



Navigating the Growth and Skills Levy and Skills England:

The Impact of Funding Reform and Potential Changes
in Policy Focus on Higher and Degree Apprenticeships
and Higher Education Providers – A UVAC Blueprint

By Adrian Anderson (Dr.h.c.) and
Dr Mandy Crawford-Lee

2025 Report Series

Welcome

About the authors

Adrian Anderson is the former chief executive of UVAC and held post from 2007 until 2021. Adrian led UVAC's work on the former Government's flagship higher and degree apprenticeship programme. Under his stewardship UVAC built its capacity and expertise as an influential and innovative mission group. In 2024, Adrian was awarded an honorary doctorate from the University of Lancashire in recognition of his significant contribution to the education sector and apprenticeship reform.

Dr Mandy Crawford-Lee is chief executive of UVAC. Mandy has worked extensively in and with government, providers in further education, higher education institutions, awarding organisations, professional bodies and public and private sector employers. Mandy specialises in research, leadership of strategic projects and in skills policy advice, development & implementation including advocacy and lobbying. Higher and degree apprenticeships and higher technical, professional education and skills are her sphere of influence and interest.

Mandy can be contacted at m.crawfordlee@bolton.ac.uk

About UVAC

The University Vocational Awards Council (UVAC) is one of the most authoritative voices on technical, vocational and professional education delivered by higher education and the leading expert on all aspects of the policy and operational requirements of higher and degree apprenticeships in England. UVAC is a membership body of around 80 UK universities and higher education providers and has been championing higher level technical and professional learning and progression routes into higher education and the professions for over 25 years. UVAC is known for its advocacy, representation and research, including work published in its official academic journal, Higher Education, Skills and Work-based Learning. In 2024, UVAC celebrated its silver jubilee.

Contact us

University Vocational Awards Council (UVAC)

Z3-26 Eagle House
Eagle Campus
Deane Road
Bolton
BL3 5AB

Email: uvac@bolton.ac.uk
Tel: 07763 820713

www.uvac.ac.uk

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Executive summary

This report explores the possible and likely outcomes from the proposed changes to apprenticeship and skills policy in England. It has a particular focus on the concept of having an all-age, all-level system that recognises the value of higher and degree apprenticeships in creating work-based progression pathways into the skilled professions for many of the sectors considered essential for economic growth.

This report believes higher and degree apprenticeships are fundamental to delivering the Labour Government's five missions for the following reasons:

1 Kickstart economic growth

– involves prioritising and boosting higher and degree apprenticeships for individuals of all ages, in the eight growth driving sectors defined in the Industrial Strategy: advanced manufacturing, clean energy industries, creative industries, defence, digital and technologies, financial services, life sciences and, professional and business services.

2 Make Britain a clean energy superpower

– equates to prioritising apprenticeships, regardless of level and age of apprentice, that enable Britain to become a leader in clean energy innovations.

3 Take back our streets

– equates to more police community support officers and police constable degree apprentices.

4 Break down barriers to opportunity

– equates to using higher and degree apprenticeships at level 4 to level 7 to provide new pathways to skilled and registered professions and higher-level occupations for individuals of all ages.

5 Build an NHS fit for the future

– equates to more nursing associate, registered nurse, community nurse and advanced clinical practitioner higher and degree apprenticeships, for individuals of all ages and backgrounds.



Other considerations for policy makers include the following recommendations:

Training our own workforce -

The Migration Advisory Council should work with Skills England to determine where apprenticeships can be used to tackle skills shortages and an over reliance on migration. Nursing, where 27 per cent of National Health Service (NHS) nurses are from outside the UK, represents a good example. Nursing and health apprenticeships, including degree apprenticeships at level 7, should be used to train individuals of any age, to raise skill levels in the NHS workforce and tackle skills shortages.

Apprenticeships must remain an all-age programme -

Over 80 per cent of the 2030 workforce are already in work in 2025. Higher and degree apprenticeships must have a key role in developing the skills of the adult workforce. Government will not deliver its five missions or its industrial strategy by overly focusing apprenticeships on young people.

The Apprenticeship Levy is not working -

Only 2 per cent of employer organisations pay the Levy. Public sector employers such as the NHS pay the Levy that is then used to provide 95 per cent subsidies to train apprentices in non-Levy paying organisations. Government needs to reform the Levy so that the cost of training apprentices is shared more fairly by employers of all sizes, across all sectors and to ensure that the burden of the Levy is not unfairly carried by the public sector. Unions have called for the NHS to have its Levy payments ring fenced to ensure funds are protected and used to develop the skills of the NHS workforce and provide pathways to higher qualifications. Smaller businesses also need to spend more on training their employees. Increasing the scope of the Levy and the contribution paid by smaller businesses would mean more revenue is raised and the Government could introduce flexibilities to meet employer need. Government must also make a commitment that in future all funds raised from the Levy will be used to fund apprenticeships and approved training programmes.

The Government must be ambitious -

By any measure there are too few higher and degree apprenticeships available to deliver the Government's five missions and industrial strategy. The Government needs to determine ambitious targets and develop and implement a strategy to boost numbers and make higher and degree apprenticeships a mainstream offer for both young people and adults. We would certainly not want to restrict the use of level 3 apprenticeships to train new plumbers, electricians, bricklayers and joiners for example. If sufficient new plumbers, electricians, bricklayers and joiners are to be trained we would, however, suggest that such apprenticeships need to be open to individuals of all ages.

