practice?

**David Hughes:** The AOC works quite hard to share that practice. We have a governors’ council, and we share that practice with governors, principals and senior leaders. We work across the piece. We also support the Education and Training Foundation.

**Richard Atkins:** I am just going to come back with two or three things. First, the Swindon issue, as you will know, is a live issue. I am chairing the Gloucestershire, Swindon and Wiltshire area review at the moment—

**Justin Tomlinson:** I will be writing to you soon.

**Richard Atkins:** That is a live issue. Secondly, the relationship between a principal and their governing board is interesting. I always felt that one of the key elements was to work with my chair and clerk to recruit governors. That was a non-stop piece of work. When you are out and about in your town or community with employers, you are all the time thinking about people who might in the future make a governor. If you get it right, you will end up with a waiting list, and there are colleges with waiting lists. If you do not do that engagement and do not keep on top of it all the time, you will end up going around saying, “No one wants to be a governor.” For me, it is a key element of the principal’s job to work very closely with the chair and clerk to identify potential recruits who can then obviously go before a search committee and all the rest. I hope that the area review for your area, and particularly for the town of Swindon, is able to come to the right collective answer.

**The Chair:** Bill Watkin, if you can be short, I would be grateful, because Tracy Brabin wants to come in with a question.

**Bill Watkin:** Yes. I would like to draw together the strands of merger due diligence and the insolvency regime. The insolvency regime has an impact before insolvency is even a reality. Since the publication of the insolvency regime, banks and pension fund managers have been responding differently to colleges. A group of colleges in the south-east, for example, immediately after the publication of the insolvency regime—which I should say colleges welcome—were upgraded to a maximum risk rating in terms of their pension contributions, which of course means that they are able to divert less money to teaching and learning and have to negotiate less favourable repayment terms. It is the same thing with bank loans. Banks and pension fund managers are all being more cautious because of the insolvency regime, and that is having an immediate impact.

**Q40 Tracy Brabin:** Thank you for squeezing me in very quickly at the end, Mr Bailey. I would like to pick up on something that was said earlier. You said there is no cliff edge when it comes to insolvency. If students
are already on the course, how swiftly will they be
moved to better provision so the lights are not turned
off and there is not asset stripping around them? How
much transparency will there be for prospective students
if a college is under review and about to be declared
insolvent?

Richard Atkins: I will start, because I would be likely
to be involved—or my team would. I really hope that
this legislation is not used, but it is very important to
have it in the cupboard. I agree with Bill. Most principals
welcome this. There is a lack of clarity in the 1992
legislation, which has led to some colleges getting
exceptional funding on a long-term basis, which is not
awfully good for neighbouring colleges or the sector
and stops people getting their house in order. Generally
speaking, people welcome this but hope it will never be
used, and that is my position.

If it were ever used, there is a special administration
regime, and the Secretary of State can declare that
within 14 days and step in. The administrator, who
would be commercially appointed, would almost certainly
turn to me and my team to do just what you have said.
My primary interest would be the welfare of the students.
First, we would want teaching and learning to continue
in that place, and we would certainly want students to
complete their courses. Secondly, we would want to find
the best institutional solution for that organisation,
which would not necessarily be shutting it down and
moving all the students. There is a range of options—a
merger is one, but there are others.

I would like to think that this would be the absolute
last resort and might never be used, but it might focus
governors and principals very firmly on their financial
responsibilities as well as their educational ones, and it
might enable me and my team to intervene earlier.
Earlier intervention is a key part of this to prevent
things from getting to the position where, by the time
we arrive, there have already been successive exceptional
funding payments, which leads to an unhelpful culture
of money just being paid out. David will remember
from when he was involved in these sorts of rescues that
if you get into a cycle of exceptional funding payments,
that is not helpful. This draws a line. I hope it is a line
that never needs to be crossed, and I and my team
would always be there, working with the funding agency
to look after the very best interests of the learners and
not disrupt their programmes.

Ian Pretty: Clause 14 of the draft legislation sums it
up well—in particular clause 14(2). What is quite critical
to me—I am very supportive of it—is that it puts the
loan at the heart of what is going to happen. That gives
protections.

The Chair: Order. I am sorry to have to interrupt, but
it is necessary for me to do so to conform to the
programme motion. If you would like to submit in
writing any further comments you might have made, I
am sure that the Committee would be happy to consider
them. I thank all the witnesses on behalf of the Committee.
It has been a very comprehensive discussion.

11.25 am
The Chair adjourned the Committee without Question
put (Standing Order No. 88).
Adjourned till this day at Two o’clock.
Public Bill Committee

TECHNICAL AND FURTHER EDUCATION BILL

Second Sitting
Tuesday 22 November 2016
(Afternoon)

CONTENTS
Examination of witnesses.
Adjourned till Thursday 24 November at half-past Eleven o’clock.
Written evidence reported to the House.
No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Saturday 26 November 2016
The Committee consisted of the following Members:

Chairs: Mr Adrian Bailey, † Nadine Dorries

† Argar, Edward (Charnwood) (Con)
† Brabin, Tracy (Batley and Spen) (Lab)
Donelan, Michelle (Chippenham) (Con)
† Evennett, David (Lord Commissioner of Her Majesty’s Treasury)
† Halfon, Robert (Minister for Apprenticeships and Skills)
† Hopkins, Kelvin (Luton North) (Lab)
† Jayawardena, Mr Ranil (North East Hampshire) (Con)
Kane, Mike (Wythenshawe and Sale East) (Lab)
† Mak, Mr Alan (Havant) (Con)
† Marsden, Gordon (Blackpool South) (Lab)
† Rutley, David (Macclesfield) (Con)
Shah, Naz (Bradford West) (Lab)
† Smith, Henry (Crawley) (Con)
† Tomlinson, Justin (North Swindon) (Con)
† Turner, Karl (Kingston upon Hull East) (Lab)
Vara, Mr Shailesh (North West Cambridgeshire) (Con)

† attended the Committee

Kenneth Fox, Marek Kubala, Committee Clerks

Witnesses

Stephen Harris, Executive Director, Ernst & Young

Richard Meddelton, Head of Education, Charities and Local Government Sector, Lloyds Banking Group

Gareth Jones, National Head of Education, Santander

Richard Robinson, Regional Director for Public Sector Team and Head of Education, Barclays

Shakira Martin, Vice President, Further Education, National Union of Students

Shane Chowen, Head of Policy and Public Affairs, Learning and Work Institute

Bev Robinson, Principal, Blackpool and The Fylde College
Public Bill Committee

Tuesday 22 November 2016

(Afternoon)

[NADINE DORRIES in the Chair]

Technical and Further Education Bill

Examination of Witnesses

Stephen Harris, Richard Meddelton, Gareth Jones and Richard Robinson gave evidence.

2 pm

The Chair: Welcome, gentlemen. We will now hear oral evidence from Ernst & Young, Lloyds Banking Group, Santander and Barclays. For this session we have until 3 o’clock. Gentlemen, could you please introduce yourselves with your name and which company you are representing?

Richard Robinson: My name is Richard Robinson and I work for Barclays bank; I am the head of education at Barclays.

Gareth Jones: I am Gareth Jones; I am the national head of education for Santander.

Richard Meddelton: I am Richard Meddelton; I am the regional director responsible for education, charities and government for Lloyds bank.

Stephen Harris: I am Stephen Harris; I am an insolvency practitioner with Ernst & Young.

The Chair: Mr Marsden, were you going to lead first?

Q41 Gordon Marsden (Blackpool South) (Lab): Yes. Good afternoon, gentlemen: I see that it is all gentlemen, which might raise some interesting questions for the future. Obviously, you have been invited here this afternoon. We hope you have a generous overview of the further education sector, but you are principally here this afternoon as the lenders and, possibly, subsequently the enforcers—if I may put it that way. We are particularly interested in the parts of the Bill that have the details of the insolvency process.

Perhaps I could start by asking this genuinely open question to each of you in turn. We had some discussion on this insolvency regime this morning and its genesis may be disputed, or it may come from a number of areas, but undoubtedly one of those—I quoted this earlier—was the concerns expressed in the National Audit Office report in 2015 about the financial situation of a number of FE colleges. You will probably be familiar, in some shape or form, with that report, because I imagine it would have sat somewhere on your risk profiles. As I said this morning, I do not want to over-exaggerate that threat, because doing so would be very unfair to the FE sector. May I ask each of you to say briefly, from your own experience, whether the events of the past couple of years, including that NAO report and the inclusion in this Bill of a fairly detailed insolvency process with some novel features, have already sharpened—or are likely to—your willingness or otherwise to loan to colleges? Who would like to start on that?

Richard Robinson: I think it is fair to say that the deterioration in the financial performance of the sector over the past couple of years has led to a tightening of the terms of finance available to further education colleges.

Our experience to date has been that when colleges have got into financial difficulty, they have been helped out by one of the agencies—be that the Skills Funding Agency or the Education Funding Agency—that have provided exceptional funding support to help turn those colleges around and keep them going. I think we are going to allow colleges to become insolvent. From a creditor’s perspective, that is a worse position than the one we are in now, simply because, from our experience, we know what is going to happen. However, the proposed insolvency regime has been well thought through, and the points that we made through the consultation process have been well listened to. Our preference as a creditor is still that it is not introduced, but if it is, there are a number of things that will help creditors and most of those have been well reflected in the Bill.

Gareth Jones: I agree that, over the last couple of years, lending into the sector has become a little more difficult and challenging. Overall, from our perspective, we are still very supportive of the sector—still looking to grow our exposure to the sector and grow our lending book. On the Bill and the proposed insolvency regime, we are actually supportive of the clarity that they provide.

Q42 Gordon Marsden: Mr Medddleton from Lloyds—with whom I have been for 43 years, so I have an active interest in Lloyds—I am not going to ask you to divulge any commercially sensitive information but I think it is an open secret that you are rather a large lender to a rather large number of colleges. Is that correct?

Richard Meddelton: Yes, that is correct. We are a significant lender in the FE sector, as are a number of other banks around the table. We have supported the sector for many years.

Q43 Gordon Marsden: May I ask you something, then, on the basis of that long experience—almost as long as my time banking with you? Obviously, over that period, there have been high points and low points for the economy, and there have been changes in regime and Government responsibility. How would you characterise the current situation from your perspective—obviously being supportive, but at the end of the day having to be commercial lenders? How would you characterise the current situation in terms of risk for your bank, and what do you think the proposed insolvency regime does for that?

Richard Meddelton: In answer to your first question, the sector is going through a number of difficulties at the moment. My colleagues have highlighted the reasons, which I would agree with, on that. From our perspective, yes, it is a sector that certainly has a number of stresses within it at the present time. Notwithstanding that, as a major lender in the sector we remain extremely committed to it.
The Chair: Mr Meddelton, could you speak a bit louder please, so that we can hear you down here?

Richard Meddelton: I will try to. I don’t have the loudest of voices.

The Chair: Or get closer to the microphone. Thank you.

Richard Meddelton: We are, as a bank, extremely committed to the sector and we remain so. The SAR as it is proposed—if that is your second question—does give us some cause for concern, certainly in terms of continuing to lend on a long-term basis. If you look at the current area review and start going through, they are very welcome. I am not sure, going forward, that it is particularly easy for us to make a longer term lending decision based on the performance of the college as it stands now and in the short term.

Q44 Gordon Marsden: If I could just add to that, and for the benefit of the other witnesses, who I assume were not here this morning, we had a fairly full discussion as to what the economic impact of the area reviews would be. I think it is fair to say that the FE commissioner took a slightly rosier view than I did of where some of those mergers might end up. Of course, mergers in principle run along the lines of attempting to provide greater stability, but we heard from another member of the panel this morning that that was not always his experience. Obviously, you will have to take a measured view on that. The commissioner disclosed today—of course, the area review process is not complete—that some 88 colleges are likely to be involved in merger issues. Is that something that would be a material fact when you were going to your colleagues and talking to them about the spread of risk in the FE sector and your continued loans over the next one to two years?

Richard Meddelton: Could you clarify the question for me please?

Gordon Marsden: I am sorry. We heard this morning from the FE commissioner that there are up to 88 colleges that are potentially involved in the process of merger, from the area reviews. The implications of merger may be positive, as the FE commissioner was keen to emphasise, or negative, if they go wrong, and if the number of students declines and if there are all sorts of instability. I was asking you whether the area reviews, and the number that I have just given to you, would be a significantly material factor for you when you are presumably discussing with your colleagues the likely factors of risk for lending over the next two years.

Richard Meddelton: Certainly we understand the area review process and the reasons for it. I would say that we look at each one in detail. We certainly welcome the area review process. We think it is a positive step forward. As you rightly say, not all mergers necessarily work and work well, if you draw parallels with corporate life. Nevertheless, we see a lot more good than not in what is being proposed.

Q45 Gordon Marsden: Finally, I wonder if I could come to you, Mr Harris. You are set apart from your colleagues, but only set apart in the sense that you have been there, done that and bought several T-shirts, probably. That is why we are very pleased to have you here today, because you have been through situations where there has been a special administration regime.

You will have seen in the Bill that there are clauses that spell out the nature of what the special administration regime would be. I note your comments; I have read your comments on the Bill. You perfectly reasonably hedge your bets about the outcome. You have asked the most pertinent question that we probably all need to ask—a focus for the responsible authority creditors and the insolvency practitioner: who will foot the bill for the greater good? Perhaps the Minister will be forthcoming on that at some point in the future—I do not know. I want to ask you what you think, because we have this very technical clause about the way in which colleges can have more than one corporate identity and legal identity. Could you comment on the implications of the distribution of that, in the insolvency part of the Bill, on the way in which colleges are defined, whether as corporate entities or some other body?

Stephen Harris: May I just clarify the clause that you refer to?

Gordon Marsden: I am referring to clause 22 on the general functions of the education administrator, which draws a distinction “where the further education body is a company”.

I am interested in the extent to which that would affect all FE colleges that found themselves in this situation, as opposed to a particular number.

Stephen Harris: Paragraph 22—

Gordon Marsden: It is clause 22, paragraph 43—

Stephen Harris: I am sorry to appear stupid, but I do not seem to be able to read off the same clause to which you refer. I am anxious that I do.

Gordon Marsden: My apologies—it is clause 22. I am looking at “General functions” of the administrator—subsection (3).

The Chair: Mr Harris, we will give you a copy of the Bill, which might be helpful.

Gordon Marsden: It might also be helpful to refer you to the explanatory notes, which prompted my question. They state:

“The education administrator must also, so far as it is consistent with the special objective, carry out the functions in a way that achieves the best result for the body’s creditors as a whole…Where the further education body is a company, subsection (4) requires the education administrator to carry out their functions in a way that achieves the best result for the company’s creditors as a whole and, subject to that, the company’s members as a whole.”

I found that rather opaque and not clear in its implications.

The Chair: We are sending you down a copy of the explanatory notes as well.

Stephen Harris: Thank you. I do empathise with your observation that it may be opaque. I also had to put a question mark there when I read it for the first time. This is my take on the legislation as proposed, as is written in the draft Bill: it is very clear—this is the way I have read it, but others may differ—that the overarching or
transcendental purpose is to minimise the disruption and to carry on, within certain bounds. Then there are what seem to me to be some slightly subservient points. That is not to diminish them, but an office holder would have to step back and consider those people who fall into the category of subsection (3)—people with special needs—and how that dovetails into the way he is discharging his duties. Then you get to the issue of having to carry on in the interests of the creditors. I think there is a question when you read that: is that something that clicks into place when an office holder has optionality as to the route that he might take through the maze, or is that something he has to balance with the overarching purpose itself? If you say to me that it is not exactly clear on the face of the drafting, I have to concur with you; I stalled on the very same point myself.

Gordon Marsden: Thank you.

Q46 Mr Ranil Jayawardena: Thank you. (North East Hampshire) (Con): I refer Members to my entry in the Register of Members’ Financial Interests; I used to work for Lloyds Banking Group and spent time in corporate banking, dealing for a time with education, community and government customers. I will come to Lloyds in a moment, but first, Mr Jones, you said in your written evidence to the Committee that you think that this is a positive step, and that lenders will have certainty. Can you explain the uncertainty that exists to you as a lender today?

Gareth Jones: From Santander’s perspective, the uncertainty has always been around the funding agencies and, when a college is struggling to make its payments, effectively where that interim funding will come from. There is also uncertainty about whether the current insolvency applies to college corporations at present. From a risk perspective, when we assess the underlying risk of a transaction, there has always been that uncertainty and we have had to make assumptions in the background. If the Bill is passed, the certainty it will provide is positive for us.

Q47 Mr Jayawardena: Despite what Mr Robinson said a moment ago about the challenges in the sector, if I understand what you said, Mr Jones, after you, as Santander, have done that analysis of the credit risk, you would like to lend more into the further education sector.

Gareth Jones: Yes.

Q48 Mr Jayawardena: Mr Meddelton, given what Mr Jones said, why do you say that this proposal presents banks with such significant challenges? Surely the certainty that Mr Jones just outlined is a good thing.

Richard Meddelton: Certainly to have a framework, as proposed, is a positive step. The issue for us is to do with the powers that the administration would have under a special administration regime. For example, if we were a secured creditor and the college went into an SAR, what could happen—I appreciate it is a “could”—and that it is untested—is that the administrator could run the college for what I think is an undefined period, unless I have misunderstood the drafting, and it could be at a loss, notwithstanding the fact that some very laudable principles are driving this.

As a lender, the ranking—again, it is unclear at the moment—may well sit behind a creditor. In addition, as we interpret it, even as a secured creditor the security could be transferred into a separate entity. Again, I understand the practical considerations for that, but at the same time the debt could be left in the old college, or it could be transferred. Again, there are “know your customer”—colloquially, we tend to call them KYC—considerations.

Q49 Mr Jayawardena: But you also said in your written submission that Lloyds traditionally viewed this as quasi-Government risk. That is your own internal credit rating of this sector, and that is based on your own judgment. Surely when it comes to determining whether, to use your words, there should be further long-term decisions and long-term lending in this sector, that would again be a matter of using your own credit rating and credit risk process. More certainty is provided under this proposal than you currently have. You said that you assume that that option would be for the failing college to be financed by Government funding, but there is no guarantee of that today, so surely you are better off.

Richard Meddelton: There is no guarantee of that today, but under the current system if we have security, we have priority. The reality is that we have viewed it as quasi-Government because in the past—obviously the past is no prediction of the future—that money has been forthcoming, as you know, having worked in Lloyds corporate yourself. If there were greater clarity about what would actually be done in a special administration regime, that would obviously give us some comfort.

Q50 Mr Jayawardena: One final point, if I may: Lloyds has set out that it wants to “help Britain prosper”. You have challenged the SAR regime, which could lead a college to be administered in a separate regime for a period of time. You would, I am sure, agree that it is right for students to be able to finish their studies and not face disruption, because that would not be to the values that you hold dear.

Richard Meddelton: Yes. I appreciate that it is a dichotomy, but yes.

Q51 Mr Jayawardena: Can I ask Mr Jones and Mr Robinson a yes/no question? Under the current system, you would not want to close down a college and sell off their assets even if you did have security today, because you would want to allow those students to continue their education. That is the right thing to do, is it not?

Richard Robinson: The interest of the learners has to come first.

Gareth Jones: I completely agree.

Richard Meddelton: We said in our response that we would see the interest of the lender as coming first.

Q52 Mr Jayawardena: So Lloyds Banking Group, today, would sell off a college site even if people were in the middle of their A-levels and needed to complete their courses.

Richard Meddelton: I think that is highly unlikely. The reality is that we would always work with the college, with the administrator. Our history has been that of a responsible lender, helping Britain to prosper, and that will continue, regardless of the site.
Q53 Mr Jayawardena: So ultimately all three of you are in agreement that a college today would continue in existence until you had unwound the whole of the financials behind it and had found a solution in the interest of the learners and that, in the future, the same would be true.

Richard Robinson: The difference is that at the moment we have experience of what happens when colleges get into difficulty. Our experience today is that we, as lenders, work with the agencies—the SFA and the EFA—to find a solution. The Government have put money into those situations. We are now saying that we will allow colleges to become insolvent, and that we will put an insolvency regime in place that rightly puts students first. We absolutely agree about that, but the difference is that we have no experience of what happens in that case. Therefore, we have to try to make lending decisions today that will apply in the future, when the regime is in place. And we do not know whether they will apply because the regime is not tried and tested.

Q54 Mr Jayawardena: Mr Harris, this question is for you, given your expertise. At the moment, the banks are saying that they have no understanding of what would happen in the future but they do know what happens today. But what happens today is based on a bit of a guess, a bit of luck and a bit of Government funding coming in. Perhaps the situation will be clearer to banks in the future, but surely having this clear framework set out in law is a good thing?

Stephen Harris: I feel that very cogent points could be made in saying it is a good thing. In an insolvency environment that is unclear, because you start to add in a peppering of trusts and unusual organisations and things that are not necessarily the bread and butter of corporate insolvency, when colleges start to get into difficulty the legal bill starts to rise, as people have to seek clarity about how the matter will legally be dealt with. In the draft Bill, an element of clarity is brought to the sector as a whole, which in the long term people might appreciate. I cannot speak on behalf of the banks, but I can see that there is a lot of clarity in the Bill about what is a very specialised sector.

Mr Jayawardena: Thank you.

Q55 Kelvin Hopkins (Luton North) (Lab): I will give a bit of background first. For 23 of the past 25 years I have been a governor of a sixth-form college and, before incorporation, I was chair of governors of a larger college of higher education, which was largely FE. In the sixth-form college we had internal expertise of the highest order. The previous experience was less good. I have said many times now that one of the important things for a governing body is for it to have accountancy expertise, with at least two independent qualified accountants and at least two independent legally qualified people. That makes a difference. In the college I am at now, the vice-principal in charge of finances is a chartered accountant and does a superb job.

Do you take an interest in the internal financial controls of colleges or do you just say, “Well, if they get into difficulty, we’ve got the security of the college assets and we’ll just take some of that”? Do you take an active interest or stipulate any kind of requirement about how finances are managed internally in the colleges?

Richard Robinson: Absolutely, yes. The quality of management and governance is one of the key criteria we look at when we are assessing the risk. We do not just lend the money and then disappear; this is a relationship for us. We go and see our college clients several times a year to talk about what is happening in their business and the challenges to the sector.

One thing we do is help management with their skill sets. For example, what has happened in the sector over the past couple of years, with the challenges it has faced, is new to a lot of managers. It has been quite difficult to manage through that process. We bring to bear the experience we have of dealing with lots of businesses to help them with that process.

We have often pointed out that maybe they do need some different experience on the board—people with different skill sets. I agree that there should be governors with a diverse set of experiences. That should definitely include accountants, as having people with financial literacy is very important.

Gareth Jones: Our approach is very much the same as Barclays, in the sense that the governance structure of the college, the key management team and our appraisals make us consider our overall lender proposal and whether we are willing to advance funds to that college. Fundamentally, it is the management who are in control of the college and their strength is strategically important to our lending decision.

Q56 Kelvin Hopkins: All that being said, I know of one college in recent times that came to the brink of disaster, until the principal was effectively chased out of town. It has now been picked up and restored but it was in a parlous situation with internal financial abuses—I can speak freely because we are private in Parliament; that is what was going on. Clearly someone was lending money to the college, presumably, but it was effectively out of control. Is that a concern to you, that such a thing can still happen?

Richard Robinson: We work very closely with the management teams and with the SFA and the EFA. If we were in a situation where we thought that the management was doing inappropriate things or had been run out of town—

Q57 Kelvin Hopkins: Even illegal things, I may say.

Richard Robinson: Even illegal. That is the sort of thing that would cause us quite a lot of concern. We have a close working relationship with the agencies and that is the sort of thing we would discuss with them. We do not have powers as a lender to remove people. We do have the ability to go and talk to governors, so if there were an issue with the principal, another of the things that we would do is speak to governors about that. We would also have conversations with the agencies. I do not know the college in question, but that does sound like an extreme position.

Q58 Kelvin Hopkins: Do you think Government ought to take much more of an active interest in what is going on in their colleges? Do you think an appropriate clause in the Bill might be helpful, to ensure that internal procedures are appropriate and disciplined?

Richard Robinson: Governors or Government?
Q59 Kelvin Hopkins: Both really: management and Government. Do you think there should be something specific in the Bill saying the sort of things I have said about having qualifications among governors and an inspection regime that works—as it did not in that case—to ensure that financial arrangements are not being abused?

Richard Robinson: I am not a governance expert, so I do not know if there is a clause that can be put in to help that. I do agree that the sector can always improve management and governance. No business can say it has perfect management and governance, so constant improvement in those is a good thing.

Richard Meddelton: I think the insertion of a clause in the Bill along the lines you have suggested would certainly help and be welcome, although, like the other Richard, I am no legal expert.

I would answer your first question in terms of how we look at the governance and management of a college. From a Lloyds banking perspective, we take a great deal of interest in the make-up of the management of the college. That would include the expertise of the board of governors. That is an ongoing practice in what we do. We have not got down to stipulating how many accountants or lawyers need to be there, but we would certainly look for a good mix, so that they are professionally managed and so that we have a fruitful long-term relationship over many years.

Q60 David Rutley (Macclesfield) (Con): It is interesting to hear your views. It seems as if there is broad support, at least at the right end of the table, for the direction of travel here. One of the proposals in the legal framework is the role of education administrator, ensuring that the quality of educational provision is continued. Could each of the panel members describe whether they are comfortable with this role as being a helpful addition and whether it should be changed or enhanced in any way?

Richard Robinson: Obviously we know what a normal administrator does, in a normal administration situation with companies. We do not know what the education administrator is going to do, beyond what is written in here—the legal, written thing versus the practical reality. For us, the role seems to be broadly balanced between making sure that the interests of learners are put at the forefront of their mind. I do not think that insolvency practitioners bring is recognising when that could be for a number of years. It is very important for us to know that when making lending decisions. The second point is the legal position of secured creditors, which Richard has mentioned. Again, further clarity about that would be helpful. Other than that, I think it is pretty clear in the draft Bill.

Gareth Jones: From Santander’s perspective, overall we were supportive of the draft Bill and of that role as well.

Richard Meddelton: I have got nothing further to add.

Stephen Harris: If I can just clarify, your question was about the role of the insolvency office holder as an education administrator—

David Rutley: It is about whether the role would add anything.

Stephen Harris: From an insolvency practitioner’s perspective, it is worth standing back and recognising that insolvency practitioners are not train drivers, or people who spend their life in the railway or the London Underground, when it comes to a special administration regime, nor are they specialist property developers. They come to each situation afresh. One comforting thing that insolvency practitioners bring is recognising when they need to keep in place the existing management structure in a corporate sense, or the workforce in a pastoral sense, recognising that those people have skills and qualifications that they as an office holder do not necessarily have, and also recognising that they can bring outside specialist help to continuing the duties of education administrator, should the need arise. That is all part and parcel of any trading insolvency regime, and I would imagine that any office holder stepping into the role of an education administrator would have that at the forefront of their mind. I do not think it presents a unique challenge; it is very similar to all the other special administration roles. There is an extra dynamic—there is a pastoral element.

Q61 Tracy Brabin (Batley and Spen) (Lab): Thank you for your candour in your response to the Bill. What are the implications for the future willingness of creditors, given the reluctance you have mentioned of lenders such as yourselves to lend now to colleges? There is a lot of excitement around this Bill because there is an opportunity for money from big business to provide apprentice opportunities. Will that be held back by a reluctance from banks and so on to lend to this community?

Richard Robinson: For the moment, for most creditors, the status quo is the preferred position just because of our experience of what happens when things go wrong. That said, I think the Bill has been carefully considered and, apart from the two points I made before, I do not think this is a sector where you are going to see lenders just disappear altogether. But it is going to be harder to support in the same way that we used to. Banks used to be able to lend for a very long period of time—30 years on an unsecured basis—but that will change. I do not think that it will result in colleges not being able to get funding at all, but the terms and conditions will probably be different from what they were in the past.

Q62 Tracy Brabin: So you are suggesting that it will be more expensive to borrow?

Richard Robinson: Not necessarily more expensive: it could just be that the loans have to be shorter or have to be secured versus unsecured. Cost is just one element of the terms and conditions of a piece of finance.

Q63 Gordon Marsden: I just want to return to the issue of cost-benefit analysis, in terms of the increased risk that will come about. Given the factors that have led to this insolvency provision having to go into the Bill, it is obvious that the Government recognise that there are increased risks in the future. That is not necessarily to say that the whole edifice is going to collapse, but it does mean that you as banks have to make difficult decisions about how you calibrate that risk.
I was struck again, going through the Bill, that there is a creative tension—hopefully it is creative and not destructive—between the needs of the education administrator and the traditional needs of the creditors. I was struck particularly by a phrase in your submission, Mr Harris, where you said, “I note also that the Bill contains measures such that a creditor or appropriate national authority may apply to court if it is dissatisfied with the conduct of an education administrator.” No one is suggesting that the majority of colleges are going to go through the process, but if a college was going through that procedure and the sums of money were quite large, it would not necessarily be surprising if a creditor did challenge the education administrator in that fashion.

My question is twofold. First, Mr Harris, you have already expressed the big question: where is the money going to come from? Would that presumably increase the likely legal costs to which you referred in such a way that it could make it a very expensive process? Secondly, and this is for you three gentlemen generally, it seems to me that what is coming out of this afternoon’s session is that you would welcome greater clarity, whether in guidance notes or even a new clause, although Governments are reluctant to put some details into new clauses, to understand what the Government are prepared to take on board—after all, it is the Government who are introducing the proposal—and how much security, whether quantified as a financial amount or as a supporter of last resort, you would require from the Government.

Stephen Harris: May I just stand back and piggyback on your first question? I have actually been asking myself, since you asked me the question, how I got comfortable with this last Thursday afternoon. Clearly, I was; there was a holistic package of measures here, which I felt broadly work. I would like to return very briefly to the issue of clause 22 for a moment. In subsections (4) and (5) we see the crucial words placed between commas, “so far as is consistent” with the overarching duty. Having stalled on it on the first read, when I went back and saw those words it became reasonably clear to me that the transcendental purpose—the carrying on for the education—is the thing that matters.

We therefore turn to the question of funding. We come full square to clause 25 and the suite of options set out in it:

“Grants and loans where education administration order is made.”

Then we travel further into the draft legislation—indeed quite a long way to the back. This is a bit of a technical area, but it is worth focusing on for a minute. The administrator will receive grant money from the funding body, and he will spend it on wages, salaries and the upkeep of the college. The fundamental question is: where is the deficit funding going to come from? Of course, he will have to borrow. Borrowing money in an insolvency process carries some technicalities. The overarching technicality is: where is the repayment of the loan going to rank? In conventional, vanilla administration, it is generally accepted that if the administrator borrows during an insolvency process, his obligation to repay the bank or the funder carries a very high priority unless it is agreed with the bank that it will be demoted for one reason or another. We need not explore that here.

In the suite of options that are available here, there is a technical clause that enables the lending authority to position the option for the repayment of the loan. Broadly—if I may put it this way—it can come at the front of the queue, the middle of the queue or behind the queue. When I say the queue, I mean that if you take the general body of creditors as a whole, the repayment of the loan for the deficit funding can rank ahead of those creditors, alongside them or behind them.

Turning to your question, I think that what we see here is a recognition that one size might not necessarily fit all. There is probably a sense that it is not wise to be prescriptive at a total level, so having a suite of options that can be adjusted to specific circumstances may be an appropriate balance at the moment. There will be tension when it comes to borrowing the money, and I have little doubt that the funding authority will set out its stall on which it is prepared to make the money available.

Q64 Gordon Marsden: Just to clarify, when you say the funding authority, are you talking about the Skills Funding Agency, the Government or some mixture?

Stephen Harris: I think the words used in the Bill are “the appropriate national authority”. An incoming office holder is going to be faced with something that ranks at the front of the queue, in the middle of the queue or behind the queue.

Q65 Gordon Marsden: No disrespect—I think your analysis is elegant and understandable—but that is not going to make the decisions of the three gentlemen sitting beside you any easier, is it?

The Chair: I have to hurry you, Mr Harris. We have another panel of witnesses and a question to go yet.

Stephen Harris: I cannot answer for my respected colleagues from the banks. It is an environment in which people generally try to work together to do good things for the community as a whole. We are looking here at a minority of situations—I hope it is a minority—where there will be tensions. Ultimately, lenders, taxpayers and the appropriate national authorities are all in the same country together, but I do not speak on behalf of the banks.

Richard Robinson: I think your question was about what we would like to see. All the various options that are in here are helpful; it is one of the strongest parts of the Bill. Mr Harris is right that we, as a lender, would want to work with the college and the authorities in that situation to find the most appropriate path. The issue is that it does not specify where that ranking lies. That, for us, is very important. Although it could rank at the back, it could also rank ahead of us. Obviously, being bankers, we have got to think about the worst-case scenario, and the worst-case scenario is that it is ahead of us. We are making lending decisions today for a long time in the future, and therefore we need to work on the assumption that the worst-case scenario will come to fruition.

The other point was about security. Security is important to us to ensure that we know our rights are as a secured creditor. If the loan and the security are going to be transferred to another provider, having that option
is really helpful. We would want to explore ensuring that it was in the best interests of everybody that we did that. We would also want to ensure that it was not transferred to someone we were less comfortable with. So having that legal certainty about our rights at the outset is very important to us.

Stephen Harris: I can possibly add a little more colour to this question. I was mulling this over and trying to identify in my own mind a situation in which, for totally understandable reasons, somebody might say, “I really, really want to be at the front of this queue,” in a particular situation. In some organisations you really do not know what all the liabilities are when you first approach a situation. Sometimes, when you have travelled a little way on your journey through the insolvency, you discover that there are some very unusual liabilities, which you had not really bargained for, attached to a certain site or situation.

I have some empathy with the idea that, in structuring a funding loan for an administrator early on, and not having total visibility over the level of liabilities that might rank in a particular situation, somebody might want to proceed with caution initially and perhaps take a view on things when the assignment has progressed. At moment zero you do not always know who your liabilities and your contingent creditors are. I do not know whether that is helpful context for these clauses.

Q66 Kelvin Hopkins: You are talking about lending to bodies that are in theory independent incorporated bodies but are actually largely funded by Government. Sixth-form colleges are funded entirely by the Government. That must make you feel a little more comfortable; the Government do not want these colleges to go under, so that must make you feel a little more comfortable; the Government have got the balance right? Do you think that in the particular clauses you introduce yourselves for Members and the record?

Richard Meddelton: That is a fair question. Obviously I can speak only for my own bank on that. The answer is no, we are not less concerned. The reality is that we are lending very much on a relationship banking perspective. We are looking for longevity; we are not looking for any funding out from that. We certainly carry out the same rigorous credit and risk assessment and ongoing assessment as we would for a corporate.

Gareth Jones: The level of due diligence we apply for a further education college is exactly the same as the level we would apply to the burger bar—to return to your reference. Further education colleges might sit at the better end of the risk profile of Santander’s book as a whole, but actually the diligence we apply internally is exactly the same.

The Chair: If there are no further questions from Members, I will thank the witnesses. Thank you very much, gentlemen. Your agony is now over and we will move on to the next panel.

Examination of Witnesses

Shakira Martin, Shane Chowen and Bev Robinson gave evidence. 2.56 pm

The Chair: Welcome. Witnesses, could you please introduce yourselves for Members and the record?

Bev Robinson: Good afternoon, I am Bev Robinson. I have the privilege of being the principal and chief executive of Blackpool and The Fylde College.

Shane Chowen: I am Shane Chowen; I am head of policy and public affairs at the Learning and Work Institute.

Shakira Martin: Good afternoon, I am Shakira Martin. I am the vice-president for further education, representing 4.1 million students across the UK.

Q69 Gordon Marsden: I welcome all three members of the panel. Were any of you in the room and vaguely listening to our previous panel from the banks?

Bev Robinson: I only heard the last three or four minutes.

Q69 Gordon Marsden: I only ask as an opener, on the back of the very interesting evidence that we have just had from the banks. We were talking about levels of risk in the situation of potential insolvency, and what the relationship between the education administrator and the actual creditors might be. Could I ask all three of you the same question? Obviously, as principal of a college that I know extremely well and rate extremely highly, you, Bev, would hope never to be in this particular situation. Do you think that in the particular clauses that establish, and balance the functions of, the education administrator, as opposed to the interests of the students and staff at a college that would be affected, the Government have got the balance right? Do you think that there is sufficient detail there for us to feel comfortable with this process?

Shakira Martin: First, I would like to praise the positive step that we are taking in ensuring that students get the best out of this situation, if it were to occur.
However, I would like to focus on the Bill, making the point about students not being disrupted in their education. The problem that we at the National Union of Students feel could be encountered is that, for example, it is not clear how the Government will make sure that the colleges that students are transferred to will have the capacity and scope to take on more students at that further time. It is also not clear how the Government will make sure that the education the student receives in the college is kept open and to a high-quality standard. For example, the area review process may have unintended impacts. There will be fewer colleges, further apart. How will travel costs and access be addressed?

Q70 Gordon Marsden: That point is wider than the one I asked you about, but it is very interesting. We heard the view—I will not say the evidence—of the FE commissioner this morning, who was slightly downplaying the implications of that and said that in some cases mergers could be very beneficial. I think the point that you are making brings us back to the overall point that we have been discussing with the banks: where does the liability—the funding, in other words—for the process actually sit? That is one that I am sure we will continue to explore.

Bev, from your perspective as a college principal of some long standing—not just in Blackpool—and from having had nearly a year, with your colleagues on the panel who produced the skills plan, to look at all the facets and aspects of the FE sector, if you were an FE principal wondering about the future, would you feel that there was sufficient clarity in the Bill? Would you feel that what the education administrator would want to do in that situation would win out?

Bev Robinson: I am not an expert in the field of insolvency but I would make the following observation. First, the Bill is reasonably clear with regard to protecting students. What could be clearer, I feel, is protecting learning for a community in a reasonable travel-to-learn area. I welcome the idea of an education administrator with hopefully an FE background, but it might benefit from having clarity around the different roles of the different people in play—for example, the FE commissioner: how that would work. Because at the end of it all, colleges are businesses and students and learning are at the very heart of that business. Therefore, just to reiterate, I would wish to make sure that learning within a reasonable travel-to-learn pattern was protected as well as students.

Gordon Marsden: That is an issue. I think that is the point you were making, Shakira.

Shakira Martin: Yes. May I add one thing? We would like an amendment to make sure that there are local impact assessments made on local areas, especially with the devolution that is happening and local authorities having more say over what is happening in a local area. I definitely feel that those individual areas need to be looked at really carefully in a bespoke way to make sure that we are meeting those needs.

Gordon Marsden: Yes, I agree. There is very little in the Bill about the impacts of the devolution process except for a perfectly reasonable clause about data.

Shane Chowne: I would not contradict anything that any of my esteemed fellow panelists have said. I would add that, following on from Bev's point about protecting the learning opportunities in a local area, following area reviews we are looking at quite ginormous FE corporations with budgets of close to or over £100 million. So in some areas where you have quite large group structures, if there was an exceptional incident and that group became insolvent, the kind of ideas Shakira just highlighted around local impact assessments would be particularly important as well as in areas such as rural areas where there are very few colleges and providers that can swoop in and rescue those learning opportunities.

Bev Robinson: With area review, obviously I have got limited experience in my own area.

Gordon Marsden: You are about to get a lot more.

Bev Robinson: I am currently in the area review process, so I am happy to comment on Lancashire but not about across England. That has not been my experience in Lancashire. We are still midway through the process. There has been value in the process and I am not seeing any cold spots at the moment. But I think this is something to watch for in the Bill, so I do want to make this point again. If an unintended consequence is not in a reasonable travel-to-learn area, it could create a cold spot. I remember that words like sufficiency and adequacy were used back in the day to ensure there was sufficiency in an area, and I recommend the Committee considers that.

Secondly, the only thing I wish to question is one of the paragraphs in chapter 7, “Disqualification of Officers”. I question whether that should apply to the college boards and their non-exec directors. I am a little bit concerned that it may discourage students and the business community from serving on colleague boards. I would appreciate it if consideration were given to that point.

Q71 Gordon Marsden: Incidentally, that point was raised by other witnesses this morning. I cannot remember who it was, but the palette was drawn wider to include local politicians as well. As I listened, I was worried who might be prepared to serve on a board. That is a similar point to the one that was made. I would just like.

Shakira Martin: Gordon, may I add two vital points? Another concern regarding the education administrator is what qualifications and expertise they have within the sector. Are they familiar with the further education sector? When we are talking about widening access, can the Committee also consider care leavers, student parents and those with disabilities? That is it for this section.

