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Universities 'concerned' skills levy could harm marketing apprenticeships

Faced with a “potential halving” of investment in apprenticeships, 77% of universities fear Labour’s proposed Growth and Skills Levy could hinder uptake.



By **Charlotte Rogers** 22 Aug 2024 12:33 pm



Over three quarters (77%) of universities are concerned the government’s proposed Growth and Skills Levy could “hinder” the volume of talent entering the workforce via apprenticeships by allowing employers to spend up to 50% of levy funding on non-apprenticeship training.

The survey conducted by the University Vocational Awards Council (UVAC) of its university members, finds 88% believe higher and degree apprenticeships will help the government drive economic growth and address skills gaps, including within the marketing industry.

A further 64% argue the new government should commit to helping universities meet the cost of delivering higher and degree apprenticeships in partnership with employers.

Prior to last month's General Election, the Labour Party argued a ["lack of flexibility" in the existing Apprenticeship Levy](#) was holding businesses back from upskilling existing staff, claiming £3.5bn in funding has gone unspent since the levy's inception in 2017.

"The vacuum is a worry, because until we get the detail potential some employers are going to pause engagement in apprenticeships."

Dr Mandy Crawford-Lee, University Vocational Awards Council

In its manifesto, the party promised to reform the Conservatives' "broken Apprenticeship Levy", replacing the "rigid rules" with a "flexible" Growth and Skills Levy.

"If the Labour government follows through with its proposal to introduce a Growth and Skills Levy, the in principle design suggests there would be a 50% protection for apprenticeship provision, with up to 50% funding for other forms of provision yet to be decided," UVAC chief executive Dr Mandy Crawford-Lee tells Marketing Week.

"It wouldn't be on any chosen programme, but it will certainly be a list of programmes the government approve can be funded by the Apprenticeship Levy. In effect we're looking at a potential halving of the investment in apprenticeships. There's already a problem with the maths, it doesn't stack up."

The current Apprenticeship Levy equates to 0.5% of an employer's annual wage bill and only applies to businesses with an annual wage bill of more than £3m. Any unused levy funds expire after 24 months and are returned to HMRC.

Under the Growth and Skills Levy companies will be able to use up to 50% of their levy contributions on non-apprenticeship training for existing staff, with the other 50% reserved for apprenticeships.

Newly created body Skills England will hold a list of approved qualifications on which businesses can spend their levy money. Skills England will consult on eligible courses to "ensure qualifications offer value for money", the intention being to develop the "highly trained workforce" needed to deliver Labour's Industrial Strategy.

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However, Crawford-Lee fears there's a "real risk" marketing training may not emerge as one of the government's skills priorities when compared to engineering, science or the green economy.

Despite criticisms of the existing system, she argues the Apprenticeship Levy has had "considerable success" in delivering an all age, all levels programme that supports the UK economy and drives social mobility.

Indeed, 60% of UVAC members claim the Apprenticeship Levy better supported the delivery of apprenticeships across all levels, ages and occupations compared to Labour's new funding solution. Some 84% of universities are now urging Labour to support the continued growth of higher and degree apprenticeships.

"We would argue that we need to retain an all age, all level programme which will allow employers to retain the choice as to what they invest the levy in if they are levy payers. The big issue is how we support SMEs to make better use or optimise their opportunities in apprenticeships," says Crawford-Lee.

"Perhaps they haven't managed to navigate the complexity of the system, but any funding system – whether it's the Apprenticeship Levy or the Growth and Skills Levy – is going to have a level of complexity to it, because it's government money and public funding."

Of those survey respondents in favour of the creation of a Growth and Skills Levy, 45% say it will offer a fairer apprenticeship deal to both large and small employers. Around a third (32%) feel it will provide more funding to higher and degree apprenticeships than the previous government and 36% believe it will increase social mobility in relation to apprenticeship delivery.

'Aspirational choice'

According to UVAC, under the previous government one of the big issues was approximately 20% of the annual apprenticeship budget was earmarked for degree apprenticeships, with 77% of universities believing that was not enough to meet the needs of the marketing sector.

On the funding issue, 28% of UVAC members suggest apprenticeship provision for 16- to 18-year-olds should be paid for by general taxation in same way as A levels and T levels, rather than through the levy.

"It speaks to what does the government want the purpose of apprenticeships to be?" says Crawford-Lee.

“We would argue it should be retained as a productivity first programme, with benefits for social mobility and targeting a more diverse cohort of individuals with a chance to become the professionals they haven’t had a first or second chance to become recognised as, rather than it being about low level provision for those who are in non-educational employment or training that would roll back the apprenticeships system 10 or 12 years.”

UVAC believes in the full spectrum of apprenticeship provision from Level 2 and Level 3 entry level to degree apprenticeships at Level 6 and Level 7. However, Crawford-Lee acknowledges a lack of understanding about the span of apprenticeships remains a problem.

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Perceptions of apprenticeships within business on the whole are an issue. According to Marketing Week’s [2024 Career & Salary Survey](#), a fifth (20.1%) of the more than 3,000 marketers surveyed say their business doesn’t operate a marketing apprenticeship because it requires too much time and resource.

A further 14.4% say their business does not currently see the value in apprenticeships, while 5.7% say they can’t get buy-in at the highest level for such an initiative and 5.5% argue it is too complicated to develop a programme.

Talking more about the breadth of apprenticeship opportunities and wider success stories would be a good starting point for change, Crawford-Lee suggests.

“Apprenticeships in England are a success story as they have been developed and use to train different cohorts of employees. Sometimes the debate isn’t reflecting that success,” she says.

“More can always be done to create more opportunities, because the employer is the customer and we don’t think any employer should necessarily have its choice taken away from it by government about the best skills develop.”

The 85 UK universities UVAC represents earned £603m over the 2022/2023 academic year through providing degree apprenticeships, which Crawford-Lee cites as proof apprenticeships have become an “aspirational choice for everybody of all ages”.

With the government yet to clarify the plans for the Apprenticeship Levy revamp, she argues clarity is needed. It is still unclear, for example, whether Skills England will entirely replace the Institute for Apprenticeships and its role in approving apprenticeship standards.

“The vacuum is a worry, because until we get the detail potential some employers are going to pause engagement in apprenticeships because they don’t quite know what the landscape will look like going forward,” she adds.

In this environment, Crawford-Lee encourages employers to deal with the here and now, working on the basis that any reform to apprenticeships will take a while to implement and the government is highly unlikely to pull the plug on anyone already enrolled on a programme.

However, she cautions a different scenario is possible should the government start prioritising by age of learner, level of learning or type of provider. The fear remains marketing could fail to be recognised as a ‘key skill’.

“We’ve talked about an all age, all level programme, but also an all provider recognisable system of delivery. It’s not just colleges and training providers. It’s universities, higher education and employers who are engaged in delivering. That’s a great mix and a great market,” Crawford-Lee adds.

“Marketing as a role is key to success. Like management, that is what we’d come to expect in terms of key roles. You can’t grow a business if you don’t have those skills in place.”



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