Our argument is that apprenticeship should be focused and prioritised on the basis of the skills shortages and occupations needed in the economy and to deliver effective public sector services, regardless of apprenticeship level or the age of an individual or the highest level of qualification already achieved. We need more high quality apprenticeships in occupations needed by the economy and by the eight growth driving sectors. Prior to the Levy, apprenticeships for level 2 job roles in, for example, business administration and customer service dominated provision. Many of these apprenticeships were of questionable quality. The Levy pot is finite and the issue is how to prioritise spending. Adopting this approach will mean that fewer level 2 apprenticeships are available for young people, although expanding Levy parameters to raise more funding will mean more and more types of apprenticeship can be supported. Our message is that an informed, evidenced based, debate is needed (through Skills England) and Government must then make decisions. We believe apprenticeship should be an all age, all level workforce development programme for the reasons we outline, others take a different view.

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Introduction

A

Background – Higher apprenticeships are apprenticeships at level 4 to level 7.¹ Degree apprenticeships were introduced in 2015 and use a bachelor's or master's degree to deliver an apprenticeship and provide end point assessment of occupational competence at level 6 or level 7 respectively. Spurred on by the introduction of the apprenticeship Levy in 2017, higher and degree apprenticeships have been developed by employers and approved for delivery for 110 level 6 and 64 level 7 occupations.² As of academic year 2023/24 there had been 121,660 higher and degree apprenticeship starts, with an 8 per cent increase on the previous year. Higher and degree apprenticeships are being delivered by more than 100 higher education institutions in England. They represent a small, but a very fast growing, distinct and significant part of higher education provision.

A change in policy focus and the replacement of the apprenticeship Levy with the Growth and Skills Levy and the formation of Skills England could have massive implications for higher and degree apprenticeship provision and employers, learners and higher education providers. This paper assesses the success of higher and degree apprenticeships to date and outlines the potential implications of the introduction of a Growth and Skills Levy, Skills England and associated policy changes. It also provides recommendations to help to ensure that higher and degree apprenticeship make the maximum contribution to the delivery of the Government's five missions.³ These missions are, kickstart economic growth; make Britain a clean energy superpower; take back our streets; break down barriers to opportunity and build an NHS fit for the future.

121,660

As of academic year 2023/24 there had been 121,660 higher and degree apprenticeship starts, with an 8 per cent increase on the previous year. Higher and degree apprenticeships are being delivered by more than 100 higher education institutions in England. They represent a small, but a very fast growing, distinct and significant part of higher education provision.

Objectives – This paper has the following objectives:

- To outline how to ensure the long-term success of higher and degree apprenticeships in the context of the introduction of the Government's new Growth and Skills Levy and the establishment of Skills England.
- To identify how higher and degree apprenticeships can have a maximum positive impact on tackling skills shortages, increasing productivity, recruiting individuals to key public sector roles, supporting social mobility, enhancing workforce diversity and delivering the Government's industrial strategy and migration policies.
- To determine how the new Growth and Skills Levy and Skills England could make the maximum positive impact on delivering the skills needed by individuals, employers, society and the economy and deliver Westminster's policy priorities.

Scope – The apprenticeship Levy and the Growth and Skills Levy are UK fiscal policies. Education, training and apprenticeship policies are devolved matters. This report is concerned with the use of the levies and apprenticeships, higher education and skills policy in England. The report focuses on higher apprenticeships and degree apprenticeships, although many of the issues raised also apply to apprenticeship provision at all levels and have implications for higher education provision. For example, the level 5 nursing associate higher apprenticeship is important in relation to mission 5 and delivery at levels 4 and 5, below the level of a bachelor's degree, are seen as key areas to grow.

Higher and Degree Apprenticeships and the Apprenticeship Levy

B

Definitions - Apprenticeship and Higher and Degree Apprenticeships – Apprenticeships are based on apprenticeship standards developed nationally in England by a trailblazer group of employers, working with professional statutory and regulatory bodies (PSRBs) and training providers as appropriate, under the auspices of the Institute for Apprenticeship and Technical Education (IfATE).⁴

An apprenticeship is designed to develop the knowledge, skills and behaviours (shortened to KSBs) defined in the apprenticeship standard which are needed to be occupationally competent. Occupational competence is assessed through end point assessment. Higher apprenticeships cover apprenticeships at level 4 to level 7. Degree apprenticeships developed for level 6 and level 7 occupations incorporate a bachelor's or master's degree. The degree is used to deliver the apprenticeship and there are separate models for integrated and non-integrated end point assessment. Degree apprenticeships are the same size, defined in terms of credit value, as a standard bachelor's or master's degree. They differ in that the individual learner must be employed and that they are delivered based on the apprenticeship standard KSBs and in accordance with the DfE/Education and Skills Funding Agency (ESFA) funding rules, in addition to higher education requirements.⁵ Higher and degree apprenticeships are also subject to Ofsted inspection of the practical learning period and Office for Student (OfS) and Ofqual for external quality assurance of end point assessment.

In the Conservative Government's Vision for Apprenticeships in 2020, apprenticeships were defined as an all-level programme for young people and adults.⁶ Under the apprenticeship reforms introduced following the Richard Review of Apprenticeships in 2012, employers not only decided which occupations they wanted to develop apprenticeships standards for, but also decided which apprenticeships to spend Levy funds on.⁷ Prior to the apprenticeship reforms, apprenticeships were based on frameworks developed by intermediary organisations.⁸ Training providers were awarded an allocation of funding by the Government that they could use to provide apprenticeships of their choice to employers and individuals.