Q72 Gordon Marsden: Right, okay. Can I come back to the institute itself? We had some discussions this morning with Peter Lauener about the genesis of the institute and my concerns about capacity, particularly at the moment. I would like to touch on the issue of representation. Bev, you have quite rightly made a distinction between the community and the learners and the actual organisation in a FE college itself. Do you all believe that learners should be represented on the board of the institute? Over and above the board of the institute, where else can they add value in a process and in a new institution that—at least initially, on the basis of what Peter Lauener said this morning—will have a somewhat limited capacity in terms of the number of people working for it?
**Shakira Martin:** We 100% believe that there should be a learner on the board. I believe there should be two reserved places: one for an apprentice and one for a student, as their routes into education and experiences will be different. My membership—my apprentices and college students—are consumers, and they need to be around this board. As long as they are taking loan money out, they need to be getting the best deal. Additionally, we have taken the apprenticeship levy from a European model, which is fantastic. However, we have left behind the quality assurance part, which talks about collaboration and working in partnership with colleges, students and other stakeholders. I would like the Committee to consider that.

**Shane Chowen:** I agree. As the institute is currently set up in statute under this Bill and others, it feels like there is huge value to be added by properly consulting and working with learners at every level of the organisation. I am about to celebrate my 10th year of working in further education, and one of the lines in legislation and regulation that I have learned to fear is “having due regard for learner views”. That relegates properly consulting and involving learners and apprentices to a compliance exercise, and it quickly becomes a tick-box process. The new institute has an amazing opportunity to not do that. Learners should absolutely be on the board.

Each of the 15 route committees can do quite a lot with learners, apprentices and former apprentices. At the end of the day, they are the ones who are looking at jobs, applying for jobs, brushing up their CVs and looking at job specs, so they will have a perspective to bring to the development of apprenticeship standards, right from entry up to a higher level. It is not just about access and participation with the sorts of groups that we have left behind the quality assurance part, which talks about collaboration and working in partnership with colleges, students and other stakeholders. I would like the Committee to consider that.

**Bev Robinson:** I see merit in having a strong student voice on the board. At the moment, I do not see a strong argument for them on the 15 routes, but I would be open to that. I really welcome a debate on this aspect of the Bill. In this country, professional and technical education has been—I do not know how polite to be—woefully treated. It has been a second class and a last resort, almost. I welcome the Bill putting it where it should be, which is as a first choice rather than a last resort.

**Q73 Gordon Marsden:** I hope that is a view shared by everybody in the Committee. I want to probe a little more on the approval process for technical education, and both of you may have something to contribute here. Before being shadow FE Minister, I spent two years as a shadow Transport Minister and I found myself being lobbied by the maritime community because they had developed a series of qualifications—the trailblazers—that were perfectly adequate and excellent for the maritime sector, but then took nearly 18 months to jump through the hoops of the then Department for Business, Innovation and Skills. That is a particular issue in a particular area, but it raises in my mind the question of whether better learner engagement—“learner” in that respect could be treated very widely—in the approval process for technical education would facilitate and improve some of the approval process, so that the lessons from the trailblazers are heeded.

**Bev Robinson:** I strongly commend co-creation—by co-creation I mean the employer voice is really strong in that, and I feel it has to be. If we learn the lessons from qualifications and the proliferation of qualifications over the last couple of decades, we have lost the employer voice and therefore we have lost some of the value of some qualifications. For me, co-creation is really important. That is about employers and educationists as well as making sure that the student or customer voice—the consumer voice, as Shakira said before—is important. I commend the Committee to consider that.

**Shane Chowen:** I do not want this to turn into a debate about why there may or may not have been a proliferation of qualifications, but some argue that it is because employers have argued that they did not particularly want it, so something else was developed. I have seen arguments that employers themselves have driven an agenda whereby they have been allowed to create and develop qualifications under a framework—under an employer-responsive model—so there are two sides to that coin. As I said, there are huge opportunities in this Bill to do a lot of great things in technical education and apprenticeships, and it feels like we are halfway there at the moment. An area I feel we can do much more on is widening access and participation in apprenticeships and technical education. If you had learners around the table with a serious voice and a vote, you would find much more innovative, creative and effective ways to engage with marginalised and under-represented groups than you would if you had a panel just of employers.

**Q74 Gordon Marsden:** On that point—after this, I will conclude, Ms Dorries—I am struck by the read-across between our discussions on this Bill and those that we had during the Committee stage of the Higher Education and Research Bill, except we have substituted the words “apprentices” for “students”. There is a lot of read-across between this and the Higher Education and Research Bill, and it is right that there is because the Government’s aim is to have higher skills, whichever Bill that comes out of, and this is part and parcel of that.

Yesterday in the Report stage of the Higher Education and Research Bill, we introduced a new clause that would set up a standing commission to look specifically at how we expand adult education and learning. My question is: what more, in the context of this Bill, does the Institute for Apprenticeships and Technical Education need to do to strengthen the argument for widening access and participation with the sorts of groups that we have talked about? I am talking about on the face on the Bill as opposed to saying simply, “Once it gets going I am sure it will think of looking at this.”

**Shakira Martin:** The Government are talking about parity between the two routes—was it parity? The office for students has just announced that it is going to have a learner voice—a student—at the table and that is where this starts. It starts in this room, from the beginning. You also need to remember that we are not just creating students with qualifications; we are creating citizens. Getting students around the table to take ownership of their learning and of what is happening with them in society is actually having a domino effect. They have been enabled to make decisions, and they will give this back. Once you take ownership of something then you have a much better view, love and respect for it.

I do think that it starts there, by having two reserved places, because studying in the classroom and studying as an apprentice are two very different things. That is
why I stress that it needs to be two reserved places. If we are saying that there is parity, then that is the beginning of where it starts.

Shane Chowen: I would go further on that point about parity. I have heard Ministers and Secretaries of State call for parity of esteem and respect between the academic and technical route for many years, and that is laudable. This Bill feels like a good opportunity to move in the right direction with that. One of the first discrepancies is the enormous agenda to widen access and participation that there is in higher education, both in terms of what is in statute—which is why this Bill is important—and also in practice, in terms of what is funded on the ground. So in HE there is an established Office for Fair Access in statute, and the director has statutory responsibilities until the current Higher Education and Research Bill 2016-17 passes, and then that goes to the office for students.

There is a student opportunities fund managed by HEFCE that is worth about £41 million. Universities themselves spend between £700 million and £750 million a year on widening participation action in the form of bursaries and outreach activities. If we are serious about widening access and parity of esteem, there has to be a dual-pronged approach. We cannot have tonnes of resources pumped into widening access on the HE model and then not very much going into widening access on the technical and apprenticeship system. There are still communities that are not engaging in the system as much as they should be. The system is not reflective of the employment sector or the general population, particularly when you look at students with disabilities and learning difficulties, and students from black and minority ethnic backgrounds. They are not reflected in the sector in the way that they should be. There is a massive opportunity in this Bill to do something about that.

At the very least, the new institute can have some responsibilities to report annually on progress towards levelling the playing field on improving access and participation, as well as achievement and progression of individuals from under-represented groups. What we can learn from the HE work is that there are already sophisticated models and benchmarks to do that. I do not think that it would be a difficult job. We would not be starting from scratch. It is important that there is a dual-pronged approach if we are serious about parity of esteem.

Bev Robinson: I would like to add something about the importance of careers advice and guidance. Understanding the many opportunities at a young age is key, and with positive models you then see them. Through careers advice and guidance, it is very simple: you can relate to that person and think to yourself, “Well actually if they can achieve that, then so can I.” That is very powerful for social mobility.

Q75 Tracy Brabin: I would like to ask about the opportunities of courses. My previous background was in the cultural industries, and it seems that culture and design are grouped. How would you like the choices within these brackets to be prioritised? Should the balance be about job creation, rather than careers? Have you had thoughts about the expectations of students and what they would be taking up within these brackets?

Bev Robinson: May I clarify: when you say brackets, do you mean the routes?

Tracy Brabin: Yes—culture and design is one route.

Bev Robinson: Indeed. I was involved in the Lord Sainsbury panel that contributed to the report, so I feel like I have spent a lot of my time and life in looking at that. I feel that there are real opportunities for both. It has to be about career, because it is about a journey. It is really important that we give everyone the opportunity to develop skills, to help them to secure employment for themselves and their families to have strong and healthy lives.

Because the routes are mapped against what the economy needs, it helps with advice and guidance and helps a young person of whatever age to think, “Here’s an opportunity for me. I can see my path and how that fits.” You do not always make decisions and stick to them. It is important that there is enough in there that one can transition across different pathways as well, and this proposal allows for that.

This also goes up to levels 4 and 5—a real engine of the economy in high-value jobs, for want of a better term. We talk a lot about levels 2 and 3 in technical professional education, but we must remember to include levels 4 and 5. I would like to think that this is very much about a journey—a career that enables you to move and develop further as you desire.

Shane Chowen: I welcome that the Bill does not specify that there have to be 15 routes or what those routes are. It leaves that up to the Secretary of State to define the routes and the institute to define what occupations go into those routes. I think there is a clause that says that, if an occupation does not fit into one of the routes, the institute can pop it in somewhere that it sees fit.

I would add that it comes up against this parity with HE argument. In the 24-plus advanced learning loans system at the moment, where you can get funding to go on a course as an individual, in future you would only be able to get an advanced learner loan for a course that would fit in to one of those 15 routes. Most things probably will but the parity issue for me is as follows. No, I do not have a degree. No one will stop me going to a HE argument. In the 24-plus advanced learning loans system at the moment, where you can get funding to go on a course as an individual, you are able to get an advanced learner loan for a course that fits. You do not always make decisions and stick to yourself—I would not be able to get an advanced learner loan for that under the proposals. Sadly, that is the case at the moment—I am involved in the stakeholder group for the 24-plus loans. For me there is also a parity issue around access to funding for individuals. If we are saying in the loan system that the risk is on you—the loan is yours and you are responsible for paying it back—I do not think we can restrict people’s choices into those 15 routes, if there is a course that does not fit neatly within them.

Shakira Martin: The skills plan proposes 15 routes. I have been speaking to my membership already, and this goes back to the reason and importance of why we need them on the board. The 15 routes do not cover qualifications in the retail industry, for example.

My members feel extreme concerns for the arts courses as there is only a route that proposes for arts “Creative and Design”. Those do not cover courses such as
performing arts. Learners are already recommending that this route be split into two: applied art and design and performing arts. Again, I would like to reiterate why that is so important. It is this type of stuff we can address if they are around the table in the first instance, instead of learning by trial and error within the sector.

I would also like to draw your attention to how the clause is written. It is under “occupational categories” which, if you are not involved in the sector, you will not understand. That is again another reason why somebody needs to be around the board. The Secretary of State would be given more power to change the routes without consulting students. I would like to put to the Committee that we have an amendment to say that before any of these changes take place, learners should be consulted, as well as information, advice and guidance being part of the process. I agree with what David Hughes said this morning that IAG should be going into key stage 4. I went to the Skills Show this week and that provides an excellent example of IAG in those four days. I strongly recommend you to look into the Skills Show.

**Bev Robinson:** May I clarify something, please? We are talking about technical professional education. There are other opportunities for learning—A-levels, applied general qualifications—that would cover retail and performing arts. The technical education was not meant to cover absolutely everything. It is meant to cover just technical and professional education, so this would not exclude a learning opportunity because that would be covered by applied general qualifications currently.

Q76 David Rutley: Thank you for your points. Like all of you, I believe this is very important to help people achieve their potential and to improve social mobility—no question. We are all saying this is a positive step forward. I am keen to focus on these categories for a moment. I know that you were involved with helping to create these, Bev. Obviously, they are important not just for learners but for businesses and employers as well. Does the panel believe that there is enough flexibility in that arrangement to have some defined pathways but to be able to evolve, given what will happen in the economy and in those sectors in future?

**Shakira Martin:** I believe that, with devolution, we do need to be working at a local level, working in partnership with local organisations, such as local enterprise partnerships, local businesses and small and medium-sized enterprises, to make sure that it is relevant to the needs of that community and that area, and to the needs to the students. This is also why it is vitally important that we are training and educating our students not just for a job in a specific area, but giving them transferable skills to enable them to move out of their area and up into a different industry.

**Shane Chowen:** Whatever the structures put in place within the institute around oversight of those routes, it is important that they have the necessary authority to make those kinds of recommendations, so if a route needs to be modified in any way, they have the authority to do that. The digital sector, for example, is probably one of the fastest moving of those 15 sectors. That will need to change all the time: the kind of occupations that are listed within those will need to be updated all the time. I would hope that the institute would have the flexibility to allow that to happen.

**Bev Robinson:** I completely agree: currency is king. We have seen some of the qualifications in the market become terribly out of date. The Bill does allow for flexibility because the institute will be responsible, with those panels, for making sure that it is kept up to date. I really do welcome that.

Q77 David Rutley: Do you believe that businesses are currently engaged enough in helping to define those categories or routes, and are the mechanisms in place to ensure that will happen?

**Bev Robinson:** I believe it is. The panels are not there to represent a particular business. Shane alluded earlier to the fact that the panels can sometimes be too narrow, as we have seen with the early trailblazers. Lessons learned from that would suggest that you are on that panel because of your engineering expertise, not because you happen to work for AA Engineering Ltd. It is about keeping that currency and making sure that you are representing not your company but the engineering field. Also, because it is co-creation, having educationalists there as well to make sure that pedagogy is also at the heart of the design of these products.

**Shane Chowen:** I have nothing to add on that.

Q78 Kelvin Hopkins: A very important question: what measures should be put in place to protect the quality of education received in a college that is struggling financially?

**Shakira Martin:** As I said, I welcome the fact that learners are being considered in the insolvency regime. The NUS did put forward some recommendations in the consultation—I think that maybe some of that has not been considered before but, within this process, that is vitally important—of an independent FE ombudsman. When students do go through this process, if they are not satisfied with the end result, what steps do they take in appealing that decision to ensure that they get the best? At the moment there is nothing out there to represent students in that way. I am not really familiar with the HE sector and whether there is the equivalent there, but I am sure that there is probably something in place. After the process has happened and a student has been placed in a college and is not happy with that position—what next? How do they challenge that? I would strongly recommend an independent ombudsman.

**Shane Chowen:** For me, if it has got to the stage where there are crisis meetings looking at how to recover teachers and get students to a place to learn, at some point along the way the system has already failed. The whole idea behind the commissioner’s office, for example, is to ensure that learners are protected long before a college even starts looking at insolvency as an option. The flags that are highlighted within the Department and the Skills Funding Agency at the moment to trigger a visit from the commissioner, should offer those protections long before an insolvency process.

**Bev Robinson:** I agree with that; it is about early intervention, not waiting for a failure—it is seeing the signs and making appropriate interventions.
Q79 Kelvin Hopkins: Pushing that argument further, you quite rightly said that colleges are now businesses after the incorporation in 1993. They have to perform like businesses, even though they are largely publicly funded. We may have a debate about whether that was a good idea or not, but nevertheless that is the situation we are now in. If a principal wants to make money, one way of making money is to squeeze more students in per class, to reduce the quality of the teaching by having less qualified teachers, to put people on courses and not worry about whether they turn up or not—to do all sorts of things that get the money in, but do not actually do the job particularly well.

I speak from some knowledge of a case exactly like that, where a college got into a terrible crisis. The principal disappeared and is now being picked up; I will not mention any names, but you may have been aware of it—it was a notorious national scandal. What is to prevent principals, especially with weak governing bodies, from behaving like this? Many students are not in a position to challenge and staff feel nervous about challenging, because if there is a wilful principal they might choose to get rid of staff, who cannot afford to lose their jobs, and so on. There are those possibilities, unless there are some controls. What would you suggest?

Bev Robinson: What you are citing there is an extreme example.

Kelvin Hopkins: But a real extreme example.

Bev Robinson: I appreciate that it was not fantasy—I appreciate that it was real—but such cases are an absolute minority. There are two golden threads in further education corporations—quality and finance—and it is about the balance of the two. In terms of what measures one could put in place, you have highlighted something: governing bodies—making sure that governing bodies are looking at the two golden threads of quality and money. It is about making sure that there are enough checks and balances within an organisation to allow for challenge; any good organisation would have that. I guess, ultimately, as we mentioned about the FE commissioner before, you would say the FE commissioner again, alongside Ofsted. Remember that with the desk research they do, they would spot within 12 months—if it was a dramatic example, as you cited—that quality suddenly went down very rapidly. That would be a red flag and a trigger. I would like to think that that would not happen, but obviously it does happen in a minority of cases.

Q80 Kelvin Hopkins: Earlier today I was talking about governing bodies, having had 25 years' experience on a sixth-form college governing body and some years before that on a college of higher education—which was really a high-powered FE college, with some HE and some FE. With that experience, I know that having the right governing body with the right kind of membership is absolutely crucial so that principals cannot get into that situation.

At the beginning of incorporation, all those years ago, the Government wanted small, tightly knit governing bodies made up of local businesspeople, thinking that that would make it work—the businesspeople would somehow guide the college into producing the right students. It did not actually work, and in the end the Government changed their mind and wanted broader based governing bodies including, of course, students—certainly, at the college I am at, the student council elect their own students on to the governing body—plus some accountants, some lawyers, and some headteachers from local high schools and primary schools. There was a whole range of different skills, so that the college is properly accountable—without having an elected body, but they do appoint their own governors. That approach is a way forward. Can we put that sort of thing into the Bill, to ensure the legislation is improved? I know that you and Gordon know each other very well. I am interested to know what your governing body is like.

Bev Robinson: I am thinking of the unintended consequences. It is very easy to say that we can dictate exactly the constitution of a governing body, but if we are looking at further education corporations across the country, some of them are very different. My own, for example, is an outstanding college. We are very strong financially and so on, and we benefit from the mix and balance that we have on the board: we benefit from our business community and from two very able students on the board. I am hesitant about mandating exactly what that board would look like, because it varies by college. If, for example, I were a land-based college, I might want a slightly different mix, so I am hesitant about fully supporting that.

Shane Chowen: There is an interesting overlap in what you are saying, in terms of what the new accountability and regulatory landscape would look like after the Bill, with the various new bodies. How does Ofsted interact with the institute? How does the OFS interact with the institute, which interacts with Ofsted? Who inspects HE, given that Ofsted does not have a role within that? There is definitely something in cleaning up that landscape and giving the roles and responsibilities within the sector some very clear and defined lines.

We have not spoken much today about the devolution elements within the Bill—I have been here all day, by the way: I'm a superfan. If you are devolving significant sums of money to combined authorities, the Government are absolutely right, on behalf of the taxpayer, to expect some level of accountability and assurance about that. That should be not only raw numbers of how many people are doing qualifications and at what level, but also the extent to which those funds are being managed and accounted for. There might well be another layer of accountability under devolution.

Having said that, combined authorities and LEPs often have representatives on college corporations, so they should be responsible, as governors, for noticing when something is awry—for example, a spike in student complaints when they get their spreadsheets. I am not sure the Bill currently delivers that, so it could be looked at in future.

Shakira Martin: Can I remind everybody that FE has been cut to the core for a long time now? There might be some mismanagement, but when you are cut to the core and trying to change people's lives on a budget, this is the kind of situation we get into. There is a big call for investment at the moment. I am going to flip this and talk about money and why we need it. Something I picked up from David Hughes this morning is the point about stability and certainty. We are often known as a Cinderella sector. It was welcome to hear the new Secretary for Education put FE at the heart and say that it is a priority. However, investment is needed in that area.
Q81 Kelvin Hopkins: There were some striking figures this morning about the enormous difference between the spending per student in FE, post-16 and A-level students and in universities. I made the point that at university, you often have a small number of lectures with a couple of tutorials, whereas in FE, and particularly in A-levels and BTECs, you have constant contact with teachers. The level of engagement is much greater between teacher and student.

Shakira Martin: Definitely. There is another thing that is quite frustrating. I welcome the money being put into the adults skills budget, but that is not an investment directly into further education, so I would like the Committee to consider direct investment in FE institutions.

Kelvin Hopkins: In my case, you are preaching to the converted.

Shane Chowen: It might be worth pointing out, just on that point, that there were also figures out last week showing participation in FE and skills, and in the last 12 months we have had the biggest drop in adults participating in basic English and maths training that we have had in six or seven years. That comes at a time when—I think Professor Fuller mentioned this earlier—the UK is ranked bottom of the OECD league tables for literacy and second bottom for numeracy. At a time when we have to send out negotiators and a Secretary of State for International Trade to fly the flag for the UK, those figures look really bad.

The Chair: Order. May I just interrupt here? The questions have to pertain strictly to the provisions in the Bill, as Mr Hopkins well knows. I know it is slightly difficult, but could you keep this answer as short as possible, so that we can move on to questions that do pertain to the Bill?

Kelvin Hopkins: Apologies, Ms Dorries. I have finished now; thank you.

Shane Chowen: I would argue that there would be opportunities in the Bill to place extra emphasis on those kinds of issues that the country faces in international trade negotiations, such as basic literacy and numeracy.

Q82 Gordon Marsden: I would like to ask this, while remaining within the scope of the Bill. There has been some interesting discussion about priorities, adult skills, training and so on. I want to return us to discussing the institute. If you had been here earlier, Shane, you would have heard a number of questions put to Peter Lauener about the nature of the institute, what its capacity might be and so on. I want to talk about one thing that strikes me about what the Bill is trying to do.

The institute had an interesting genesis, because it did not start out as an institute at all; it started out as a wish list in the Enterprise Bill by the previous Government as to who could actually look after apprenticeships. At one stage, it was going to be trading standards. Obviously, that subsequently was decided not to be the way forward, so the Government brought through, in the Enterprise Bill, the first genesis of the Institute for Apprenticeships, and like Topsy, it has just grewed—very beneficially, I think, but that does raise some interesting questions that go to the heart of skills policy and of the new structure that will be set up, so I would like to ask the three of you, from your different perspectives, to answer this. We have heard a lot about apprenticeships. Obviously, that was discussed this morning with Peter Lauener. The technical qualifications are coming into this institute anew, but they bring with them the issue of how many people—actually, adults—need to be retrained and reskilled, the issue of what technical means for them. What should the balance be between the new institute focusing, obviously, on apprenticeships because that is a key Government target—

The Chair: Order. Mr Marsden, we have a vote just before 4 pm, so if we keep to the point of the question, the witnesses will have a chance to answer.

Gordon Marsden: Indeed. What do you think the balance should be in terms of the new institute focusing on apprenticeships, as opposed to focusing on other retraining and reskilling?

Bev Robinson: I would probably go 50:50, because if you look at what we are asking in terms of technical professional education up to levels 4 and 5, there will be a considerable amount of work to do.

Shane Chowen: I would agree, but I also think there is a lot of overlap between the two. One thing we have argued is that the institute could do much more to publicise and promote better data around outcomes for technical education and apprenticeships. That would be the same job for different forms of learning. I am talking about things such as employment outcomes, earnings outcomes, learner satisfaction and employer satisfaction. Those are things that the institute could do jointly between apprenticeships and technical education.

Shakira Martin: One thing that the institute could do is define what an apprenticeship is—is it employment or work? There could also be better initiatives to get young people or just people back into work. An example is council tax exemptions. What does that mean for students who are estranged from their parents or whose parents are on low incomes? If it can be clarified whether an apprenticeship is education, work or both, perhaps we would be able to take steps forward in anticipating what we actually need.

Gordon Marsden: That involves the Minister discussing some of these things with his friends in the DWP and brings us back to the 16-hour rule and also to the conclusion of the sitting, I suspect.

The Chair: Does anyone else have any questions? If there are no further questions from hon. Members, I thank the witnesses for travelling here today and giving evidence.

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

3.45 pm

Adjourned till Thursday 24 November at half-past Eleven o’clock.
Written evidence reported to the House
TFEB 01 Neil Phillips
TFEB 02 Catholic Education Service
Public Bill Committee

TECHNICAL AND FURTHER EDUCATION BILL

Third Sitting
Thursday 24 November 2016
(Morning)

CONTENTS

Clause 1 agreed to.
Adjourned till this day at Two o’clock.
No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Monday 28 November 2016
The Committee consisted of the following Members:

Chairs: † Mr Adrian Bailey, Nadine Dorries

† Argar, Edward (Charnwood) (Con)
† Brabin, Tracy (Batley and Spen) (Lab)
† Donelan, Michelle (Chippenham) (Con)
† Evennett, David (Lord Commissioner of Her Majesty’s Treasury)
† Halfon, Robert (Minister for Apprenticeships and Skills)
† Hopkins, Kelvin (Luton North) (Lab)
† Jayawardena, Mr Ranil (North East Hampshire) (Con)
† Kane, Mike (Wythenshawe and Sale East) (Lab)
† Mak, Mr Alan (Havant) (Con)
† Marsden, Gordon (Blackpool South) (Lab)
† Rutley, David (Macclesfield) (Con)
† Shah, Naz (Bradford West) (Lab)
† Smith, Henry (Crawley) (Con)
† Tomlinson, Justin (North Swindon) (Con)
† Vara, Mr Shailesh (North West Cambridgeshire) (Con)

Kenneth Fox, Marek Kubala, Committee Clerks

† attended the Committee
Public Bill Committee

Thursday 24 November 2016

(Morning)

[Mr Adrian Bailey in the Chair]

Technical and Further Education Bill

11.30 am

Gordon Marsden (Blackpool South) (Lab): On a point of order, Mr Bailey. This Bill, which we did not oppose on Second Reading, is full of lots of worthy things, but the devil is in the detail, and the latest detail that we have had was a lengthy policy statement on clause 1 and schedule 1, which was delivered to Members at only 5 o’clock last night. I do not know whether other Members have had an opportunity to look at it—I gather that printed copies are not available, which is a shame, but it will have been emailed to everyone.

The point that I want to make is that it is extremely unhelpful, to put it mildly, for the details on complex issues relating to how the powers in schedule 1 to the Bill will be repatriated into the Apprenticeships, Skills, Children and Learning Act 2009 to be delivered to Committee members at such short notice, leaving us little time to study them, let alone table amendments. I would like to know why it was not possible for this document to be delivered earlier in the week—on Tuesday, for the sake of argument—when we might have had an opportunity to look at it properly. As it is, we have been done a grave disservice.

I remind the Minister and the Government Whip that the document includes the Keeling schedules, which are designed precisely to make complex provisions comprehensible by reference to the earlier legislation that is being changed. That is their purpose. It might also be worth reminding people that Keeling schedules were the innovation of a Conservative Member and were brought about under a Conservative Prime Minister; they are designed to help Government as much as Opposition Back Benchers to do their job.

The other point is that the policy statement makes out that the provisions are merely an add-on to ones taken up in the Enterprise Act 2016, which I am not querying. However, to argue that technical education is a mere add-on to apprenticeships is to diminish its value and to underrate the complexity of what the Government will need to do. That is therefore not a very good argument for saying, “Oh well, this is just a basic set-up of principles in which we have included technical education.”

In view of that, I am asking not only for an explanation from the Minister as to why the documents could not have been made available on Tuesday, but, in fairness, for some consideration to be given to taking manuscript amendments relating to the clause—since I assume it is not possible to reprogramme it at this stage—on Monday and Tuesday. We might then be able to have a broader and more thoughtful discussion. Depending on the Minister’s response, I will then ask about the context and basis of the policy statement for our discussion of amendments this morning, or indeed of clause 1 and schedule 1, if that is what we do.

The Chair: Obviously that is not a matter for the Chair. However, the point has been made and I invite the Minister, if he wishes to respond, to do so.

The Minister for Apprenticeships and Skills (Robert Halfon): Thank you, Mr Bailey—

Kelvin Hopkins (Luton North) (Lab): It is further to that point of order, Mr Bailey. I just want to support my hon. Friend the Member for Blackpool South. I arrived at the House fairly recently and picked up the paper from my office, but I have not had time to read it, and it is clearly lengthy. I entirely support what he said and hope that the Minister will be accommodating.

Robert Halfon: The existing policy statement has already been on the gov.uk website for several weeks, as has the delegated powers memorandum. What was provided last night was an expanded refresh, but we have provided information on the policy, and that is the key point.

Gordon Marsden: I appreciate what the Minister says about the original version having been on the website, but the point is that this is not the original but an expanded version. He used the word “refresh”, which, if I may say so, politely, is another slightly slippery term that would be best avoided. This is actually an amended version of what was on the website, which is why we are raising the issue.

We broadly support the principles of the Bill. We are trying to take it forward and do due diligence, as all members of the Committee should want to do. This is not a partisan argument or an opportunity to score points; it is about treating the Committee with the respect it deserves. Hon. Members received a significantly amended version of the policy statement at 5 o’clock last night, without having had any prior indication. I return to my point, which the Minister has not answered: why could this document not have been circulated on Tuesday? Why was it left until 5 o’clock on a Wednesday evening, when many hon. Members perhaps were not looking at, or were unable to look at, their emails? The Minister has heard already that my hon. Friend the Member for Luton North has picked his up only this morning. Frankly, if we want to proceed in a co-operative and friendly way in the Committee, this is no way to run a railway.

Mr Shailesh Vara (North West Cambridgeshire) (Con): As a former Minister who has taken Bills through Committee, I am confident that there is no conspiratorial issue here. Regrettably, this does happen with a number of Bills going through Committee. It is happening under a Conservative Government now, but it used to happen when Labour was in government. I am confident that, on the whole, Ministers, of whichever shade of the

The Chair: Order, Mr Hopkins, is this in support of the point of order?
political spectrum, mean well and act in good faith, but
the reality is that sometimes things appear at the last
minute. Those on the Opposition Front Bench simply
have to live with it and get on. This is not conspiratorial;
it is the way the Government operate, whichever party is
in office.

Gordon Marsden: I understand the hon. Gentleman’s
point, and I assume that most of the time these things
come about—if I am not using unparliamentary
language—as a result of a cock-up, rather than a conspiracy.
For the sake of Hansard, I stress that I am not saying
that that was the case here. What I am saying is that it
was not terribly helpful that the document turned up at
only 5 o’clock last night. I understand that these issues
are quite complex. I might add in passing, however, that
some of the discussion in this sitting will be about
capacity, and if the Minister’s Department did not have
the capacity to produce this very important document
by Tuesday, that will raise concerns about its capacity to
do some of the other things that it needs to do in
relation to the Bill.

I am not asking that the document not be looked at. I
entirely accept the point made by the hon. Member for
North West Cambridgeshire that these things happen,
but in the circumstances I think it not unreasonable to
ask that hon. Members on both sides of the Committee,
who might want to look at some of these issues, should
have the opportunity to table amendments in the light
of this policy statement. I remind those on the Government
Front Bench that clause 1 and schedule 1 deal with most
of this policy statement. I remind those on the Government
will invite the Minister to explain, but first I call Kelvin
Hopkins.

Kelvin Hopkins: Just for clarification, if it is accepted
that we can table amendments to clause 1 and schedule
1 today, does that mean we will not take the stand part
debate on clause 1 until later in our sessions?

The Chair: The situation is that Members can table
amendments if the Committee has not moved on, but if
schedule 1 has been taken, they cannot. I call the
Minister.

Robert Halfon: The policy document does not change
anything. As I say, most of it was already in the public
domain and we were just trying to help the Committee.
We are here to debate the clause and schedule relevant
to the issue in hand.

The Chair: I will move on to some preliminary
announcements. Today we begin line-by-line consideration
of the Bill. Members may remove their jackets during
Committee meetings. Please ensure that all electronic
devices are turned off or switched to silent mode.

The selection list for today’s sittings is available in the
room and shows how the selected amendments have
been grouped for debate. Grouped amendments are
generally on the same or similar issues. The Member
who has put their name to the leading amendment in a
group will be called first. Other Members will then be
free to catch my eye and speak to all or any of the
amendments in that group. A Member may speak more
than once in a debate. I will work on the assumption
that the Minister wishes the Committee to reach a
decision on all Government amendments.

Please note that decisions on amendments take place
not in the order in which amendments are debated, but
in the order in which they appear on the amendment
paper. In other words, debate occurs according to the
selection list and decisions are taken when we come to
the clause that the amendment affects. I hope that
explanation is helpful. I will use my discretion to decide
whether to allow a separate stand part debate on individual
clauses and schedules following the debates on the
relevant amendments. If any Member wishes to make a
declaration of interest, he or she may do so at this
point.

Kelvin Hopkins: I do not know whether my membership
of the governing body of a sixth-form college is relevant,
but I declare it anyway.

The Chair: Thank you. I remind Committee members
that we will consider the clauses and schedules in the
order set out in the programme motion that we agreed
on Tuesday morning, which is set out at the end of the
amendment paper.

Clause 1

The Institute for Apprenticeships and Technical
Education

11.45 am

Question proposed, That the clause stand part of the
Bill.
Robert Halfon: It is a pleasure to serve under your chairmanship, Mr Bailey. I am very pleased to be here this morning to begin line-by-line consideration of this important Bill. I look forward to debating it with all members of the Committee. I particularly want to convey my thanks to Lord Sainsbury and his Independent Panel on Technical Education for the excellent work that they have done on technical education, which we are now taking forward through the post-16 skills plan in the Bill.

I want to pay significant tribute to my predecessor, my hon. Friend the Member for Grantham and Stamford (Nick Boles), who has been recovering from a serious illness. It was good to see him in the House recently. I want to thank everyone who has taken time to serve on the Committee, and I thank you, Mr Bailey, and Ms Dorries for serving as chairpersons. I thank those who gave oral evidence on Tuesday this week and those who have already submitted written evidence; their expert contribution has got us off to a great start.

Turning to part 1 of the Bill, clause 1 seeks to amend the name of the Institute for Apprenticeships to reflect its wider responsibility for college-based technical education. The Enterprise Act 2016 will establish the Institute for Apprenticeships. The institute is expected to come into operation in April 2017 with apprenticeship functions. The clause, together with schedule 1, will extend the institute’s remit to reflect the Government’s vision for the skills system set out in the post-16 plan.

The reforms will result in technical education qualifications that are designed around employers’ needs. They will support young people and adults to secure sustained employment and will meet the needs of our rapidly changing economy. Measures to extend the institute’s remit are important for a number of reasons. As a country, we face a pressing need for more highly skilled people, yet the current system presents a bewildering array of overlapping qualifications with similar aims. We cannot continue to let so many of our young people work their way through a succession of low-level, low-value qualifications that lead at best to low-skilled, low-paid employment.

The Bill will give the Institute for Apprenticeships and Technical Education responsibility for approving high-quality technical qualifications that develop the skills, knowledge and behaviours required by employers for skilled employment. Apprenticeships and college-based technical education courses will be based on a common set of employer-developed standards. This will ensure consistency between the two methods of obtaining a technical education.

Securing a step change in technical education is vital for the productivity of this country. By 2020—we are open and honest about this—the UK is set to fall to 28th out of 33 OECD countries in terms of developing intermediate skills. The size of the post-secondary technical sector in England is extremely small by international standards. That affects our productivity, where we lag behind competitors such as Germany and France by as much as 36%. Unless we take action, we will be left further behind.

A high-quality skills system needs to be distinct from the academic option. Academic qualifications such as A-levels are clearly understood, yet most young people do not go to university. Evidence shows that technical qualifications have long been regarded as inferior to academic qualifications. Reforming the system so that it provides a clear line of sight to the world of work will ensure that technical education in this country is valued as equally as the academic option.

The reformed technical education system will be built around a clear framework of skilled occupations. Occupational maps will be used to identify the occupations that are suitable for technical education, grouping together those with similar requirements, designing the system around clearly identifiable occupations, and bringing together employers to identify the skills and knowledge needed for those occupations. They will ensure that the new system genuinely meets the needs of individuals, employers and the economy.

It is important that a single organisation is responsible for working with employers and is the custodian of employer-led standards. Giving the institute responsibility at the heart of these reforms will ensure that all technical education provision is closely aligned and of the same high quality. We will ensure that the institute has the skills and capacity to be responsible for technical education when its remit is extended in April 2018. It is right that the institute’s name is changed to reflect the wider scope of its responsibilities.

Gordon Marsden: I associate myself with the Minister’s kind words about his predecessor, the hon. Member for Grantham and Stamford. It is a great pleasure to serve under your chairmanship, Mr Bailey, and that of Ms Dorries. I appreciate that this is quite a technical and detailed Bill, so we will depend upon the skills of the Clerks and hopefully timely policy submissions from the Government to wade our way through it.

The Minister rightly spoke about the broad need for the institute. He talked frankly about the situation in terms of technical skills, which was alluded to recently by the noble Baroness Wolf. It is absolutely right that the skills system set out in the post-16 plan will be built around a clear framework of skilled occupations. Reforming the system so that it provides a clear line of sight to the world of work will ensure that technical education in this country is valued as equally as the academic option.

The reformed technical education system will be built around a clear framework of skilled occupations. Occupational maps will be used to identify the occupations that are suitable for technical education, grouping together those with similar requirements, designing the system around clearly identifiable occupations, and bringing together employers to identify the skills and knowledge needed for those occupations. They will ensure that the new system genuinely meets the needs of individuals, employers and the economy.

It is important that a single organisation is responsible for working with employers and is the custodian of employer-led standards. Giving the institute responsibility at the heart of these reforms will ensure that all technical education provision is closely aligned and of the same high quality. We will ensure that the institute has the skills and capacity to be responsible for technical education when its remit is extended in April 2018. It is right that the institute’s name is changed to reflect the wider scope of its responsibilities.

Robert Halfon: On a point of order, Mr Bailey. To help the Committee, IFATE is a perfectly acceptable description of the institute during the debate.
We did not oppose the Bill's Second Reading, not simply because of the Minister's personal qualities but also because we believe there is a great deal of good in the Bill. However, the devil is in the detail, and the detail that causes us significant concern, and to which my hon. Friend the shadow Secretary of State referred on Second Reading, is the fact that we come to the Bill and to this new institution with a great deal of rather confused and not very comforting baggage.

I remind the Committee that when the Enterprise Bill was originally going through the House of Lords, where it started, there was no concept of an Institute for Apprenticeships at all. If Members consult the Hansard report of the House of Lords debates, they will see that there was much discussion on the Government Front Bench as to how the whole issue of standards could be developed. At one stage, a Government spokesperson suggested—whether accurately or otherwise I do not know—that some of it might be the province of trading standards officers. I think most Members here who know the way in which local government has had its trading standards officers cut back in recent years would agree that that is probably an over-optimistic assessment.

In due course the Government decided that they needed to set up an arm's length body, which is why, at a relatively late stage during the Commons debate on the Enterprise Bill—I think it was on Report; I might be wrong—the then Minister, the right hon. Member for Broxtowe (Anna Soubry), tabled an amendment to that effect, which we then debated in Committee. As I said, the Government on that occasion had not got their act together to put a clause down establishing it in the Bill, so we put one down and we discussed it.

I know that no Government like to take anybody else's idea, but we were rather disappointed that, when the Bill eventually came out, it was a fairly standard boilerplate structure, if I can put it that way, for setting up any institution of this sort. As we know, this is an innovation that potentially takes quite a lot of working responsibility away from the Department for Education and the Skills Funding Agency. I think we are now back in the sort of territory that we were in during the Committee stage of the Higher Education and Research Bill. The Minister I faced then was the Minister for Universities, Science, Research and Innovation, but we had exactly the same conversations in that Committee about the appropriateness of a Bill that established the office for students but did not mandate students to go to that body. I feel a sense of déjà vu, because we are in exactly the same place with this Bill. We will return to the detail of that amendment in due course, but I mention it now only to illustrate the lack of connectivity that there seems to have been, and the relatively late stage at which guidelines for the Institute for Apprenticeships have been produced.

Hon. Members might also remember that the skills plan was originally intended to be in the Government's academies mark 2 Bill. It disappeared from that Bill at a relatively late stage, when the Government realised that that Bill would be too hot to handle with their Back Benchers. We then had the rather strange situation, again at the very last minute, in which a Government statement about introducing the Bill and laying out its provisions had a little bit tacked in the middle saying, “Oh, by the way, we’ve decided we don’t have to go ahead with the academies issue.” I am not here to talk about academies, but I mention that example because it is illustrative. The hon. Member for North West Cambridgeshire spoke earlier about things that go wrong in Government. It is illustrative of the fact that the Government felt, at a relatively late stage—largely because of their embarrassment over that Bill, some observers believe—that that set of changes, which we welcome, should have separate legislation.

Whatever the reasons for that, we welcome it now, although I will gently say that it would have been better to have been able to discuss some of this in more detail, and possibly to have the Institute for Apprenticeships itself incorporated in the Higher Education and Research Bill. During the passage of that Bill, as the Government Whip will well remember, the Minister for Universities and Research spoke at length about the importance of higher level skills and everything that went with that, so it seems rather bizarre to some of us that this did not go into that Bill in the first place. We will not dwell on that.

What we want and need to dwell on are the issues relating to capacity. Capacity and time in terms of establishment have plagued the Government ever since discussions about the skills plan and the apprenticeship levy started. Sector skills council after sector skills council, employer bodies and providers have all had queasiness about the apprenticeship levy. We, too, support the levy, but we share some of the severe concerns about its implementation. A long list of organisations, including the Confederation of British Industry and the Federation of Small Businesses, have expressed and continue to feel concern about timing and capacity.