Changes in the Type of Apprenticeships and Characteristics of Apprentices since 2017 – A key change to provision resulting from the apprenticeship reforms and apprenticeship Levy was that employers chose to develop and use more expensive apprenticeships at all levels, but particularly at higher levels. This explains why, despite a substantial increase in the apprenticeship budget from £2.2 billion in 2017 to £2.7 billion in 2024, the overall number of apprenticeship starts declined substantially from 495,000 in 2016/17, prior to the introduction of the apprenticeship Levy, to 339,000 by 2023/24.⁹

Apprenticeships have changed from a programme dominated by training for low-level roles encompassing 717 level 2 programmes, for example, in customer service and business administration, to growth based on employer needs towards professional occupations at levels 6 and 7.¹⁰ Apprenticeship delivery in 2024 is focused on where employers want to use apprenticeships for new and existing employees, to raise organisational performance and productivity.

Two further changes in apprenticeship provision resulting from the introduction of the apprenticeship Levy and apprenticeship reforms were, the growth of higher and degree apprenticeships and the increasing use of apprenticeships by public sector organisations. Employers who had made limited use of apprenticeships prior to 2017, such as NHS trusts and police forces, were faced with paying large compulsory Levy contributions. The burden of paying for apprenticeships fell, disproportionately, on public sector employers where large employers dominate, and few small employers exist except perhaps for smaller healthcare employers who work in partnership with Trusts. The NHS, for example, accounts for more than £200 million of all Levy payments and, understandably, NHS trusts want and need to recover their Levy payments to improve patient service delivery. UNISON, the public service union, has, for example, called for the Levy paid by the NHS to be ring fenced.

NHS Levy funds should:

...be retained by the NHS and ring-fenced into a 'National NHS Apprenticeship Fund'. This would support expansion of the apprenticeship route to higher qualifications in the NHS.¹¹

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While technically it is the Levy the NHS has paid, Levy payments appear in individual employers' apprenticeship accounts. Employers see such funds as their payments, that they have a right to spend on apprenticeship provision. This is the basis for the "wasted Levy" arguments that have featured in the press in recent years.¹² Employers cannot use their Levy payments and Levy funds (in their apprenticeship accounts) which they believe are simply wasted.

By contrast, small employers with payrolls of less than £3 million who had historically made substantial use of apprenticeships do not pay the Levy. Large employers under the Levy system pay for the apprenticeships used by small employers. The new Government will need to consider if it is appropriate for large public sector organisations to pay for apprenticeships in small private businesses or if, as UNISON suggests, ring fencing should be introduced.

One cohort that many claim fared poorly because of the apprenticeship Levy and reforms are young people. In 2022/23, however, apprenticeships taken by young people, defined as those aged 24 and under, still accounted for the majority (52 per cent) of apprenticeship places.¹³ In 2021/22 expenditure on apprenticeships for 16-19-year-olds, was still very significant and amounted to £626 million.¹⁴ Organisations including the University Vocational Awards Council (UVAC), Association of Colleges (AoC) and Association of Employment and Learning Providers (AELP) have over the years questioned why employers, through a skills Levy, are expected to fund apprenticeships for 16-19-year-olds. 16-19 provision is compulsory education and the state funds the two other options, A levels and T levels. If the new Growth and Skills Levy continues like the apprenticeship Levy to fund such provision, along with new foundation apprenticeships and functional skills, many will question its name and purpose.

The Growth and Skills Levy will be seen as funding compulsory education and paying for the provision needed to rectify the failure of the schools' system to deliver lower level and functional skills.

Higher and Degree Apprenticeships, the Apprenticeship Levy and Funding System - Higher and degree apprenticeships are currently funded in the same way as all other apprenticeships. Employers paying the apprenticeship Levy have these funds, plus a premium of 10 per cent, paid into their apprenticeship service accounts. An employer can then spend such funds on any apprenticeship that has been deemed as ready for delivery by the IfATE. Funds are used in accordance with funding rules set by the ESFA. They remain available to spend on apprenticeships for a period of 24 months. If a Levy paying employer spends more money than they have available in their apprenticeship service account, they have access to apprenticeship funding in the same way as a non-Levy paying employers.

Employers with payrolls of less than £3 million do not pay the Levy but can access apprenticeship funding through the apprenticeship service. The key financial difference between employers that pay the apprenticeship Levy and those that do not, is that non-Levy paying employers must pay a 5 per cent co-investment (financial contribution) to the cost of apprenticeship training and assessment. Government pays a 95 per cent contribution.

The IfATE allocates a funding band to all apprenticeship standards that relates to the cost of delivery and end point assessment. There are 30 funding bands ranging from £1,500 to £27,000. Degree apprenticeships have been allocated various funding bands. Examples are construction site management £18,000; manufacturing manager £24,000; registered nurse £26,000; and police constable £24,000.¹⁵ For all degree apprenticeship standards at level 6, the funding band is lower than the typical and maximum level of student tuition fees for a bachelor's degree, £27,750 (£9,250 p.a. currently but due to rise by 3.1 per cent in 2025 to £9,535 (full-time) and £7,145 (part-time)). The funding band represents the maximum amount, less any employer co-investment, that the Government will contribute to the cost of the apprenticeship. In theory, employers can negotiate a lower delivery price from a training provider or pay an additional contribution over and above the funding band. In reality the funding band is almost always the price paid.