12 noon

The Minister is quite right that the information about the institute in the policy statement on clause 1 and schedule 1 reflects much, if not everything, that was in the original web document, which I do not think referred to numbers as such. On page 4, we are told that the estimate is that the institute will initially have about 60 staff, with running costs for the next financial year of about £8 million. We are, of course, promised an implementation plan “in due course”. That information was revealed by the current shadow chief executive of the Institute for Apprenticeships and director of both the Skills Funding Agency and the Education Funding Agency, Peter Lauener, when he gave evidence to the Committee on Tuesday. It did not exactly trip off his tongue, but it came out in the end, for which we were grateful, and it is confirmed in the policy statement. Nevertheless, the fact that it has been confirmed only strengthens our concerns about capacity.

It is reasonable to take up some of the points made by the Minister. He rightly spoke of the importance of developing the standards. The policy statement talks about how the institute will “develop and maintain the quality criteria for approval of apprenticeship standards... at regular intervals, review published standards and assessment plans” and “have a role in quality assurance of the delivery of... end point assessments, where employer groups have been unable to propose employer-led arrangements.”

It also confirms that the institute will launch in April 2017 as a Crown non-departmental public body. That is a long, worthy and laudable list of aspirations, but aspirations do not grow on trees, and nor does the ability to effect them. They cannot be realised without a strong cohort of people to carry them through.
I am worried about the complete lack of clarity that we have had thus far from the Government on just how they propose to perform all those tasks with a relatively shoestring staff of 60, which is the figure that has now been given. The Minister may come back to me and say, “Ah, but of course we are not taking on the more technical education element for another year,” which seems sensible, but to my mind and, I think, that of many outside observers, that will just muddy the water further. People will say, “There are 60 people. How many people are they going to need to take on the technical side? When are they going to take them on—at what point?” We are going to have a chief executive coming in in April to deal with what sound to me like very fragmentary plans in terms of the board and the chief executive. Peter Lauener said that they hoped to have a conclusion on that before Christmas; the Minister might want to respond to that at some point.

I am not alone in saying this; it is being said across the industry, as the Minister will know. The whole thing smacks of—well, I shall not say the Government making it up as they go along, because I do not think that is true, but it certainly smacks of last-minute add-ons. I remind the Minister what my hon. Friend the Member for Hartlepool (Mr Wright), Chair of the Sub-Committee on Education, Skills and the Economy, said on 2 November, when he—the Minister for Apprenticeships and Skills—and the director of apprenticeships at the Department for Education, David Hill, were being questioned by that Committee. David Hill and the Minister had given details about how many standards there would be and how many employers would be engaged. My hon. Friend said to Mr Hill:

“David, you said, ‘It will take time to scale up the reforms’.,”

and he referred to

“the remarkable change in institutional architecture and the need to ramp up apprenticeship numbers”. We need to remind ourselves that the Government have committed themselves to getting 3 million hopefully good-quality apprenticeships by 2020. I have not yet heard a satisfactory explanation for where that figure came from, but it is a big target, and how far it will be accomplished in the context of the apprenticeship levy and if the Government do not do more than they are doing to satisfy and enable small and medium-sized companies are big issues.

My hon. Friend asked:

“Given the remarkable change in institutional architecture and the need to ramp up apprenticeship numbers, aren’t you concerned, Minister, that you are trying to do two things and that one needed to be put in place before the other?”

The Minister responded, as I would probably have responded on that occasion:

“I think we are doing the things that are needed.”

Well, I am glad that the Minister thinks that he and his Department are doing the things that are needed, but this Committee deserves and will need more specific forensic information about how they are doing it.

Everything about preparation thus far for the institute has felt tentative and improvisatory. I made this point clearly in the oral evidence session on Tuesday, so I will not go into the detail again, but we have now had two shadow chief executives of the institute, neither of whom were employers even though it was supposed to be employer-led. The first left relatively quickly and the second, who has great skills and capacities, is still supposed to be taking this thing through on a two-day week. All the things that the Minister has told us this new great institution will do are being taken through by a shadow chief executive working two days a week.

I genuinely have great respect for Peter Lauener’s capacities and abilities. As I said on Tuesday, he has been a fixture in this area for over 20 years. I doubt anybody knows more than Peter Lauener about the comings and goings of the various systems, and where certain bodies have been buried. If we want someone to make preparations, he is a very good person, but we do not want someone to be doing it on two days a week.

That prompts us to ask who the new chief executive will be and when they are going to be appointed. Mr Lauener gave the impression on Tuesday that he was there to prepare the ground and that some of the detail would be filled in by the new chief executive. Most members of the Committee will be familiar with—and may have personal experience of—setting up new organisations or businesses for which a chief executive or shadow chief executive is recruited. It is not normally done at four months’ notice, with the person who comes into that position being told, “Well, we have all these plans here, but they haven’t all been sorted yet and it is your job to drive them forward.” The Government might think that is a rather unkind description of the process so far, but I do not think it is entirely inaccurate and, frankly, nor do many people in the business sector.

If the Minister wants the institute to be “turbo-charged” from day one—I think that phrase was used at some point—he needs to provide people with a lot more reassurance, as well as make sure that he gets the right person as quickly as possible. We do not know what that person’s background will be and whether they will have to serve out notice, but from day one of their appointment and its ratification, he or she will need to get absolutely all the support that they need. Otherwise, they will arrive in April and it may be that this time an acting chief executive—as opposed to a shadow one—will depart sooner rather than later. I do not think that I am being alarmist. I merely point out the issues of capacity.

Mike Kane (Wythenshawe and Sale East) (Lab): Does my hon. Friend agree that matters are extraordinarily hazy? We are setting up an institution and employing a gentleman for two days a week. The Government think they might employ 60 staff and the budget is an estimated £8 million. What guarantees are there that the organisation will be fit for purpose?

Gordon Marsden: Of course, the broad thrust of what my hon. Friend says is right; but let us try to be fair to the Government, and indeed to the officials, including Peter Lauener, who have the slightly unenviable task of bringing the matter to fruition in the relatively short time we now have.

On Tuesday, we discussed not only capacity, but the capability of the people recruited. That was why I asked Peter Lauener where the people might come from. I offered him the opportunity to say how many transfers, if any, he expected. I asked him:

“You talked about the numbers…given the staff reductions in the Department for Business, Innovation and Skills—of course, this is a machinery of government change—do you expect to be moving across or recruiting people from either the SFA or BIS who have previous experience in this area?”—Official Report, Technical and Further Education Public Bill Committee, 22 November 2016; c. 9, Q10.]
Answer came there none. I was merely told about the process for advertising for the key roles of deputy directors. I am sure that, like generals in armies, deputy directors are very important people, but in armies it is non-commissioned officers who are needed to get things moving—the people lower down the food chain who know all the bits and pieces and nuts and bolts. Peter Lauener offered no evidence on possible transfer processes from the Skills Funding Agency and the Department for Education, or indeed whether there have been expressions of interest.

Hon. Members will remember the comments of Ian Pretty, the witness from 157 Group, after David Hughes expressed strong concern about capacity issues. Mr Pretty has significant experience in the civil service and outside it, including as a tax inspector, as he said rather ruefully. He said:

“I would focus on capability as well. You can have 60 people or 100 people in the institute, but have you got the right capability? I would be nervous if the institute was completely staffed by civil servants. If this organisation is about co-creation with the private sector and the education sector, you need people with the capability to understand how business thinks and how business operates. You also need people who understand how the education providers operate. On the capacity issue, in terms of raw numbers you will cite something, but capability is more important.”—[Official Report, Technical and Further Education Public Bill Committee, 22 November 2016; c. 16, Q22.]

I agree. We do not have a problem with the direction of travel of the institute or the long list of admirable things it is supposed to do, but we have a severe problem of confidence about believing that it is anywhere near having the ability to do it. That is the issue that the Minister needs to address.

Perhaps I can drill down into that. The Minister talked about standards and frameworks, so it would be appropriate to ask him a few questions about those. It is fair to say that, although the routes produced by the Sainsbury review and the skills plan have been broadly welcomed—they produced 15 routes, which is a reasonable starting point and, sensibly and reasonably, the Minister has said that that number will be flexible—the broader picture is that the Government are trying to get everyone behind this new institute and its new policies. I will keep coming back to the target of 3 million apprenticeships because, even though it is not in the Bill, it is central to the success of the new institute.

12.15 pm

The Library briefing and other comments have made it clear that some stakeholders are quite concerned that the technical routes are not adequate to involve the numbers of people that we need. The former head of the Association of Colleges, Martin Doel, said it was “a concern” that creative arts and sports were out of the scope of the 15 routes. The director of YMCA Awards, Rob May, said that the routes cover only half of the potential occupations. Mark Dawe, the general secretary of the Association of Employment and Learning Providers, said that it estimates that only some 57% of the routes—a very precise figure—would cover all the potential need. In evidence to the Committee on Tuesday, the representative from the National Union of Students said that the NUS believed and had had feedback to the effect that some of the routes were too broad. She cited performing arts as an example of where there needs to be more breakdown. She also made the important point that the routes do not cover retail skills in any shape or form.

I declare a local influence. We are all influenced by our constituents, and the Minister is proud of his constituency and its excellent FE college. We get to know about the nature of our constituencies. When he visited Blackpool and The Fylde College, I think he went to the Bispham campus, so he would have been in the constituency of the hon. Member for Blackpool North and Cleveleys (Paul Maynard). Obviously that college, as the Minister knows, serves not just Blackpool but Poulton-le-Fylde and the surrounding area. A predominant element—I would not say the dominant element—of employment in those areas, as he will probably know, is retail and tourism based, and it involves quite a lot of part-time work and everything that goes with that. The extent to which service sector skills will be represented in the routes is important because we need to ensure that we have the capacity to get to 3 million apprenticeships.

Another specific point that the Minister might want to take on board—I do not expect him to respond to this today, but it would be helpful if, having considered it, he is able to respond later in the Bill’s passage—is the point made by Shane Chowen about advanced learner loans. The Minister will know that I have been critical of the number of post-24 learners who have taken up those loans. At the last count, only 50% of the £300 million that was made available for advanced learner loans at level 3 for people over the age of 24 had been taken up, which is a great tragedy. Like all Ministers he will want to keep a jealous eye on his budget vis-à-vis the Treasury, but I hope he agrees it is a great shame that £150 million of the £300 million allocated for those students had to be returned to the Treasury unused.

We can argue about why that happened, but the fact is that there remains a problem with the uptake of advanced learner loans. However, Shane Chowen made the point that his interpretation and understanding was that, in future, students would get an advanced learner loan only for a course that fits into one of the 15 routes. If that is true, it is important, because we have already heard from the other witnesses I mentioned that only about half of the occupations covered by such loans are covered by the routes. These are big issues in the retail, service and leisure sectors.

I have a few words to say about standards. In his opening statement, the Minister quite rightly put great emphasis on the importance of policing the content of standards, and Peter Lauener made the same point in his comments: he said that he wanted to revisit and review the standards at regular intervals. Select Committees have also commented on the issue. When I was shadow Transport Minister, the Transport Committee was particularly concerned that some of the maritime and marine qualifications that needed to be passported over for approval from the Department for Business, Innovation and Skills were being held up for between 12 months and 2 years. The Committee was so concerned about that that it commented on it in its report.

We know that in the past there have been problems not only with the approval of standards but with their development. We are now being told that they are likely to be subject to triennial review. Again, my questions to the Minister are about capacity. If I have my figures wrong, I apologise, but I think he said in evidence to the Sub-Committee on Education, Skills and the Economy that around 400 standards were in development, of
which only 150 had so far been approved. However, we have also heard that up to 3,000 standards may be approved. I ask him straightforwardly: how many standards will there be and on what basis, when the process is under way? Mr鲆 Department already determined that there will be an upper limit? End points for standards are not quite the same as starting points: how many end points will the Institute for Apprenticeships and Technical Education be responsible for? There are issues around the individual frameworks, so an update on the current state of play there would be welcome.

The Minister may think I am being hard on him for criticising the small numbers, because other authorities involved in the process are not in the institute and are not likely to be. Those are the so-called issuing authorities, which are authorised by the Secretary of State to issue apprenticeship frameworks for particular sectors. I am told that there are some 590 individual apprenticeship frameworks. Will the Minister tell us what their relationship will be to the new institute, as opposed to the Secretary of State?

Colleges and providers deserve clarity on these issues, particularly because of the back story. I could go on about the list of things that have not so far been clarified about the institute, but I will not. I merely emphasise that we would like to be positive and enthusiastic about it; but at the end of the day, this is not about whether the Opposition are confident and enthusiastic, but about what the punters out there think. It is about what the providers, the sector skills councils, the further education colleges and the employers—particularly small and medium-sized enterprises—think. And, of course, it is about all the young and older people who the Minister and I hope will fill the ranks of the 3 million young people. I would like to think that the institute will be to the new institute, as opposed to the Secretary of State?

Kelvin Hopkins: It is a pleasure to speak in this very important debate. I support what my hon. Friend said. I have long been concerned about the problems with apprenticeships. Many of them are insecure and poor quality, and it has been alleged that they are sometimes simply a disguise for low-paid labour for young people. I would like to think that the institute will challenge that and ensure that we have good-quality, secure apprenticeships in the future, so we can build an economy that will compete effectively with those of other industrialised nations, which approach these things in a more rigorous way than we do.

In the evidence sessions, I drew attention to the low funding per student in further education, where constant attention needs to be paid to the youngsters, who are sometimes not as academic as those of us fortunate enough to go through higher education.

In 1969, I moved to Luton—I now represent it—which was then a major industrial town. General Motors in Luton and Dunstable employed about 38,000 people. Every year, hundreds if not thousands of young people went into genuine secure apprenticeships. They were taken in at the age of 15 or 16, and they were sometimes pretty raw from school, but after five years of experience in industry, they came out with pretty good qualifications and secure jobs. They would be at different levels. Some would go on to take examinations—ordinary national certificate and higher national certificate—and some would even go on to associate membership of the engineering institutions. It depended on their abilities, but they would look forward to a good life of work within General Motors or other companies, with a good pension at the end of it. That kind of secure manufacturing experience has long disappeared for most people in Luton. The incomes of the people who live in my constituency have declined significantly in relative terms.

Electrolux and SKF, which makes bearings for cars, have declined. Some companies kept a nominal presence in the constituency. Electrolux used to make washing machines and vacuum cleaners. Indeed, my first experience on being elected to Parliament in 1997 was Electrolux getting rid of the last of its manufacturing; it was shipped out to Hungary, where labour was cheaper. We fought to oppose that, but we did not win, although Electrolux kept its office headquarters in my constituency, which pleased me. No doubt it still makes very fine equipment, but not in Luton. SKF still has a small number of people making high-quality bearings. They are kept only because they make such high-quality bearings; the mass of thousands of people making large numbers of bearings for industry has long since gone.

At that time, not only manufacturing provided a background of secure employment, long-term genuine security and apprenticeships; we had large public sector employers as well. We had local government and public utilities, and they were good bases for training apprentices. It was understood, although not necessarily publicised, that the public sector trained young people who later went out into other sectors and industry after their good, five years of apprenticeship there. For example, local authority direct labour organisations trained young people with genuine construction apprenticeships in a whole range of skills, and many of them went off and

12.30 pm
set up their own private companies, becoming self-employed with that base of good training. Even so, it was still not as good as the quality of education and training that we saw in Germany and elsewhere.

I return to the contrast with German workers on the shop floor, whose mathematics were sufficiently good to do all their own calculations, design their own products and construct them afterwards—specifically, things such as kitchen equipment—because they had skills. They not only had mathematical skills, but were often fluent in English. They could take a bespoke kitchen plan from England, written in English, to the shop floor, see what needed to be done, understand the English and produce the whole bespoke kitchen, which was then packaged up and sent back to Britain. We should be able to do that, but we could not do it then, and I suspect that we cannot do it now either. We must rebuild our capacity, which is why apprenticeships are so important.

Apprenticeships exist in other sectors as well. They range from high-level apprenticeships in technical subjects down to much more basic employment, but even there, it is important to have long-term experience in the job and to be able to do basic computation and use a language correctly to do the job well. We would not need to recruit quite so many people from eastern Europe in particular if we could do that ourselves with our own young people. It is not right that we should denude eastern European countries of their brightest and best young people. We ought to be concerned about what is happening in those countries, as well as what is happening here.

The Chair: Order. This is a fascinating discourse, but the hon. Gentleman is straying rather a long way from the purpose of the clause. If he could refocus slightly, that would be helpful to the Committee.

Kelvin Hopkins: Thank you, Mr Bailey. I was aware that I was straying from the subject. As I said, I taught in further education myself. I have taught a small number of day-release students as well, mainly A-levels in economics, politics and statistics. My experience was not very long—three years or so—but it was a great experience that has coloured my politics ever since. I know the difficulties of training young people.

Another problem that we have had is that, because of the reduction in employer size, there are fewer employees, and it is harder for a small employer to sustain an apprentice without a proper levy system with heavy state subsidy. I think that the levy system is exactly right; I would like it to be more extensive, so that we can give apprentices secure employment with reasonable pay, while they are working and studying. Apprenticeships across the board need to be properly sustained financially and a levy system is the way forward. We are moving in that direction.

I have come across another problem. Small garages, for example, might take on an apprentice as a car mechanic, who might stay there for three years, but then that small garage might suddenly find that its apprentice has been poached by a big garage that does insurance work, which would be very lucrative and much more highly paid. The small garage loses out because it has put a lot of work and finance into training somebody who has been lost to a bigger employer. We ought to be training more people and giving more security to small employers to ensure that they can sustain an apprentice with similar and appropriate pay for a longer period.

There is a lot for the institute to address. I welcome the fact that we are moving in the right direction, but we must ensure that apprenticeships are high quality and secure, not just because our young people should have the right to good training, education and skills, but because our country and its economy needs those people to do well.

Robert Halfon: I could listen to the hon. Member for Luton North for a long time on this subject, because he speaks with a lot of wisdom. I have been to the north-east of England to see young people on five-year apprenticeships in companies, doing exactly the things that he talks about.

I will just say that the public and private sectors will be following the same standards. We have exactly the same standards on training and quality, and we are introducing a public sector target from April 2017 in all areas to increase the number of apprenticeships in the public sector: 30,000 by 2020.

I will respond to the points made by the hon. Member for Blackpool South. He is kind about me and it is good to be opposing someone who also cares passionately. I very much enjoyed the visit to Blackpool and the Fylde College. What it is doing is extraordinary, not just for students but for the long-term unemployed.

I will comment on a few things, given that we are about to discuss amendments. The hon. Gentleman said that the levy was an administrative challenge for the IFA. It is important that it has only an advisory role on funding caps. The implementation of the levy is for the Department and the Skills Funding Agency.

The hon. Gentleman talked about the apprenticeship target and how difficult it was. It is worth remembering that there have been 624,000 apprentice starts since May 2015. We have 899,400 apprenticeship participations in the 2015-16 year. That is the highest number on record. Of course, it is a challenge to reach a 3 million target, but we are on the way.

Gordon Marsden: The Minister is right to point to progress so far and I do not want to disparage that. He reminds us that implementation is for the Department and the Skills Funding Agency. I am well aware, of course, that David Hill, who is an extremely talented and assiduous civil servant, has been seconded to do precisely that as director of apprenticeships. I was puzzled, however, that the Minister made no reference to the Apprenticeship Delivery Board. I will not go into whether it will have tsars or not; that is for others to decide and the Minister to ponder.

When that board was announced, it was advertised as being a key part of the process of encouraging and driving up the numbers. It was not simply to be a bully pulpit, but it was to have a very direct and active role. Yet since the hon. Member for Stratford-on-Avon (Nadhim Zahawi) stood down from that post, we seem to have heard very little out of the board. What is its role?

The Chair: Order. That was rather a long intervention. The hon. Gentleman can make a further speech if he wishes, but if he could make his interventions shorter, it would help the Minister.
Robert Halfon: I reassure the hon. Gentleman that the Apprenticeship Delivery Board is in full flow. I meet it and its chairman regularly. It goes up and down the country and works with businesses to encourage them to employ apprentices. Much of our success has been because of that board’s incredible work.

On frameworks and standards, the hon. Gentleman will know that 25% of frameworks will be gone by the end of this year. The 400 standards support around 340,000 apprenticeships. We hope by the end of the Parliament to have moved entirely from frameworks to standards. That is our target. As he knows, the standards will be determined by occupational maps based on labour market evidence and information about employer demand. We do not want to set an upper limit, because we need flexibility to respond to the economy. It will be up to the IFATE to plan the timescales for the review of those standards.

Gordon Marsden: Will the Minister give way?

Robert Halfon: I want to get to the amendments, and no doubt the hon. Gentleman will bring some of these things up again at some point, so will he allow me to answer the questions?

The hon. Gentleman asks us to sign a blank cheque on capacity. We are consulting on the Secretary of State’s strategic guidance letter to the IFA. The IFA’s shadow board will publish a draft operational plan. The hon. Gentleman is right that Peter Lauener, the shadow chief executive, is excellent. He has been working with Antony Jenkins, who is the shadow chair. The shadow IFA is working hard to get the institute’s operational plan up and running by April 2017, and that plan will be published soon. Progress is being made, and the institute will be set up in April 2017.

As the hon. Gentleman knows, the institute’s board and chair are being appointed. There are 60 core staff. The IFA will draw on many more people through engagement with employer panels, experts and more than 1,000 employees, so the IFA does have the necessary capacity. We are doing this carefully. The technical education bill will start a year later; the first course on the new route will start in 2019. We are doing everything that he wants. The institute has the necessary capacity, and we have the right people and board to run it.

On occupations not included in the 15 routes, if the hon. Gentleman remembers, the principal of his college said in the evidence session that it was possible to do different things, such as sports, through the academic route and applied general qualifications. We are not closing the door on those things, but 15 is regarded as the right number. We have analysed the labour market, and I think that it is right to have those 15 routes, which are, in essence, what our economy needs. On that basis, I believe that the expanded institute is the right body to perform the tasks that the hon. Gentleman described—implementing the Sainsbury reforms—and the Government are committed to ensuring that the institute plays that role. Clause 1 should therefore stand part of the Bill.

Tracy Brabin (Batley and Spen) (Lab): It has been interesting to listen to the Minister. I have one quick question. How will the nearly 900,000 apprentices currently on courses be channelled into those routes? If they are in retail, for which a route does not currently exist, what will happen to their course?

Robert Halfon: Current apprentices in the existing frameworks will not be affected. This will only be for new apprentices. Standards are being brought through, but people in the existing frameworks will not be affected by the changes.

12.45 pm

Gordon Marsden: I am grateful to the Minister for his response and his customary courtesy. I am sure that this will not be the last time I say that we agree about the ends but not necessarily the means and whether they are adequate. It was interesting to hear what he had to say about the Apprenticeship Delivery Board; perhaps if it were a little more public-facing, we might know more about what it does.

It is easy to say that we are asking for a blank cheque on capacity, but we are not. We are asking, for all the stakeholders concerned, for some reassurance and some filling in of the current blank canvas in this area. The Minister has elaborated on the various functions and how marvellous they will be—it will all be marvellous, but only when we get the right number and the right sort of people. It is simply not convincing to say an elegant version of, “It’ll be all right on the night,” because it is not all right on the night at the moment. The clock is ticking, and we do not know where these people will come from.

If we were working in “government as usual” times, coming up to 18 months since the general election, a new Government would obviously want to push their major things through. In that situation, I would be less concerned about some of the vagueness and the blank canvas, but we are not in that situation. Three things have happened since the general election that give me and most people considerable concern about the capacity of the Department for Education and—I say this gently—the Ministers concerned to deliver on what they undoubtedly hope to do.

First, of course, we have a new Government, with a new Prime Minister and new Ministers, including the Minister present. I know very well, as do most people in this room, that when we have a new Government, we cannot just pick up from day one; there is an inevitable delay, with issues to be addressed. We factor that in, but nevertheless it is the case.

Secondly, as a result of the change of Government, the machinery of government changes brought skills and apprenticeships out of the then Department for Business, Innovation and Skills and into the Department for Education. I happen to think that that was by and large a good thing. It gives a more coherent, stronger, longer narrative. However, I have been around for long enough—frankly, so has the Minister—to know that the machinery of government changes do not happen smoothly; they cause delays and confusion. That is why so many people have been worried about the speed of this process. There are ways to deal with the necessity to do things relatively quickly. Put bluntly, we put more resources and more effort into them and call upon other areas to do so. I have seen little evidence of that so far.
If the Minister was working in this area with a Department that was of reasonable complement, we could have some confidence. However, I remind him that staffing levels at the Skills Funding Agency are down nearly 50% since 2011. There is a continuing and accelerating decline in National Apprenticeship Service staffing, and the Government closed—

The Chair: Order. The hon. Gentleman is straying into a rather broader debate. I ask him to refocus.

Gordon Marsden: I will refocus to the extent, Mr Bailey, of saying that all the issues I describe have a consequence on the effectiveness of the Institute for Apprenticeships and Technical Education, which we are being asked to approve to set up as a new body. The Minister has not convinced us that that new body will have the capacity it needs to deliver all this. I have explained some of the reasons for that.

Kelvin Hopkins: I agree with my hon. Friend. Would it not be intelligent to look at what is done in other countries that are more successful at training people—notably Germany, which would be a good place to start—to compare the quality of apprenticeships and the resource that goes into training apprentices in those countries?

Gordon Marsden: Of course my hon. Friend is right, but one would also hope and think that the Department had done that already. There is a healthy industry of comparative studies out there, not just in the public sector but in the private sector. No doubt, the Department takes advantage of that. My point is that, if we want the institute to progress properly and to do everything it needs to do—what it says on the tin—we need more reassurance.

The final area on which we need reassurance is the implications of Brexit. Hon. Members might ask what Brexit has to do with the Institution for Apprenticeships and Technical Education. Well, a lot. If the Government do not manage to get the sort of money from, for example, European structural funds, which have traditionally supported the expansion of apprenticeships and small businesses in areas of the country with strong local enterprise partnerships, the Government’s ability to reach that figure will be affected. That is why we have to ask those questions about capacity, capability and join-up.

I have not even talked, you will be relieved to know, Mr Bailey—

The Chair: I am very relieved.

Gordon Marsden: I have not even talked about the relationship of the new institute to the variety of other bodies, such as Ofsted and Ofqual, which were referred to in the evidence sessions, that are circling around wondering what their relationship to the institute will be. I make the point to the Minister that this is not business as usual or something of which he can say, “Well, it’ll be all right on the night,” because it is like playing four-dimensional chess at the moment. I do not know how good the Minister is at playing four-dimensional chess, but he might need to improve his skills if some of the problems that we are talking about come to pass.

Mike Kane: The only blank cheque on offer here is that the implementation plan for the institute will be published “in due course”. Is it not concerning, with the competing pressures of government, as my hon. Friend pointed out, that we just do not know when that implementation plan will be published?

Gordon Marsden: It is, but to be fair, Governments always say things will be done in due course. Anybody who has said, “Yes, Minister, of course; we have no plans to do this,” means that they are not going to issue a statement about it on that day, so I am not going to press the Minister too hard on the phrase “in due course”. However, I hope that the Christmas to which Peter Lauener referred in terms of the employment of the new people is the traditional Christmas and not, say, the Russian Christmas, or possibly even the Georgian Christmas, which I think comes at the end of January. We all know what used to happen to the autumn statement—full marks to the Chancellor for keeping it within autumn.

I think that I have said enough to emphasise our concerns about the way in which the institute will be supplied and its ability to proceed, but we do not want to hinder its setting up in any shape or form. It needs to be set up as soon as possible, so that it can get a move on with some of these things. We therefore do not intend to oppose the clause.

Question put and agreed to.

Clause 1 accordingly ordered to stand part of the Bill.

Ordered, That further consideration be now adjourned.

—(David Evennett.)

12.55 pm

Adjourned till this day at Two o’clock.
CONTENTS

SCHEDULE 1 under consideration when the Committee adjourned till Tuesday 29 November at twenty-five minutes past Nine o’clock.
Written evidence reported to the House.
No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Monday 28 November 2016

© Parliamentary Copyright House of Commons 2016
This publication may be reproduced under the terms of the Open Parliament licence, which is published at www.parliament.uk/site-information/copyright/.
The Committee consisted of the following Members:

*Chairs: Mr Adrian Bailey, Nadine Dorries*

† Argar, Edward (*Charnwood*) (Con)
† Brabin, Tracy (*Batley and Spen*) (Lab)
† Donelan, Michelle (*Chippenham*) (Con)
† Evennett, David (*Lord Commissioner of Her Majesty’s Treasury*)
† Halfon, Robert (*Minister for Apprenticeships and Skills*)
† Hopkins, Kelvin (*Luton North*) (Lab)
† Jayawardena, Mr Ranil (*North East Hampshire*) (Con)
† Kane, Mike (*Wythenshawe and Sale East*) (Lab)
† Mak, Mr Alan (*Havant*) (Con)
† Marsden, Gordon (*Blackpool South*) (Lab)
† Rutley, David (*Macclesfield*) (Con)
† Shah, Naz (*Bradford West*) (Lab)
† Smith, Henry (*Crawley*) (Con)
† Tomlinson, Justin (*North Swindon*) (Con)
† Vara, Mr Shailesh (*North West Cambridgeshire*) (Con)

Turner, Karl (*Kingston upon Hull East*) (Lab)
† Vara, Mr Shailesh (*North West Cambridgeshire*) (Con)

Kenneth Fox, Marek Kubala, Committee Clerks

† attended the Committee
Public Bill Committee  

Thursday 24 November 2016  

(Afternoon)  

[Nadine Dorries in the Chair]  

Technical and Further Education Bill  

Schedule 1  

The Institute for Apprenticeships and Technical Education  

2 pm  

Gordon Marsden  

(Blackpool South) (Lab): I beg to move amendment 9, in schedule 1, page 21, line 13, at end insert—

“(4) The Institute for Apprenticeships and Technical Education in performing its functions must have regard to the need to promote equality of opportunity in connection with access to and participation in Further and Technical Education.”

This amendment would ensure that the Institute for Apprenticeships and Technical Education must have due regard for widening access and participation.

The Chair: With this it will be convenient to discuss amendment 10, in schedule 1, page 21, line 13, at end insert—

“(5) An apprenticeship target shall specify what proportion of new apprenticeships starts is to be applied to apprenticeships for people—

(a) who have been looked after children; and

(b) with disabilities.”

This amendment would ensure the Institute for Apprenticeships and Technical Education starts made by care leavers and people with disabilities.

Gordon Marsden: It is a great pleasure to serve under your chairmanship again, Ms Dorries, and to begin discussing the series of amendments that we have so far tabled to the Bill. As I might have said this morning, having just come off the Committee that considered the Higher Education and Research Bill, I am struck by the fact that the same sorts of issue that we raised in relation to that Bill for students at higher education level are now appropriate to be raised for students at this level—apprenticeships and further and technical education.

Of course the difference, which we might want to contemplate, is that over recent years in higher education not only have issues relating to access and participation been high on the agenda, but, to their credit, both Governments—pre-2010 and subsequently—have taken some steps in that direction. Notably we had the creation under the Labour Government of the Office for Fair Access, but we never had a similar organisation for further education students and apprentices, so it seems appropriate to discuss this amendment today.

I am not necessarily expecting the immediate creation of an FE or technical education equivalent of OFFA, but I am certainly suggesting to the Government that at a time when we are trying to expand the number of apprenticeships and get parity of esteem for technical education, we should perhaps consider what priority that will have in the new Institute for Apprenticeships and Technical Education. Again, the words “Capacity, capacity, capacity” go around in my brain, but I will suspend that for this afternoon and focus simply on the principle and why the principle is very important.

By way of comparison, let me take us back to what the Higher Education and Research Bill said in establishing the office for students—an organisation that is not that dissimilar to the institute, although of course it is in terms of size and reach. Clause 2, entitled “General duties”, states:

“In performing its functions, the OfS must have regard to…the need to promote equality of opportunity in connection with access to and participation in higher education provided by English higher education providers”.

That duty to “have regard to” will of course cut across, in some areas, to technical education, because there will be higher skills in that area and there will be providers—FE colleges, for example—that are providing HE. However, when it comes to the broader picture—concentrating as a matter of public policy on what the Government might need to do to promote equality of opportunity and access to and participation in further and technical education—we have a significant way to go.

Shane Chowen, head of policy and public affairs at the Learning and Work Institute, gave evidence to us on Tuesday. He said that people with disabilities and learning difficulties and people from black and minority ethnic backgrounds have been famously under-represented in apprenticeships for a number of years, so why not use the introduction of this new institute to make a commitment in the Bill to improving access to apprenticeships for traditionally under-represented groups?

FE colleges and providers have already expressed concern to me about the Government’s focus when it comes to the 2 million apprenticeship target, but mandating the institute to widen access and participation would be beneficial for all parties. On top of that, the Government have set out their own laudable agenda to halve the disability employment gap. Only five in 10 disabled people have a job, compared with eight in 10 non-disabled people. Surely the Government should be using apprenticeships as a critical step towards eradicating that gap.

How, in practical terms, do we go about improving access and participation? They are fine words, but how do we actually put some sharp edges on them? One thing that I and many others would like the new institute to do is look at what might be done for groups who have traditionally been under-represented in pre-apprenticeship support and training. The Minister has already spoken about that issue, particularly with regard to traineeships. Again, I will not rehearse the history of traineeships, except to say that they were—I strongly believe that they still are—a good idea.

If we want not only to meet the targets that the Government have set for quality apprenticeships, but to ensure that those quality apprenticeships are evenly and fairly distributed among all groups, we must recognise that some groups will find it much more difficult to get to the frontline of competing for them without some prior training, support, guidance and so on. In my understanding, that was the original role of traineeships. I will not go into the swerves and views of different Ministers and different comments in the period of time since. For a variety of reasons—some to do with the restrictions that the Government placed on promoting anything other than apprenticeships at that time—traineeships did not really get the head start that, in my view, they deserved.
I welcome the Minister's comments about traineeships, particularly about seeing them as an introductory route into apprenticeships. In that respect, traineeships would be particularly appropriate for the groups of people we might be thinking of when it comes to promoting equality of opportunity for access and participation. Traineeships are also appropriate for retraining because, after all, the institute has now broadened out to take in technical education, not just apprenticeships. Traineeships could be used for retraining and non-apprenticeship skill access for the groups we are looking at.

One helpful option that the Government should utilise in the Bill—I am genuinely quite surprised that they have not, but maybe the commendable speed with which the Maynard review was completed has been a factor—would be to enshrine the Maynard review in law. I think that was mentioned on Second Reading, but I am not sure that I entirely followed where we were up to with the legal procedure. That would send an important signal. Therefore, although I do not want to create otiose legislation, I suggest to the Minister that there might be a mechanism to ensure that that admirable work is enshrined in law. I pay tribute to the hon. Member for North Swindon for his participation in that process, and indeed to the previous Skills Minister, both of whom worked very hard indeed to ensure that the review got its nod before the referendum—and, my goodness, considering what happened, it is just as well that they did. That would be a good thing to do.

We welcomed the opportunity to submit evidence to the taskforce that the Minister commissioned, and we welcome the Government's intention to explore access to apprenticeships for those with learning disabilities and other, not always visible, impairments and to find recommendations for resolving that access. Will the Minister update the Committee on where the Government are on implementing the review's recommendations? It is still early days, but that would be useful.

Schedule 1 is essentially about making sure that access and participation strategies are high up the list of things for the new institute to do, and of course that cannot be divorced from careers advice. I will not stray outwith the amendment, except to say that careers advice, and what has or has not been done for it in the past four or five years, has occupied some lively debates and been a cause of concern both across the sector and across the House. Everyone who has commented on careers advice, particularly careers advice in the school setting, has said that without adequate access to information, advice and guidance that encourages young people to take up apprenticeships, traineeships or, indeed, technical education, we will be hampered in reaching the access and participation strategies that we need.

The Minister has previously commented on the work of the Careers & Enterprise Company, which I have met. The Careers & Enterprise Company has positive goals, although I still have concerns about capacity. If we want strongly to encourage people who become apprentices to have difficulties in access and participation, we need to hear their voice and their commentary.

The excellent 2016 survey by the Industry Apprentice Council, supported by EAL and Semta, produced statistics that strongly underline the importance of careers advice in this area. The Education Secretary has observed that there is no reason to doubt Ofsted’s finding that 80% of careers information, advice and guidance is below the necessary standard, even though schools have a statutory duty to provide impartial and detailed careers IAG. I am afraid that that was reflected in this year's survey. The proportion of respondents from members of the Industry Apprentice Council who said that their information about apprenticeships had been poor or very poor remained high—it was 37% in 2014, 40% in 2015 and 35% in 2016. There was some improvement, but there is a considerable way still to go.

Tracy Brabin (Batley and Spen) (Lab): To add to my hon. Friend’s statistics, in the evidence sessions we heard that the answer to careers advice was that it should happen in school at key stage 4. Statistically, only one in three teachers think that their school is fulfilling its statutory duty to provide decent careers advice, and 68% of students think that 16 is too early to make career choices. Working-class kids take longer to develop academically, and 42% of students said that they did not receive enough information, advice and guidance before A-levels. I add that to the plea for careers advice to be included in the Bill.

2.15 pm

Gordon Marsden: My hon. Friend has been in the House for only a relatively short period of time, but she is making some absolutely excellent and spot-on points. In this context, we are concerned with the specific ways in which the measure will affect people’s ability to take up apprenticeships, and that is what I will focus on.

This is about more than information in schools; it is also about who can come into schools to influence people’s career choices. I, for one, have praised a number of companies for what they have done to offer apprenticeships to adults. In terms of young people, British Gas, for example, has for a number of years had a crack team of female ex-apprentices who go into schools and colleges to break down gender stereotypes. Without suggesting that the institute should be prescriptive in that respect, I think that it could and should encourage the breakdown of gender stereotypes in terms of applications for apprenticeships.

It works the other way around, as well. There is a young man in my constituency, a nurse, who has been very active in the campaign for NHS bursaries. We need more men in the nursing professions and the caring professions, and many of those people can come through apprenticeships. Again, there is a role for the institute. Incidentally, another issue is the commitment to continuous professional development, in which the new institute, particularly the technical education side, will play a role. We must be careful there as well to extend continuous professional development outwith the usual groups of people from a professional background.

Those are some of the issues of which we must take cognizance when considering the amendment. Unfortunately, the representative from the National Society of Apprentices was unable to give evidence on Tuesday due to a family illness, but the National Union of Students—it is important to add that the NUS figures are not dissimilar to those from the Industry Apprentice Council—has stated: “We want the…government to invest in a truly national careers system that delivers impartial careers information, advice and guidance”, and that in surveys, 21% of apprentices said that they had never received information about apprenticeships.
The NUS draws attention to a point that will not have escaped the Minister’s attention—I know that he was questioned closely on it by the Sub-Committee on Education, Skills and the Economy. The NUS found that the current approach to careers advice is exacerbating skills shortages. Those are some of the arguments that we believe it is important to take on board when considering the amendment.

I had a similar discussion in Committee with the Minister for Universities, Science, Research and Innovation. We did not always agree, but we came to some convergence of our views. It is important when establishing a new organisation to give some direction or guidance in the Bill establishing it, in this case in schedule 1. There should be some emphasis on the signals sent to the outside world about what sort of organisation it is going to be. Will it simply be a bog-standard Government quango or non-departmental public body, or will it be a forceful campaigning institution? We had a debate this morning about how campaigning it could be with a relatively modest workforce, but that makes the issue all the more important. Given the references that the Minister made, perfectly reasonably, to the range of people who will not be members of the institute but will be supportive, it is extremely important to send out the message in the Bill that the institute must have regard to that function.

That is extremely important, because governance in this area is relatively underdeveloped, when compared with governance in higher education, which the Minister for Universities, Science, Research and Innovation and I discussed during the Higher Education and Research Bill Committee. It may have been reasonable for him to have told me in that Committee that there was no need for me to worry about putting a measure in the Bill regarding the OFS, because the Government had been doing all these other things for years in that area. I did not agree with him, but he had a point. The point about this measure is that although we are not exactly in the stone age when it comes to access and participation, we are certainly nowhere near as far down the line as in higher education.

Amendment 10 continues that theme, but in more specific fashion. It would require the Government to specify in its apprenticeship targets the proportion of new apprenticeship starts for those who were looked-after children, and for people with disabilities. It would ensure that the Institute for Apprenticeships and Technical Education increased the number of apprenticeship starts by care leavers and people with disabilities, so it is linked to the strategy arguments for access and participation that we put in amendment 9.

It is curious how targets are sometimes set; the Government already have targets to increase the proportion of black and minority ethnic apprentices by 20%. It might make sense for them to do the same for people with disabilities and care leavers, though I do not say what the proportion should be. We also seek clarification from the Minister on the progress on the BME targets, if he has those figures to hand. Those targets were set under the previous Government and were never formally incorporated in legislation. It would be helpful if the Minister could confirm that the Government were still working to meet those targets. My right hon. Friend the Member for Tottenham (Mr Lammy), having fought the good fight, with others, on apprenticeship funding in disadvantaged areas—the Minister listened to his arguments—has also been pressing on these issues due to the nature of his constituency.

The Government’s apprenticeship funding proposals last month recognised that 19 to 24-year-old apprentices who had previously been in care, or who had a local education authority health and care plan, might need extra support. The majority of respondents to the Government survey supported that, with more than twice as many agreeing with the proposal than disagreed: 53% to 26%.

I make a more generic observation that it would be helpful for the Minister to consider: in recent years, in debates on apprenticeships and where they should be focused, a dichotomy has often been proposed between adult apprenticeships for those who are over 24, and apprenticeships for those who are 16 to 18-year-olds, with a greater focus on the latter. I have sometimes felt that we needed to shine more light on 19 to 24-year-olds generally as a target area, because that range often includes people who have had all sorts of problems, sometimes of their own making, and sometimes absolutely not; I am thinking of family circumstances and issues of bereavement, and a number of them have been carers. I know of nearly 1,000 young people in Blackpool who are actively caring for family members.

I have always taken the view that the 19-to-24 range is a crucial cohort from which we should be recruiting apprentices. Even though those young people might have fallen by the wayside before 19 for whatever reason, they often bring with them zeal, experience of hard knocks, and a desire to do even better during the apprenticeship period. That is particularly important. Of course, the Government have recognised the importance of looked-after young people by extending the remit of their care plans up to the age of 25. I pay tribute to the Minister for Vulnerable Children and Families for that. It is a good start, but it is important to guarantee that every necessary step is then taken to ensure access and opportunity for care leavers.

Looked-after children achieve less highly at GCSE than their counterparts and often miss out on parts of education. There may be a history of abuse in their background.

Kelvin Hopkins (Luton North) (Lab): I am interested in my hon. Friend’s comments on looked-after children. They may have been held back in education not because of a lack of ability, but because of their disturbed personal circumstances. Given a secure environment, they can in fact progress, probably more rapidly than others, and become very effective employees and good citizens.

Gordon Marsden: My hon. Friend is absolutely right. He raises a whole subset of questions that we cannot go into this afternoon about the strength of support in schools for young people in those circumstances. That ties in with what I was coming on to say. The Special Educational Consortium, which has submitted evidence to the Committee, along with Barnardo’s, has made some important points. There are real challenges, because less than half of disabled people are in employment, compared with 80% of the non-disabled population, and only 5.8% of adults with a learning disability who are known to local authorities are in a job, which
underlines the importance of the Maynard review. On top of that, the proportion of apprentices with learning disabilities has decreased: it was 11% in 2010-11 and is only 8% now. But the good news is that for all apprentices, the success rate of completing their frameworks has risen considerably, and that is true for those with disabilities as well.

The climate for advice on apprenticeships for those with disabilities has declined markedly. Jobcentre Plus’s own disability employment service has a ratio of only one adviser providing support for every 600 disabled people, which was a key cause of concern highlighted by a Work and Pensions Committee inquiry in 2014. In answer to a written question in October 2015, Ministers revealed that the number of jobcentres employing at least one full-time equivalent disability employment adviser had fallen from 226 in 2011 to just 90 in 2015. The Minister may be familiar with the comprehensive Little and Holland review that in 2012 made some 20 recommendations in this policy area. We are not here today to solve the problems of the Department for Work and Pensions or jobcentres, but all that underlines the importance of those targets being firmly in the mind of the institute and, indeed, in the minds of the Minister and his colleagues.

2.30 pm

We did not put such a category in the amendment because it was difficult to capture in accurate terminology. There is one category we should think hard about: we have talked about girls and apprenticeships, but there is an issue with white working-class boys. I am conscious of the situation in my constituency where the ethnic make-up is 97% to 98% white; other members of the Committee will have similar circumstances. This has been looked at quite hard recently in the context of higher education, including in a recent report from the Higher Education Policy Institute, but it has been looked at less in the context of apprenticeships, possibly because people think white working-class boys would go in for apprenticeships. Actually, many of the structures of 20th century Britain that supported working-class communities, whether trade unions or other structures, to get boys of that calibre to go into apprenticeships have disappeared.

My father was apprenticed at the age of 14 to a company called Crossley Brothers. It was very competitive and he was glad to get it but it was a natural process. He was told by my grandfather that now he had gone to Crossley Brothers he had a job for life. Well, he did not, as it happened, because they made steam engines and we all know what happened to steam engines in the 1960s. The point I am making is that there were automatic, almost informal routes for white working-class boys to get apprenticeships, but all that underlines the importance of those targets being firmly in the mind of the institute and, indeed, in the minds of the Minister and his colleagues.

Justin Tomlinson (North Swindon) (Con): It is a pleasure to serve under your chairmanship, Ms Dorries. I just want to add a few comments about disabled people, which will come as no surprise given my former role. I echo the comments on the importance and, crucially, the opportunities that apprenticeships provide to predominantly younger disabled people. That context is right: 81% of non-disabled people in this country expect to be in work, and for those with a disability that is 48%—up 4% since we came to office and an increase of 590,000 jobs in the last three years. That equates to about 500 to 600 extra disabled people into work a day. For those with a learning disability, though, the figure is about 6%.

All political parties and Governments of all persuasions have tried tweaks but very little changes. I saw on my visits that those with a learning disability need patient, one-to-one support to get them into work, and to me, that was an apprenticeship. That is the whole point of an apprenticeship—to give those tangible, real-life skills. I went on some brilliant visits to places that provided the equivalent of an apprenticeship, such as Foxes Academy hotel near Bridgewater. As many as 80% of their students remained in work at the end of their three-year course. The only limitation was that the third year in-work training—the equivalent of the apprenticeship—did not qualify for apprenticeship funding and it was too expensive to have an unlimited cap on those numbers. Of that 80% who stay in work, 48.8% were paid. Not all of them were paid or in full-time work but, having spoken to their parents, I know that that made a real difference to each and every one of them.

That is why I triggered the review carried out by my hon. Friend the Member for Blackpool North and Cleveleys (Paul Maynard). I was delighted to see the outcomes. The then Minister for Skills, my hon. Friend the Member for Grantham and Stamford (Nick Boles), and I signed it off three days before the reshuffle because we had a feeling that it was important to do that quickly in case something changed. I would welcome an update from the Minister on how he will ensure that the institute prioritises spreading that information. My understanding is that someone who has a learning disability will be exempt from the requirement for a C grade in Maths and English GCSE, which is a hurdle too far for many of these young adults.

During consideration of a previous amendment there was some talk about a target. I understand targets; I did A-level maths, so I get quite geeky with numbers—that is how I remember all these stats. However, I gently caution Members that we need to learn the lessons of HE figures. At each general election, each political party used to suddenly announce that we would have a slightly higher proportion of people going to university. It was like an arms race with students. The reality is that some people who have gone to university to meet those targets would have been better served doing something like an apprenticeship. The wheel has gone full circle, and here we are now.

We do not want to shoehorn some people artificially into doing what we think is the right thing when it is not right for them. A lesson I learned as Minister for Disabled People is that each and every person is an individual with their own unique challenges and opportunities. As tempting as it can be to have targets, because they focus minds, I would be more assured if the Minister committed to meet institute representatives twice a year with this matter the first item on the agenda, and if we as individual MPs met these organisations and sought to hold them to account.
The hon. Member for Blackpool South made a fair point about disability advisers, but the DWP did listen and make changes. Disability advisers are now returning to every single jobcentre—there are roughly 500 more—so we are basically back to where we were at the very beginning. We can call that a score draw. Even when the Department reduced the number of disability of advisers, it was not to have less support for people with disabilities; the idea was that all staff would be trained to be fully disability-aware, but it has been recognised that having somebody with specialist skills in every jobcentre is probably better, so things have gone right back to how they were.

**Kelvin Hopkins:** It is a pleasure to see you in the Chair again this afternoon, Ms Dorries. I strongly support the amendments tabled by my hon. Friend the Member for Blackpool South and the case he made for them. I am also sympathetic to what the hon. Member said. Member for North Swindon said.

I have some knowledge of these issues. In general, it is so important for all citizens to have a sense of worth, and having some form of education or having a job gives us that. Without that sense of worth, we can become not only alienated and miserable, but difficult people in society. All sorts of things prevent the people from having a proper role in society. Even if one has disabilities, to be able to have a real role among one’s fellow human beings is so important.

I particularly wish to discuss adults with moderate learning difficulties. Some 15 years ago or so, a friend invited me to speak to a class of young adults with moderate learning difficulties at my local college. I spoke fairly briefly about politics and about what I did and then they asked questions. I have to say that I could not answer the first two questions, which were very perceptive and intelligent. One was about benefits—they were very conscious about benefits and the rules governing them. I was not up to speed on that, so I was in difficulty there. The young man’s second question was why Tony Blair had abandoned socialism. I have to say that on both counts I was completely floored. I had to say that I could not speak for the Prime Minister, but that I had not abandoned socialism.

That experience showed me that these young adults were not daft. They had things to say and they had an understanding of the world. With the right courses and, if possible, the right apprenticeships, they could find some employment at some point. For example, recently, in one of our supermarkets, the young man who collects the trolleys and pushes them to the collection points for customers has moderate learning difficulties, but he has a job; he is a character; everyone knows him and he is happy. We ought to organise the world so that such things can happen.

Amendments such as the one tabled by my hon. Friend the Member for Blackpool South ought to be on the face of every Bill relating to education, training and employment, so that it becomes deeply embedded in our culture. Some employers and teachers, although they would not necessarily discriminate unwittingly, might do so unwittingly without such things in their mind. They need to be aware that they must be fair and provide equal opportunities. Some employers are notorious for discriminating against women. That is changing, but we still have some way to go to ensure that women have equal shares with men. We do not have equal pay yet.

We have also talked about minority ethnic communities. Again, it is particularly those who are unemployed and live in poorer areas who sometimes get into difficulty or trouble. If they had jobs, it might be different. There was a time in my own town when anybody could literally knock on the door at Vauxhall and get a job. It might not be a very skilled job, but they could get one.

On the difficulties on the streets, an interesting statistic featured in The Guardian some years ago: when unemployment rose to 3 million in the early 1980s, street disorder and street crime took off like a rocket. It is not surprising. All those young men whose energy would have been absorbed putting wheels on cars or doing whatever they would have been doing were on the streets, with nothing better to do than cause trouble. I have always been a passionate believer in organising society to ensure full employment. Some years ago, I was chair of a Back-Bench group with outside members called the Full Employment Forum, started by the renowned Bryan Gould, one of the leading Labour politicians, who is still a friend.

On looked-after children, I said in an intervention that it is important for them to be given extra advantage, because they have had disadvantages in early life. Perhaps their education has been disrupted by their being absent from school, moving house or being generally disturbed and unhappy in education, but they might have abilities way beyond the level of education that they received, so it is important that they are given an extra boost through an apprenticeship or a college education. Providing them with security, hope for the future and a stable and predictable environment in life is important to giving them a sense of optimism and increase their self-worth. I think these two amendments should, in one form or another, be made. I hope that at some point—maybe today, or maybe not—such amendments can be incorporated into the Bill in its final form. I am happy to support them, and I congratulate my hon. Friend on moving them.

**The Minister for Apprenticeships and Skills (Robert Halfon):** It is a pleasure to serve under your chairmanship, Ms Dorries. I will respond to some of the issues raised. The hon. Member for Batley and Spen talked about careers guidance in schools, and I agree with her. The first ever speech that I made in the House of Commons was about the problem of careers guidance in schools not encouraging people to do technical education or apprenticeships. We must consider the issue holistically, from primary school all the way through. Although it is not part of the Bill, I am considering from the start how we deal with the issue.

That said, we are investing £90 million in careers. The Careers & Enterprise Company has 1,190 enterprise advisers and a £5 million careers and enterprise fund. I have seen myself how they go into schools to boost provision on technical education and apprenticeships, to encourage work experience and to build links between businesses and schools. There is also a separate £12 million mentoring fund, which I am very keen on.

2.45 pm

In a thoughtful speech, the hon. Member for Blackpool South talked about the white working class. My first introduction to apprenticeships was not meeting an
apprentice but reading “David Copperfield,” which was one of my favourite books at school. The hon. Gentleman made a powerful point about the structures that used to exist and, by changing the culture and transforming the prestige of apprenticeships in education, we are trying to rebuild some of those structures in a modern format.

Six opportunity areas were announced at the Conservative party conference to focus the whole education community, from early years to employment, on areas where social mobility is lowest. That does not address the whole problem, but it shows that we are taking it seriously. Proper representation is in the DNA of the new IFA.

I will address disabilities but, before I do so, the hon. Gentleman asked me to update him on the statistics. Some 52.8% of all apprentice starts in 2015-16 were females, which is impressive. Even more impressively, the median wage received by female apprentices is higher than that for male apprentices. Some 10.5% of those starting an apprenticeship in 2015-16 were from BME backgrounds. In 2015-16, 50,640 of those starting an apprenticeship declared a disability or learning difficulty, which is 9.9% of the total starts and an increase of 12.9% on 2014-15.

My hon. Friend the Member for North Swindon was a brilliant disabilities Minister. I am wary of targets. Disability is a complex issue, and I would like to review the policies for incentivising businesses. We are giving huge amounts of money—£150 a month—to businesses if they have apprentices with disabilities, and we are giving up to £19,000 for adaptations. He talked about traineeships, and we are investing a huge amount of money: £15 million. More than 19% of those traineeships go to people with a learning difficulty or disability. We are offering internships and considering rolling out transition years, which will significantly help those with disabilities. I want to see how those roll out.

I dread to say to the hon. Member for Blackpool South that we are genuinely implementing the Maynard review as soon as possible, but that is not Sir Humphrey’s “as soon as possible”. I have huge respect for the brilliant officials in my Department, and we are implementing it but, as my hon. Friend the Member for North Swindon said, the process started just before the reshuffle. We are doing every single part of it—lock, stock and barrel—and I am sure that we will report. The hon. Member for Blackpool South will be interested to hear how it is rolling out when it happens, and we completely agree with it.

We are doing a lot on disability. The Bill’s impact assessment, in relation to the institute, shows that those with a special educational need or disability are often high users of technical education and further education. Some 23% of those whom we expect to access technical education and further education will have special educational needs, compared with 7% of those taking level 3 and 20% of those in the total cohort. This Bill is beneficial because it will improve technical education.

The hon. Gentleman made an important point about the adult budget. He said that there is often huge focus on 16 to 19-year-olds, but he asked what is being done for 19 to 24-year-olds. The whole idea of the reforms, including the investment in apprenticeships, the advanced learner loans—I know he wants a further comment on that, and I am happy to do it—the youth obligation and the apprenticeship funding, will mean that, by 2020, the adult education budget will have increased by 30% in real terms. That is a significant and important amount.

On representation, I will reflect on what the hon. Gentleman said, but it is important that the Secretary of State has a power to direct the institute, especially in terms of technical education. It is the duty of the institute to represent everybody, as the legislation sets out. I hope that the hon. Gentleman will feel reassured enough to withdraw the amendments, noting that I will reflect on what he said.

Gordon Marsden: I thank the Minister for that positive and thoughtful set of responses. I agree with him on the issue of disabilities. I have had disability in my own family; how disability is defined and classified is not necessarily whether someone is in a wheelchair. We do not need to go into all of that—we all know that. If the Minister is saying that one should not have a target for people with, in inverted commas, “disability”, I would agree with him.

There is one point that he has not replied to, but he does not need to come back to me on it now; he could perhaps write to me. The reason for tabling the amendment was that I understood that the Government already had a set target in relation to black, Asian and minority ethnic people. If that is the case, it is important that we at least consider whether that should be balanced against other targets. Perhaps we need to consider whether we should have targets in the first place, but if that target exists, and the institute comes in without other targets for other people, people will inevitably draw certain conclusions. They may be completely erroneous conclusions, but people may draw them.

Having said that, I am encouraged by what the Minister said. I too will reflect on what we have said. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Gordon Marsden: I beg to move amendment 11, in schedule 1, page 22, line 14, at end insert

“following consultation with institutions, students and employers, and their representatives”.

The amendment would ensure that the Government consult with institutions, students and employers, and their representatives before making changes to the “occupational categories” or “routes”.

The amendment would ensure that the Government consult with institutions, students, employers and their representatives before making changes to the occupational categories or routes. You were not with us this morning, Ms Dorries, but we had quite a detailed discussion around occupational categories and routes, so I will try not to repeat the arguments that we had—people can read them in Hansard.

If there are concerns and controversies about the different routes—for instance, about whether the service sector is adequately represented in the existing routes—that gives even more force to the argument that there should be as broad a consultative and collaborative process as possible. It should not hold up the processes; I am conscious that consultations can go on and on endlessly.

As it stands, the Bill enables the Secretary of State to propose categories for those routes without any further input. It simply requires the Secretary of State to notify the IFA of any changes. I say to the Minister what I said to his counterpart on the Higher Education and Research Bill: although I genuinely have every confidence in his
[Gordon Marsden]

wish to consult, and, for that matter, in the Secretary of State’s wish to consult, we are setting down legislation that will last for a significant number of years, so we have to be careful that we do not hook everything on to the whim of a Secretary of State. After all—we made this argument about the Higher Education and Research Bill—if a new institution is to succeed, it has to have the active and enthusiastic participation of as many of the people who are affected by it as possible. A consultation with institutions, students, employers and their representatives is a necessary part of the process.

A further point is that there is a balance to be struck—the Minister will be well aware of this, because it is a continuing and intensifying debate—between the bespoke skills that are needed for immediate jobs and the enabling skills for more generic future employment. There will always be a tension between the needs of an employer and the needs of an employee—they might be a student or an apprentice—in whichever skills area. After all, in the 21st century we will not all have, as my father was promised before the second world war, a job for life.

We will probably see young people who—I am sure we have all used this phrase, one way or another—do five careers during their lifetime, two of which have not yet been thought of. It is therefore even more important that we have that broad process of ongoing consultation about how generic, as opposed to bespoke, skills should be, so that not only do we get the skills that we need for the future, but young people and adults wanting to return to work or start a new career get the skills that they need.

Robert Halfon: I welcome the opportunity to debate the amendment, and understand why Opposition Members support it. It is important to understand the purpose of occupational categories, which we refer to as routes in the technical education reforms we are putting in place, and how they relate to the overall system we are developing. The routes are the main ways that learners will find their way around the new system. They provide clear and accurate signposts to the new qualifications.

Lord Sainsbury’s report proposed a system that has “employer-designed standards...at its heart”. which is what we have created. He urged that there be a common framework of standards, covering both apprenticeships and college-based provision. Those standards are the basis of the new technical education system we have created. In essence, the standards are the knowledge, skills and behaviours required to perform the occupation.

Presentationally, it does not help to have hundreds of different standards, completely distinct from one another. It is better to group them together to make it easier for people to understand how to navigate through the system. The routes give us a mechanism to do that. I shall not go through it again, but on Second Reading I set out how, if someone went down the engineering route, that would be reflected if they then chose a different branch of engineering.

Earlier, we discussed best practice overseas—I think the hon. Member for Luton North mentioned it—and our system does reflect international best practice. It was reviewed with employers, academics and professional bodies as the Sainsbury panel developed its proposals. The routes are each based on evidence-based occupational maps, on which we have to consult widely. The institute will take on board a wide range of views when developing the occupational mapping, which will then feed into the shape of the routes. It will have to help to ensure that the routes are aligned with the needs of the economy and the industrial strategy, so that young people and adults can make the choices they need to make when they move into skilled technical occupations.

Route panels—panels of professionals—and employers have been consulted to ensure that the institute gets it right, so it is not necessary to consult on the routes separately. Nevertheless, there will of course be an ongoing need to keep the route structure under review—it is flexible—and to continue to listen to the feedback from stakeholders. In view of that, I hope that the hon. Gentleman will feel reassured enough to withdraw the amendment.

Gordon Marsden: I thank the Minister for that explanation, which is helpful. I hear what he says, but I am still not entirely reassured. I understand the process; indeed, I understand the process laid out by Lord Sainsbury in the skills plan. The point I was trying to make, and to which I referred this morning when I discussed the responses from the Association of Employment and Learning Providers and various others, is that there remains considerable unease—I will put it no more strongly than that—about whether the routes cover a large enough area of the skills or sectors we will need for the future. That is separate from the issue I raised about enabling skills.

I am not rubbish the existing routes at all, but the matter needs to be thought about and watched very carefully. I can understand what the Minister is saying about not having everything chopped into silos, but I would not want him to think that certain areas, particularly the service sector, can be ignored just because he has been told that this is the route to follow. Nevertheless, it was a probing amendment. I was interested in what the Minister had to say, and we can always return to the matter on Report if we are not happy. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Ordered, That further consideration be now adjourned.

—(David Evennett.)

3 pm

Adjourned till Tuesday 29 November at twenty-five minutes past Nine o’clock.
Written evidence reported to the House
TFEB 04 Centre for Vocational Education Research, London School of Economics

TFEB 05 City & Guilds

TFEB 06 Impetus—The Private Equity Foundation
PUBLIC BILL COMMITTEE

TECHNICAL AND FURTHER EDUCATION BILL

Fifth Sitting

Tuesday 29 November 2016

(Morning)

CONTENTS

Schedule 1 under consideration when the Committee adjourned till this day at Two o'clock.
No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Saturday 3 December 2016
The Committee consisted of the following Members:

*Chairs: Mr Adrian Bailey, † Nadine Dorries*

† Argar, Edward *(Charnwood)* (Con)
† Brabin, Tracy *(Batley and Spen)* (Lab)
† Donelan, Michelle *(Chippenham)* (Con)
† Evennett, David *(Lord Commissioner of Her Majesty’s Treasury)*
† Halton, Robert *(Minister for Apprenticeships and Skills)*
† Hopkins, Kelvin *(Luton North)* (Lab)
† Jayawardena, Mr Ranil *(North East Hampshire)* (Con)
† Kane, Mike *(Wythenshawe and Sale East)* (Lab)
† Mak, Mr Alan *(Havant)* (Con)
† Marsden, Gordon *(Blackpool South)* (Lab)
† Rutley, David *(Macclesfield)* (Con)
† Shah, Naz *(Bradford West)* (Lab)
† Smith, Henry *(Crawley)* (Con)
† Tomlinson, Justin *(North Swindon)* (Con)
† Turner, Karl *(Kingston upon Hull East)* (Lab)
† Vara, Mr Shailesh *(North West Cambridgeshire)* (Con)

Kenneth Fox, Marek Kubala, *Committee Clerks*

† attended the Committee
Public Bill Committee

Tuesday 29 November 2016

(Morning)

[NADINE DORRIES in the Chair]

Technical and Further Education Bill

9.25 am

The Chair: Members may remove their jackets during the sitting. Would everyone ensure that all electronic devices are turned off or switched to silent? The selection list for today’s sittings is available in the room. I have used my discretion to select amendments that were tabled only on Friday, for which the usual period of notice has therefore not been given, as I am satisfied that it was not practicable for Committee members to consider fully the policy statement supplied by the Government on Wednesday in time to table amendments before the deadline. I remind Members that we will consider the clauses and schedules in the order set out in the programme motion that was agreed last Tuesday, which is set out at the end of the amendment paper. We will now resume consideration of schedule 1.

Schedule 1

The Institute for Apprenticeships and Technical Education

Gordon Marsden (Blackpool South) (Lab): I beg to move amendment 12, in schedule 1, page 23, line 6, at end insert—

‘(4A) The Institute must, in approving the group of persons specified in subsection (3), have regard to the desirability of the group’s members between them having experience of—

(a) representing or promoting the interests of individual students and apprentices, or students and apprentices generally;

(b) providing technical and further education;

(c) providing apprenticeships;

(d) at least one relevant trade union official;

(e) employing those who have completed technical and further education courses or apprenticeships; and

(f) any additional knowledge or profession that the Institute considers relevant.”

This amendment would ensure that the groups formed to set standards for the “routes” in technical and further education have relevant experience and that, where possible, students are included in the process.

Gordon Marsden: It is a great pleasure to serve under your chairmanship, Ms Dorries. I express our thanks for the latitude given with regard to the amendments tabled on Friday, which is very welcome.

The commonality in these amendments is that they are designed to ensure that those who are involved in setting the standards for routes in technical and further education have relevant experience and that, where possible, students are included in the process. Amendment 13 would require the Institute for Apprenticeships and Technical Education to publish information about its reasons for convening or choosing not to convene a group of persons to prepare a standard for an occupation.

The skills plan consistently talks about the institute being employer-led, with college-based learning being decided by employer groups. That is precisely why further education colleges, other training providers and learners are an essential component of the roll-out and delivery of standards and assessments. I cannot emphasise enough how essential it is for the groups formed to set standards for the routes in technical and further education to have wide-ranging representation, including all key components of apprenticeship creation and delivery. The Minister will no doubt have heard several times—if he has not, I am sure he will in future—the term “co-creation” or “co-production”, which has come from many of the people in those groups.

Our vision for apprenticeships, which I hope the Government share, requires input from further education providers and colleges, and especially universities, given the crucial role of higher skills and degree apprenticeships. I will not labour the point that I made previously about how important it is, particularly in the context of higher skills and degree apprenticeships, that there is good read-across and co-operation between the office for students and the new institute, as well as the relevant trade unions, which have key experience, to ensure a broad outlook on new frameworks and accreditations.

We believe that including apprentices and learners in that process is vital.

A representative of the National Society of Apprentices, which Members will know is associated with the National Union of Students, was scheduled to give evidence to the Committee last Tuesday, but unfortunately she was unable to attend because of illness. However, the National Society of Apprentices has said:

“At the moment, apprentices have no real opportunities to improve their education. Although most students going through the ‘traditional’ education system at college or university are able to give feedback through their class representative system, similar structures do not exist for apprentices.”

There is also the Industry Apprentice Council—I referred to it in a previous sitting—which is strongly supported by EAL and the Science, Engineering,
manufacturing and technologies alliance. of course, there are other groups, such as the valuable group that lindsay mccurdy and her colleagues convene, particularly around apprenticeships week, which involves a large number of different sorts of apprentices. apprentices should be able to influence the way in which their training is developed and carried out. after all, they know from the frontline what has been helpful and successful for them and what has not. i hope that the minister, who has been very passionate in his support of both apprenticeships and apprentices, appreciates that point.

it is also quite unclear what role there will be in the institute for workforce representatives and trade unions. i think it is appropriate to talk about that on a day when the government, and particularly the prime minister, have again signalled their strong interest in making sure that, in some shape or form—the details will obviously have to be hammered out—there should be more workforce representatives involved in companies.

the tuc has said that it is crucial that “trade unions must be given a central role in setting and monitoring quality standards” for technical education. after all, that is common practice in leading european economies with high-quality skill systems in place. those systems are largely based on a social partnership model, which involves employers and unions agreeing standards and best practice at both national and sectoral level. social partnerships have been key to the success of high-quality vocational routes in other countries, so i suggest that we would do well to take that lesson into account for our reforms of technical education. with particular regard to amendment 12, we might make a start in considering the composition of the groups formed to set standards for the routes. that is why i think it is important to give some form of direction to the new institute and its board of directors on that matter.

all the issues involved in getting the right sort of broad-based input are extremely important, because we have to get the routes right. we welcome the detailed and thoughtful proposals of the sainsbury group. the government are now, after some dithering, taking a new approach to the wilderness that has so far characterised aspects of skills policy, particularly in the technical and vocational areas. however, the devil is in the detail, and a number of stakeholders believe that the skills plan is not without fault. i mentioned in a previous sitting that the opposition share the concerns of groups such as the association of employment and learning providers, and various others that we have quoted, about the potentially limited scope of the routes. i also spoke about the crucial role of the service sector, which will potentially provide huge numbers of apprentices with jobs and make sure that they are not left out of the process.

the sainsbury review was clear that only jobs with technical aspects will be included within the 15 routes. i do not know whether the minister was present at the recent association of colleges conference, as i was—i was not actually there when lord sainsbury spoke, but i read his remarks. i think there was some concern that he was—dismissive is perhaps the wrong word—too light on the importance of a significant number of jobs that are non-technical occupations, which currently lie outside the scope of these routes. i want to make it clear that we are not criticising the initial number of 15, and we are not necessarily arguing for the creation of lots more routes, but we are saying that, as this process develops, it is important that the government generally, and the new institute in particular, pay attention to those jobs and to that training. we have to consider carefully the impact of workforce development in those sectors.

that brings me to amendment 13, which would “require the institute to publish information about its reasons for convening, or choosing not to convene, a group of persons to prepare a standard”.

the amendment’s underlying principle is transparency, because it is important to be able to monitor who is preparing the standards, in order to ensure that those standards will meet all of the requirements. however, it is also important as a signal of confidence to the broad range of stakeholders, who will not necessarily be directly involved in preparing the standards. the setting up of the new institute will be a busy period. with so many organisations involved in the process, transparency is crucial to provide students with the best available standards and to keep the rest of the stakeholders well informed.

i must again raise the vexed issue of capacity: the capacity of employers to put what they need to into the process, but also the capacity of the institute for oversight of quality assessment. we will move on to that when considering another aspect of the bill. i just observe for the moment that the phraseology used in the guidance to the green paper is that there will be other options available, including ofqual, professional bodies and others, and that some or all of those bodies may charge for doing it—or presumably not charge.

with those variables and parameters, there is inevitably some doubt about capacity, elasticity and the unpredictability of delivery from the new institute, certainly in the first couple of years, because other providers and options might have been taken up in the process of preparing standards. that inevitably raises concerns about whether the numbers for the new institute, as provisionally set out by peter lauener and confirmed by the minister, will be adequate or what process there will be for boosting them if this somewhat variable geometry about who might take up the institute, as opposed to ofqual and others, comes to pass.

those are important issues and, again, a number of different agencies have commented on them. i draw the minister’s attention to the written evidence submitted by the association of employment and learning providers, which states: “through its proposed funding mechanisms, the government is encouraging employers and providers to move from apprenticeship frameworks to standards by reducing the prices payable for frameworks, even though many standards are not yet in place. this makes it very difficult for providers to judge and therefore plan whether future provision will be viable. as has been reported in the sector press, apprentices have also started on apprenticeships under a new standard without an epa being in place, which means they have no means to complete it.”

that is the aelp’s view. i am not necessarily saying that i share it; i am just saying that this is one of the issues out there. it continues: “the situation is exacerbated by the government’s insistence that employers can negotiate with providers on the price of training and assessment.”
I would not necessarily agree with the AELP on that point—not in every detail—but the essence of what it says is this:

“Reform proposals may not currently be giving sufficient weight to the input of stakeholders and the concerns of and about learners, which must be rectified by the inclusion of stakeholder representatives on the Board of the Institute. We are therefore supportive in principle of the amendments to Schedule 1 of the Bill which have been tabled jointly by Gordon Marsden MP and Mike Kane MP.”

The AELP makes the strong point that the number of standards being developed, and the investment in time and resource required to develop them, could be leading to “employer fatigue’ and a drop in employer engagement.”

We have also had written evidence from the Centre for Vocational Education Research. I know that the Government Whip is deeply interested in the bona fides of their staff, and in ensuring that they are trained in their role in life-long learning in the workplace.

It states that the institute needs to ensure that “the key role of large and, in particular, small employers—their interest is the short and long-term supply and demand in the labour market,” and that “the gender issue has already bulked large in our conversations in Committee.”

Gordon Marsden: Absolutely.

Gordon Marsden: We had a lively exchange on the issue when the Higher Education and Research Bill was in Committee. For the sake of the Whip, and indeed the whole Committee, I had to explain that this evidence was prepared by the Centre for Vocational Education Research, whose people are stuffed full of qualifications from the London School of Economics. Even better—we cannot get much better than this—the Centre for Vocational Education Research is funded by the Department for Education and was launched in 2015. It states in its written evidence:

“An employer-led body as proposed by the Bill, in particular in the more competitive labour market of the UK, which does not engage with all relevant stakeholders, will not be able to achieve similar outcomes”
as they do in “coordinated market economies...in Scandinavian and Western European countries”.

It states that the institute needs to “bring together all relevant actors beyond the Department for Education and employers.”

It references unions, “because of their role in life-long learning in the workplace”.

It also states:

“Associations of colleges and learning providers need a clear role in the Institute, and student associations and associations concerned with the interests of particular groups”

I will not dwell on this now, Ms Dorries, because this will come up with one of our later amendments—“also need to be involved from the start.”

It suggests that:

“Careers advice and...employment services...essential to balance short and long-term supply and demand in the labour market, need to be similarly engaged.”

That is the view of the Centre for Vocational Education Research, which touches on the three amendments.

I again underline a point made in the evidence submitted by the TUC, which specifically referred to the important role of the union learning fund. This year is the 10th anniversary of the official establishment of the union learning fund. The TUC commissioned an evaluation by academics at Leeds University Business School and the University of Exeter, based on surveys of employees engaged in training through the ULF and their employers. I will refer to two or three of the key findings. Over two thirds of learners with no previous qualification attained their first qualification as a result of engaging in union-led training. Four in five employees said that they had developed skills that they could transfer to a new job. And two in three said that those made them more effective in their current job.

Equally importantly, half of the employers said that “their staff were more committed as a result of unions facilitating training and development opportunities.”

Separate analysis showed:

“Union-led training delivers an estimated net contribution to the economy of more than £1.4 billion as a result of a boost to jobs, wages and productivity.”

Those are also cogent points for broadening representation.

Finally, amendment 28 asked for the institute to show “due regard for broad representation and diversity amongst the group of persons preparing each standard, including—

(a) gender and
(b) the representation of both large and small employers.”

For both your information, Ms Dorries, and the information of the Minister, this is a probing amendment, so we did not intend to include a list of all the potential groups that might be included; that would not have been appropriate at this stage. The reasons why we have highlighted those two are fairly obvious, I hope. First, the gender issue has already bulked large in our conversations in Committee. Secondly, because of the key role of large and, in particular, small employers—the Minister will know about the discussions on the delivery of the apprenticeship levy—it is crucial that those groups are involved.

The Minister sang the praises of the Apprenticeship Delivery Board the other day. It may be a fine body, but it was actually made up of members drawn from a relatively narrow section of business and, incidentally, had only one woman among its number. There was no role for others, such as further education providers, universities, trade unions and local authorities. There has been some progress with the number of women on the ADB—it has increased to three—but it is important that those lessons are taken on to a broad representation and diversity being found among the group of persons preparing each standard.

9.45 am

Without wishing to stereotype, it is a fact that in areas where we need to have a great degree of training and apprenticeships—the service sector, healthcare and social care—there will be a large number of women. It is really important to get a strong degree of gender diversity in those groups preparing those standards.

Keith Smith, the director of funding and programmes at the Skills Funding Agency, said recently that, although 20,000 employers were expected to fall within the scope of the levy when it launches in April 2017, just 400 employers, or 2%, will cover about half the entire levy. He said:

“That top 400 will carry a big load. Some of those bigger employers will be paying over £30 million a year in terms of the apprenticeship levy.”
I am not dising the role of large employers, and I agree with Keith Smith that it is critically important that they bulk large in the deliberation and consideration process for preparation of the standards.

I speak from my experience as a constituency MP, as BAE Systems is just down the road in Warton. As many know, BAE Systems is a key part of the aerospace and defence industry and a great trainer and supporter of apprenticeships and degrees taken by its workforce. It is less well known that, on the whole, for every one job that is directly created and maintained by a company such as BAE Systems, up to two or three additional jobs are created and dependent on them in the supply chain of much smaller companies. That supply chain in different parts of the industry can be very sector-based and geographically diverse, or it can be geographically focused in a strong area, as is the case with BAE Systems at Warton—in that case in and around west Lancashire.

I only labour that point to indicate the strong and important connection of co-operation and collaboration between large and small employers. That is organically delivered with a company such as BAE Systems or ADS or a range of other large companies where the same applies. However, when small employers, which are not in that position, are to be involved in this process, it is crucial that they have a role in preparing standards. Funding for employers that do not pay the levy, as well as all the top-ups and additional payments, will come from the money that levy-paying companies do not spend from the overall pot.

Revised Government estimates in the autumn statement show that the expected yield from the levy has dropped from £3 billion to around £2.8 billion over the next five years. I think those figures of £3 billion to £2.8 billion encompass the whole yield of the levy, but I am sure the Minister will correct me if I am wrong.

The original statement on the levy, made by the Minister’s predecessor, the hon. Member for Grantham and Stamford (Nick Boles), indicated that £2.5 billion of that £3 billion roughly related to England, and I assume that proportion is maintained in the revised estimate. It would be helpful if the Minister could provide the new estimate of the expected yield from the levy in respect of England only, which is the basis on which we are discussing the institute today.

As the Minister will know, the AELP has already voiced its disappointment that the Government have not given assurances of a minimum fixed budget to be allocated to non-levy payers for the next five years, irrespective of how much money is left for them in the levy pot. The association is concerned that the impact of the shortfall may be felt disproportionately by smaller business:

“The announcement of the levy over 12 months ago has resulted in an increased commitment from large employers to offer more apprenticeship opportunities but uncertainty has surrounded the level of government funding that will be available for apprenticeships in non-levy paying smaller employers. Currently SMEs provide more than half of the 905,000 apprenticeships in the country.”

The Minister and I are both on the record praising the abilities and support that small and medium-sized enterprises give their apprentices once they have them on board and have dealt with some of the back office issues. The AELP goes on to say:

“We need to ensure that much needed apprenticeship places will be available to young people in towns and rural areas where large levy paying employers aren’t operating.”

To finish on the point about small employers, I will quote an article that appeared yesterday in FE Week, which should raise some concerns and show that it is all the more important that small employers are well included in the process, as we envisage in the amendment. The new register of apprenticeship training providers closed its applications last Friday, and FE Week states:

“A quarter of apprenticeship providers have declined the opportunity to compete for an SFA contract to deliver training to small and medium-sized businesses from next May.”

I know, as I am sure the Minister does, that that does not directly connect with a huge problem for small and medium-sized employers, but it is indicative of the concerns in the sector that a quarter of providers did not want to compete for an SFA contract to deliver training to small and medium-sized businesses. At the risk of overstating the point, that is the reason why amendment 28 has a particular emphasis on gender issues, the importance of large employers and, in particular, the need to ensure that small employers are strongly represented in the groups of people preparing the standards.

I do not suggest that this would be a deliberate policy or outcome of the institute but, given the concerns I have expressed, the Government would do very well to ponder that and, from that point of view, it might be helpful to place those priorities in the Bill.

Kelvin Hopkins (Luton North) (Lab): It is a pleasure to see you chairing our proceedings again this morning, Ms Dorries. I support the amendments tabled by my hon. Friend the Member for Blackpool South.

I do not want to be immodest, but I do have considerable experience in this field. I spent four years as the chair of governors at Luton College of Higher Education, which had welcomed thousands of apprentices through its doors. I have spent a total of 30 years on post-16 education governing bodies so I have very definite views. I have worked in the trade union movement; I was at the TUC for five years and I taught on trade union courses, so I have seen the involvement of the TUC and the trade unions in education. I spent 18 years working for NALGO and then Unison, which had a large department of education and undertook correspondence courses for local government officers.

I have seen a whole range of activities that are relevant to apprenticeships and post-16 education in the broadest sense, and I have definite views on what governing bodies should be like. They should not be too small or too large; they can become ungracious and unco-ordinated if they are too large. Equally, if they are too small and narrow in experience, they do not do a good job. I have seen both.

There is an optimum size for governing bodies, but I am talking about educational institutes, rather than the board of the institute. That board, however, will need the same kind of representation and a range of skills, and I have spoken in previous sittings about the importance of not having too narrow a field. If one has only a particular kind of business-led model, with small numbers of businesspeople of the same mindset and no challenge to that view, they will not necessarily pick up all the important issues that need to be discussed and considered when the board makes decisions and recommendations. Having a small body from a narrow field is not right.
The 1993 incorporation of post-16 education bodies—further education and sixth-form colleges—came from the then Government insisting on small, business-led governing bodies, which was a mistake. The governing body of which I was a member did not follow that model; we had a range of people with educational skills, a good degree of gender balance, and people from the community who were skilled in their fields and visibly representative of the very diverse community in which I live and which I represent. That is important as well. We also had skilled people with legal and financial qualifications. All that is so important in having a successful governing body.

One has to submit oneself to challenge if one is leading an important body, and intelligent, competent people have to be on board who have a range of views and will challenge things from time to time, but who will work positively and be supportive. The body should not go off in one direction, not be challenged and make mistakes. Mistakes have been made.

Even back in the 1990s, there were mistakes and some principals and leaders of educational institutions got out of control. They started paying themselves vast salaries and travelling abroad—ostensibly to recruit students, but actually they were just on jollies and looking after themselves. The Conservative Government at the time realised they had made a mistake and in the end came round to the kind of governing body that we had in the sixth-form college. It was a body of about 14 or 15 people, with a range of skills and representation. It is very important for the Government to recognise this point and to recommend, either in the Bill or through secondary legislation, what governing bodies and the board of the institute should look like. In particular, there should be representation from women, minority communities and trade unions, all of whom have expertise that will make the board function much better than if it was just led by a small group of businessmen.

As we know, the Confederation of British Industry and the Federation of Small Businesses often have different perspectives on business representation. The CBI typically represents global corporations, big business, banks and so on, whereas the FSB has an understanding of what it is like to be a small businessperson and of the needs of small companies. As my hon. Friend the Member for Blackpool South said, it is very important that small companies are represented, as well as large companies, and that we have those different perspectives.