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The Apprenticeship Levy – A Hypothecated Tax or General Taxation? - When introduced, the apprenticeship Levy was presented to employers as a hypothecated tax. That is a tax levied to raise funds for a specific type of expenditure. In some ways the apprenticeship Levy does work as a hypothecated tax. For example, funds paid by Levy paying employers are paid into their apprenticeship service accounts. Such funds can then only be used to purchase apprenticeship provision. Levy paying employers see their Levy payments as their funds, regardless of the precise legal ownership.

In other ways, the apprenticeship Levy does not operate as a hypothecated tax. The Office for Budget Responsibility (OBR) forecasts that the apprenticeship Levy in 2024-25 will raise £4 billion. After transfers to the devolved administrations, £3.5 billion remains. The actual Government budget for apprenticeship provision in 2024-25 has been set at £2.7 billion, £771 million lower than that collected through the apprenticeship Levy in England.¹⁶ In introducing the apprenticeship Levy in 2017, not only did the Government of the time transfer the cost of apprenticeship delivery from government to employers, or more accurately large employers, it also secured a substantial yearly financial surplus for the Treasury. It is worth remembering that only 2 per cent of employers pay the apprenticeship Levy.

Since the introduction of the apprenticeship Levy, there has been a lack of transparency from governments in the amount collected and how funds have been spent. Employers paying the Levy, and their representative organisations have frequently complained that they cannot spend their Levy payments. Such perceptions arose from the fact that virtually all employers paying the Levy do not use all or even a significant proportion of their Levy funds on apprenticeships for their employees. Employers understandably, campaigned for greater flexibilities in the use of the Levy. Labour, in opposition accepted these arguments and made a manifesto commitment to replace the apprenticeship Levy with a new Growth and Skills Levy which would allow employers greater flexibility to spend Levy funds on other approved training provision, in addition to apprenticeships.

The Levy was always intended to fund apprenticeships for larger Levy paying and smaller non-Levy paying employers. The surplus of Levy funds collected over and above the size of the apprenticeship budget is, however, a key issue. Such funds have obviously not been wasted, but instead used by government for general expenditure, whether for example on health, adult social care or defence.

The apprenticeship Levy has resulted in significant anomalies in sectors that pay the Levy and those that pay little Levy but make extensive use of apprenticeship Levy funds. The public sector, dominated by large employers, pays substantial Levy contributions. A sector such as hairdressing, dominated by SMEs, below the £3 million PAYE Levy threshold, pays very little in Levy but makes extensive use of apprenticeships. Our arguments are based on prioritising Levy funds in accordance with the Government's five missions. It is a legitimate issue to raise why most hairdressing apprenticeships are delivered with a 95% government subsidy funded through a Levy paid by large employers in other sectors, such as the public sector, if hairdressing is a 'thriving' industry. Providing 95% subsidies for apprenticeships to smaller employers that do not pay the Levy seems a very odd way of challenging or changing this situation.

As a result of the apprenticeship Levy and reforms, apprenticeships became far more than an education programme to train young people for entry-level jobs. Apprenticeships, encompassing occupations at all levels, open for individuals of all ages has become an economic programme focused on productivity and growth that can support delivery of the new Government's five missions.

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Stocktake of Where We Are in 2025

Spending on and Focus on Higher and Degree Apprenticeships - There has been significant growth in spending on level 6 and level 7 higher and degree apprenticeships since the introduction of the apprenticeship Levy in 2017. In 2017/18, spend amounted to 2 per cent of the apprenticeship budget. In 2021/22 the apprenticeship budget amounted to £2.4 billion. Expenditure on level 6 higher and degree apprenticeships amounted to £290 million (12 per cent of the apprenticeship budget). The figure for level 7 higher and degree apprenticeships was £216 million (9 per cent of the apprenticeship budget). In comparison, expenditure on level 2 apprenticeships amounted to £421 million (17 per cent of the apprenticeship budget).¹⁷ Higher and degree apprenticeships are new programmes, and this growth reflects the development and approval of new apprenticeship standards at level 6 and level 7 and the demand from employers that followed.

If apprenticeship is an all-level skills programme with a strong productivity focus, the proportion of the apprenticeship budget spent on higher and degree apprenticeship seems entirely reasonable, if not too low - This is particularly the case when by 2035, according to the National Foundation for Educational Research (NFER), 90 per cent of jobs will require higher-level skills.¹⁸

Table 1 shows the top ten higher and degree apprenticeships based on total starts since 2017/18.

Crucially, the two apprenticeships with the highest number of starts are the accountancy or taxation professional higher apprenticeship and senior leader higher apprenticeship. The appropriateness of the dominance of accountancy or taxation professional higher apprenticeship is an issue for Skills England to consider whether some intervention in the market is both reasonable and necessary.

The use of apprenticeships to train managers, particularly senior leaders, has been and remains highly contentious. The example of a highly paid investment banker using Levy funds to subsidise their MBA is however a caricature not supported by the evidence. The master's degree, as a mandated qualification, was removed from the senior leader standard in 2020. In truth, 60 per cent of senior leader apprenticeships are undertaken in the public sector, with the NHS being the largest user. Schools also make extensive use of the senior leader programme.²⁰ The biggest losers of any decision to restrict use of the senior leader higher apprenticeship would be hospitals and schools and more specifically the public who use their services.