I have probably said enough to reinforce my hon. Friend’s points and to try to persuade the Minister and the Government that what we are saying is sensible. It should be recognised and, at some point, included either in the legislation or recommendations by the Government. With those few words, I shall conclude.
Harlow College will be there, ready to advise the employer on what should be done and to offer training if it is required.

On the wider issue of the technical routes, I disagree with the hon. Gentleman. I shall set out the context of the problems we face. I have been quite open in admitting that we have a huge skills deficit in this country. The OECD said in 2012 that 20% of young people lacked basic skills. By 2020, the UK is set to be 28th out of 33 OECD countries for intermediate and technical skills. We are way behind.

The whole purpose of the reforms and the legislation—this is why Lord Sainsbury has supported them—is to ensure that we have state-of-the-art technical education for young people that transforms our skills deficit. People who do not want to do one of those 15 state-of-the-art routes, for technical and professional education, will have different options through other applied general qualifications and the academic route. The reforms focus on occupations that require the acquisition of a substantial body of technical knowledge and a set of practical skills that are valued by industry and that address employers’ needs and our huge skills deficit. I am glad that the hon. Member for Blackpool South quoted the Centre for Vocational Education Research, which my Whip guarantees is a blue-chip organisation.

David Evennett: The best!

Robert Halfon: Indeed. The centre says:

“We welcome the Report...led by Lord Sainsbury...the subsequent Post-16 Skills Plan”...

by the Government—

“and the measures contained in this Bill. The recommendations are consistent with our findings”.

It continues, and this is the whole point of the argument:

“Part of the problem is undoubtedly the confusing array of options, with uncertain pathways, that are on offer for young people after age 16. There must be a system that students, teachers, parents and employers...understand. Otherwise it is difficult for young people to be matched up with courses that are suitable for them and for employers to understand what qualifications actually mean.”

Gordon Marsden: I understand the Minister’s points, and I tried to make it clear that I am not asking for a huge response—we do not want to end up like the wax in a lava lamp, which starts off as a great base and goes up to the top before, after some time, becoming big again. I understand the need not to have duplication, but the AELP and others made a particular point about the service sector. Is the Minister not concerned that, if the Government are not careful, they will be, by excluding a large part of the service sector, in danger of sending out a binary message that certain sorts of occupations are valued and others are not?

Robert Halfon: No, because this is about technical and professional education. There are 15 routes, and people have many other ways of doing the vital training for the other areas that the hon. Gentleman mentions. People can do an individual apprenticeship, they can do part of the Government’s training scheme or they can do work experience. This is about addressing our skills deficit and, similar to what happens in other countries, ensuring that we have the technical education that our country needs.

On capacity, the institute will ensure that arrangements are in place for evaluating assessments. There are different options for employers and others to develop the standards. We will discuss the assessments later, but I will set out the current figures on apprenticeship assessment. On standards, some 61% of all apprentice starts have an end-point assessment organisation available to them, whether or not they are close to needing an end-point assessment. That figure rises to 94% for all apprentice starts, including those who are expected to reach the gateway—the end of their apprenticeship—within the next 12 months, where an organisation is close to being put on the register. We are considering a number of options and we will discuss them later, but the situation is not as bleak as has been said in respect of the assessment organisations and what is being planned and done.

The hon. Gentleman addressed the levy and the autumn statement, and I am pleased to say that we will still have £2.5 billion available for the levy, regardless of the announcements in the autumn statement. The Government are determined to create an apprenticeship nation, and by 2020 the spending will have doubled to £2.5 billion. We have discussed the providers, but I am happy to reflect on action that could be taken to ensure that SMEs are offering training that is relevant to their apprentices. I am pleased by the response from the providers so far.

The amendment raises other issues of concern. We need to learn from previous models, but there is a risk that requiring specific representation on the panels may not always be appropriate and may result in standards that do not have labour market currency. The purpose of the reform is quality, not quantity. If the panels try to do too much to please too many different groups, ultimately they might not support young people and adults in getting high-quality technical education to progress into skilled employment. The problem is that there is a proliferation of qualifications.

I agree that the groups should be as representative as possible, however. The Sainsbury report makes it clear that the institute will be best placed to ensure that the right people are brought together to develop the standards. Institute staff with expertise in specific occupational areas will know which employers and other stakeholders are suitable to develop standards that are representative of the occupations within the specific routes. The institute is independent. It should be for the institute to manage the composition of groups, and we should not constrain that process.

As for the approval of the groups that are not convened, it is for the groups to come together to put proposals to the institute. That has been the hallmark of the employer-led reforms, which, again, have been based on best practice in other countries. The groups should be flexible enough to reflect the requirements of specific occupations. In some occupations, such as blacksmithing, there are few large employers, while there may be other occupations in which there are no smaller employers or in which there is a bias towards a particular gender. On that point, I remind the Committee that 53% of apprentices are women, which shows that we are making significant progress, although of course we need to do a lot more to get women into STEM—science, technology, engineering and maths—and other key areas.
There are other ways in which views can be taken into account through the institute's wider structure. Crucially, each route will have its own panel making decisions about the provision within that route. Standards will also be subject to peer review, the purpose of which is to ensure that the proposals meet wider needs. The institute's board is open to applicants with a wide variety of interests. We hope to announce the composition of the board—genuinely—in the very near future. I firmly believe that once that announcement has been made, the hon. Member for Blackpool South will agree that there is important representation.

Kelvin Hopkins: Does the Minister agree that it is important to appoint the right person as chair of the board of the institute? We have had big, forceful characters in the field of public education, and sometimes they get it right and sometimes they get it wrong, but choosing the right person with the right skills and the right character to lead is crucial.

Robert Halfon: The hon. Gentleman is absolutely right. The board and the chairman are both incredibly important. The person has to have incredible knowledge of the field, as well as the charisma, connections and ability to drive the institute forward so that it can transform technical education in the way that we hope it will.

The Secretary of State will provide advice to the institute once a year on how it should carry out its functions, and the institute will have to have regard to that advice. As I have often mentioned, we will consult on the draft of the first guidance letter and provide advice on who the group of persons should be. We plan to encourage the institute to ensure that others with relevant knowledge and experience are included, as well as employers, professional bodies, sector experts, providers and assessment organisations—the more FE representation the better. The institute will need to explain in its annual report how it has taken that advice into account or, if it has not done so, explain why. I hope that that provides reassurance.

On amendment 13, the decisions to convene the panels will be driven by a robust evidence base. If the evidence shows that there is a need for a standard to be developed, the institute will be able to convene a group of persons if the trailblazer group has not already come forward. The need for the standard to be developed will be driven by the relevant occupational map. There will be an occupational map for each category of occupations or route. The maps will be underpinned by analysis of the labour market information and will illustrate how occupations are grouped together according to their shared requirements for skills and knowledge. The occupational maps will therefore provide the evidence base for all the provision within the route.

10.15 am

We hope the employers will continue to come together—and many have—as trailblazers to develop the new standards. If that does not happen, as I say, the institute will be able to convene the most appropriate and representative group of persons, as I described in relation to the previous two amendments. As it is the occupational map, and not other factors, that determines whether a group of persons is convened, there is no additional information to be published. However, the occupational maps and the approved standards will be published.

Gordon Marsden: Good.

Robert Halfon: Absolutely. They will be available on the institute's website. The institute will publish information so that employers and others know what is required to gain approval to become a trailblazer group. Amendment 13 is therefore unnecessary, because the need for a standard in the absence of a trailblazer group should be the only trigger for the institute to convene a panel. Where the institute convenes a group to develop a standard, its approval of that group is implicit.

In light of that information, I hope that hon. Members agree with this approach. Designing the system around clearly identifiable occupations, and bringing together employers and others to identify the skills, knowledge and behaviours needed for those occupations, will ensure the new system genuinely meets the needs of employers and technical education. I hope the hon. Member will feel reassured enough to withdraw the amendment.

Gordon Marsden: I am very grateful to the Minister for going into detail and for the thoughtful and measured way in which he responded on the three amendments. It is a very techie but extraordinarily important area to get right. The intervention by my hon. Friend the Member for Luton North about the chair was particularly apt in that respect, and I am glad the Minister recognises those points.

I am interested to hear the Minister say that £2.5 billion will still be made available for England. Presumably, that means there will be less available for Scotland, Wales and Northern Ireland. If I am wrong on that matter, I ask him please to come back to me. It was quite clear in the autumn statement that the figure was £2.8 billion, so I just assumed that it would go down to £2.3 billion. If the Minister assures me that it is £2.5 billion, that is obviously good news for England.

We share a view on the direction of travel with the routes, but I am not as sanguine about what the Minister said about the technical side. We will reflect on that. I am pleased that he has given more detail on the occupational standards and that he has addressed the SME and gender issues. Again, we may have a further discussion at some point about the mechanisms in that respect. On the whole, he has given a positive and reasonable response. We can always come back to these issues on Report, if necessary. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Gordon Marsden: I beg to move amendment 14, in schedule 1, page 24, line 6, leave out “as it considers appropriate”.

This amendment would require the Institute to publish apprenticeship assessment plans for all standards.

The Minister may want to say the same sorts of things on amendment 14 as he touched on under amendment 13. Nevertheless, I rise to move the amendment because it would require the institute to publish apprenticeship assessment plans for all standards. I hear
what the Minister says about numbers and everything else. I shall reflect on that and drill down into the detail. However, recent analysis shows—this, of course, is real-time—what the Minister says about numbers and everything else. The backstory, as it were, is an important one.

The new institute is given in this respect by Ministers. I appreciate that they will be, what shape it will take and who will be the organisation—explaining not only what the end test will contain, but where it has been challenging them too much. The Minister's predecessor, Dr Pember, has said:

‘It is diabolical to let an apprentice start a programme without explaining not only what the end test will contain, but where it will be, what shape it will take and who will be the organisation—that is the key point—’

‘to oversee and manage the process.’

We are told that the Department for Education—the Minister can contradict this if he wishes and it would be very pleasant were he able to do so accurately—is still struggling to recruit enough of those assessment organisations. Indeed, one of its spokespersons said:

“We know there is more work to be done to ensure we have the range and breadth of high quality assessment organisations we need.”

We are also concerned that the slowness with which this process has been taken forward has meant that students have not started on some apprenticeship standards for two years after they were launched. I appreciate that this refers to matters that took place not on the Minister’s watch, but it will colour and inform what people think about what the new institute does and what guidance the new institute is given in this respect by Ministers. The backstory, as it were, is an important one.

FE Week has looked at the latest Skills Funding Agency data, specifically the first standards that were given Government sign-off in 2014. It found that there were no starts at all in that academic year, or in 2015, while low numbers of students were recorded in several others. There may be an element here of what I described in a previous sitting as the very slow process of taking the trailblazers’ words. On that occasion, I referred to the issues raised by the Transport Committee about the time it had taken to passport various standards that were developed in the maritime sector into the required frameworks for the SFA.

The National Skills Academy for Food & Drink took a lead role in developing one of the apprenticeships that ended up having no learners for food and drink maintenance engineers. Its chief executive frankly blamed the Government. She said that employers involved with the trailblazer group led by the NSAFD, which developed the standard, had been “frustrated by the evolutionary nature of the government’s decision making process for approval. We were advised at the start that this new and innovative approach was called ‘open policy-making’ … Unfortunately policy implementation does not lend itself well to this approach and valuable employer time and effort has been spent unpicking decisions made as policy decisions have firm’d up. This has led to redrafting, reworking and lost time, such that the industry has written to the new skills minister, requesting that the Department for Education implements a far more structured and clear process for the future.”

That refers to things that have happened historically in the last couple of years, but the Minister will understand why, on the basis of that, we are keen to make sure that the institute publishes all of its apprenticeship assessment plans for such standards in a timely fashion. Will the Minister, if he is able to, tell us what is the status of his response to the NSAFD on that issue? Its chief executive, Justine Fosh, said that the standard had not been ready to this issue of capacity and this iterative process, otherwise they will find themselves in a logjam of policy implementation does not lend itself well to this approach and valuable employer time and effort has been spent unpicking decisions made as policy decisions have firm’d up. This has led to redrafting, reworking and lost time, such that the industry has written to the new skills minister, requesting that the Department for Education implements a far more structured and clear process for the future.”

That is only one example, but as this process strengthens and multiplies, as it needs to do to meet all the Government targets, the Government will have to pay close attention to this issue of capacity and this iterative process, otherwise they will find themselves in a logjam of standards approvals as early as the middle of next year. That is the point at which any Government of any political persuasion, when they have the Opposition or other stakeholders bearing down on them, might be tempted to cut corners. We do not want to see corners cut, but we, like the stakeholders, want to see what progress is taking place in real time. That is why we have put amendment 14 before the Committee today.

Robert Halfon: The hon. Gentleman said that there was a slow process in taking the trailblazers through. We have committed to carrying out all Government checks and approval processes within six weeks. The average development time is one year. The policy has changed over time and the employer groups have had to make amendments at times.

Under previous amendments, I set out the position on the 61% of all apprentice starting standards. That rises to 94% of apprentice starts, including those that are expected to reach their gateway. We have had some difficulties relating to low volume apprenticeship standards and we are considering recommending a targeted procurement organisation for a bundle of these standards. We are doing everything possible to make sure that the proper assessment organisation is in place.
The amendment recommends that all published standards must be accompanied by an assessment plan. The legislation already allows for the institute to publish assessment plans for standards as it considers appropriate. The flexibility on this is intentional. Our objective is that the Institute for Apprenticeships will assume responsibility for college-based technical education. At that point, standards will apply to both apprenticeships and the college-based routes, but assessment plans will still only apply to apprenticeships. College-based technical education will be tested in a different way because it is taught in a different way, even though it may be testing similar outcomes. It will be up to the panels to decide how each college-based course should be tested, but the proposals have to be scrutinised and approved by the institute. There will be some standards that are not appropriate for apprenticeships and that will be used only for the college-based routes; it is therefore unnecessary to develop and publish a plan for those standards. I hope the hon. Gentleman is reassured enough to withdraw the amendment.

10.30 am

**Gordon Marsden:** I am grateful to the Minister for his explanation and for his candour in admitting that there is still some way to go on the issue of capacity. I welcome what he said about procurement organisation. I am prepared to withdraw the amendment, although I would like to reflect on the Minister’s point about college-based technical education being best tested in a different way. A different way may be appropriate, but one would not want it to be seen as different in terms of quality. Is he able to say today—if not, perhaps he can write a note—whether more details of how that process will operate will be published? I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

**Gordon Marsden:** I beg to move amendment 15, in schedule 1, page 24, line 20, at end insert

“and must include the following representatives—

(a) a number of employers which, taken together, comprise a broad range of employer within the given occupation;

(b) at least one relevant trade union official;

(c) at least one person who can represent or promote the interests of students.”

This amendment would ensure that groups developing apprenticeship assessment plans include adequate representation of all relevant stakeholders.

**The Chair:** With this it will be convenient to discuss amendment 16, in schedule 1, page 24, line 37, at end insert—

(c) information about matters that it takes into account when deciding whether or not to convene a group of persons to prepare an apprenticeship assessment plan for the purposes of subsection (9)"

This amendment ensures the Institute must publish information about its reasons for convening, or choosing not to convene, a group of persons to prepare an apprenticeship assessment plan in respect of a standard.

**Gordon Marsden:** The amendments take us back to the heart of the principle that we think should be guiding the establishment of this institute. There is no broad difference between the intentions of the Minister and indeed the Government about the need to involve a broad range of stakeholders. The issue is perhaps—though I hope not—how we create mechanisms that effectively deliver that process. The Minister and you, Ms Dorries, will be familiar with the proverb, “If wishes were horses, beggars would ride.” I am not suggesting that the Government want to put in place a beggarly structure for the institute, although some of the issues around capacity still need to be resolved. It is fundamental to make sure that groups developing apprenticeship assessments have adequate representatives of all relevant stakeholders. I do not think we can simply do that by saying, “We can leave it up to the individual groups.”

I have served on enough Committees in this House to know the danger of prescribing particular quotas for people from certain areas. I am not going to take us too far down memory lane, but in the early 2000s, when the then Government were developing policies on further education, we had lively debates on some of the new structures and whether, for example, there should be a trade union person on every area council. I am acutely conscious of the dangers of tokenism in quotas.

**Kelvin Hopkins:** I understand the point my hon. Friend is making, but surely the sensible way forward is to have broad guidance, either in the Bill or in subsequent secondary legislation.

**Gordon Marsden:** My hon. Friend is absolutely right. He has huge experience in this area and in the structures that have come and gone. It is about getting the balance right. I come back to something I said on Second Reading: when one is establishing new institutions, it is important not just to set frameworks and assessments but to set the tone. It is the tone that will determine whether the Government, or in this instance the institute, get the buy-in and involvement that will make that institute a success.

When we discussed the issue of capacity, the Minister was absolutely right to say, “Well, it’s not simply a question of who’s on the board. It’s all the various other groups of people who are involved on the various sub-groups, and all the rest of it.” However, the buy-in will depend upon those groups feeling that it is made very clear in the Bill that there is a place for them. As I say, it does not have to be a sort of automatic quota-type thing, but it has to reflect something solid and positive.

We had a relatively lengthy discussion of this principle under the Higher Education and Research Bill, in relation to the office for students and who in that new office should be involved from the student body. The thing that got the headlines was about putting students on the office for students board, but the amendments that were tabled during discussion of that Bill referred to other bodies as well, such as the assessment groups.

That discussion is relevant to the present one because the issues are broadly similar, with the exception that in the higher education world the principles and the organisations that allow involvement by other stakeholders have been far more developed than they have been in the technical education world. Therefore, we think it is
very important that matters such as the contribution of other stakeholders to the assessment process, as well as trade unions, colleges and providers, should be put in the Bill. In his Higher Education and Research Bill Committee, the Minister’s colleague said, “Well, yes, it’s really important that all these things happen,” but they had to happen miraculously, without being put in that Bill. The Committee divided and the Government had their way, but I am glad to say that the Universities Minister went away, reflected, and tabled an amendment on Report which, although it did not give us everything that we and other stakeholders might have wanted, established the broad principle that students should be involved on the board.

I ask the Minister today to think carefully about this issue in the context of other advice that he might have received from elsewhere. I also say to him that it is much better at this stage to send that signal to stakeholders, some of whom are already concerned about whether they are part of this great step forward, than it is to shelter behind the idea of, “Well, we don’t want quotas, so we don’t want to have at least one person who comes from a broad range of employers in a given occupation, or at least one relevant person from the trade unions, or at least one person who can represent or promote the interests of students.”

Getting the tone right at the beginning is absolutely crucial to get the buy-in that everyone who wants this institute to be a success needs. If the institute is going to be accretive in its first year, when it will deal principally with apprenticeships, and in the second year it will take on the elements for technical education, then the Government have time to put the practical implications of this amendment into practice. There does not have to be a big bang, and then officials will say, “Well, how do we identify these people? How do we do it?” That is the point of amendment 15.

As with amendments 16 and 14, we still regard it as imperative to see who is assembled to prepare an apprenticeship assessment plan. It is also valuable to be able to experience that process in real time and to see what it takes to introduce and check assessment plans. Those are the principles underlying an addition to the Bill that is modest, but extremely important in setting the tone and sending the message about all the good and generous things that the Minister talked about only a few minutes ago such as inclusion and ensuring that all talents are taken on board. If faces are set against the measure, there will be much disappointment among stakeholders.

We and the Government want the institute to start off with that broad co-operation—not co-operation through gritted teeth, with people saying, “This is what you’re doing as a Government, so we’d better knock down and get on with it.” We want people to say, “Yes, they’ve got it right. We want them to go forward with this.” Amendment 15, which is a modest proposal, would be a great benefit in that respect. That is why we are moving these amendments.

Kelvin Hopkins: I will speak briefly in support of my hon. Friend. The reality is that those who have become chief executives and chairs of organisations—those with leading roles—are frequently strong characters who want their own way. Some will not want to include in their organisations and structures people who are likely to challenge them. I have seen at least one notorious leader—he has now left, I am pleased to say—who wanted his own way. He would have liked acquiescent, docile and amenable people in his organisation, not people who put alternative points of view, which is actually often a healthy thing. In this place, we want people to put forward alternative points of view and have a range of opinions, even within parties, so that we get things right. We can make mistakes if we allow a wilful leader to have their own way without ever being questioned, let alone challenged.

My hon. Friend is right. We do not want to cause problems within these bodies, but it is important that a range of insights into what is being done is represented within them. I have concerns about giving too much power and freedom to wilful individuals who may not wish to be constrained by having, for example, a trade unionist on the board. Indeed, there are those who will not want a trade unionist on a body, whether that body is a board or a committee deciding on apprenticeships. I strongly support my hon. Friend and hope that the Minister can be persuaded.

Robert Halfon: This discussion is incredibly important. I understand that the hon. Members for Blackpool South and for Wythenshawe and Sale East who tabled the amendments want a quality, fair, open and genuinely representative institute at all levels. For me, this is not an argument about quotas. There are three issues: that the institute gives us high-quality technical education that meets our skills deficit; that the institute is independent, but employer-led because, as the Sainsbury report argued, that is how we will achieve that goal; and the question of the best way to achieve representation.

I welcome the intention behind amendment 15, which is to ensure that the groups who develop assessment plans are representative of the sector and others with an interest in ensuring high-quality assessment that really tests the achievement of the standard. That is what we want to do. The experience of the past few years from running our own trailblazer process is that the vast majority of groups that have come together to develop the standards and plans have been representative of the sector. Like the hon. Member for Luton North, I am not opposed to trade unions. I am a union member and very strongly support Unionlearn, which the hon. Member for Blackpool South mentioned. I hope very much that the trade unions will be involved in some way or another.

Kelvin Hopkins: I know very well the Minister’s record and admire the fact that he is a trade unionist, but not all politicians in this place are quite so at ease with trade unionism. Indeed, in the world outside not all are as admirable as the Minister in his support of trade unions.

Robert Halfon: I thank the hon. Gentleman for his comment but I think the issue is about how to create that representation. That will be the point of discussion between us.

In the institute, we have designed an organisation that will be able to carry out apprenticeship functions independent of Government, so that the decisions have credibility with employers. The Enterprise Act 2016 gave it autonomy in determining who should be approved
to develop each standard and related assessment plan. The idea was to ensure that it had the flexibility to respond differently to different sectors and ensure that the groups are representative. Although it is right that the institute is independent and can make its own choices about how it operates, it is incredibly important that the Secretary of State is still able to give it guidance through a written statutory notice. The institute must have regard to the statutory notice and must justify its actions if it chooses to disregard the advice.

We will shortly consult on the draft of that guidance and that will provide advice on who the group of persons should be. I very much want to encourage the institute to ensure that others, beyond employers, with relevant knowledge and experience are included. As I said in the previous debate, that would be professional bodies, other sector experts, FE providers, other providers and assessment organisations. I strongly encourage hon. Members of all parties to engage in the consultation and give their views.

On amendment 16, I appreciate the interest in ensuring that the institute must be transparent in why it convenes groups and develops an assessment plan. It is essential that we avoid the proliferation of new standards and assessment plans, learning from the experience of previous apprenticeship frameworks. The whole purpose of the reforms is to ensure quality over quantity.

I am sure that hon. Members are aware that in formal technical education, standards form the basis of both apprenticeships and college-based technical education courses. With reference to the previous debate, the quality will the same whether it is the assessment of an apprenticeship or classroom-based education. It just reflects the nature of the different delivery between apprenticeships and college-based courses. Quality is everything; it is the whole purpose of the reforms.

In addition to employer demand, the need for the standard will be informed by the occupational maps. There will be an occupational map for each category, and the maps will be underpinned by labour market information. That is the best way to provide an evidence-based road map for all the provision within each route. The institute must ensure that standards exist for all skilled occupations that need them. Where an approved group of employers and other persons is not available, the institute will be able to convene a group to develop a standard and an assessment plan where necessary, but the occupational map must be the primary factor for determining whether a group of employers is convened. The occupational maps, as well as the approved standards, will be available on the website. The institute can convene a group to develop a standard only if one has not come forward organically, motivated by employer demand. The only other criterion that the institute will use to convene a panel itself is the occupational map, which is publicly available. Therefore, the information that the amendment requests is unnecessary.

The amendment could also have the effect of requiring the institute to publish its set of criteria for who should form the group of persons who will develop the assessment plan. As I said response to amendment 15, it is up to the institute as an independent organisation to decide the detail of how it carries out its functions, but I will reflect seriously on what has been said. I believe in strong representation in all parts of the institute, and we can suggest that it be part of the Secretary of State’s guidance to the institute. For that reason, I hope that hon. Members will feel reassured enough to withdraw the amendment.

Gordon Marsden: The Minister, with thoughtfulness and detail, has taken much the same view on amendment 16 as he took on amendment 15, and I will do the same. I heard what he had to say. It is one of those issues on which we agree to disagree, but as he said, we will have the opportunity to pursue it when the guidance is issued. On that basis, I am content to withdraw amendment 16.

On amendment 15, I have listened carefully to the Minister’s measured and thoughtful response. We are not disputing that the process must be employer-led. That is why we particularly say in the amendment “a number of employers which, taken together, comprise a broad range of employer within the given occupation”. That is the issue: there must be somebody in that group who knows their stuff.

This might be a fundamental philosophical difference between us. I find it odd that the Government should so set their face against putting in the Bill the principle that there should be a trade union representative, or indeed someone who could represent the interests of students or apprentices. I was tempted on that basis to press the amendment to a vote, but I will not. I have heard what the Minister said. We will wait to see the guidance, and we will want to contribute to it. As I said, we can always return to the matter on Report. With some reluctance, but recognising his bona fides in the matter, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Gordon Marsden: I beg to move amendment 29, in schedule 1, page 25, line 17, at end insert—

"(5) Regulations under subsection (4) shall be laid before Parliament and shall be subject to the affirmative resolution procedure."

Heaven forfend that I should criticise groupings, but what I have to say to amendment 29 is probably very similar to what I will say to amendments 31 and 33. It is an important principle when setting up a new organisation that, at least during the first year or couple of years, it should make the process of regulation as transparent and open as possible. I say this with no disparagement or criticism of the Minister and the current Administration, but Governments of all descriptions have an enormous tendency not to do so when they set up new things.

To return to the point made by my hon. Friend the Member for Luton North about the need to have people testing and refining the arguments, it is easy to say, “Let’s have it done according to the negative procedure. After all, this legislation is only delegated and passported in, mainly from the Apprenticeships, Skills, Children and Learning Act 2009.” Before anybody says, “That was done under a Labour Government,” I will say yes, it was done under a Labour Government, and when I sat on Committees under that Labour Government, I regularly critised the Government’s use of the negative procedure, especially when we set up new institutions. Famously, I and colleagues demanded that the Labour Government did not use that procedure for the casino in Blackpool,
and we had to have a full hour and a half of debate on the Floor of the House. I think that, in those circumstances, I did my duty to both my constituency and parliamentary transparency. That is the principle behind why we are saying in amendments 29, 31 and 33 that regulation should be subject to the affirmative procedure.

The affirmative procedure, as you well know, Ms Dorries, is not the most onerous of burdens on Ministers and civil servants. It merely guarantees that there will be often quite limited discussion among a group like this one in a Committee Room. As the Minister will recognise, in those proceedings, even if the measures are not pushed to a vote, sometimes things are said and done that cause Ministers to reflect, to go away and to improve legislation, and, in this case, to improve the directions. The other point to be made—

The Chair: Mr Marsden, I did not want to disturb you in full flow, but it has just been pointed out to me that the grouping of these amendments is provisional. Would it be convenient for you, while you are in full flow, to speak also to amendments 31 and 33 to save time later? Then I will not call them.

Gordon Marsden: Absolutely, Ms Dorries, you make the point that all three amendments are designed to respond to that proposal. Having sweated blood over getting it, I want to refer to the famous policy statement for clause 1. From page 5, that gives the justifications for the Government’s proposals to treat these three areas according to the negative procedure. I am looking carefully at what is said about section A2B on page 7, section A3A on page 8 and paragraph 33 on page 8; those three sections relate to the three amendments we have tabled to change to the affirmative procedure.

In the commentary on paragraph 33, the policy statement says:

“Justification for procedure: this is essentially an administrative transitional provision to allow for the work...to continue by the Institute.”

On section A3A, it says:

“This is consistent with the existing power in relation to apprenticeships...and for which regulations have already been made and laid using the negative procedure”.

On section A2B, which relates to the first of our amendments, it also says:

“It is considered that a regulation making power subject to Parliamentary scrutiny is appropriate and provides flexibility...when new functions and procedures are being used for the first time.”

It talks about the amount of the fees chargeable in relation to particular assessments, what an appropriate fee is and all the rest.

Ms Dorries, we would be mad—I certainly would be—to want to have a major debate on, or to put in the Bill, what should or should not be prescribed for fee charges, in terms of the new evaluation of apprenticeship assessments. People would think we were bonkers. However, the principle of how to administer that, and particularly whether there should be charges or not—a live issue at the moment, being represented to us in briefing documents from various sectors—is quite important.

It is important that there is a set formula saying that this will be debated in a Delegated Legislation Committee, on a statutory instrument of some description, on the affirmative principle. Again, that gives support and value, and sends out that signal of inclusion to the stakeholders who will be significantly affected by the results of those affirmative resolutions or the negative procedures. That particularly applies to training organisations, which will be significantly affected and challenged by the changes—at least, that is what they have all said in their representations to us. That is to say not that the changes are bad or wrong, but simply that they are significant enough to be carried out through the affirmative rather than negative procedure.

11 am

There is another point, for which we must go back to what the beginning of the policy statement says about the importance of the inclusion of technical education. In responding to the earlier discussion about college-based technical education, we heard the Minister say, perfectly reasonably, if I remember correctly—Hansard will no doubt show if I do not—that college-based technical education would be tested in a different way. I responded by saying that that was interesting, and that I would be interested to see further detail when it is published. That rather makes the point that technical education is now being included, absolutely rightly, in the institute’s remit.

From the example that the Minister gave this morning, we know that some of the assessment and judging will proceed in a way that is different from that for apprenticeships. Ministers may say, “Some of these things have already been looked at under the Enterprise Bill”—I think one of its sets of regulations was subject to the negative procedure—but it is not unreasonable for us to say that this is a big new step, with big new things being introduced for technical education.

I am not suggesting that this should be the case all the time, but the passporting of these particular things into the Apprenticeships, Skills, Children and Learning Act 2009 will significantly change the meaning and operation of that Act, so should proceed on the basis of an affirmative resolution. If that happens, it will be a lot easier for interested organisations and stakeholders to get their representations in, because they will be aware right from the beginning and will not be dependent on an early-day motion being tabled within 40 days or 25 days—I cannot remember which it is, but whatever the period of time is that means it can be changed into an affirmative resolution. That would also give the Government early notice of what the concerns are.

If we proceed under an affirmative resolution, we will then have a Committee in this House; sometimes, those Committees can be relatively short and painless. The Minister will have had the chance to consider some of the representations and will know that a piece of delegated legislation is coming along. His officials will know that a del leg or statutory instrument is coming along. The Government will then have the opportunity to respond in Committee, on the Floor of the House, with the weight of authority that then gives to the Act—as Members know, what a Minister says in Committee is relevant in that respect—and everything can be done relatively smoothly and in good order.

That is in contrast to using a negative resolution, which might make people suspicious. They might think, “Why aren’t they prepared to have it discussed properly in an SI or del leg for however short a time?” That would not be terribly helpful and is not in the spirit of
what the Minister has said. Indeed, it is not in the spirit of what we are doing with the Bill in including technical education in the institute’s remit along with apprenticeships.

For all those reasons, through amendments 29, 31 and 33 we are arguing strongly that regulations should be subject to the affirmative procedure, rather than the negative procedure listed in the policy document.

Robert Halfon: I thank the hon. Gentleman for his scrutiny. I need to explain the context of why we have chosen to go down this route. We have had a lot of discussion about the quality and evaluation of apprenticeship assessments. Ensuring consistency between assessments will mean that an apprentice can be sure that, wherever they obtain their apprenticeship, they are being judged on a fair and equal basis.

Our aim is that the institute should work to ensure that an apprentice in Hull and an engineering apprentice in Blackpool both have consistent and high-quality assessment. The power that allows the institute to charge for its role in reviewing assessments is critical to enabling it to discharge its function of evaluating assessments effectively.

Other organisations approved by the institute to carry out a quality assurance role in relation to apprenticeship assessments, such as professional bodies, are likely to charge. If the institute were unable to charge, there would be an increased incentive for employers to use the institute instead of the other options, and the extra running costs would ultimately fall on the taxpayer. It follows that, like other organisations, the institute should be able to charge for its work and to recover all its costs.

Importantly, the specific fee is likely to be adjusted over time for a range of reasons, such as to reflect any changes in the institute’s approach to carrying out evaluations and as assessments are updated and altered. Additionally, as the Committee will appreciate, the institute is still finalising the operational detail on how it will carry out some of its functions, including the evaluation of assessments, which we have just debated.

The actual amount that the institute will need to charge is not known. It is conceivable, although it has not been decided, that there could be different fees in different cases to take into account the cost of evaluation in different sectors. I reassure the Committee that the policy is that organisations should be able to charge only to cover their costs. We will make that clear to the institute in the guidance letter. Of course, the institute will be able to charge only if authorised to do so, and subject to the restrictions set out in the regulations.

It is likely that the fees would need to be reviewed quite frequently to ensure that they were appropriate, which is why hon. Members will welcome the provision to allow for the introduction of a statutory instrument without requiring Parliament to debate the matter each time a fee changes. The negative procedure ensures that the fee levels can be updated relatively quickly, if necessary, thus protecting the taxpayer from unwanted financial risk. The procedure is consistent with the Secretary of State’s approach to charging fees for certificating framework-based apprenticeships and, more recently, for English apprenticeship certificates—we are doing that in parallel. Even so, as the hon. Member for Blackpool South pointed out, regulations tabled under the negative procedure can still be debated in Parliament. If there were real demand, scrutiny could still be achieved.

Amendment 31 raises the same issue. I agree that any matter left to secondary legislation requires scrutiny, but the negative procedure provides for sufficient parliamentary scrutiny and would enable debate if the secondary legislation was prayed against. In the event that the institute wishes to introduce an application or process, or to update the fee levels, the negative procedure allows for that to be done as quickly as possible, which is consistent with the Secretary of State’s approach to apprenticeships.

As the institute is not yet established, flexibility is needed to prescribe the most appropriate method. We may also wish to seek advice from the institute and others on what those measures should be. I confirm that, at most, the fees should cover all the costs connected with carrying out the function.

I turn to amendment 33. The Secretary of State has powers to make arrangements to develop new technical education provision. The Bill would allow the Secretary of State to transfer those powers to the institute to ensure continuity. I hope it will reassure the hon. Member for Blackpool South and his colleagues if I give a broad overview. We are progressing the arrangements that we are putting in place before the institute takes on its wider responsibility.

The hon. Gentleman will know that creating this new technical education provision is a complex process. Although we are committed to taking through the reforms quickly, and particularly to establishing all 15 technical education routes as soon as possible, we recognise that certain lead-in times are required for reform. The Government plan to phase the reforms in progressively; development will commence before the institute remit is expanded in April 2018.

We have already talked about the occupational maps and the routes to identify occupations. We know that employers will play an especially important role in assessing the standards, including articulating the knowledge, skills and behaviours needed. I assure hon. Members that the negative procedure provides sufficient parliamentary scrutiny. We have thought carefully about the right balance of primary and secondary legislation and about which procedure to use for secondary legislation. We have set out the rationale in the delegated powers memo for the Delegated Powers and Regulatory Reform Committee in the other place and I look forward to reflecting on that Committee’s response. I hope that the hon. Member for Blackpool South will feel reassured enough to withdraw the amendment.

Gordon Marsden: Again, I am grateful to the Minister for the thoughtful and measured way in which he has put his point of view. I entirely accept everything he has said about the need to move carefully and about the fact that there may be variations in charges and that we may have to return to them frequently.

However, none of that undermines the essential argument that this is a new Bill that is taking on new stuff. We believe—I am afraid that history teaches us lessons in this respect—that it is far safer for the Bill to specify the affirmative procedure than the negative procedure. Although I appreciate the Minister’s remarks, I regret to say that we wish to press the amendment to a vote.

Question put. That the amendment be made.

The Committee divided: Ayes 5, Noes 8.
Division No. 1]

AYES
Brabin, Tracy
Hopkins, Kelvin
Kane, Mike
Mak, Mr Alan
Halfon, rh Robert
Donelan, Michelle
Argar, Edward

NOES
Angar, Edward
Donelan, Michelle
Hallon, rh Robert
Mak, Mr Alan
Gordon Marsden: I beg to move amendment 30, page 27, line 3, at end insert—

"A2DD Directions: consultation"

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

(a) periodic review, and
(b) consultation by the Institute with—

(i) organisations representing the teaching professions,
(ii) further education bodies and provider organisations,
(iii) employers and employers’ organisations,
(iv) awarding bodies, and
(v) organisations representing students and apprentices.”

Broadly speaking, amendment 30 continues the theme of our other amendments this morning. It is interesting to move the amendment after the Minister’s useful exegesis of the role of the Secretary of State and of the relationship between the Secretary of State and the institute, because it is that relationship that the amendment seeks to probe further. The Government’s policy statement gives those further powers to the Secretary of State, in particular in relation to matters concerning technical education.

11.15 am

It is important to emphasise, and I say this in the light of the conversation we have just had about delegated legislation, that these powers are “to be exercised by direction with no Parliamentary procedure. Directions could include the approval of a qualification, entering into arrangements to ensure a qualification is available for approval (a contract with an organisation), the withdrawal of a qualification and their publication requirements.”

We, like many stakeholders—and I will quote some of the observations they have made—are concerned that some of these changes to technical education could be seen as being rushed, to put it kindly. There is therefore a real need for regular consultation with stakeholders to ensure a successful transition. We are not attempting to launch a lightning attack on the powers of the Secretary of State to do these things, but because of the relative speed with which matters have been taken forward and because we need to get them right, we want to see, first, provision for periodic review and, secondly, some indication of the range of organisations that will be consulted in that process.

Several stakeholders in this area have written to Committee members and submitted written evidence with their concerns. The Committee will be relieved to learn that I will not read great chunks of all of them, but they form a significant part of the written evidence we have had so far.

The Association of Employers and Learning Providers said in its written evidence that it believes reform proposals may not currently “be giving sufficient weight to the input of stakeholders and the concerns of, and about, learners”, and this is relevant across the board in setting up the institute. Stakeholders should be required, and be able, to give their input on directions given by the Secretary of State.

The awarding organisation, City & Guilds—a very distinguished organisation, which from memory is probably the oldest awarding organisation in the country—has commented that it would “caution against the speed of transition of duties given that the IATE is not yet operational and will have much work to cover embedding Apprenticeship reform... It appears that 2018 is an ambitious timetable to assume full responsibility for all Technical Education as well as Apprenticeships at a time of significant change within both.”

This view was also echoed in the written evidence submitted by the TUC. There are uncanny parallels between some of the issues on the Higher Education and Research Bill—between the establishment of the office for students and the changes taking place in awarding organisations and in qualification assessment—and the concern that trying to do two lots of things simultaneously in a relatively short period of time risks causing some problems. The TUC says this is being implemented in a timeframe “when major changes to the apprenticeship is taking place, including the rollout of the...levy and related reforms designed to drive up the number of high quality apprenticeships... reform of technical education will need to be phased in over a number of years and this means that a strategy needs to be in place to meet short-term skills pressures... However...there is an urgent need to accelerate measures to build our national skills base”—because, and I think this is the first reference to Brexit so far in this Committee—“the economy and labour market faces major challenges as a result of the decision to leave the European Union.”

It goes on to talk about concerns regarding the move to simplify technical qualifications by granting exclusive licences.

Other organisations have commented on this as well. The Association of School and College Leaders “is concerned about the transfer of responsibility for regulating the validity of vocational qualifications throughout their lifecycle from Ofqual to the newly formed Institute for Apprenticeships and Technical Education.”

City & Guilds has said:

“The Bill is unclear about the future role of Ofqual. If its current major role in the regulation of AOs”—

 awarding organisations—

“and qualifications is to be diminished then this should be done properly, openly and with full transitional provisions.”

City & Guilds has talked about the issues of overlap, as indeed has the Association of Colleges in its submission on Second Reading. City & Guilds goes on to talk about its concern “about creating the apparently stark binary system of education under two governing agencies (Ofqual and the IATE...).”
I do not want to go on about what the various organisations have said, but I will draw out a point that relates to the amendment. What all that is telling me, and possibly a number of members of the Committee and certainly the outside world, is that there is significant concern about the pace of change and acceleration in the Bill. It is not part of my role here today to judge whether the process is too fast, too slow or just right. As I have said on other occasions, although it is nice for Ministers to be able to convince the Opposition, it is even nicer when they can convince the stakeholders with whom they need to work to ensure that the Bill is effective. That is the point we are making with the amendment.