Although degree apprenticeships are being used in the public sector, the number of starts is far too low, given the size of skills shortages and the urgent need to recruit to these occupations. Higher and degree apprenticeships have been developed for a range of occupations critical to government policy priorities and the delivery of the Labour Government's five missions. The underutilisation of the apprenticeship Levy in the public sector is a major issue, highlighted by both employers and unions.²¹ The *New Statesman* for example, recently reported on research by the not-for-profit initiative Workwhile, demonstrating that since 2018 more than £300 million raised in Levy by large public sector employers such as, the NHS, police forces and local authorities, has been unspent.²² £300 million represents 25 per cent of all apprenticeship Levy payments made by such organisations.

Invest 2035: The UK's Modern Industrial Strategy, October 2024, UK Government and the Growth and Skills Levy

The first line of the Government's industrial strategy states that, "Growth is the number one mission of this Government". The strategy then identifies eight growth driving sectors: advanced manufacturing, clean energy industries, creative industries, defence, digital and technologies, financial services, life sciences and professional and business services.

The role of skills in the delivery of growth is highlighted:

"Around one-third of average annual UK productivity growth was attributable to an expansion of the skills available in the workforce between 2001 and 2019".

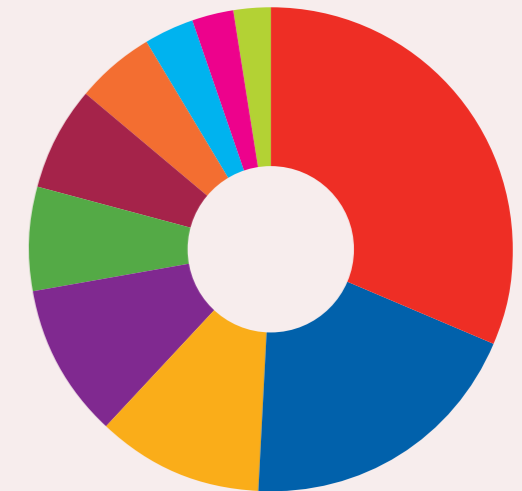
"There are weaknesses in management and leadership skills, particularly in small businesses".

The strategy notes that over 80 per cent of the 2030 workforce is already in work. Higher and degree apprenticeships, as an all-age programme encompassing level 4 to level 7, should have a critical role to play in delivering the Government's industrial strategy.



TABLE 1: Top 10 Most Popular Higher and Degree Apprenticeships¹⁹

Standard	Level	Starts
Accountancy or Taxation Professional	7	41,370
Senior Leader	7	25,250
Chartered Manager	6	14,740
Police Constable	6	13,290
Registered Nurse	6	9,220
Digital and Technology Solutions Professional	6	9,040
Chartered Surveyor	6	6,820
Advanced Clinical Practitioner	7	4,240
Teacher	6	3,630
Social Worker	6	3,180





The Apprenticeship Reforms and Higher and Degree Apprenticeships – A Successful Policy? - Although the number of higher and degree apprenticeship starts is relatively small, they could, as an all-age programme, make a massive contribution to the delivery of the Government's five missions and industrial strategy. Many higher and degree apprenticeships are relatively new, and providers and employers have yet to start large-scale delivery, but take-up has been disappointing. **The key policy failure of previous governments in this area was the failure to sufficiently grow higher and degree apprenticeships.**

A Focus on Skills Shortages and the Occupations Needed by Employers and the Economy - Skills gaps and shortages exist at all levels. In an advanced economy such as the UK, skills gaps and shortages at higher levels are particularly apparent. With 174 occupational standards developed at level 6 and level 7, this Government already has programmes in place to deliver its priorities. Skills England, working with appropriate government departments, the Industrial Strategy Advisory Council and the Migration Advisory Committee need to decide how to turbo charge the use of specific apprenticeship standards that will deliver the Government's policy priorities.

A New Way to Train for Key Public Sector Occupations – Five of the top ten degree apprenticeships with the highest take-up are for key public sector occupations. Public sector employers are prioritising many degree apprenticeships as a key way to recruit and train individuals. There are 47,000 NHS nursing vacancies, representing a record high nursing vacancy rate of 11.8 per cent.²³ The NHS Workforce Plan aims for 20 per cent of nurses to be trained through degree apprenticeships by 2028/29.²⁴ The police constable degree apprenticeship is also emerging as a key way to recruit and train new police officers.

Real Parity of Esteem - Apprenticeships at level 2 were never going to have the same parity of esteem as a degree. Apprenticeships were often seen as an inferior alternative to academic study and to university. They were a good choice for other people's children. A degree apprenticeship, however, represents the best of both worlds, a degree and an apprenticeship, a salary while training, no student debt and a graduate / professional job on successful completion of the programme. It is not an academic or vocational programme; it is both. The development of apprenticeships as an aspirational programme has resulted in a substantial growth of interest from individuals from all backgrounds.

An Opportunity to Enhance Social Mobility and Open New Pathways to Professional Careers - Apprenticeships, when solely a level 2 and level 3 programme, could provide a first or second step on a career ladder. Higher and degree apprenticeships provide a ladder to higher level and professional occupations and routes into registered professions. The evidence of the extent to which higher and degree apprenticeships have supported social mobility is mixed, but the potential still exists to open new work-based routes to skilled professions for individuals from disadvantaged backgrounds. That doesn't mean that we cannot find evidence of higher and degree apprenticeships boosting social mobility.

AT A GLANCE

20%

The NHS Workforce Plan aims for 20 per cent of nurses to be trained through degree apprenticeships by 2028/29.