As it stands, the discussion process appears to be two-way, between the Secretary of State and the institute. All those things are of course tied up. If, for the sake of argument, we had had agreement earlier from the Government to place in the Bill more stuff about which stakeholders would be involved in consultation and everything else, I might be less concerned about this appearing to be a two-way process that does not involve many other stakeholders in key areas, which will affect not only their viability but that of the delivery of some of the new technical and apprenticeship qualifications that the Government quite rightly want to progress. It is a fairly modest thing, therefore, to say that the directions given to the institute by the Secretary of State under the Act should be subject to periodic review. The Minister has already said, perfectly reasonably, that the Secretary of State wishes to reserve to herself certain powers in that respect. That is an entirely proper and right thing for her to do. The institute is therefore not a completely free agent. Equally, however, if that is to be the case, in order to reassure and involve the other stakeholders who need to participate, a process needs to be indicated in the Bill, which is why we have talked about it being subject to periodic review and to consultation by the institute with a number of representative organisations. We have talked about organisations representing the teaching professions, FE bodies, FE provider organisations, employers and employers organisations, awarding bodies and, crucially, organisations representing students and apprentices. Those groups have been chosen specifically because they have raised in their written evidence concerns about how the process will be taken forward.

There is a secondary point, which I do not want to dwell on because I do not want to be curmudgeonly or critical of either the original Sainsbury review, which included my own head of Blackpool and The Fylde College, Bev Robinson, and which did an excellent job, or the skills plan. Nevertheless, various stakeholders have said that some of the proposals in the schedule—for example, paragraph 11 on the apprenticeship standards and assessment plans—were not fully canvassed in the skills plan. There remain concerns out there about some of those issues, which is yet another reason why we should try to reassure the stakeholders by putting a moderate proposal in the Bill. A periodic review can be whatever the Secretary of State, or Parliament if it comes to that, decides it should be. But the principles of consultation and periodic review, particularly in technical education, which is the new area that will come under the remit of the institute, are important, and that is why we are pressing the point today.

11.25 am

The Chair adjourned the Committee without Question put (Standing Order No. 88).

Adjourned till this day at Two o’clock.
CONTENTS

Schedule 1 agreed to.
Clauses 2 to 12 agreed to.
Adjourned till Thursday 1 December at half-past Eleven o'clock.
Written evidence reported to the House.
No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Saturday 3 December 2016

© Parliamentary Copyright House of Commons 2016
This publication may be reproduced under the terms of the Open Parliament licence, which is published at www.parliament.uk/site-information/copyright/.
The Committee consisted of the following Members:

**Chairs:** Mr Adrian Bailey, † Nadine Dorries

† Argar, Edward (Charnwood) (Con)
† Brabin, Tracy (Batley and Spen) (Lab)
† Donelan, Michelle (Chippenham) (Con)
† Evennett, David (Lord Commissioner of Her Majesty’s Treasury)
† Halton, Robert (Minister for Apprenticeships and Skills)
† Hopkins, Kelvin (Luton North) (Lab)
† Jayawardena, Mr Ranil (North East Hampshire) (Con)
† Kane, Mike (Wythenshawe and Sale East) (Lab)
† Mak, Mr Alan (Havant) (Con)
† Marsden, Gordon (Blackpool South) (Lab)
† Rutley, David (Macclesfield) (Con)
† Shah, Naz (Bradford West) (Lab)
† Smith, Henry (Crawley) (Con)
† Tomlinson, Justin (North Swindon) (Con)
† Turner, Karl (Kingston upon Hull East) (Lab)
† Vara, Mr Shailesh (North West Cambridgeshire) (Con)

Kenneth Fox, Marek Kubala, Committee Clerks

† attended the Committee
Public Bill Committee

Tuesday 29 November 2016

(Afternoon)

[NADINE DORRIES in the Chair]

Technical and Further Education Bill

Schedule 1

The Institute for Apprenticeships and Technical Education

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

“A2DD Directions: consultation

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

(a) periodic review, and
(b) consultation by the Institute with—

(i) organisations representing the teaching professions,
(ii) further education bodies and provider organisations,
(iii) employers and employers’ organisations,
(iv) awarding bodies, and
(v) organisations representing students and apprentices.”—(Gordon Marsden.)

2 pm

Question again proposed. That the amendment be made.

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

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

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

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

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

“While it is right for the Institute for Apprenticeships to be delegated wide-ranging autonomy across its operational brief, responsibility for key strategic decisions must be reserved for the Secretary of State. Crucially these decisions include those relating to the shape of the overall national system of technical education.”

The Secretary of State will obviously consult when making her decision, and she needs to ensure that any directions are reasonable and include all relevant factors, which is the way I want to look at it—by a periodic review or consultation with the sorts of organisations that we have talked about, could cause not a chasm but a gap between what one set of people know and what another set know. I entirely understand the Minister’s point about making these decisions based on technical education reform set out in Lord Sainsbury’s independent plan and the Government’s post-16 plan. It will demonstrate firmly how we are to ensure that the institute will be able to deliver its functions according to the plan’s timescales.

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

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

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

Gordon Marsden (Blackpool South) (Lab): I intervene on the Minister at this point to clarify that the point of the amendment, and the argument I made, was not to question in any way the ability, legality or desirability of the Secretary of State having an ongoing, one-to-one relationship with the institute. The point was that the aggregate of those instructions, if they are not tempered— that is the way I want to look at it—by a periodic review or consultation with the sorts of organisations that we have talked about, could cause not a chasm but a gap between what one set of people know and what another set know. I entirely understand the Minister’s point about making these decisions based on technical things, but that is the purpose of the amendment. The purpose was not to question in any way the desirability of the Secretary of State having that one-to-one relationship.
Robert Halfon: As I mentioned previously, it is highly likely that the Secretary of State, when issuing a strategic direction, will have a full and thorough consultation. We want to make sure that the Government are able to exercise overall strategic control where necessary and without delay.

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

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

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

Amendment, by leave, withdrawn.

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

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

The Chair: Thank you.

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

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

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

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

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

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

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

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

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

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

From what Peter Lauener said in his oral evidence, and indeed from what the Minister himself has said, appointments to the institute’s board may or may not be imminent, happening in due course, at hand or whatever phraseology we want to use, but I do not think that I can overemphasise how essential it is for it to have wide-ranging representation, to include all the key components of apprenticeship creation and delivery.
I have referred, in relation to previous amendments, to the active participation of various groups of apprentices and their willingness to take up the challenge. These include the National Union of Students, with its own National Society of Apprentices, the Industry Apprentice Council, from whose excellent survey I quoted last week, and other groups such as that of Lindsay McCurdy. After all, in National Apprenticeship Week every year—an offshoot, of course, of the creation of the National Apprenticeship Service under the previous Labour Government—we all go around, as Members of Parliament, shaking hands, having photographs taken and saying how marvellous it is to hear apprentices’ life stories and initiatives. Next year the board will be established and the institute will take a legal rather than shadow form. It would seem odd then to go out and talk to apprentices and students at FE and technical colleges and have them say, “It’s nice that you have come to see us, hear my life story and take my photograph, but why have we got no representation on the board of the institute?” Perhaps the Minister would like to think about that for a moment.

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

Amendment 32 addresses a slightly different aspect, although it has the same element of transparency. It proposes that the appointments of the chair and the chief executive should be subject to a confirmation hearing by the appropriate Select Committee or Committees of the House of Commons, although there is still some settling down to be done. The Minister will know that in recent years Select Committees have already shown interest in improving the quality of the appointments in recent years, so I very much welcome it. Occasionally, the Select Committee has said no, they do not. I do not have a problem with that. In terms of raising profile of the institute, which is surely what we all want to do in the run-up to its formal launch in the spring, this would be a very useful measure for the Government to agree, which would send out a signal.

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

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

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

Turning to amendment 32, I have chaired two confirmation hearings and I sat on a committee interviewing an appointee before they went for their confirmation hearing. I think it is an extremely good exercise that has improved the quality of the appointments in recent years, so I very much welcome it. Occasionally, the people have not been ideal for the job and have chosen to stand down before going right through the process; I think that shows wisdom. Sometimes the Government and Ministers have been reluctant to let go of appointments, but they have now done so, and I think they are pleased with the job that Select Committees have done on confirmation hearings. I really do think that this would be a very good idea.
It is particularly important to have confirmation hearings for the chair, although perhaps the chair should deal with the chief executive. The confirmation hearings I chaired were to do with that role. It might not have been a chair—it might have been a director or something—but we were essentially interviewing for the chair role. It was extremely interesting and very useful, and I think that in each of those hearings we got the right result. I support amendment 32 in principle, even if my hon. Friend does not press it to a vote.

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

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

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

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

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

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

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

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

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

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

2.30 pm

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

All these things are contextualised. I do not want to open old wounds, but the Institute for Apprenticeships has not had a great record with shadow chief executives—not because of their calibre, but simply because of the time for which the first stayed and the fact that the second, Peter Lauener, is doing the job two days a week. To be blunt, that has aroused scepticism—worry to put it more positively, a wish to be reassured—among stakeholders across the board about whoever the new chief executive is. It seems to me that an appointment hearing would be neither inappropriate nor unreasonable.
Gordon Marsden: The Minister cannot have it both ways. He tried to persuade me the other day that I did not need to worry too much about the institute having only 60 employees because an enormous number of other people were doing things, but if that is the case, it is a rather more significant organisation than the Minister’s bald figures and comments suggest. To be frank, I am not sure that is the strongest of arguments.

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

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

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

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

Amendment, by leave, withdrawn.

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

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

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

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

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

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

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

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

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

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

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

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

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

New clause 5—The Institute: duty to consult—

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

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

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

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

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

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

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

Even with the enormous amount of data and emerging opportunities open to us, some young people leave education, ready and able to start on their career paths, with hardly any guidance, never mind a plan to follow. That is why new clause 4 is so important. I was genuinely surprised to learn that its provisions were not already in the Bill. Surely any education Bill should at its very point—careers advice has not improved in the way that we wish it had.

In private meetings, real concerns have been raised with me about the lack of careers provision in our colleges right now. It has been stressed that there is such a lack of advice available at the moment that without explicit legislation on careers guidance, it will be nudged even further towards the back of the priorities queue.
With overstretched resources in colleges an ever-growing theme, I was not surprised to hear that at least one institution a receptionist at had been asked to carry out careers guidance, despite having no specialist qualifications or training in how to do that well. Although I was not surprised, I was ashamed that we had allowed our young people to be treated in such a way. I hope Members will join me in seeing the opportunities for the Institute for Apprenticeships and Technical Education to use its national role and unique connection between educators, institutions, learners and businesses to create a leading occupation awareness service.

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

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

It is important to mention that I was encouraged during the Committee’s first sitting last week by the warm words from the Minister on careers advice. I appreciate his genuine intentions to improve careers advice, but at a time when the co-Chairs of the Sub-Committee on Education, Skills and the Economy accuse the Government of appearing “to be burying their heads in the sand while careers guidance fails young people, especially those from disadvantaged backgrounds, and exacerbates the country’s skills gap”, I do not feel we can rely on warm words alone. We must have provisions in writing—in legislation—because we have an obligation to learners.

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

The Bill is designed to harness the talents of our young people and unlock the potential of the country. Those are worthy aims—we can all agree on that—but I cannot see how we can do that without an explicit commitment to promote awareness of occupations and advise young people on how to get a job in the area they wish. The opportunities that the institute provides are enormous. I hope we seize the opportunity presented in the clause to build a top-quality advice service for apprenticeships and technical educational qualifications.

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

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

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

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

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

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

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

2.45 pm

New clause 3, in essence, develops some of the issues that we talked about this morning: how we concern ourselves with not only the input to, but the outcomes of, apprenticeships. Historically, a tradition in Governments
of all parties has been to put great emphasis on input, but not always—certainly from a central position—on output. That has been remedied in recent years, and we sometimes have a lot more on output, but output and outcome are not necessarily the same thing. That is one of the things that we want to stress with the new clause.

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

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

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

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

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

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

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

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

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

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

We have touched on a number of the issues raised by new clause 5 under previous amendments. In a sense, it is a further iteration of those. I want to say something about the delivery and progress of standards and the end points. I have raised with the Minister the number of people who currently issue apprenticeship frameworks. I appreciate that that is a process that will ultimately disappear, but it would be helpful to hear from the Minister what the relationship will be between those apprenticeship frameworks and the issuing authorities that take them forward, and the development of new structures of standards at the new institute itself. As I have said, I think it is important to ensure that what may be done by the institute and what may be done by Ofqual. That is another reason behind new clause 5.
Finally, I will say a few words about some of the issues with the schedule that have been raised with us. The first relates to copyright. Other than having a minor interest as someone who has written one or two things over the years for which my copyright earns me a few pennies a year from the Authors’ Licensing and Collecting Society, I do not have any specific knowledge or concerns about copyright. However, it is clear from the written submissions that we have received from the Federation of Awarding Bodies, City & Guilds and a number of other organisations that there is a concern.

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

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

It makes the following point:

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

It goes on to say:

“We are further concerned that the Bill seeks to give IATE the power to assign or grant a licence of the copyright to any person.”

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

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

The NCFE said:

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

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

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

3 pm

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

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

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

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

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

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

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

When I was at school, there were two courses: either we were going to stagger on towards university and higher education or we were told, “Go and work in a bank.” That was all that was ever said. Indeed, an extraordinary number of my school friends ended up working in banks. Whatever their talents, many of them finished in a bank. I had friends who had superb writing skills or
were natural cartographers and could have done all sorts of different things, but they finished up working in banks because that is where they were guided to by our school. They were almost dismissed. The school was really interested in those going on to higher education, and so to anyone else it said, “Go and work in a bank.” It really was not good enough. I was one of those who eventually staggered through higher education, otherwise I would have no doubt finished up in a bank—[Laughter]—not as a senior banker, but just a clerk.

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

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

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

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

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

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

I congratulate the hon. Member for Batley and Spen on a really important contribution to the debate; I mean that genuinely. She knows from the brief conversation we had that I completely agree with much of what she says. I agree that we have a problem with careers in our country. I agree that for so long, careers guidance has pushed people towards universities. Having said that, I can imagine a lot of things, but I could never imagine the hon. Member for Luton North as a bank— I have a broad mind, but it is not that broad.

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

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

The hon. Lady said—this is important—that we need more than just warm words. I accept that and I am looking at the whole issue from the beginning: what we can do in careers guidance, whether it is possible to gear it much more towards skills and starting not in secondary school, but primary school and going all the way through to university.

To be fair, the Government have done substantive work. First, it is now a legislative requirement that schools must give careers advice on apprenticeships. With reference to what the hon. Member for Luton North said, we have also tightened up in legislation the definition of “apprenticeship”.

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

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

There is a £5 million careers and enterprise fund to boost provision for nearly 250,000 young people across England in 75% of the areas the Careers & Enterprise Company identified as cold spots. There is a £2 million mentoring fund, because mentoring is incredibly important. This year, £75 million is being spent on the National
Careers Service to help its work and £24 million on web kits to support more than 650 people with face-to-face advice. We have started the work.

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

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

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

3.15 pm

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

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

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

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

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

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

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

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

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

I will come to an overview of schedule 1 but will begin by answering some of the key questions the hon. Member for Blackpool South asked. Although the 19 to 24-year-old NEET figure increased by 0.8% in July to
September, he will know that the overall trend has been down over the years. The figure for 16 to 18-year-olds fell by 1.5% compared with the same quarter in 2015.

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

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

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

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

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

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

Robert Halfon: I will find out what the Careers & Enterprise Company is doing in Leeds and in the hon. Lady’s constituency. It will be involved with the LEP, but it has not been there for a long time; it is a recent creation. It has been working to identify the spots where we need help the most. I will look into what is happening and write to the hon. Lady.

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

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

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

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

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

Robert Halfon: The hon. Gentleman makes a fair point and I will reflect on what he has said, but I think it will be set out clearly. We are considering how the new technical education qualification should be regulated. The regulatory approach will need to be designed specifically
for new qualifications and in the light of the institute’s contract management function. Ofqual remains the qualifications regulator.

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

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

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

Question put and agreed to.
Schedule 1 accordingly agreed to.

Clause 2

Overview

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

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

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

Robert Halfon: Except for clause 2.

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

Hon. Members: Aye.

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

The reality is that the FE sector has experienced a prolonged period of funding cuts. The House of Commons Library briefing shows the scale of the reduction in funding: in adult further education and skills, funding fell from a 2010 baseline of £3.18 billion to £2.94 billion in 2015-16, a reduction of 8% in cash terms or 14% in real terms.

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

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

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

Gordon Marsden: I thank the hon. Gentleman for his intervention, and for the penetrating questions he put to the witnesses. Hopefully that will be a by-product of the process, and that is entirely right. I am also bound to observe that there are other factors pushing it down this route. One of those other factors is the underlying financial weakness of the sector. When the further education commissioner gave evidence—he talked of 82 or 84 colleges in a merger position—he was, to be blunt, far more optimistic and gung-ho about the outcome of those mergers than I would be. From memory, some other members of the Committee expressed a different point of view. The truth of mergers is that they do not always work out well, and this was commented on by Mr Pretty from the Collab Group. He made those
observations based on his own experience. There are a number of factors here. Changing priorities in public funding is a reduction, it is how some colleges have struggled with large debts or partially completed capital investment projects. The latter partly reflects weaknesses in the planning and financing of capital projects under the former Learning and Skills Council.

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

**Gordon Marsden:** My hon. Friend is right, and what he says is underpinned by his great experience in this area. I am not saying that every area review that produces merger proposals will automatically result in colleges finding themselves in a financially weaker position and therefore more in need of the insolvency clauses in the Bill than otherwise, but it is part and parcel of that aspect. It is not just FE colleges feeling the strain. It was helpful to have the presence of the Sixth Form Colleges Association in the evidence session. It, too, mentioned courses having to be dropped as a result of funding pressures. Three quarters of colleges have limited the size of their study programmes and more than a third do not believe that next year’s funding will be sufficient to provide the support for educationally or economically disadvantaged students.

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

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

**Kelvin Hopkins:** I have some experience in these matters. There have been funding pressures in all spheres of post-16 education, although not necessarily in universities, which seem to be well funded compared with other areas. In spite of the fact that there are advantages of scale in producing wide ranges of subjects in whatever qualification one is taking, some of the smaller subjects are, even now, dying. We are getting to a point where subjects such as modern European languages are being lost entirely from an area because no college or school will teach them any more. That is tragic. We should be creating more variety of opportunity in technical and academic education, not less.

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

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

**Robert Halfon:** No, but it is still a Government expenditure item and its aim is to help more people take part in education.

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

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

Overall, the Department for Education plans to invest £7 billion in 2016-17 to fund education and training places for 16 to 19-year-olds. The area reviews will support those colleges that want to merge—no one is being forced to merge—and we will provide financial support where appropriate to help them do so. We are
confident about the programme and we will deliver strong, sustainable colleges for the future. Mergers do not necessarily mean that provision in a local area will end. It will be up to the colleges to decide whether to keep a campus or site open.

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

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

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

The provisions in the Bill will send a clear message to colleges that, to deliver excellence in teaching and leadership, they need to ensure that they have strong and robust financial controls in place. The commissioner who gave evidence said that, where there had been significant problems, much had been down to leadership and financial management. Why is it that so many colleges are doing extremely well, the college of the hon. Member for Blackpool South being an example?

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

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

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

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

Question put and agreed to.

Clause 2 accordingly ordered to stand part of the Bill.

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

Ordered, That further consideration be now adjourned.

—(David Evennett.)

3.51 pm

Adjourned till Thursday 1 December at half-past Eleven o’clock.
Written evidence reported to the House
TFEB 07 Association of Employment and Learning Providers
TFEB 08 Federation of Awarding Bodies
TFEB 09 Association of School and College Leaders
TFEB 10 TUC
TFEB 11 Centre for the Study of Market Reform of Education
Public Bill Committee

TECHNICAL AND FURTHER EDUCATION BILL

Seventh Sitting
Thursday 1 December 2016
(Morning)

CONTENTS

Clauses 13 to 21 agreed to.
Clause 22 under consideration when the Committee adjourned till this day at Two o’clock.
No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Monday 5 December 2016
The Committee consisted of the following Members:

**Chairs:** † Mr Adrian Bailey, Nadine Dorries

† Argar, Edward *(Charnwood)* (Con)
† Brabin, Tracy *(Batley and Spen)* (Lab)
Donelan, Michelle *(Chippenham)* (Con)
† Evennett, David *(Lord Commissioner of Her Majesty’s Treasury)*
† Halfon, Robert *(Minister for Apprenticeships and Skills)*
† Hopkins, Kelvin *(Luton North)* (Lab)
† Jayawardena, Mr Ranil *(North East Hampshire)* (Con)
† Kane, Mike *(Wythenshawe and Sale East)* (Lab)
Mak, Mr Alan *(Havant)* (Con)
† Marsden, Gordon *(Blackpool South)* (Lab)
† Rutley, David *(Macclesfield)* (Con)
† Shah, Naz *(Bradford West)* (Lab)
† Smith, Henry *(Crawley)* (Con)
† Tomlinson, Justin *(North Swindon)* (Con)
Turner, Karl *(Kingston upon Hull East)* (Lab)
† Vara, Mr Shailesh *(North West Cambridgeshire)* (Con)

Kenneth Fox, Marek Kubala, Committee Clerks

† attended the Committee
The Chair: Members may remove their jackets during the sitting if they wish. Will everyone please ensure that all electronic devices are turned off or switched to silent mode? The selection list for today’s sitting is available in the room. I remind Committee members that we will consider clauses and schedules in the order set out in the programme order, which has been previously agreed and is set out at the end of the amendment paper. We will start with clause 13, to which no amendments have been tabled.

Clause 13

OVERVIEW OF CHAPTER

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

The Minister for Apprenticeships and Skills (Robert Halfon): It is a pleasure to serve under your chairmanship again, Mr Bailey. The clause is the first in chapter 4, which deals with the regime at the heart of the insolvency measures in the Bill. In this chapter, we make provision for the special administration regime that will make sure that students attending further education bodies in England and Wales are protected should that body fail. Hon. Members will be aware that the regime has been broadly welcomed by all, and I am grateful to the hon. Member for Blackpool South for welcoming it previously. That is not to say that there are no points of concern for stakeholders, but I hope to address those as we work our way through the clauses.

The clause sets out the when, the who and the what of the regime, which will be formally known as education administration. First, the when: the regime can be used when a further education body is unable to pay its debts or is likely to become unable to pay its debts—in other words, when an FE body is insolvent, based on the well-established definition in the Insolvency Act 2000. Secondly, the who: an education administrator can be appointed by the court only on the application of the Secretary of State or Welsh Ministers, depending on where the FE body is based. Thirdly, the what: the education administrator will be responsible for managing the FE body’s “affairs, business and property with a view to avoiding or minimising disruption to the studies of existing students.”

Clause 14

OBJECTIVE OF EDUCATION ADMINISTRATION

Gordon Marsden (Blackpool South) (Lab): I beg to move amendment 1, in clause 14, page 8, line 4, at end insert—

“(3) Before an education administrator may perform functions specified in subsection (2), they must ensure an appropriate assessment is made and published of the impact of performing such functions, including, but not restricted, to—

(a) the impact on the quality of education provided to existing students of the further education body;

(b) the capacity of another body or institution to undertake any additional functions or provide education to additional students;

(c) the infrastructure of the local area, in particular transport;

(d) any impact on the travel arrangements of students to another body or institution; and,

(e) any financial impact on those students or any such impact on their travel arrangements, and what measures need to be taken to mitigate them.

(4) The Secretary of State shall make regulations to specify suitable bodies to perform such assessments.

This amendment would ensure that an appropriate assessment is made of any potential impacts on students and their education, if an education administrator puts a further education body into “special administration” and takes action such as transferring students to another institution or keeps an insolvent institution open for existing students. This amendment would also require the Secretary of State to specify suitable bodies to perform such assessments.

The Chair: With this it will be convenient to discuss amendment 2, in clause 14, page 8, line 4, at end insert—

“(3) The education administrator shall not make any decisions required by subsection (2) without consulting—

(a) existing students of the further education body;

(b) existing staff of the further education body

(c) all recognised trade unions at the further education body.”.

This amendment would ensure that all relevant stakeholders are fully consulted about decisions taken by the education administrator in respect of the future of the further education institution.

Gordon Marsden: Good morning, Mr Bailey. It is a great pleasure to serve under your chairmanship. The Minister is right to say that we welcome the concept of the insolvency regime. We think it is necessary in the context that I talked about at the end of the last session, so we do not intend to oppose the principle of it in any shape or form. However, as the Minister has observed, we intend to probe—more sharply on some aspects than others.

If I may, Mr Bailey, I will speak to the two amendments we have tabled separately; although they are linked, they have rather different focuses and emphases. Amendment 1 aims to ensure that an appropriate assessment is made of any potential impacts on students and their education if an education administrator puts a further education body into special administration and takes action such as transferring students to another institution, or keeps an insolvent institution open for existing students. We recognise that the decision whether to transfer students to another institution or to keep an insolvent institution open for existing students is fraught with potential difficulty and will certainly demand great skill and finesse on the part of the education administrator.
The Minister may wish to bear that in mind when we consider later Opposition amendments, which will probe him a little more on the nature, experience and qualifications of the education administrator.

The crux of the amendment relates to some of the matters we discussed when considering similar provisions in the Higher Education and Research Bill. The amendment would ensure that the entitlelement that the Bill gives students to continue their education works in practice. We know that cases of colleges failing or other crises have arisen both in FE and in HE. I do not want to exaggerate those issues, because I take on board the points made by the Association of Colleges and other college organisations that the vast majority of FE colleges conduct their affairs in a very wholesome and satisfactory fashion, as my hon. Friend the Member for Luton North has mentioned previously.

**Kelvin Hopkins** (Luton North) (Lab): Amendment 1 is very simple and I hope the Government will be minded to accept it in some form. Have we had any response, contribution or advice from the Association of Colleges or the Sixth Form Colleges Association? Do they broadly agree with the Government’s proposals? Are they agreeable to our amendment?

**Gordon Marsden**: My hon. Friend is right that we need to get support from those organisations. The AOC has raised particular issues relating to later Opposition amendments, such as amendment 34 to clause 15. Some of those concerns will be explored when we consider those amendments.

The ambitions of the special administration provisions are noble, but amendment 1 is intended to serve as a safeguard against any unintended consequences. As we know, even isolated incidents of colleges that hit the headlines can have a deleterious effect on the sector. The sector is in a delicate state at the moment—I will not put it any stronger than that—so if this provision is needed, we should do what we can to avoid problems with the impact on students and education.

As far as I understand it—I say that with due modesty, because some of this is quite technical—the education administrator will be given four options for supporting students to continue their education if their college becomes insolvent: selling assets to keep a college afloat; bringing in another body to take on functions of the college; transferring students to another college; and keeping the college “going until existing students have completed their studies”.

That last phrase is rather ambiguous, and it would be good to hear the Minister’s thoughts on it. Whether in his response to the amendment or later this morning, it would be useful to hear whether there are any thoughts on the timeframe of that option.

All the options are sensible. I do not think that any member of the Committee would suggest that they should not be pursued by the education administrator if students’ education were put in jeopardy by insolvency, but there are questions about the finessing of those options, about which option the administrator thinks it best to pursue, and about the timeframes. Again, the Minister may want to say something about potential timeframes as we go along. Sometimes the education administrator might need to use more than one of those four options, perhaps at different points in the process.

**Gordon Marsden**: Amendment 1 is intended to serve as a safeguard against any unintended consequences. As we know, even isolated incidents of colleges that hit the headlines can have a deleterious effect on the sector.

We know that cases of colleges failing or other crises have arisen both in FE and in HE. I do not want to exaggerate those issues, because I take on board the points made by the Association of Colleges and other college organisations that the vast majority of FE colleges conduct their affairs in a very wholesome and satisfactory fashion, as my hon. Friend the Member for Luton North has mentioned previously.

The ambitions of the special administration provisions are noble, but amendment 1 is intended to serve as a safeguard against any unintended consequences. As we know, even isolated incidents of colleges that hit the headlines can have a deleterious effect on the sector. The sector is in a delicate state at the moment—I will not put it any stronger than that—so if this provision is needed, we should do what we can to avoid problems with the impact on students and education.

As far as I understand it—I say that with due modesty, because some of this is quite technical—the education administrator will be given four options for supporting students to continue their education if their college becomes insolvent: selling assets to keep a college afloat; bringing in another body to take on functions of the college; transferring students to another college; and keeping the college “going until existing students have completed their studies”.

That last phrase is rather ambiguous, and it would be good to hear the Minister’s thoughts on it. Whether in his response to the amendment or later this morning, it would be useful to hear whether there are any thoughts on the timeframe of that option.

All the options are sensible. I do not think that any member of the Committee would suggest that they should not be pursued by the education administrator if students’ education were put in jeopardy by insolvency, but there are questions about the finessing of those options, about which option the administrator thinks it best to pursue, and about the timeframes. Again, the Minister may want to say something about potential timeframes as we go along. Sometimes the education administrator might need to use more than one of those four options, perhaps at different points in the process.

Our amendment addresses what that will mean for students in those different circumstances. To do that, we propose that an assessment be made of the impact of the administrator’s decision on students and the local community, enabling any negative impacts to be appropriately mitigated.

We are realistic. We know that sometimes difficult situations bubble up over a long period of time and there are amber warnings, but sometimes, because of the problems have been concealed, they blow up very rapidly and hit the headlines. Ministers, the new institute or, indeed, the Skills Funding Agency may have to move swiftly in such circumstances. We understand that. We do not want this to become an over-bureaucratic, long-winded, time-consuming process, but we believe that a definitive assessment is needed somewhere in the process.

We have several concerns. If an administrator keeps a college going so that existing students can finish, for example, one can see the potential benefits for the students. While it will depend on the nature of their contract—the University and College Union and others have previously raised concerns that the FE sector is becoming a mélange of shorter term contracts—there will be lecturers and staff on contracts of significant duration, and it would be understandable, perhaps highly probable, that they would seek to leave. After all, the involvement of an education administrator is essentially a sign of a potentially failed college and that their employer, at least in the way that he, she or it employs them, will either close or change in the near future. Any exodus of staff in such circumstances could have untold impacts on the quality of education that students receive. We, and I am sure the students at such colleges, want to know what transitional measures are envisaged to maintain the delicate balance needed to protect the quality of education that students receive at a college that is being kept open on life support. That is option 1.

Option 2 is an administrator deciding to begin selling off college assets to address the insolvency issues, or just to keep the college afloat. What protections will there be so that resources that are integral to a learner’s studies will not be sold off? I understand that it is impossible to make an absolute judgment in every case on whether an administrator should do one or the other. It will obviously depend on the individual circumstances and assets and so on, but computers and ICT—I think “digital services” is the more up-to-date term—spring to mind. Often worth a significant sum, they may be an attractive asset that is easy to sell quickly for a good taking; on the other hand, selling them off could leave less equipment to share between the college’s remaining students, which would have a negative impact on their learning experience.

Additionally, the area reviews and mergers need to be thought about in great detail. In our evidence session I traded questions with the FE commissioner on the impact of that. He takes a more sanguine view of that process than the Committee and I do, but time will tell. What we know is that in circumstances where learners need to be transferred to another college—that does not necessarily mean that the whole body will close, as someone suggested—the college building could continue but, for whatever reason, the students in a particular department or area are transferred to another college, possibly for economies of scale. It is not necessarily that one particular college is closed and absorbed into another.
11.45 am

**Kelvin Hopkins:** These events would be of great concern to students and staff alike if they happened, but we hope they will not and we will try to ensure that they do not. However, if there are to be changes, would it not be wise—or essential—to make sure they take place during the long summer vacation, so that they do not disrupt students in the middle of courses during in the academic year?

**Gordon Marsden:** My hon. Friend, as always, makes a good and practical point. I have two observations. One is that crises cannot always be managed and sometimes they blow up from nowhere. My other observation is that among the pressures on FE colleges these days is the fact that the long summer break is becoming less long. That is true for FE students as well as other students. However, my hon. Friend’s general point is absolutely right and needs to be taken into account.

There are plenty of questions to be answered for students. How close to their home and their old college would the new college or facility—it may not be a completely new college—be? How much more expensive and time consuming would it be to get there? We know that college students have to spend a considerable amount of money on travel and we know that the mechanisms for supporting them are highly variable, particularly with local authorities’ discretionary spending being cut to the bone in a range of areas. There is already a risk of making some education and courses inaccessible for the less well-off.

What financial support does the Minister envisage might be available to help such students to access education at a new institution if it turns out that the challenges are considerably greater? For example, would the new college have the capacity to respond to any influx of new students? As I have indicated, insolvency might result in some students finding themselves forced to travel longer distances to continue their studies, but there is no reference in the Bill to mechanisms by which they might be supported or compensated. I understand that that is not something that should necessarily go into the Bill, but while I appreciate that a lot of things must be worked out, it is a bit worrying that it seems that, even at this stage, not much thought is being given to some of these issues. If it is, I apologise.

Mergers between colleges can be harmful to the social fabric and social mobility, particularly for young people in rural and suburban areas, and might force them to travel 30 or 40 miles to college. I raised this point in Westminster Hall about a year ago with the Minister’s predecessor, who seemed to be somewhat miffed that I referred to his predecessor, the right hon. Member for South Holland and The Deepings (Mr Hayes), being decidedly agnostic about the prospect of mergers. That was the case, however, and it was because the right hon. Gentleman’s constituency is very rural, so he has a lot of knowledge and concern about the issue.

We must make a distinction between the geographical situation when there is insolvency and the mechanisms to deal with it. For example, when two colleges merge in a suburban or rural setting, the implications for the ability to maintain courses, and thus viability, will be significant if issues such as travel loom large and make it impossible for existing students to go there or for future students to want to go there. Even in urban areas—parts of Greater Manchester, for example—public transport is not necessarily good. In my constituency, travelling west to east or east to west on public transport tends to be more difficult than going north to south. There is a range of concerns.

We have seen during the ongoing area review process that the Government have encouraged colleges either to merge or to close. The new FE commissioner said in evidence that provision at levels 1 and 2 in particular needs to be as local as possible to learners, whether in an urban or a rural area, but he accepted that if people do not have the wherewithal to travel, they will not be able to do so. Shakira Martin of the NUS said in the evidence session:

“It is also not clear how the Government will make sure that the education the student receives in the college is kept open and to a high-quality standard. For example, the area review process may have unintended impacts. There will be fewer colleges, further apart. How will travel costs and access—time is an issue as well, not simply cost—be addressed?”—[Official Report, Technical and Further Education Public Bill Committee, 22 November 2016; c. 51, Q69.]

In evidence, Bev Robinson, the principal and chief executive of Blackpool and The Fylde College, who was a member of—[ Interruption. ]

**The Chair:** Order. There is a Division in the House.

11.51 am

**Gordon Marsden:** I was talking about how travel costs and access would be dealt with and I was about to quote the comments of a witness, Bev Robinson, the principal and chief executive of Blackpool and The Fylde College. She said:

“I would wish to make sure that learning within a reasonable travel-to-learn pattern was protected as well as students.”—[Official Report, Technical and Further Education Public Bill Committee, 22 November 2016; c. 51, Q70.]

I see nothing in the Bill where the funding to support this process will come from, and Ministers have not said a great deal about it.

Research released in 2015 by the National Union of Students and the AOC showed that only 49% of further education students can always afford their travel costs. The average travel time for those surveyed was two hours and 48 minutes a day, for an average distance of 11 miles. Many young people—about 40%—rely on financial support from parents or guardians for travel costs. The problem is of course exacerbated by the lack of national funding schemes to get young people to college. Even the minority of councils that offered discounted travel for young people on a discretionary basis are now less likely to do so, following major Government cuts. The amendment would require those matters to be considered so that appropriate measures could be put in place, although such issues are difficult to legislate for and there are unknown consequential effects. Invoking education administration powers may affect students, but that is precisely the point of the amendment: it would ensure that whatever impacts the
powers have in practice, they are assessed within the local circumstances of the college in which the powers are needed. That is an important part of the education administrator’s responsibilities.

If students have to travel longer distances to college, incurring higher costs, it strengthens our argument that education maintenance allowance should be reintroduced to help cover those expenses.

Kelvin Hopkins: My hon. Friend makes a very strong point. For poorer students travel to colleges is expensive even now, particularly in sparsely populated rural areas. The closure of a college in one town and having to go to a town many miles further on will cause great difficulty in financial terms and in terms of the time spent travelling and the reliability of public transport.

Gordon Marsden: My hon. Friend again makes a very good point. It underlines our concerns and why we think such issues need to be taken into account.

Amendment 2 is designed to ensure that, within the circumstances in which the process takes place, all relevant stakeholders are fully consulted about decisions taken by the education administrator in respect of the future of the institution. This touches on a theme not dissimilar to that which we discussed during the debates on schedule 1 to the Higher Education and Research Bill, where consultation with staff and students was a high priority.

The amendment would ensure that there is full consultation with various bodies or groups representing further education staff and students. Members of the Committee might ask, “Is this necessary? Surely the students and the student body are bound to be informed,” but I have to say—Members may have experience of this—that is supposed to be the case when businesses fail and companies go bust or when something cataclysmic happens, but often workers or employees are not kept in the loop. We should legislate for the worst scenarios and the worst employers, not for the best.

It is important that the education administrator should consider representations from relevant stakeholders such as students and staff, as they have invested two or three years of their time and money in studying and their livelihoods will depend on the institution in question. It is surely not too much to ask that the education administrator should have the responsibility placed on him or her to consider those representations, too.

The other group it is vital to consult are recognised trade unions at the further education college. The positive influence of unions on training and skills in the workplace and in colleges is another key reason why unions should be consulted. Research by Unionlearn has shown, as I have mentioned before, that the union effect on skills across the whole economy is significant and has strengthened in recent years. I am obviously referring to the training that goes on at work, but often the trade union representatives who operate in a college will be either union learning reps themselves or closely associated with union learning reps. That point needs to be made. On the union learning fund, an independent evaluation has demonstrated a range of new findings about the positive impact of union learning on both employers and employees. That also has a bearing on the necessity and advisability of consulting the recognised trade unions at the further education college in question.

I will finish with those remarks, but I ask that the Minister gives some thought to both amendments. These are things that should happen, and by making the amendments we would ensure that they do happen.

Robert Halfon: I thank the hon. Gentleman for his thoughtful amendments. I will comment on a few of the points he made, then go into the substance of the amendments.

The hon. Gentleman will know that the AOC, the Sixth Form Colleges Association and the Collab Group work closely with the Government and will continue to do so as we develop secondary legislation to address their concerns. On trade unions, I will come on to the general point about consultation, but first let me quote the TUC:

“Whilst the TUC continues to express concerns about the financial pressures colleges are facing due to the major cuts to the sector…we do welcome the new safeguards that will enable students to complete their courses in the event of a college becoming insolvent.”

In addition, we have committed £12 million to Unionlearn.

The hon. Gentleman asked where the funding was coming from. Crucially, clause 25 states that the Secretary of State will have the power to fund special administration as long as the funding is for the purpose of achieving a special objective through either a grant or a loan, and the decision on funding will obviously be taken on a case-by-case basis. The whole purpose of the education administrator is to speed things up. If we look at this in a general context, at the moment there is no protection; there is nothing. We are creating a protection regime for students with the purpose of ensuring that the education administrator acts quickly.

The hon. Gentleman talked about an exodus of staff. If colleges reach such a situation, it is likely that there will have been some kind of intervention, perhaps by the FE commissioner, way in advance. I do not think that would suddenly come about just because of the insolvency regime. All staff will be subject to statutory legislation on terms of employment and so on. That is worth noting. There cannot be a one-size-fits-all solution.

I am talking as though these circumstances will arise regularly. They will not. The whole purpose of the SAR is, as I said last week, to be an insurance against the worst possible outcome, which I think, given what is happening with the area reviews, will be very rare indeed.

Gordon Marsden: I understand that this will have to be done on a case-by-case basis, but has the amount of money that might be needed in a calendar year to deal with this been assessed? Obviously, it will have to be agreed with the Treasury. The Minister says he does not think this scenario is likely, given the area reviews. I hope he is right, but I am very conscious that the FE commissioner said the number of colleges that may merge on this basis might be in the 80s. Surely there might be problems with at least some of those, and surely that should have been taken into account.

Robert Halfon: There is a substantial restructuring fund, which I believe is about £756 million. As I say, funding of a SAR has to be done on a case-by-case basis because every case will be completely different. It will be up to the education administrator to decide how to proceed. The hon. Gentleman mentioned the different options.
12.15 pm

**Tracy Brabin** (Batley and Spen) (Lab): Before I make my comment, I thank the Minister for his letter this morning on the Careers & Enterprise Company. I was grateful to receive it and I thank him for sending it in such a timely fashion. I have been monitoring the situation locally, and if things work, I will be encouraging other sixth-form departments in schools to get involved, because some schools are not doing so.

The Minister says that the measure will speed things up, but there is one thing on which I could do with some clarification. Clause 23 relates to transfer schemes. The explanatory notes say that:

“Such schemes can be used to override some third party rights, e.g. transferring a lease without the landlord’s consent”.