66%

Middlesex University, in a survey of its degree apprentices found that 66 per cent were from low higher education participation backgrounds.

174

With 174 occupational standards developed at level 6 and level 7, this Government already has programmes in place to deliver its priorities.



Evidencing Social Mobility

Middlesex University, in a survey of its degree apprentices found that 66 per cent were from low higher education participation backgrounds.²⁵ Only 37% of Middlesex apprentices were from professional backgrounds. The research also identified inadequacies in measures such as POLAR (which classifies groups/areas across the UK based on the proportion of young people who participate in higher education) and the Index of Multiple Deprivation and for focusing on 18 – 19 year olds when measuring social mobility. At Middlesex 72% of apprentices were aged over 25 and Ofsted has praised Middlesex's degree apprenticeships for boosting social mobility.

The Sutton Trust in 2022 argued that to harness degree apprenticeship as a driver for social mobility, more degree apprenticeship opportunities need to be targeted at 17-, 18- and 19-year-olds leaving school and college. They are critical of the fact that the expansion of degree apprenticeships has disproportionately benefited older employees.

In reality, as the work of Middlesex University demonstrates, recruiting older employees on to degree apprenticeships can make a massive positive impact on social mobility. Restricting the ability of older employees to take a degree apprenticeship will substantially reduce the programme's positive social impact.

In a recent report on its apprenticeship provision, Manchester Metropolitan University noted that in respect of the characteristics of its degree apprentices of whom 61% were the first in their family to attend university.²⁶

"23% of alumni surveyed were entitled to free school meals when growing up in the UK and their average salary now is £53,350. This is remarkable when considered alongside national data that reports only half of former free school meals students earn more than £17,000 at the age of 30 (Office for National Statistics). 38% of all 5,467 degree apprentices came from disadvantaged backgrounds (Indices of Multiple Deprivation deciles 1-4)."

A Tool to Increase Workforce Diversity - As well as social mobility, workforce diversity should also be considered. Degree apprenticeships have been documented as increasing workforce diversity. The police constable degree apprenticeship has been seen as substantially increasing applications from females and those identifying as black or brown. Police force recruitment should reflect the society and communities they serve, and degree apprenticeships help to do this. An over focus on young people will undermine such approaches to workforce diversity.

Degree apprenticeships are first and foremost, jobs. Employers, not providers, recruit degree apprentices. The most appropriate comparisons are between how employers recruit for a particular occupation, when they use degree apprenticeship and when they use a traditional recruitment approach. As such, degree apprenticeships should be assessed on the basis of how they change employer recruitment practice in a way that supports both social mobility and workforce diversity.

Reducing the Need to Rely on Migration - Degree apprenticeships can reduce the UK's dependence on overseas workers. It is the case that 27 percent of NHS nurses are from outside the UK. The Secretary of State for Health and Social Care, Wes Streeting MP, when in opposition said, it is immoral for the NHS to rely on foreign workers.²⁸ Recruiting nurses from overseas is risky and places the UK in competition with other countries who may be more successful at recruitment.

An Additional Way of Funding Higher Education (and Further Education) - Higher education is facing a looming financial crisis; further education has always been underfunded. The apprenticeship Levy and future Growth and Skills Levy provide new ways of funding post compulsory education provision, although as already noted, Levy funds are finite and limited. Historically the burden for paying for higher and further education fell on the state, or individual (and state) using state backed loans. The state and individuals benefit from higher education and further education. So, however, do employers. It would seem entirely appropriate that employers should be expected and indeed obliged to pay towards the provision of skills programmes that benefit their organisations. The Levy provides a new model for funding post-18 further and higher education provision.



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Our fear is that restrictions on funding or the end of funding for level 7 would be the thin end of the wedge. The Government's sums don't add up for the Growth and Skills Levy. Next could come restrictions on individuals with degrees being able to use degree apprenticeship (e.g. a history graduate training to be a registered nurse or police constable)

The most common criticisms of Higher and Degree Apprenticeships revolve around four arguments:

- 1. Some degree apprenticeships are no more than rebadged existing degrees** - A degree apprenticeship develops the knowledge, skills and behaviours, as defined by the apprenticeship standard. Training and assessment are delivered in accordance with ESFA funding rules. Degree apprenticeships are subject to Ofsted inspection and OfS regulation. There were initially isolated examples of problems. In the latest Chief Inspector's report however, Ofsted stated that in respect of level 6 and 7 apprenticeships, *'We found the same strengths and areas for improvement at these levels as for apprenticeships at levels 2 to 5.'*²⁹ For higher education institutions 88 per cent are judged by Ofsted as good or outstanding with 12 per cent requires improvement.
- 2. Higher and degree apprenticeships are being used to fund training programmes that would have been funded without access to the Levy** - Some training programmes delivered through higher and degree apprenticeships may have taken place without Levy funds. Presumably however, hair salons, retail and hospitality businesses would have trained hairdressers, retail assistants and chefs, even if they had not had access to the apprenticeship Levy. The benefit is that the Levy drives strategic rather than ad hoc employer investment in the skills they need.
- 3. Higher and degree apprenticeships benefit 'the haves' rather than the disadvantaged** - Apprenticeships should be an aspirational programme for individuals from all backgrounds. The Social Mobility Commission has raised legitimate concerns regarding the extent to which higher and degree apprenticeships have been used by individuals from disadvantaged backgrounds. Research from Middlesex University, however, demonstrates that higher and degree apprenticeships can benefit individuals from disadvantaged backgrounds and have substantial potential to support social mobility.³⁰
- 4. Too few degree apprenticeships are delivered for young people** - Young people, in particular, struggle to secure degree apprenticeship places. This is not because older employees take too many places, but because there are currently so few degree apprenticeship opportunities. The new Government has maintained the Office for Students' competitive fund to expand degree apprenticeship provision at level 6, but a plan based on the Government's policy priorities is needed to support their future growth.