I want to double-check something. If that were to happen with Kirklees Council and someone wanted to take back a building, that could lead to some sort of legal dispute. Would that not hold up the transfer of the students to another college and the process of their learning?

**Robert Halfon**: Will the hon. Lady allow me to think about that example? We will consider transfer schemes in detail later, but I do not think the issue she highlights would arise. The transfer schemes are particularly about looking after the students and establishing who the provider is if the existing college management are no longer looking after the students. There might be a different provider, but we will come on to that point later in our consideration.

**Mr Ranil Jayawardena** (North East Hampshire) (Con): Is not the point, as we heard in the evidence from the banks, that some banks may take a view that they should realise their security? The provision allows for learners to be prioritised in any transfer or land, property and so on, so that that is to their interests. They should come first.

**Robert Halfon**: My hon. Friend has it exactly right. He asked that question in our evidence sessions, and one of the banks said, “No, our whole purpose is to act in the interest of the lenders.” The whole purpose of this provision, however, is to act in the students’ interest. Creditors will get a fair deal, but one that is in the interest of students.

I will come on to transfer schemes in a minute. The area review mergers are different, but it is important to quote Richard Atkins, the FE Commissioner, from the evidence session. He said:

“Mergers do not necessarily mean the closure of sites, but they do not mean the end of provision for students locally. Clearly, in rural areas, for example, the history of the sector has been that provision has not gone even when there have been mergers. When Truro and Penwith came together, that did not end provision in Penzance. In fact, it regenerated the provision in Penzance to a higher standard. You can see that across the country.”

I accept he is talking about area reviews, but he went on to say:

“The idea that you close provision down in a particular district, borough or town is not something I would be in favour of at all. I would be looking for merger solutions that bring together back-room services, avoid duplication and so on.”—[Official Report, Technical and Further Education Public Bill Committee, 22 November 2016; c. 26, Q34.]

This will not always be the case, but it is important to say that a merger does not necessarily mean the closure of provision in an area.

**Gordon Marsden**: I entirely accept what the Minister has just said, but at the risk of over-stressing the point, decisions about transferring students can affect the closure of courses. The closure of courses is not necessarily the same as closing a site, but it can have a deleterious effect on an area. One can think of a college where lots of people are doing accountancy and that course becomes no longer available in that town, even though the college is still going to be there. That is the only point I want to make. The issue is broader than simply saying, “You either close the college or you don’t.” There is a suite of potential impacts there.

**Robert Halfon**: I accept that completely, but I was just trying to again make the point that currently if a college has financial difficulties, it can close a particular bit of provision and no one has any guarantees whatever. This measure will change that.

On the transfer schemes, it is important to talk about the statutory duties. We all know that under the Education Act 1996, the Secretary of State has a general duty to promote education and exercise his or her powers “with a view to...improving standards, encouraging diversity and increasing opportunities for choice.”

Local authorities have a duty to ensure that their areas have sufficient education and training provision. They also have a duty to publish a transport statement setting out what arrangements they consider necessary to support young people to access education or training.

The hon. Gentleman mentioned education maintenance allowance. We took the view that we want to give funds to those who most need it, and the problem with the education maintenance allowance was that it went to everyone. It was paid to 45% of all 16 to 18-year-olds in further education and it was not income-related, which is why we introduced the 16-to-19 bursary fund.

**Gordon Marsden**: I hesitate to cross swords with the Minister but I think that is factually not entirely correct. The education maintenance allowance came in at least two—I think were three—different tiers. The top tier, which from memory was about £30 a week, was specifically focused in many cases on travel. I do not wish to move outside of the scope of the amendment, Mr Bailey, but it is important to make this point: subsequent assessments of the impact on students who had it taken away showed significantly that the travel aspect of the different elements was most well regarded. I am not here to open up a debate about EMA—we have given our points of view—but it is important for the Minister to take those points on board.

**Robert Halfon**: I do, but an independent evaluation found that only about one in 10 of those who received EMA said that they would not be able to participate without it. That is why we introduced the 16-to-19 bursary fund—to ensure that the money goes to those who need it—which amounts to £177 million for 2015-16. That is why, as the hon. Gentleman knows, I campaigned successfully with the hon. Member for Scunthorpe (Nic Dakin) for free school meals for students from...
disadvantaged backgrounds in FE colleges. The Government are spending £39 million on that. That is separate from the £500 million that is given to the FE sector to spend on what FE bodies like, but primarily for helping the disadvantaged. The Government are doing everything that they can to ensure that those in need are getting the right support.

Let me move on to the substance of the amendment. We want to be sure that, as far as possible, if their college finds itself in financial distress students are able to continue their studies with little or no disruption. The clause does that by setting out the overarching objective for the education administration: to “avoid or minimise disruption” to the students.

The hon. Member for Blackpool South noted that the special objective can be achieved in a number of ways, and we do not believe that one size fits all. It could be done by rescuing the body as a going concern, with a new principal and governors if necessary; by merging with another body, perhaps another college nearby; by keeping the college open to teach out the existing students; or by arranging for students to transfer to another college to complete their studies. That list is not exhaustive, nor is it intended to be prescriptive. There may be other options, and those are not intended to be mutually exclusive. Occasionally some students might be transferred to another college and others taught out. It will be for the education administrator to decide what is best, based on the circumstances of each case.

I appreciate the suggestions made by the hon. Gentleman, but I assure him that it is inconceivable that the education administrator would take decisions on how the special objective would be met without first having had conversations with a wide range of stakeholders. Let me be clear: I and the Government would expect, in an appropriate case, the education administrator to liaise with the FE commissioner—that view was shared by the FE commissioner last week in his evidence—who might be able to advise the education administrator whom they should be speaking to in addition to staff, students, local authorities and the other providers. We would expect that the EA, in seeking to fulfil the special objective to avoid or minimise disruption to students' studies, would seek to satisfy themselves that, as far as possible, the quality of the education or training that students have been receiving at the college is maintained. That may be achieved by transferring students to another provider or by continuing to teach them in the FE body until they complete their courses.

We expect the education administrator to take travel distances into account when considering the transfer of students to another provider, on the basis that the special objective is about avoiding or minimising disruption to the studies of existing students. Where possible he may choose to take into account the generally used guideline of travel for learners of no more than 75 minutes to and from their place of study, even though the FE commissioner observed to the Committee that some—not all; not those who are not able to—learners are happy to travel considerable distances for the right provision.

I understand the concerns that amendment 1 seeks to address in relation to additional transport-related costs for students in the event that they are transferred to another body. For those who are transferred, there may be scope for the EA to set up a scheme to cover some or more of the additional travel costs from any funding provided by the Secretary of State or Welsh Ministers, as I highlighted a moment ago in terms of clause 25. Although there is no obligation on FE bodies to provide student transport, it is open for them to use the resources that are available to best support their students because, as I mentioned, disadvantage funding is not ring-fenced. Where students attract such funding, FE bodies can decide upon the most appropriate offer for their students. Often they do give those students free transport.

The education administrator will want to be sure that in deciding the right option for dealing with the particular body in insolvency, they have assessed a wide range of factors, including those set out in the amendment, calling on advice and input as necessary from those best placed to help. It is therefore unnecessary for the Secretary of State to make regulations to specify "suitable bodies" for making the assessments described in the hon. Gentleman's amendment.

We are keen to strike the balance between a fair and thorough process that generates well thought through conclusions, and a system that is not so rigid that it ends up working against the interests of students by being drawn out and cumbersome. The hon. Gentleman observed that himself. The longer it takes to end the education administration, the longer students face uncertainty and possible disruption. The number of FE bodies and their different circumstances mean that there would be no single solution in the event of an insolvency, and the education administrator needs the flexibility to be able to do what is right in the circumstances.

As the hon. Member for Batley and Spen said in the evidence session on 22 November, we need to give students certainty about what will happen as quickly as possible; that is as much true for the staff, and for the creditors. Of course, if students, or anyone else, are unhappy with the EA's actions, they can bring their concerns to the attention of the Secretary of State, or the Welsh Ministers, who have the power to be able to challenge the education administrator through the courts if the EA is not carrying out their functions for the purposes of achieving the special objective or the objective relating to the creditors.

I recognise the intention behind the amendments and believe that, as much as possible, the Bill covers the issues that the hon. Gentleman has raised. I hope that he is reassured enough to withdraw the amendment.

Gordon Marsden: I am grateful to the Minister for the detail that he has gone into. It is particularly useful that he made the point about there being scope for the EA to get supplementary funding in certain circumstances. That is welcome. We may want to look again at this issue on Report, but at the moment I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.
Clause 14 ordered to stand part of the Bill.

Claro 15

EDUCATION ADMINISTRATION ORDER

12.30 pm

Gordon Marsden: I beg to move amendment 34, in clause 15, page 8, line 11, at end insert

“and has relevant experience and knowledge of the further education sector.”
To ensure that the education administrator has experience and knowledge of the further education sector so that decisions made are not exclusively in the context of insolvency and takes into account the needs of students.

I am pleased to move the amendment, because it enables us—I hope in a positive fashion—to probe further about the important role of the education administrator. As I said earlier, and notwithstanding what the Minister has said about the general welcome that the Association of Colleges and other bodies have given to these provisions, the association is keen to probe further in this area, and we have taken many of its points on board in drafting the amendment. The purpose of the amendment is to ensure so far as possible that the education administrator has experience and knowledge of the further education sector—that may sound like a no-brainer, but we nevertheless need to make the point—so decisions are not made exclusively in the context of insolvency but take into account the needs of students.

This is not a criticism, but the first time I went through the Bill in detail, I was conscious that there would inevitably be a tension—a creative one, I hope—between a traditional insolvency process and the needs of students. The Minister has rightly emphasised firmly that students will be the priority, but the devil is in the detail and there are sometimes even more devils in the process, as was interestingly illustrated in our evidence session with the representatives of the banks. The hon. Member for North East Hampshire pressed them on this point, but I also saw it from the other point of view. There will always be that tension, because although the education administrator has a primary responsibility, he or she has dual responsibilities. Other clauses make that clear, so we will come to it when we look at those.

The Government foresee that this regime will be used rarely. It was helpful to have Mr Harris from Ernst and Young at the evidence session, because he had specific experience in other sectors, including energy, health and railways. The Association of Colleges points out that the idea of protecting “a public service while creating a financial framework to govern the independent organisations that provide them” is not entirely new and can be summarised as:

“the service continues; the service provider may not.”

The AOC wants to emphasise, as both the Minister and I have referred to, that the “vast majority of colleges have strong governance, professional management and sound finances”, but the fact is—we will not go into the detail or cross swords about this again today—that “the sector is under increasing financial pressure mainly as a result of government spending cuts, and questions remain over where responsibility in this area lies.”

The association also notes that the Bill will give “the Secretary of State the power to appoint a special administrator who will have duties not just towards the college’s creditors (banks, Local Government Pension Scheme, staff and suppliers) but also a duty to avoid or minimise disruption to the studies of existing students as a whole.”

As I understand it—the Minister will correct me if I am wrong—the education administrator is required to be an insolvency practitioner, yet there is a tension, as I have mentioned, because a critical part of their role is to protect student interests rather than simply those of financial creditors. It is therefore essential that the criteria for appointing the EA include experience and knowledge of education administration, so that they can make decisions in the context strongly of an educational institution with the needs of students at the forefront. It would therefore be worth clarifying the criteria for when an EA is appointed and whether a specific action will trigger that.

With the amendment, we are also probing what the relationship between the education administrator and the further education commissioner will be. The Bill does not make clear what interaction there will be between the EA and the FE commissioner, who will intervene or at what point, although I accept that the Minister has already alluded to the circumstances in which the FE commissioner might become involved. Although we recognise that FE commissioner is not a statutory post, it might be useful to have more clarification—not necessarily today, but in a guidance document or whatever at some point—of what the relationship will be and at what point interactions between the two post holders will take place.

It is worth emphasising that Bev Robinson, who as well as being a principal served on the Sainsbury panel, said in the evidence session:

“I welcome the idea of an education administrator with hopefully an FE background”—we can interpret “FE background” as we wish—“but it might benefit from having clarity around the different roles of the different people in play—for example, the FE commissioner: how that would work.”—[Official Report, Technical and Further Education Public Bill Committee, 22 November 2016; c. 51, Q70.]

I have made the more general point about the plethora of organisations in this area and referred to it perhaps slightly unkindly as an alphabet soup—that is what it sometimes looks like—in the context of the creation of the new institute, but even if we leave aside the new institute, there is already a complex landscape for financial oversight. There are currently four different Government bodies with that role. They are the Education Funding Agency, the Skills Funding Agency, the FE commissioner and the transaction unit. All those bodies, I am assured, report to the joint SFA-EFA chief executive, who is at present Peter Lauener, but they all use differing measures of financial performance. That is, to put it mildly, an aspect of inconsistency, which I and the AOC believe will need to be resolved by 2018, because it is likely that if that complexity continues—I am thinking particularly of the issues with differing measures of financial performance—it could slow down the investment and other decisions that the education administrator might need to make in the event of insolvency and, as I think both the Minister and I have agreed, in circumstances whose urgency will vary considerably.

I am interested in what further the Minister has to offer us in terms of how experience and knowledge of the sector is to be gained. Perhaps he will also, if he is able to at this stage, comment on the relationship between the administrator and the FE commissioner and the issues that I have raised about the landscape for financial oversight.
Robert Halfon: I again thank the hon. Gentleman for his remarks and his thoughtful amendment. I not only understand the concerns but, when looking at the Bill in the early stages, asked those questions myself. I hope that I can reassure him. I will answer some parts of what he said and then go into the substance, if I may.

On a point of clarification, it will be for the Secretary of State or the Welsh Minister to decide whether to apply for an education administration order, but they can do so only if the FE body is insolvent in accordance with the definition in clause 17—if it is unable or unlikely to pay the debt. It does not happen automatically.

The hon. Member for Blackpool South will know that insolvency practitioners are very qualified individuals—usually accountants or insolvency specialists. Practitioners with experience in FE and education do exist: I met one only a few days ago who happens to work for the Skills Funding Agency, to talk through these very issues. However, we must make it clear that according to the laws of insolvency, only insolvency practitioners can legally act as office holders in insolvency proceedings—liquidators, administrators and administrative receivers of companies. They are regulated through the Insolvency Act 1986.

The key qualification of the insolvency practitioner to deal with an insolvent college is their expertise with respect to a business or non-profit-making organisation that is insolvent. There are special administrative regimes in other areas such as utilities and the postal service. In addition, they can draw on the knowledge of the governors and staff at the college, and the wider sector. As I said in a previous debate, it is possible—it is most likely—that the insolvent college will have undergone a period of intervention before becoming insolvent, so the education administrator will also be able to consult the Further Education Commissioner. I repeat—I want it to be clear—that we would expect, in an appropriate case, the Education Minister to liaise with the FE Commissioner.

It has also been said that it is inconceivable that the education administrator would take decisions on how to meet the special objective without first having conversations with the range of key stakeholders. Mention has been made of Mr Harris’s evidence to the Committee. He said:

“From an insolvency practitioner’s perspective, it is worth standing back and recognising that insolvency practitioners are not train drivers, or people who spend their life in the railway or the London Underground, when it comes to a special administration regime, nor are they specialist property developers. They come to each situation afresh. One comforting thing that insolvency practitioners bring is recognising when they need to keep in place the existing management structure in a corporate sense, or the workforce in a pastoral sense, recognising that those people have skills and qualifications that they as an office holder do not necessarily have, and also recognising that they can bring outside specialist help to continuing the duties of education administrator, short-termly, and long-termly. That is all part and parcel of any insolvency regime, and I would imagine that any office holder stepping into the role of an education administrator would have that at the forefront of their mind. I do not think it presents a unique challenge; it is very similar to all the other special administration roles. There is an extra dynamic—there is a pastoral element.”—[Official Report, Technical and Further Education Public Bill Committee, 22 November 2016; c. 46, Q60.]

Of course, as Stephen Harris pointed out, when an institution is insolvent, there is a critical need for someone who understands and can deploy the tools necessary to ensure that the education administration is properly managed. Given what I have told the Committee, we expect that that is exactly how the education administrator will operate. Many insolvency practitioners come from big companies that have huge amounts of expertise in a range of fields, including education. The leadership team of the FE body would be in place to provide support on the day-to-day running of the college and information to assist the education administrator in his task of achieving the special objective. So would the Further Education Commissioner and Sixth Form College Commissioner and their teams, and officials in the Department for Education. That is how the interaction between the various bodies highlighted by the hon. Gentleman works.

Of course, the education administrator will be free to seek advice from any other source, but I think that introducing unnecessary requirements as to the appointment of an education administrator would limit the pool of insolvency practitioners from which we could draw, in the event that we needed to use the special administrative regime.

Mr Jayawardena: The Minister is making a very important point. Does he agree that the arguments the hon. Member for Blackpool South outlined earlier about the complexity of such insolvency regimes and the unwinding, possibly, of certain troubles that FE colleges might get into—on rare occasions, as the Minister said—is actually the reason why it is important that insolvency practitioners are the people appointed to deal with these situations, because they are aware of how to deal with these complexities?

12.45 pm

Robert Halfon: My hon. Friend is exactly right, but the crucial thing—I must mention this at almost every opportunity—is that it is unlike when I have seen receivers come in in my constituency who just care about the creditors. If I may just speak personally for a moment, I remember being in a hotel with the staff, some of whom lived on the premises, and the receiver literally said they had to leave on that day, when they had lived there for a long time. This situation is completely different. The whole purpose of this measure is that that kind of individual will not be involved. There will be somebody who has to fulfil the special objective of protecting the students.

Gordon Marsden: I accept that, and for the avoidance of any doubt, and with respect to what the hon. Member for North East Hampshire has just said, I did not at any stage query the fact that it would need to be an insolvency practitioner. The Minister is saying some reassuring things. The only point I would gently make to him is that there is a difference between saying that someone has to acquire a set of skills that might be tested by some mechanism or other, and having a sense of—I think Stephen Harris talked about a “pastoral element”; perhaps I would have said “empathy”, which is possibly the same thing. I am sure that aspect has given the AOC some pause for thought, because I do not know—perhaps the Minister does—how many insolvency experts have the admirable background of the gentleman he met.

Robert Halfon: The gentleman I met has a direct background, but as Stephen Harris said, that is not necessarily a requirement. However, it is inconceivable
that the individuals involved will not have access or that they will not be working with all the relevant institutions. Having said that, they have to be first and foremost an insolvency practitioner, according to the law, but with the special objective.

Given that, I hope that the hon. Gentleman is more reassured and will agree to withdraw the amendment.

Gordon Marsden: We have had a helpful exchange and it has been useful to probe on this issue and in particular the relationship with the Education Funding Agency. The one point the Minister has not answered—I do not ask him to come back on it now, but it would be useful if he produced a note—is the point that I raised about the different measures of financial performance.

Robert Halfon: If the hon. Gentleman is happy for me to do that, I will. We will always require different information to test different issues, for different institution types or in different circumstances. There is a continuous improvement process for the systems and processes for identifying financial risk. The whole function of the area review process is to use it, where relevant, to review the financial management processes. I hope that answers his question some way.

Gordon Marsden: I am not entirely sure that it does, but I will not pursue the matter. However, these are technical issues and ones that I am sure the AOC and others may wish to take up with the Minister in a less formal capacity.

I am reassured by what the Minister has said today so far. The organisations may wish to probe further on some of the details, but I am happy to beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.
Clause 15 ordered to stand part of the Bill.
Clauses 16 to 21 ordered to stand part of the Bill.

Clause 22

GENERAL FUNCTIONS OF EDUCATION ADMINISTRATOR

Gordon Marsden: I beg to move amendment 3, in clause 22, page 10, line 6, leave out “for the” and insert “with the primary”.

This amendment would ensure that the primary concern of the education administrator is the special education administration objective, that is minimising disruption to learners.

The Chair: With this it will be convenient to discuss amendment 4, in clause 22, page 10, line 7, leave out “(if possible)”.

This amendment would ensure that the primary concern of the education administrator is the special education administration objective, that is minimising disruption to learners.

Gordon Marsden: The amendments are again intended to probe the primary concern of the education administrator. They are relatively terse because they remove particular references and lines. Before I comment on them, I will make the point about why we are concerned and then talk about the broader issues.

Amendment 3 expresses our belief that it is important to say that the education administration objective is the primary purpose. The Minister has given strong indications, notwithstanding the nature of the education administrator’s position and background, but we think it is important to say that the primary concern should be the special education administration objective, minimising disruption to learners.

With regard to amendment 4, I have sat on a number of Delegated Legislation Committees and, to be honest, I do not think I have ever seen such a meandering and imprecise phrase in brackets as “if possible”. That could cover a multitude of sins. That is not the sort of draftsmanship that one normally expects to see in a Bill of this nature, and that, too, makes us concerned to ensure that the education administration objective is the primary concern.

This is not just an issue that concerns us. The Association of School and College Leaders raised a number of questions about the education administrator in its written evidence to the Committee. It states:

“The proposed mechanism itself gives rise to numerous concerns and uncertainties.”

It refers to the powers that have been transferred to the education administrator, such as whether he or she can “dissolve a corporation established by Act of Parliament”.

We may touch on some of those points later. It goes on to raise the issue we discussed earlier with amendment 34 about the licensed insolvency practitioner. It also asks “what lines of responsibility there would be during that period over matters such as safeguarding. If that were found to be inadequate, who would then have oversight...?”

Would that be the education administrator? If so, what would the implications be for the college in question?

The Government’s own consultation response document raised issues surrounding the need for further protection of learners. The House of Commons Library briefing reports:

“Of particular interest to respondents was the proposed introduction of the SAR, and the special objective that would require the education administrator to avoid or minimise disruption of the studies of the existing students, and ensure that it became unnecessary for the FE body to remain in education administration for that purpose. Although many respondents were supportive of the need and ‘ambition’ for the special objective, almost two-thirds questioned whether it sufficiently reflected the needs of learners and creditors.”

I assume that means the issue that the Minister and I have been discussing about where the balance is between those two separate processes. For example, the Association of Teachers and Lecturers stated in its response that the proposed SAR, in focusing on students as consumers, did not recognise “the individual and societal benefits of further education” or “the instability and disruption to learners and their studies that they will inevitably experience as a result of their college going into administration.”

The Minister may disagree with those assessments, but they shine a light on the concerns among people who teach in colleges of this nature, so they are germane to the amendments that we have tabled.
Last week’s evidence session with the banks was particularly concerning in relation to the lack of information on finances and their ability to lend in future—hence some of the questions I asked.

Mr Jayawardena: I respect the point that the hon. Gentleman is making, but he mentioned, in reference to subsection (2), a lack of clarity. Is it not true that the objective of education administration is set out very clearly in clause 14? It sets out that learners come first, ensuring that it becomes unnecessary wherever possible for the body to remain in education administration. However, on even rarer occasions it might be necessary for people to act in a different way in order to put learners first. That is what the Bill is trying to achieve.

Gordon Marsden: I know that is what the Bill is trying to achieve; the question that we are here to decide is whether the Bill, as drafted, actually achieves that. I do not want to trade clauses with the hon. Gentleman, so I will only say, as I have observed previously, that clauses 14 and 22, although they deal with different aspects of the functions of the education administrator, are somewhat ambiguous in that respect. I will not take up the Committee’s time, but I refer the hon. Gentleman to the explanatory notes to both clauses. He will see that there is some tension there, which is why we are probing in the way that we are.

We must take into account the pressures that the administrator will face. It was particularly interesting to hear what Richard Meddelton said. As we know, Lloyds is an extremely important player in the college funding world. He said:

“As a lender, the ranking—again, it is unclear at the moment—may well sit behind a creditor. In addition, as we interpret it, even as a secured creditor the security could be transferred into a separate entity.”—[Official Report, Technical and Further Education Public Bill Committee, 22 November 2016; c. 41-42, Q48.]

Richard Robinson said:

“The issue is that it does not specify where that ranking lies. That, for us, is very important. Although it could rank at the back, it could also rank ahead of us.”—[Official Report, Technical and Further Education Public Bill Committee, 22 November 2016; c. 48, Q65.]

Mr Jayawardena rose—

Gordon Marsden: If the hon. Gentleman will allow me to finish the quotation, I will happily let him intervene.

Richard Meddelton went on to say that “under the current system if we have security, we have priority. The reality is that we have viewed it as quasi-Government because in the past—obviously the past is no prediction of the future—that money has been forthcoming”.—[Official Report, Technical and Further Education Public Bill Committee, 22 November 2016; c. 42, Q49.]

The banks have concerns about how the insolvency framework will work for them in financial terms. That will inevitably affect what the education administrator can do to fulfil the broader function that the Minister made.

Mr Jayawardena: I thank the hon. Gentleman for reminding us of the evidence we heard. Again, as we are discussing Lloyds, I refer Members to my entry in the Register of Members’ Financial Interests. Did Lloyds not also say, though, that at the moment they are not necessarily able to say that they would protect learners first, so in that respect this is a good thing for learners? However, the other banks, particularly Santander, said that the certainty would allow them to lend more. One bank does not necessarily speak for all.

Gordon Marsden: I accept that. I would only observe that Lloyds, as we know, is a particularly large and extremely important lender to colleges.

To sum up, although I will refer to these issues in relation to future amendments, we want to hear more detail on them from the Minister. On that point, I will conclude my remarks.

Ordered, That the debate be now adjourned.—(David Evennett.)

1 pm

Adjourned till this day at Two o’clock.
Public Bill Committee

TECHNICAL AND FURTHER EDUCATION BILL

Eighth Sitting

Thursday 1 December 2016

(Afternoon)

CONTENTS

Clauses 22 to 23 agreed to.
Schedule 2 agreed to.
Clause 24 agreed to.
Schedule 3 and 4 agreed to, with amendments.
Clauses 25 to 37 agreed to.
Clause 38 agreed to, with amendments.
Clauses 39 to 45 agreed to.
New clauses considered.
Bill, as amended, to be reported.
Written evidence reported to the House.
No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

not later than

Monday 5 December 2016
The Committee consisted of the following Members:

*Chairs:* † MR ADRIAN BAILEY, NADINE DORRIES

† Argar, Edward (*Charnwood*) (Con)
† Brabin, Tracy (*Batley and Spen*) (Lab)
Donelan, Michelle (*Chippenham*) (Con)
† Evennett, David (*Lord Commissioner of Her Majesty’s Treasury*)
† Halfon, Robert (*Minister for Apprenticeships and Skills*)
† Hopkins, Kelvin (*Luton North*) (Lab)
† Jayawardena, Mr Ranil (*North East Hampshire*) (Con)
† Kane, Mike (*Wythenshawe and Sale East*) (Lab)
Mak, Mr Alan (*Havant*) (Con)
† Marsden, Gordon (*Blackpool South*) (Lab)
† Rutley, David (*Macclesfield*) (Con)
† Shah, Naz (*Bradford West*) (Lab)
† Smith, Henry (*Crawley*) (Con)
† Tomlinson, Justin (*North Swindon*) (Con)
Turner, Karl (*Kingston upon Hull East*) (Lab)
† Vara, Mr Shailesh (*North West Cambridgeshire*) (Con)

Kenneth Fox, Marek Kubala, *Committee Clerks*

† attended the Committee
The hon. Member for Blackpool South (Gordon Marsden) in the Chair

Technical and Further Education Bill

Clause 22

Amendment proposed (this day): 3, in clause 22, page 10, line 6, leave out “for the” and insert “with the primary”.—(Gordon Marsden.)

This amendment would ensure that the primary concern of the education administrator is the special education administration objective, that is minimizing disruption to learners.

2 pm

Question again proposed, That the amendment be made.

The Chair: I remind the Committee that with this we are discussing amendment 4, in clause 22, page 10, line 7, leave out “(if possible)”.

This amendment would ensure that the primary concern of the education administrator is the special education administration objective, that is minimizing disruption to learners.

The Minister for Apprenticeships and Skills (Robert Halfon): I will answer one or two of the questions asked by the hon. Member for Blackpool South. If I understood correctly, he was asking about safeguarding. I assure him that the statutory obligations that apply to colleges will transfer to the special administrator during the special administration period.

The hon. Gentleman mentioned one bank. To clarify, the chap from Santander, Gareth Jones, told the Committee in evidence:

“On the Bill and the proposed insolvency regime, we are actually supportive of the clarity that they provide.”

He also said that “we are still...looking to grow our exposure to the sector and grow our lending book.”—[Official Report, Technical and Further Education Public Bill Committee, 22 November 2016; c. 38, Q41.]

Later, he said:

“From a risk perspective, when we assess the underlying risk of a transaction, there has always been that uncertainty and we have had to make assumptions in the background. If the Bill is passed, the certainty it will provide is positive for us.”—[Official Report, Technical and Further Education Public Bill Committee, 22 November 2016; c. 41, Q46.]

Different banks have different views on the issue.

Clause 5 and schedule 3 allow the education administrator to dissolve a statutory corporation if no property is left for the creditors' book, which will usually be after students have had benefit protections from the special objective. The hon. Gentleman will know that there is a special provision in the Bill to protect students with special educational needs, which is important. The education administrator is additionally bound by the duties that apply to the college in relation to SEN students. There is no protection at the moment—nothing.

Gordon Marsden (Blackpool South) (Lab): This relates to the point we discussed earlier. It is not so much about cost as about distance. The Minister said earlier that the provisions currently allow students to transfer on the basis of up to 75 minutes’ travel time. This cannot be included in the Bill—we are all planning for the worst and hoping for the best—but it should be taken into account that if, for the sake of argument, a college with a significant number of SEN students goes insolvent, it might be possible to ensure that any transport provided is disability friendly. If a college with a relatively small number of SEN students goes insolvent and those students have to travel a fairly long way, it would create additional difficulties. I am not asking for anything to be put in the Bill, but I ask him to take that into account in the guidance notes.

Robert Halfon: I will reflect on that important point, but the Bill makes it clear that the administrator has to protect not only students, but special needs students. The administrator will be under the same obligations as the college in relation to the Equality Act 2010. That is an important part of the Bill.

My hon. Friend the Member for North East Hampshire said that clause 14 is one of the most important in the Bill. Clause 22 is equally important, and it should be considered not in isolation, but in conjunction with clause 14. It is the backbone of the special administrative regime and distinguishes it from ordinary administrative processes. While clause 14 enshrines the overriding purpose of the special administrative regime—the protection of students through the special objective—clause 22 gives the education administrator the power to manage the FE body’s affairs, business and property, and it places a requirement on the education administrator to carry out their functions for the purpose of achieving that objective.

Clause 14 makes it clear that student protection is the primary purpose of the special administrative regime. Reading clauses 14 and 22 together makes it clear that the education administrator’s primary purpose is to achieve the special objective. I hope that explanation reassures the hon. Member for Blackpool South and that he will agree to withdraw the amendment.

Gordon Marsden: I am grateful for the Minister’s remarks and for our short exchange on the situation for SEN students. I am particularly grateful to him for emphasising the relationship between clauses 14 and 22. It is important that he has stated in Committee the primary purpose of the education administrator; if in future there are any doubts or concerns about the interpretation of the clause, that will be an important point. I thank him for his response and I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Gordon Marsden: I beg to move amendment 5, in clause 22, page 10, line 7, at end insert—

“(2A) The education administrator may, in performing his or her functions for the purpose of achieving the objective of the education administration, request information, advice or guidance...”
from practitioners with an understanding of education regarding the management of a further education body.”

This amendment would allow an education administrator who, under the eligibility outlined in clause 15, might not necessarily be an education specialist to supplement his or her knowledge.

The amendment pursues an issue that we have already discussed, but in the context of the experience or knowledge of higher education that the education administrator will need. The Minister and I had a useful exchange about the capacity of the education administrator to reach out, either within an organisation or peripherally to it. The amendment would allow an education administrator who meets the eligibility guidelines outlined in clause 15, but might not necessarily be an education specialist, to supplement his or her knowledge.

Our friends in the National Union of Students were particularly anxious for the amendment to be tabled, and we have taken their points on board. As the Minister will know, the NUS has welcomed the provisions that relate to insolvency, but if, too, is nervous—well, “nervous” is perhaps the wrong word, but it is certainly concerned. It believes that the process should be underlined as strongly as possible and that, in the twists and turns of what will inevitably be a fraught and taut process for all concerned, the administrator should be able to take further advice, even if he or she has some past experience. The amendment would make it clear that the educational administrator may seek that advice.

The Bill does not require the person appointed to deal with the college’s insolvency to know anything about colleges or the FE sector; under clause 15, they need only be an insolvency practitioner. We do not dissent from that, because we have already had a conversation about it and we are entirely reassured by the points that the Minister has made. However, the education administrator will have substantial powers over the future of an education body and its students, and indeed over the education body’s management, as clause 22(1) sets out.

Bearing in mind that the period of time for which they might have to manage the FE body’s affairs will be somewhat elastic, it would seem sensible to ensure that the administrator can get advice from people who actually have sixth-form colleges, so people are not quite sure what they are. It is important that we have people with knowledge of the sector—educationally and organisationally—to make judgments on these matters. I just wanted to support my hon. Friend with those few words.

Robert Halfon: I appreciate the amendment. I raised these issues in the previous sitting. I go back to the quotation from Stephen Harris, the insolvency expert, who said that “it is worth standing back and recognising that insolvency practitioners are not train drivers, or people who spend their life in the railway or the London Underground”—[Official Report, Technical and Further Education Bill Public Bill Committee, 22 November 2016; c. 46, Q60.]

Those people are expert insolvency practitioners, but many have some kind of educational link or work for a company that has a good link with and expertise in education.

It would be inconceivable that any education administrator would not consult—I strongly expect them to—key stakeholders, particularly the FE commissioner, student bodies, governors, parents and any relevant sponsor or other stakeholder involved with an insolvent college. That is expected as a matter of course, but I will reflect on what the hon. Member for Blackpool South said. On those grounds, I hope that he is happy to withdraw the amendment.

2.15 pm

Gordon Marsden: I have heard what the Minister has said and I will be happy to withdraw the amendment. I have just one observation at this stage, as we have had two or three conversations on these sorts of issues. He said he would reflect on the matter. He might want to reflect on whether it would be useful, for the assistance of all the bodies concerned, if at some point—ideally while the Bill is still in the House of Commons—we were to have broader guidance notes on some of the issues that we have raised today. It would therefore all be in one place from which those bodies could take comfort and reassurance. Having said that, I am more than happy to beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Gordon Marsden: I beg to move amendment 6, in clause 22, page 10, line 10, leave out “have special educational needs” and insert—

“(a) have special educational needs;
(b) are care leavers;
(c) are parents;
(d) are carers, carers of children, or young carers, as defined by the Carers Act 2014; and,
(e) have other particular needs that may be determined by the appropriate national authority.”
This amendment would make provisions for the particular needs of additional groups of existing students to be considered by an education administrator in pursuing the objective of an education administration.

Having touched on the issues of special needs, we want to probe a little further and more broadly beyond what has been said. The Minister has already given strong assurances on the general issue of special educational needs, but he will be aware of particular circumstances affecting some categories of people who take the big step, given their experiences, of engaging with further education. I am sure that everyone would agree that we do not want those groups of people, in particular, to be disadvantaged, and we certainly do not want them to suffer more disadvantage than students ordinarily would in the circumstances.

I accept that lists can be invidious, but we feel that care leavers, parents, and "carers, carers of children, or young carers, as defined by the Care Act 2014" are three groups that may be particularly vulnerable to disruption in their studies, as we have discussed. The amendment is designed to signal to the administrator the importance of taking those groups into account.

Kelvin Hopkins: Earlier my hon. Friend made a point about distance of travel. Groups such as parents and those with caring responsibilities will definitely be affected by travel over longer distances. I am sure that he has that in mind.

Gordon Marsden: My hon. Friend is right. He has read not only my mind, but my postbag. Only half an hour before coming here I received an email from Unison, which raised some of those issues with respect to its members who fit into one or two of the categories in question. It made precisely that point about distance, which I was anxious to make in my exchange with the Minister about the education maintenance allowance. It was not simply about cost; it was also about time.

Tracy Brabin (Batley and Spen) (Lab): I have spent time with care leavers and foster families in Kirklees, and they are an incredibly vulnerable group of people with a lot of chaos in their lives. They are five times less likely to get five good GCSEs and eight times more likely to be excluded from school, and obviously they are less likely to go to university or, we assume, start an apprenticeship. They need extra support, and so do their families. Certainly, when they are moved around, which sometimes happens, they need extra support with transport and so on.

Gordon Marsden: I am grateful to my hon. Friend for underlining that point and giving that practical example of a personal issue. Perhaps I can be forgiven for mentioning that the shadow Secretary of State, my hon. Friend the Member for Ashton-under-Lyne (Angela Rayner), has herself strongly expressed how crucial further education was to her during her teens. She said on Second Reading that she would not have been there to present our view on the Bill had she not had that experience, when she was in that vulnerable situation as a teenager.

There are groups of people who must particularly be thought about in this context. We discussed care leavers on another occasion, and the difficulties that many of them face, but it seems particularly appropriate to discuss them again in the context of the amendment. In their apprenticeship funding proposals last month, the Government recognised that apprentices aged 19 to 24 who had previously been in care, or who had had a local authority education, health and care plan, might need extra support. The majority of respondents to their survey supported that—more than twice as many providers agreed with the proposal than disagreed. The Government have pledged in the proposals to give extra funding to employers who take on someone who was previously in care or had a local authority education, health and care plan. We applaud that as a good start, but it is important to think about legislating further and to guarantee that other necessary steps are taken to ensure that access and opportunity are available to care leavers.

Looked-after children often achieve less highly at GCSE, as my hon. Friends have noted, partly because they may have a chaotic family background or a history of abuse. The Special Educational Consortium stated in written evidence that young people who have a care plan at age 15 are more than twice as likely not to be in education, employment or training at 18. Barnardos's said:

“These young people often leave school with few or no qualifications and need alternative options outside of the school environment if they are to achieve their potential. Some need provision that allows them to catch up on what they have missed. These young people also often want the option of practical-based learning that clearly links to a real job.”

While we are on the subject of care leavers, how does the Minister envisage the proposals to support apprentices, and the proposals that we would like to see taken on board more generally in respect of care leavers, linking up with the work done in the children's services section of the Department for Education? In particular, what discussions has he had about the Bill with his hon. Friend the Minister for Vulnerable Children and Families, the hon. Member for Crewe and Nantwich (Edward Timpson), or his officials? I have credited him before for the assiduousness with which that part of the Department introduced the responsibility up to the age of 25.

The amendment also includes parents and carers, who for numerous reasons might be particularly affected by changes to their study arrangements. They may have particular arrangements for their children or dependants that might not be addressed by simply transferring them to another college. What happens if the college to which they are transferred is not as near to their children's school? What if the new institution's timetabling disrupts routines for those they care for, or their ability to be there for their children? What if potential increases in travel costs negatively affect the carefully planned budgets of those with caring responsibilities, affecting both their access to education and the care that they can provide to their own children and loved ones?

There will be others with particular needs, which is why the amendment has flexibility built into it to accommodate them. For all those reasons, the education administrator's decisions must be carefully thought through, so we feel that it is important to require the administrator to do so. I know that there is a school of thought that says any decent education administrator, given the background, qualifications, empathy and understanding, does not need the Minister to reference the issues to which the Minister referred, would do so, but I do not think that it reflects doubt about the good intentions of particular people in particular circumstances to say...
that they might be beset by a series of difficult decisions and priorities, probably within a relatively constrained period of time. It does not indicate that people would not think about the groups concerned. It is important in that pressurised situation that they are reminded of the importance of those particular groups. That is the basis on which we have brought forward the amendment.

As my hon. Friends have said, those groups already face challenges and barriers to education that it can be difficult for others even to imagine. I can imagine some of it. That is not from the perspective of being a teacher or tutor in further education, but from my perspective of having been a part-time course tutor with the Open University for nearly 20 years. I do not think I had many care leavers, but I certainly had people who were carers and who came into other distinct categories. I marvelled at the determination with which they took forward their studies under some trying and difficult circumstances. I believe that our proposal is the right thing to do, and I would welcome the Minister’s thoughts on whether the Bill needs to say rather more about the particular needs of these groups of students.

Robert Halfon: I am going to do the opposite to the hon. Gentleman: I will talk about the broad thrust and then answer the specific issues. I thank him again for his thoughtful contribution. I have already explained that we are introducing protection for students in the unlikely event that their college or provider becomes insolvent. The special objective will require the education administrator to take action to avoid or minimise disruption to their studies, by whatever means they consider appropriate.

However, the Government recognise that the education administrator might find it harder to find, or will need to think more carefully about, suitable alternative provision for those students with special educational needs, compared with the general student body. We do not want those students to be disproportionately affected by the exceptional event of college or provider insolvent, which is why we have placed a requirement on the education administrator—set out in clause 22(3)—to have particular regard to their needs.

We have had a lot of preliminary discussions about SEN students, because two thirds of care leavers are SEN students. We included provision for SEN in the Bill because of the particular difficulties such students face. There might be the need for specialist equipment or adaptations to teaching, or there might be a transport issue, and it is a requirement that the education administrator considers those in developing their proposals.