Apprenticeships - Policy Changes Under the Labour Government and What Potential Changes in Policy and Funding Could Mean for Individuals, Employers and Higher Education Providers

The two big policy changes are the replacement of the apprenticeship Levy with the Growth and Skills Levy and the establishment of Skills England. Associated with these specific policy changes is a desire, not quite yet summarised in policy, to have a greater focus on young people and lower-level provision, such as foundation apprenticeships, functional skills and a more interventionist approach to the apprenticeship market.

The Growth and Skills Levy - The Labour Government has committed to replacing the apprenticeship Levy with a new Growth and Skills Levy. In opposition, Labour committed to allowing employers to spend 50 per cent of their Levy payments on other training programmes approved by Skills England. The remaining 50 per cent being ring-fenced for apprenticeships.

Skills England - The Government intends Skills England to be 'the driving force' in upskilling to meet the needs of the economy. The functions of Skills England will include understanding employers' skills requirements, ensuring that provision meets demand, raising the profile of the skills agenda with employers at senior level and encouraging employers to increase their spending on skills. More specifically, Skills England will determine the approved training programmes on which employers can spend Levy funds, in addition to apprenticeships. As such, Skills England will be a very different organisation to the IfATE, many of whose functions will be subsumed into the new organisation, if not entirely transferred to the Secretary of State for Education.

An Interventionist Approach - Since the introduction of the Levy in 2017 and associated reforms, apprenticeships have operated as an employer led programme. Through the trailblazer system, employers collectively developed occupational standards and then individually decided how to spend Levy funds. Employers were in the driving seat. Under the Labour Government and Skills England, a new more interventionist approach is already becoming apparent.

At Labour's national conference in September 2024 the Prime Minister announced plans to restrict employers use of Levy funds on level 7 higher and degree apprenticeships, so that more funds could be spent on young people. The Government has suggested restrictions, but how they apply to specific apprenticeships will be determined by Skills England. It is worth noting that there are 64 apprenticeship standards at level 7 currently eligible for funding. Such standards include, community nurse, clinical scientist, physician associate and advanced clinical practitioner. A degree apprenticeship to train new doctors has also been developed.

Restricting the use of apprenticeships at level 7 when apprenticeships for such key NHS roles have been developed, seems entirely at odds with the Government's fifth mission, building an NHS fit for the future

As a senior director responsible for mental health services, the level 7 clinical associate in psychology apprenticeship has enabled a transformation of service delivery and improved access to well-trained qualified interventions. There is no way we can afford, or physically train, the number of qualified practitioner psychologists we need to meet demand and the use of apprenticeship models addresses this, with the added bonus of enabling people from disadvantaged communities who may not be in a position to self-fund to have access to the practitioner psychology pathway.

NHS Director comments posted to FE Week, 26 September 2024

Our fear is that restrictions on funding or the end of funding for level 7 would be the thin end of the wedge. The Government's sums don't add up for the Growth and Skills Levy. Next could come restrictions on individuals with degrees being able to use degree apprenticeship (e.g. a history graduate training to be a registered nurse or police constable) as proposed by a recent Social Mobility Foundation report, authored by Tom Richmond.³¹ Thereafter degree apprenticeships would only be available to those aged under 25. Others have argued that degree apprenticeships should be removed from the Levy system and funded through student loans. Apprenticeships in due course, could cease to be an employer-focused productivity programme and simply become a training option at levels 2 to 5 for young people.



Apprenticeships following the Richard Review and the apprenticeship reforms has been developed as an employer-led programme. As such, the employer is the customer of the programme. The two degree issue or ban on graduates taking degree apprenticeships would create a range of problems. Take the police constable degree apprenticeship that is increasingly being used as a main way to recruit and train police constables. A police constable is a crown servant and independent legal official. Prevent graduates from applying for a police constable degree apprenticeship and police forces could be faced with a range of legal challenges – all individuals (with very limited exceptions) should be able to apply. Police force recruitment should also reflect the communities they serve, including those with and without degrees. Stopping a registered nurse (a degree occupation) from doing a chartered management degree apprenticeship begs the question, why? The effective management of the NHS is one of the largest challenges in the public sector and building an NHS fit for the future is the Government's fifth mission.

The need for the wisdom of Solomon - Ensuring that apprenticeships and approved training programmes are prioritised in accordance with need sounds like an appropriate approach. The problem is defining and prioritising need against a programme such as apprenticeships, that has many different objectives and a Levy that is small and finite. NHS trusts will undoubtedly question why the Prime Minister has raised the possibility of restricting their ability to use their apprenticeship Levy to train key level 7 roles including community nurses, advanced clinical practitioners and a range of other key NHS occupations. When set against the ability of small private employers, who do not pay the Levy, to continue to use Levy funds to train for level 2 skills, criticism will mount. A question mark will also be apparent as to how the Government wants apprenticeships to support the delivery of its industrial strategy and its focus on advanced manufacturing, artificial intelligence (AI) and 'making Britain a clean energy superpower'.³² Level 7 apprenticeship standards are available for advanced robotics engineer, sustainability business specialist, artificial intelligence data specialist, ecologist, process automation engineer and systems engineer.