Gordon Marsden: Will the Minister give way?

Robert Halfon: I will answer the hon. Gentleman’s points. If he wants to raise a different point, I am happy to answer it, but I ask him to have faith in me. I have tried to answer questions as much as I can all the way through.

Gordon Marsden: I am not suggesting that the Minister has not.

The Chair: Order. I would be grateful if Members confined themselves to the established procedures for interventions, rather than carrying out conversations.
Gordon Marsden: Briefly, we have had some useful exchanges on the amendments, which I have been content to withdraw. I am broadly very pleased and satisfied with the points the Minister has made.

However, as I have said before, if this process—the Bill, the new institute, the new insolvency clauses—is to be a success, it is incumbent upon us to take as large a group of people from across the stakeholders with us as possible. I want to refer to a couple of issues that the Association of School and College Leaders and the Association of Employment and Learning Providers have raised in their written evidence. As the Minister knows, the ASCL in particular is quite critical of part 2 of the Bill because it thinks it is the result of rushed consultation. That is for others to judge, but the point it makes in its written evidence, which I would like a response to, is this:

“FE and sixth form colleges were created as exempt charities by Act of Parliament... As such college corporations cannot resolve to remove their charitable status, ASCL...is concerned that applying aspects of the Insolvency Act that applies to companies runs the risk of jeopardising that status. The Charity Commission does not appear on the list of those consulted...The primary duty of a corporation/governing body is to maintain the solvency of its college. Where it fails in that duty by negligence or worse, the Charity Commission has the power to investigate and bar college. Where it fails in that duty by negligence or worse, the Charity Commission has the power to investigate and bar governors/trustees from further service.”

If the Minister is able to, I would ask him to address that issue from the ASCL.

The AELP makes another point about the status of colleges. It believes that

“this reclassification should be reviewed by the ONS. This is not merely a technical point. Some colleges have reportedly used their current ‘independent’ status to resist Area Review proposals which is well within their right. However, when AELP has argued that the Government is using a form of state aid to assist colleges...we have been told by the SFA that colleges are ‘community assets’ which justifies the further injection of public funding. The insolvency measures in this Bill would...appear to place colleges very much back in the public sector.”

It says that this has become a “murky area”.

Those are two specific observations from two important stakeholders in the area. In the context of the clause, given everything else that we have been talking about in terms of the general function of the educational administrator, I would be grateful if the Minister would comment on those points.

Robert Halfon: I will give a brief response. The Charity Commission does not appear in the list of respondents because it did not submit a formal written response. However, we worked very closely with it during the development of the proposals in the Bill.

Charities that are companies and charitable incorporated organisations are all covered by insolvency legislation, and the Company Directors Disqualification Act 1986 regime for disqualification applies to those organisations. The Charity Commission has been fully supportive of the approach that we have taken and sees it as being in line with the approach taken for trustees of charitable companies and charitable incorporated organisations.

With regard to the AELP, the process of implementing a SAR would not automatically mean reclassification for an individual college, let alone the entire sector, because the Government would not be directly influencing the college’s corporate policy.
situation is that in practical terms most local authorities would struggle to take on those responsibilities at the moment, but he is absolutely right to make the point—I will expand on that on the genesis of the assets. Given the genesis of those assets and their development over the years, we need to look with extraordinary care at any circumstances in which they might go into the private sector. Incidentally, that does not necessarily mean that we are saying that the bona fides of the private sector potential acquirers are bad. We simply recognise the fact that it would be the transfer of something that is largely of public value into the private sector without taking any account of the genesis and development.

I want to explain why I think this issue is so important. When colleges were incorporated in 1992, it took them formally outside the aegis of local authorities, as my hon. Friend the Member for Luton North said, but we have to take into account that that asset base of building in many cases was built up with local authority support and funding over a 20 or 30-year period.

The Minister has visited my local college, Blackpool and The Fylde College. I think he went to the Bispham campus, which is right at the other end of town and not in my constituency. When he arrived, the Bispham campus no doubt looked nice and shiny and new, but it did incorporate—I am not sure how much it still incorporates—buildings and elements that go right back to the 1950s and 1960s. Indeed, when the Building Colleges for the Future process was taking place in the 2000s, that was one of the arguments for demolishing that building and relocating it in the centre of town. It did not happen for a variety of reasons. At the time I was rather annoyed that it did not happen, but nevertheless I am just illustrating the point that many of the buildings that we are talking about have accreted their estate either on an active financial basis or by the ceding of lands by local authorities and other organisations.

Apart from that, over the years since then large sums of public money have often gone directly to support and build the estates of FE colleges. In the 2000s, the then Labour Government brought forward the major programme of Building Colleges for the Future. Despite the fact that the programme was curtailed and certain places, including my own, missed out on the final stages, it was a commitment of literally hundreds of millions of pounds—other Members in the House got their completely new college and everything that went with it—and that is without taking account of the other areas of non-private sector funding. Sometimes that was through very complex relationships that might involve lottery-associated bids. Sometimes it was through the significant sums of money put in under the old regional development agencies. As I know well, having shadowed the regional growth funds in my previous portfolio, sometimes it was through regional growth fund developments, and sometimes there are offshoots of European structural funds. It is important to remember all of that.

2.45 pm

It is worth remembering that FE colleges do not only deliver FE; they also deliver higher education. I hope there would be very few of these cases, because by and large one would hope that FE colleges with a strong HE capacity are at a lower risk of going into insolvency. However, one cannot assume that it would not happen. We are therefore not just dealing with implications for FE students; we are also potentially dealing with implications for HE students in an FE college, as well as the impact that might have in the HE sector.

I am sure that the Minister does not need me to make the point—I certainly made it on a number of occasions to the Minister for Universities, Science, Research and Innovation when we were debating the Higher Education and Research Bill—that around 10% to 12% of total HE provision is delivered by FE colleges. It is reasonable therefore that in addressing this issue, we look at some of the things that have gone wrong in the past.

There are particular concerns about what has happened in the past four to five years. Hon. Members who were in the House between 2010 and 2015 may remember the significant controversy about the injection of private equity into schools, academies and, to some extent, universities. That included the FE sector. In 2012 the University and College Union produced a very important report entitled “Public service or portfolio investment? How private equity funds are taking over post-secondary education”. It surveyed the impact of private equity takeovers in other public services in the UK, as well as in the HE and FE sector.

The report said that the private training market was extremely active, as it continues to be, in the adult vocational training market and it is capturing a growing share of Government funding in the area. It said that there were a handful of private equity funds whose investment platforms are very much focused on that area and have consequently won significant sums of money from the Government. At the time, that list included companies such as Close Brothers Private Equity, Marwyn, Bridgepoint Capital and Sovereign Capital. The UCU made the following point:

“Thanks to the government’s Education Act 2011, it is now possible for further education corporations to dissolve themselves and form companies limited by guarantee. This would make it easier for private equity funds to invest in them or buy them out entirely.”

I accept that the private sector might wish proactively to instigate such a situation. However, we have to take into account the insolvency process. Let us say, for example, that there is not an easy option for an education administrator considering a local college to which students might be transferred. Even if the various issues we have talked about make it far more likely that that provision will continue, it may be done on the spot to benefit disadvantaged groups. The point I am making is that there may be circumstances in which the education administrator feels that they have to turn to private sector options. One cannot ban the principle that they should be allowed to consider that option. However, given everything else that I have said, the process needs to be looked at very carefully.

There are those who say that the private equity funding sector, although no doubt it can be extremely profitable and useful, is based on a relatively short-term view of providing management and initial capital to buy other companies and then taking them off the public share markets. This is the assessment of the UCU document:

“The private equity firm, typically, makes money by charging commission fees on these transactions. Private equity funds typically look to sell on their companies within a period of three to seven years.”

I hope that the relevance of that to the amendment is reasonably clear. It is a question not simply of whether it is a good thing to transfer a significant number of
public sector assets to a private provider, but of what the guarantees are, both financially and, more importantly, in terms of the nature of the body and the guarantees to the students and the people employed there, if such organisations use the insolvency to take on those colleges.

Ministers, officials and whoever else may talk about the guarantees for staff under TUPE, for example, but I am sure Members know that TUPE does not offer protection forever and a day. I am afraid that we in the Blackpool area have had bitter experience of that over a significant number of years. A large number of people used to be employed in the civil service, but in recent years a lot of them have been outsourced and TUPE-ed into other organisations, which have then passed them on to someone else, at which point their automatic rights and security of tenure almost become extinguished. I am sure most Members in this room, whatever their reflections upon it, have had similar experiences. That is an important issue to take into account when considering this amendment.

As I said, this issue caused an enormous amount of controversy and difficulty in 2012. The Government had to do some cleaning up, if I can put it that way, after those warnings and the issues with colleges and HE providers. That is reflected in the guidelines in BIS’s information sheet on the dissolution of an FE corporation, which I quoted from earlier.

People might say, “Okay, there are lots of blunders and concerns, but haven’t they all been cleared up?” To be frank, no, they have not been cleared up at all. Over the past two years, Committees of this House have continually expressed concerns about the process and the checks that have been carried out when public money has gone into private providers. Proper quality checks are often not in place. In December 2014 the Public Accounts Committee severely quizzed officials from BIS about why private providers were allowed to engage in untrammeled expansion without proper quality checks. In February 2015 the Public Accounts Committee published a report that said that BIS had repeatedly ignored advice from the Higher Education Funding Council for England about vast sums of public money going to for-profit colleges without due process and consideration.

In case the Minister or the Government think that those are concerns of the past, we were reminded of them as recently as July last year, when the sector publication FE Week produced an article about a leaked Government report that indicated that colleges could be sold off to the private sector. It said: “A draft document seen by FE Week, called ‘Framework for due diligence in the FE sector following area reviews’, looks ahead to a post-area review world for colleges. The most worrying section was titled ‘Acquisition of an FE college by a private sector organisation’. It reads: ‘Private sector organisations such as private training providers may be interested in the acquisition of FE colleges. They may have different benchmarks and parameters as to what is acceptable in terms of both curriculum and financial performance of the college involved.’”

The document—bear in mind, it came from BIS—also raised questions about the impact of private sector involvement on colleges’ VAT exemptions:

“Not all providers are exempt from VAT and collaborative arrangements with non-empt providers could have a significant impact financial models. Mergers, joint ventures and other collaborative arrangements could alter the status of the provider. This needs to be investigated.”

When asked about that, the then chief executive of the Association of Colleges, Martin Doel, said:

“Private organisations should not be able to asset strip colleges’ buildings and facilities or pick and choose students or courses according to how much profit they might generate.”

Of course, he was talking of a situation in which there might be a proactive attempt by companies to acquire colleges, possibly as part of a long-term strategy. I am raising it in the context of a situation of potential insolvency of a college for which, frankly, there are no other takers, and these institutions pop up.

It is interesting that, when FE Week approached a number of private equity firms for comment on the document, including Montagu Private Equity, which took over the College of Law in 2012—it had previously been a charitable institution—Sovereign Capital, Silverfleet Capital and LDC, none wanted to comment. Hon. Members can read what they like into that, but it says to me that these issues have not gone away, and the fact that there is nothing in the Bill to strengthen those procedures is worrying.

Just in passing—actually, no; it is a very important point—Unison observed in the email I previously referred to that in the insolvency procedures there are lots of provisions for the protection of students, but no mention, as far as it can see, for the protection of staff. It also asks an open question that the Minister may want to try to answer: are we to assume that people will be made redundant, or that in those circumstances they would be TUPE-ed to a different provider? That would not be a long-term guarantee in the way I previously discussed.

Too often in the past, stable doors on problems in the FE sector have been closed after the horses have bolted—horses that have lost the public purse tens of millions of pounds and caused problems and sometimes personal disasters for some of those working or studying in colleges. We believe that there needs to be firm and robust provision in the Bill to limit the opportunity for some of those private providers to get rich quick without taking any account of the publicly inherited assets.

For the avoidance of doubt—I want the Minister to be clear about this—we are not saying that we would oppose any private sector takeover of a college in those circumstances. We are saying that the education administrator will have to make a judgment as to whether that should be a bid of last resort. Whatever the circumstances, the fact that those colleges have had substantial sums of money in the past must be taken into account. Assessments must be done properly, and if the education administrator cannot guarantee that the assets of any FE body transferred to a private company are less than half of the funding of the acquisition of the assets, he may not transfer them.

3 pm

That 50% figure is probing. It is not necessarily one that we would stick with, but the minimum we would like to see from the Minister is an assurance that that basic principle that the education administrator may not transfer the assets of any FE body to a private company when more than half of the funding to acquire the assets came from public funds should be placed in the Bill in some shape or form. If it is not, we do not believe—nor do others—that the Bill safeguards us from a repeat of some of the things that happened in 2012.
Without taking us outside the scope of the amendment, the cloudiness of some arrangements in the private sector using public funding are not unique to this country. They have also been seen in other countries with FE-type institutions, notably Australia and the United States, and they are issues on which Baroness Wolf has waxed lyrical in concern and criticism.

I want to leave the Minister in no doubt that the point we are making is based on what has happened in the past. There is an old saying, “once bitten, twice shy,” and in this instance we should be very shy of allowing private providers simply to come in and acquire a significant amount of publicly acquired assets in a case of insolvency without us looking carefully and extracting some price in return.

Kelvin Hopkins: I strongly support my hon. Friend’s case. This is something that I am alarmed about. The reality was that, at incorporation, hundreds of thousands of acres and hundreds of buildings were transferred without the knowledge of the local authority and incorporated in bodies that still seemed to be essentially in the public sector and were still largely funded by it—sixth-form colleges are entirely funded by the public sector. The idea that they could be sold off to speculators for profit, with development value acquired and millions of pounds made, is completely unacceptable. If anyone ought to have that asset, it is the public sector: either local authorities or a central Government Department. If they so choose to sell land off, at an appropriate value—if it has planning permission for housing or whatever—that development value should accrue to the public purse as well.

I have some experience and, as always, knowledge of what has been happening recently. Indeed, one college had a large area of land associated with it that had been a sports field that was still used for sports but was also a local leisure amenity. The principal wanted to sell that land off for housing development, making a vast amount of profit, and the implication was that he might have benefited personally. He was known to be avaricious in making sure his pocket was well filled. I think he managed to pay himself the highest salary of any college principal in the country even though his was not one of the largest colleges. Be that as it may, he eventually left in some disgrace and the college is now recovering, but selling off land for personal profit was a temptation that clearly affected him.

The principal was also building an academy chain by getting schools to become academies and then trying to get them into his ambit. It is interesting that two of the schools had land attached, and when, some way through the deal, it was decided that he could have the schools but not the associated land, he lost interest in getting them into his academy chain. It was clear that he was interested in the land associated with those schools, not in the education of the children, the success of schools or whatever. When big money is involved, college principals and others involved in college life can be tempted by the prospect of substantial personal financial gain. That has to be guarded against and the way we do that is by ensuring that the assets stay in the public sector and that any benefit, financial or otherwise, accrues to the public sector.

The amendment therefore goes some way towards what I would like to see, and I will certainly support it should my hon. Friend the Member for Blackpool South press it to a vote, but I think we ought to go further and ensure that those kinds of practices cannot happen. We are talking about public assets, built up by the public sector over decades if not scores of years or generations, and to see them simply handed over to private speculators without any benefit to the public sector is absolutely unacceptable.

We have to separate out capital assets from revenue costs. Revenue costs become too great if students disappear or the college is not being run efficiently and so on. We can deal with that. Capital assets, on the other hand, should be treated as precious and retained for the public sector and for public benefit; they should not be for the benefit of property speculators who could make millions, if not billions, out of such assets across the country, if allowed to do so.

With those few words, I express my strong support for the amendment. I hope that at some point the Government will recognise this issue so that we can go further and make the principles behind the amendment even stronger in legislation, whether in this Bill or in others.

Robert Halfon: I thank the Opposition for the amendment and the hon. Member for Luton North for his contribution. I will make a couple of general points before I go on to the specifics.

As has been observed, and I repeat, without the Bill there is no protection for students or from the seizure of college assets. The hon. Gentleman talked about hundreds of millions in government funding, but the general point is that college insolvency is likely to be a very rare event, so the portion of government assets that might transfer to a private sector company is likely to be small. The priority, as I say, has to be protecting students. Such a transfer is right if the education administrator is fulfilling his special objective and believes that it protects the students if he has the ability to do so.

On solvent dissolution, assets must go to a charity that has educational purposes. In insolvency in a special administrative regime, transfers go to bodies prescribed in regulations, all educational, which can include private education providers, or, as the hon. Gentleman said, Gentlemen will be pleased to know, local authorities. As the FE Minister, I always have colleagues coming to me with suggestions about how the local authority might be involved with the FE college.

The Bill is not about private providers; it is about statutory bodies and companies that run designated FE institutions—that is, designated by the Secretary of State. For independent training providers offering provision to those with advanced learner loans, there must be a register of training organisations, which have to satisfy satisfactory financial health, they must pass capacity and capability requirements, and they have to have evidence of, and a track record in, education and skills delivery.

To go back to the question asked by the hon. Member for Batley and Spen, transfer schemes are a feature of other special administrative regimes. They allow for assets to be transferred to another body without the agreement of a third party which would otherwise be necessary—for example, leases without the consent of the landlord. That means that the scheme can be used to prevent a third party from blocking a transfer that is intended to facilitate the achievement of the special objective. The special administration regime’s delivery
of the public policy objective—in this case the protection of students—should not be subject to third-party agreement. The education administrator will use a transfer scheme only if that is necessary to achieve the special objective.

It is important to note that the Secretary of State must approve any such scheme before it is used. Even if the education administrator does not use a transfer scheme, it is open to the Secretary of State to challenge the administrator if he or she feels that the administrator is not performing his or her duty to protect students.

Kelvin Hopkins: A thought occurs to me. If charitable organisations were brought into play, would it not be possible for assets to remain publicly owned but be allocated to such organisations on a rental basis rather than an ownership basis?

Robert Halfon: We are looking at cases of insolvency. We have the protection of students at heart, but we also want to be fair to creditors. I am passionate about the Bill because I believe it assures the protection of students, but I acknowledge that we have to be fair to creditors as well, and I do not think that would be the case if we did what the hon. Gentleman suggests, although in an ideal world that would of course be a lovely thing to be able to do.

The FE body itself cannot be sold. It is a statutory body. If it is insolvent and must therefore close, the protection of students must come first; the sale of the asset would be to protect students first and creditors second.

Gordon Marsden: I am listening carefully to the Minister. He has just said that the FE body cannot be sold and the assets must be dealt with in the way that he has described. The problem is that this is not necessarily a question of the FE body being sold. For the sake of argument, to take the example that my hon. Friend the Member for Luton North used, there may be an asset with substantial land attached that was originally a public asset, and that could be disposed of as part and parcel of the process of trying to resolve an insolvency without that actually involving the dissolution of the FE body. I am not a lawyer, but it seems to me that there is nothing in principle to stop that happening. In those circumstances, a part-asset could be transferred that was not the whole of the FE body but perhaps represented tens of millions of pounds of value.

Robert Halfon: The assets currently are not publicly owned; they are owned by the FE body, which has significant operational independence, and are for the educational purposes of the FE body. Valuable land that is sold in the way that the hon. Gentleman describes has to be sold for the purpose of the special objective. I am involved in the matter in a way where, if a college in the area wants to sell for housing land that is, in my view, meant to be for FE use, it probably knows the case. We are clear that that land is for the educational purposes of the students. That is our belief.

I have covered most of the hon. Gentleman’s points. I would not be so do down on private providers; there are examples of good private providers. Let us take the example of SEN students, whom we talked about earlier. It may be better for those students if the education administrator were able to transfer the students and facilities to a private body if that was the only one available. That would minimise the disruption to them, and their studies could continue uninterrupted at the same location. Sometimes, to have the private sector involved is a good thing, as long as private organisations, as I say, are properly inspected and registered and have a good record of education. I hope that I have been able to assure the hon. Gentleman that there will be no haemorrhaging of publicly funded assets to the private sector and he will agree to withdraw his amendment.

3.15 pm

Gordon Marsden: The Minister has been characteristically courteous. If I were able to take his reassurance as the end of the matter, I would, but unfortunately it is not the end of the matter. I will make a few brief points.

The Minister says that the proportion of public assets that might be disposed of to the private sector in the event of a college insolvency will be very small, percentage-wise. We could trade figures on what that percentage might be, but none of us knows. The fact of the matter is that it is the area where that happens and the impact there. A college that has tens of millions of pounds’ worth of assets built up in a particular area and is crucial to the local community may be basically forwarded on to a private provider.

I accept what the Minister said; we are not saying that all private providers are bad or are leeches, but that is not the issue at stake. The issue at stake is whether private providers should be allowed automatically to take on valuable assets that have been accrued via the public sector in the event of an insolvency. The Minister said himself that it is not about private providers, but he also said that transfers could include private education providers.

In terms of real-life events, private providers are well equipped normally with lawyers and accountants. Who will monitor the detail of this? Will it be a slightly harassed education administrator? Will it be officials in the Minister’s Department? I doubt it.

Kelvin Hopkins: As a member of a local authority many years ago, I saw the representatives of a town shopping centre—an asset that was owned by the council but rented on a long-term basis—who were skilled financial advisers, run rings around the local authority treasurers, who just could not cope with the power ranged against them. We have to be very careful, because when big money is involved, companies will get the best brains to ensure they win.

Gordon Marsden: My hon. Friend is absolutely right. If it were not for the track record of problems in the FE sector over the past three to four years that I have described, we might be more sanguine, but this is a really important principle that should be established on the face of the Bill. I am afraid that on this occasion, I will not withdraw the amendment and will press it to a vote.

Question put, That the amendment be made.

The Committee divided: Ayes 5, Noes 8.

Division No. 2]

AYES

Brabin, Tracy
Hopkins, Kelvin
Kane, Mike
Marsden, Gordon
Shah, Naz

Noes

Kelvin Hopkins
Gordon Marsden
Amendment 22, in schedule 3, page 33, line 14, leave out “and”.
See Member’s explanatory statement to amendment 20.

Amendment 23, in schedule 3, page 33, line 17, at end insert “, or
(e) if the context requires, all of the above.”—(Robert Halfon.)
See Member’s explanatory statement to amendment 20.

Robert Halfon: I beg to move amendment 24, in schedule 3, page 36, line 10, leave out “(3)” and “insert “(4)”.
This amendment corrects a cross-reference.

The Chair: With this it will be convenient to discuss Government amendment 25.

Robert Halfon: We have been clear that although the purpose of the education administration is to avoid or minimise disruption to students’ studies, the special objective is not to be pursued without regard to the interests of creditors. Clause 22, which we have previously discussed, contains a requirement for the education administrator to carry out their functions to achieve the special objective and, so far as is consistent with the special objective, to do so in a way that achieves the best result for the FE body’s creditors as a whole.

If creditors, the Secretary of State or Welsh Ministers believe that the education administrator is not acting in accordance with this requirement, the amendment made by paragraph 21 of schedule 3 to paragraph 74 of schedule 1B to the Insolvency Act 1986 allows them to apply to the court claiming that the education administrator is not carrying out their functions in accordance with requirements set out in clause 22. However, there is an error in the cross-referencing. The reference should be to sections 22(2) and 22(4), not sections 22(2) and 22(3).

Without the amendment, creditors would be unable to challenge the way in which the education administrator was carrying out their functions, which is not what we intend. I hope the Committee agrees that the amendment is necessary for the provisions to function effectively, and that it will agree to accept it.

Amendment 24 agreed to
Amendment made: 25, in schedule 3, page 36, line 34, leave out “(3)” and “insert “(4)”.—(Robert Halfon.)
This amendment corrects a cross-reference.
Schedule 3, as amended, agreed to.

Schedule 4
CONDUCT OF EDUCATION ADMINISTRATION: COMPANIES

Robert Halfon: I beg to move amendment 26, in schedule 4, page 44, line 6, leave out “(4)” and “insert “(5)”.
This amendment corrects a cross-reference.

The Chair: With this it will be convenient to discuss Government amendment 27.
Robert Halfon: The amendments are the same in effect as amendments 24 and 25, which we have just made to schedule 3. You will be pleased to hear, Mr Bailey, that I do not propose to take the Committee through the changes again. I am sure that once was enough. It is necessary to make the amendment twice because schedule 3 relates to FE bodies, which are statutory corporations, and schedule 4 relates to those that are companies.

Amendment 26 agreed to.

Amendment made: 27, in schedule 4, page 44, line 32, leave out “(3)” and “insert “(5)”—(Robert Halfon.)

This amendment corrects a cross-reference.

Schedule 4, as amended, agreed to.

Clauses 25 to 29 ordered to stand part of the Bill.

Clause 30

Education administration rules

3.30 pm

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

Gordon Marsden: I rise to speak very briefly about this clause and clause 37, both of which I want to put in the context of the broad policy statement that we have been given on part 2 of the Bill, which is pertinent to many of the questions that we and people in the sector have been asking about the capacity of the DFE and the institute to expand the remit of the Bill. That is no less true in the context of the insolvency proceedings than it is in the remainder of the Bill.

Page 4 of the policy statement says that it has not been possible to prepare draft regulations during the passage of the Bill—I feel somewhat conflicted about this, because part of me is rather glad that we did not have to consider the regulations, which may, and I quote, run to hundreds of pages in total. Instead, the Government have prepared a series of detailed notes describing every delegated power and setting out how they plan to use them. According to the Government, it was not possible to produce the full list of the regulations for us now. I say gently that they will have to be produced at some point, even if not for the delectation of members of this Committee. Does that not raise questions about the capacity of the Department? What happens when the Bill becomes an Act? Who will have the capacity to draft the regulations then? I hope the Minister does not think that is an entirely flippant comment. The assurances we have been given about capacity throughout the passage of the Bill do not appear to be piecing together.

Robert Halfon: I assure the hon. Gentleman that the regulations will be published; the problem is that there are many pages of insolvency legislation. That is why we were unable to publish them in time for the Committee and why we issued the policy statement. They will be published, but it takes quite a long time.

Gordon Marsden: I entirely understand that. I was not suggesting that people are slothing on the job; I was merely making the reasonable point that the Bill necessarily involves a lot of administrative time—I put it no stronger than that—and that raises in my mind some ongoing concerns about the capacity, either of the Department or of some of its institutions, to take some of these things forward. I will leave it at that.

Kelvin Hopkins: I just want to say that I am deeply disappointed that we cannot discuss the regulations in detail. Perhaps I am alone in that.

Gordon Marsden: All I can say is that my hon. Friend is a shining example to us all. He shames us deeply.

Let me make my own brief and pathetic response to clause 30, in the context of the Stakhanovite task that my hon. Friend has just suggested we undertake. I have a practical question for the Minister. On clause 31, the policy note talks about the way in which the power will be used to make decisions. For simplicity, I say to the Minister that although I am making this point specifically about clause 30—it affects chapter 4, which is very important because it is the special administration chapter—my question is generic and may be relevant to other clauses as well. It is very straightforward. When these revised instruments and regulation-making powers are brought forward, will there be consultation in any shape or form with the various stakeholders—FE bodies, the Association of Colleges, the Collab Group and others?

That is not for the sake of consultation itself. There have been occasions in the past, although I am not suggesting in this particular Department or area, when the lack of such consultation on detailed regulations between representative bodies—it normally has to be done at that level—and officials from the Department has produced anomalies that subsequently have to be rectified. It would be interesting to hear if the Minister can offer any reassurance on that.

Robert Halfon: I thank the hon. Gentleman for his remarks. On Tuesday, the hon. Member for Luton North suggested that he might have been a banker, and today he talks about being an expert on delegated legislation on insolvency. I believe the latter more than the former. Knowing the kind of person he is, he is probably about the only person who could get his head round all the different delegated powers.

The clause modifies the power to make rules under sections 4 and 1 of the Insolvency Act 1986. It allows detailed rules about the education administration for FE bodies to be made in the same way as they are for companies. The power only permits rules to be made to give effect to the chapter of the Bill that establishes an SAR or FE bodies, and the rules cannot be made for any wider purpose. Clause 5 deals with the rules needed for other insolvency procedures for FE colleges. It applies the company insolvency rules and allows us to modify them as necessary.

To answer the question from the hon. Member for Blackpool South, there has been a significant amount of consultation already, and there will be full consultation all the way through. We have to; these things cannot be done without it. I want to reassure him that that will absolutely happen. On those grounds, I hope the clause is acceptable to the Committee.

Question put and agreed to.

Clause 30 accordingly ordered to stand part of the Bill.

Clauses 31 to 36 ordered to stand part of the Bill.
Clause 37

Disqualification of Officers

Gordon Marsden: I beg to move amendment 8, in clause 37, page 18, line 14, at end insert—

‘(1A) The Secretary of State must ensure the list of disqualified officers is made publicly available.”

This amendment would ensure that a list of disqualified officers was publicly available.

The amendment is fairly straightforward, so I will not detain the Committee long. Again, we hope that these situations will be very rare, and we certainly hope it will be very rare that people are disqualified as a result of them. However, if disqualified people are involved, the principle of transparency is extremely important. This is a probing amendment, to find out how this might be effective.

Perhaps it is worth mentioning what the explanatory notes say about clause 37:

“This clause gives the Secretary of State the power, in relation to further education corporations and sixth form college corporations, to make regulations that have the same or similar effect to the Company Directors Disqualification Act 1986. This will mean that, like company directors, members (i.e. governors) of those corporations can be disqualified from acting as such in the future and the power allows the Secretary of State to make provision so that when a person is disqualified as a director of a company they can also be prohibited from acting as a member of a further education corporation or sixth form college corporation.”

I repeat that we all hope and assume that these occurrences will be irregular. However, would it not be logical for the list of disqualified officers to be made publicly available, to ensure transparency and to allow colleges to easily assess applicants to their own corporations in the future?

Kelvin Hopkins: I support the amendment. In my experience of life, it is often the rogues who are most plausible and we have to have lists of people to make sure that people do not get through the net, move to a different part of the country and take up a job, before we find out that they have twice been a rogue, not just once.

Robert Halfon: The disqualified officers to whom the amendment refers are those members of an FE body that is a statutory corporation who have been disqualified by the court on the grounds that they have been found liable by the court of wrongful or fraudulent trading or other similar offences under the Insolvency Act 1986 as applied by the Bill. Wrongful and fraudulent trading are provisions of insolvency law that will be applied to governors and others involved in running FE bodies that are statutory corporations in the same way as they apply to directors of, and those who run, companies. That is the purpose of the amendment.

It is right that a list is kept of those individuals who have been disqualified and that such a list is available to the public, so that it is evident which individuals should not be appointed as governors of colleges in the future. However, there is no need to provide for that specifically in the Bill. There is provision in the Company Directors Disqualification Act 1986 for a register of disqualification orders to be kept by the Secretary of State and for that register to be open to inspection—as we continue to refer to that Act, I propose that we use its acronym, the CDDA.

Clause 37 will allow us to replicate provisions of the CDDA; therefore it already allows us to achieve what hon. Members seek with the amendment. I have made it clear that I intend to consult on secondary legislation made under the Bill. That includes regulations made under clause 37, so it will be transparent that we will include a provision in regulations that is the same as, or similar to, the provision that exists in the CDDA, modifying it as necessary to make it work effectively for disqualified members of college corporations. On those grounds, I hope that the hon. Member for Blackpool South will feel able to withdraw the amendment.

Gordon Marsden: I thank the Minister for that explanation of the procedure and situation. I am satisfied and beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 37 ordered to stand part of the Bill.

Clause 38

Information for Secretary of State about Further Education

Robert Halfon: I beg to move amendment 18, in clause 38, page 18, line 38, leave out subsection (2).

This amendment removes the restriction on the Secretary of State obtaining information for purposes connected with the education of certain people aged under 25. The way that section 54 of the Further and Higher Education Act 1992 is currently framed allows that information to be obtained so the amendment preserves this aspect of the current law.

The Chair: With this it will be convenient to discuss Government amendment 19.

Robert Halfon: The purpose of the amendment is to rectify a problem that we have identified with the drafting of clause 38 that means that it does not fully meet our policy intent. Amendment 19 is consequential on amendment 18 and simply renumbers subsections.

Our aim is to ensure that the Government can maintain our current system of receiving data from further education providers after certain further education functions are devolved to some combined authority areas in England, which is due to happen from 2018. A key element of the statutory foundation for the further education data system is set out in section 54 of the Further and Higher Education Act 1992, which clause 38 amends. Section 54 imposes a duty on various bodies to provide information to the Secretary of State. Due to its specific reference to functions of the Secretary of State, that duty would cease to apply to some FE provision, as certain functions would have been transferred from the Secretary of State as part of devolution. The intention of clause 38 is to reframe the statutory basis to overcome that problem and enable comprehensive continuation of the current system of gathering information on further education.

We are not seeking to narrow or broaden the scope of education provision or types of learners covered by the duty. Clause 38(2) was drafted because we considered that the learners it describes—those aged 19 to 25 who have an education, health and care plan—were not captured by the duty under section 54. However, after further scrutiny, we have realised that for apprenticeship
professional financial qualifications."

That is particularly the case for new clause 1, which I drafted myself and are borne out of my own experience in college governance and teaching. As a student, I was taught economics by a former Treasury official whose next-door neighbour was an elderly lady who wanted him to deal with her accounts. He had to explain that an economist is not an accountant; it is a very precise skill and not something that one can just pick up at will. My closest university friend was a professor of accountancy. I know only too well that accountancy is a specific skill that needs great minds. I also understand that some of the people with the highest IQs in our country are accountants. Clearly accountants are important people, and it is important to have them involved.

At Luton Sixth-Form College, one of the deputy principals is a qualified chartered accountant. She is a superb member of staff who makes absolutely sure that all the forecasts and all the financial details are under control. We have been guided by her for many years now. It makes us feel at ease. We know that the finances are well under control, well understood and thoroughly explained to us on all occasions. Many years ago, before she was employed, I was on the finance and general purposes committee, and I remember the problems I had just getting to grips with it, and I am a numerate person with a degree that includes economics and maths. It was difficult stuff, but we had some good accountants on the governing body.

This is an important issue. If one wants to avoid insolvency, the best thing to do is ensure that one has someone with the skills to ensure one does not get into that situation in the first place, and that alarm bells are rung. As governors and politicians and Government Members, we are all well aware of what the problems are. If a principal is wilful and wants to do things beyond what they should be doing, and they have a weak financial adviser without professional qualifications, they will get away with it. There is also the question of competence; a principal may not be competent at dealing with accountancy.

Accountancy is extremely important. It sounds very boring, but I am glad that accountants are there. I would not want to have the responsibility of making decisions on financial matters without the advice of serious professionals. I have no doubt that some members of the Committee are qualified in accountancy. I am not asking Members to put their hands up, but they are about.

I have been a governor of Luton Sixth-Form College for 23 years continuously. I was also a governor there for two years in a previous period. I have been comforted by the fact that we have always had at least two qualified accountants on the governing body who can question and check the accounts and assure us that they are right, that we are not making mistakes, and that the college is in good financial order, especially when we are under pressure. We are under financial pressure; there has been the VAT issue, which I will not go into now, but we have debated it on many occasions. It is a great comfort and reassurance that we have professionals sitting on the governing body who can look at an account,
make sense of it, and ensure that we are doing the right thing. It is not just a question of numeracy, which I have; it is about the specific skill of accountancy.

New clauses 1 and 2 would make a very valuable addition to the Bill. I hope that the Government will accept them or build requirements of that kind into the Bill to ensure that colleges are well governed and well managed in financial matters.

Gordon Marsden: I congratulate my hon. Friend on speaking to the new clause with his customary insight and from past experience, which are powerful advocates for the mechanisms he proposes. There are not many vehicles in the House for the regular praising of accountants. I am tempted to say that if we were in the middle ages and my hon. Friend, with the passing of years, were to pass away, he might be subject to a posthumous cult of the patron saint of accountants. The serious point is that everything my hon. Friend said is valid. Whether what he proposes is done in a formal way, as he suggests, or by strong direction, the Government would do well to take on board his proposals.

Robert Halfon: I thank the hon. Member for Luton North for the new clauses and for his wise contributions throughout the Committee. Rather than the role of banker, I think he has taken on the role of the Gandalf of the technical education and further education sector. There will therefore be no danger of his passing as the hon. Member for Blackpool South described.

The hon. Member for Luton North has tabled two important new clauses. In an ideal world it would be a good thing if all or even some members of governing bodies had important financial qualifications, but I remind him that the head of Blackpool and The Fylde College, when asked about that, said:

“I am thinking of the unintended consequences. It is very easy to say that we can dictate exactly the constitution of a governing body, but if we are looking at further education corporations across the country, some of them are very different. My own, for example, is an outstanding college.”

I have seen it for myself, and it certainly is—

“We are very strong financially...we benefit from the mix and balance that we have on the board: we benefit from our business community and from two very able students on the board. I am hesitant about mandating exactly what that board would look like, because it varies by college. If, for example, I were a land-based college, I might want a slightly different mix, so I am hesitant about fully supporting that.”—[Official Report, Technical and Further Education Public Bill Committee, 22 November 2016; c. 60, Q80.]

When I asked her about the best way to achieve what she had done, she said what is needed is an expert to manage finances: not necessarily, dare I say it, someone with an educational background—we were talking about the education administrator earlier—but someone with a good understanding of finances. Where colleges are doing better even with all the financial pressures, I suspect that is because they have brilliant financial teams as well as the brilliant leadership of the principals and the advice of the governing body.

It is the governing body of the college that is best placed to ensure that effective management is in place that meets the needs of the college, but it must be the principal who puts her team in who has the day-to-day responsibilities. When colleges fail, as the hon. Gentleman will know, the proper intervention system is in place, with the education commissioner and suchlike.

The introduction of the insolvency regime will change a lot of this anyway, and it will serve to emphasise the importance of sound financial management. Although the Government are committed to the protection of learners, corporations are ultimately responsible for ensuring the financial health of their institutions.

I am wary of imposing such a measure, but I have a lot of genuine sympathy with the hon. Gentleman’s intentions. I commit to continue working with the sector to strengthen the financial acumen of governing bodies and the capability of financial directors. That will protect the interests of not only the colleges, learners and employers in the local communities but the taxpayer, which is incredibly important. On that basis, I hope the hon. Gentleman will withdraw the motion.

Kelvin Hopkins: I thank the Minister for his assurances and for his acceptance of the points I have made, if not of the new clauses. Even if nothing arrives in the Bill, I hope that guidance to colleges will, in one form or another, make sure that proper financial governance and financial management takes place so that insolvency is avoided at all possible costs.

Robert Halfon: I should have said that we are lucky in the sense that we have the Association of Colleges, the Collab Group and the Education and Training Foundation, and all those organisations are doing everything they can to improve financial leadership in colleges up and down the country.

Kelvin Hopkins: I beg to ask leave to withdraw the motion.

Clause, by leave, withdrawn.

4 pm

Robert Halfon: On a point of order, Mr Bailey. As we have reached the end of the Bill—in Committee, at least—I would like to put several things on the record. First, I thank the Opposition for the incredibly thoughtful and serious way in which they have dealt with the Bill. Where I have said that I will reflect on things, I really mean that. I particularly congratulate my opposite number, the hon. Member for Blackpool South, given that he has just come out of another huge Bill; he did this Bill almost straightaway. His capacity for knowledge is extraordinary. What the hon. Member for Batley and Spen said about careers is particularly important, and I also thank the hon. Member for Luton North for his contributions.

May I also thank you and your team, Mr Bailey, and my Government colleagues, who have been incredibly helpful and supportive? Finally, I mentioned capacity—over the past couple of weeks, the incredible officials and many others have worked day and night to get this Bill to the House and into Committee, and I am hugely grateful to them.

Gordon Marsden: Further to that point of order, Mr Bailey. May I associate myself with the Minister’s thanks to you and Ms Dorries? You have chaired fairly and lightly. I also thank your team—particularly the Public Bill Clerks, to whom the Opposition are always indebted, given that we do not have the Government’s resources.
May I thank my own superb team for everything that they have done? I am sorry that my on-the-ball Whip, my hon. Friend the Member for Kingston upon Hull East, is unable to be with us today, but he is at the forefront of industrial progress celebrating Siemens wind farms finally coming to fruition in his constituency, so he has a good excuse. I am grateful to all of my team, in which we have two relatively new Members—particularly my hon. Friend the Member for Batley and Spen—and I thank my hon. Friend the Member for Wythenshawe and Sale East for deputising.

I also thank the Minister and his team. He has been generous and prepared to listen and think carefully and constructively, and we welcome that. We look forward to some of the amendments we have withdrawn perhaps re-emerging in further information from him before Report stage. We are delighted to have taken part in this process and grateful for his contributions and constructivity.

Bill, as amended, to be reported.

4.3 pm

Committee rose.
Written evidence reported to the House
TFEB 12 Association of Colleges
TFEB 13 Pearson
TFEB 14 Paul H Brinklow
TFEB 15 Natspec
TFEB 16 National Society of Apprentices
TFEB 17 Paul Milton