Employer behaviour in the use of apprenticeship funds presents Government with some interesting dilemmas. The NHS intends to maximise its recovery of the Levy and focus on priorities outlined in its workforce plan. Although the NHS will train and recruit young people, its priority will be to recruit new employees and train the existing employees it needs to deliver patient care, regardless of level or age. This will include healthcare assistants, nursing associates, registered nurses and healthcare professionals. Police recruitment needs to reflect more, the communities served. The police constable degree apprenticeship is a priority for police forces and forces will want to recruit from all backgrounds and will not just prioritise young people. Police forces have also historically recruited many individuals from military backgrounds. Whether honouring the military covenant will feature in the Government's plans for apprenticeships is an interesting question.

Uncertainty - Higher education institutions are businesses and like all businesses need as much certainty and clarity as possible. By introducing uncertainty as to whether specific level 7 higher and degree apprenticeships will be eligible for Levy funds, the Government has undermined the ability of higher education institutions to make investment decisions. Announcements on level 7 higher and degree apprenticeships have also raised concerns as to the Government's long-term commitment to level 6 higher and degree apprenticeships.

Indeed, this uncertainty regarding level 7 funding is also impacting on employer decisions to invest in the development of their workforce and is a major inhibitor to strategic planning. This is also particularly impactful for higher education employers who are seeking to reduce cost to address sector-wide financial challenges. The removal of the Levy at level 7 would significantly limit the opportunities for higher education employers to invest in the skills of their staff. For example, the level 7 academic professional apprenticeship is currently a key means by which many higher education employers ensure that academic staff have the skills to deliver high-quality higher education provision. The removal of the opportunity to use the Levy to support this vital training would add further costs to employers in the higher education sector at a time when viability is already in question.

The Growth and Skills Levy - Apprenticeship Funding Shortfall, Focus and Priorities

The apprenticeship Levy, after Barnett payments to the devolved nations, raises a relatively small sum, £3.5 billion, of which only £2.7 billion is used for the current apprenticeship budget.³³ This means £771 million raised through the Levy will be retained by Treasury in a single year.

A fundamental problem with the Government's proposals for the Growth and Skills Levy is apparent when the figures are examined. Put simply, the figures do not add up. The apprenticeship budget for 2024-25, based on expenditure in recent years, is likely to be fully spent or overspent. If the Government allows employers to spend up to 50 per cent of Levy payments on other training approved by Skills England, only £1.7 billion will be available for apprenticeships. This is £979 million less than the proposed apprenticeship budget. If Levy funds continue to be used for other purposes by the Treasury and only £2.7 billion remains available in the Levy, then only £1.3 billion will be available for apprenticeships; a 50 per cent reduction in funding.

Lord Blunkett, who led Labour's Council of Skills Advisors, outlined how the Growth and Skills Levy would work, has proposed using all funds raised through the Levy for apprenticeships and approved training and indeed expanding the size of the Levy pot.

Investing the whole of the sums available and expanding the size of the Levy could provide a significant sum of money to kickstart the vital initiative needed to meet the skills challenge of a rapidly changing workplace, and the large-scale economic inactivity of working-age adults.³⁴

Lord Blunkett's comments are helpful. Despite raising a relatively small amount of revenue, many expectations have been placed on the Levy, in terms of delivering a range of policy objectives. The Levy cannot fund everything everyone wants it to fund. Funding expectations range from addressing functional skill deficiencies and providing foundation apprenticeships, to supporting public sector organisations to recruit and train for key roles. Other purposes include supporting young people to train for and secure entry level jobs, supporting employers to recruit to level 4 and level 5 technical occupations and training individuals for the level 6 and level 7 professions that are key to raising private sector productivity, including engineers, scientists and digital specialists. Apprenticeships also have a role in developing a clean energy economy and responding to the opportunities and challenges of AI. Lord Blunkett also suggests that the Levy could tackle the large-scale economic inactivity of working age adults.

One prediction that can be made with certainty, is that demand for Levy funds will exceed the funds currently raised through the Levy. It is cakeism to assume that apprenticeships can be a policy focused on young people and entry-level roles, while at the same time maximising its contribution to the delivery of the Government's five missions. Given that the Levy is a Treasury policy responsibility and that apprenticeships should play a key role across government in the delivery of the Industrial Strategy, migration, health, green energy and policing policy, apprenticeships should also be a Treasury led policy.

Government can consider several options in deciding how to increase the Levy pot and make funds go further:

Changing Levy Parameters - One way of dealing with a funding shortfall is to raise more funds, by changing the way the new Growth and Skills Levy is collected. The Levy rate of 0.5 per cent could, for example, be increased to 0.75 per cent and the threshold for paying the Levy reduced from the £3 million payroll threshold, to say £2 million, to encompass more employers. Employers would undoubtedly argue against such changes despite only 2 per cent of employers pay the apprenticeship Levy. They are however good arguments for such proposals.

UK employers tend to spend or invest significantly less on training and development than their Organisation for Economic Co-operation and Development (OECD) competitors. UK productivity lags the OECD average. If the Government is committed to spending all revenue raised through the Growth and Skills Levy on apprenticeships and training, this would sweeten the pill. With the intended introduction of the Growth and Skills Levy, the new Government could consider how to increase employers' investment in skills. This also links to how employers financially contribute to the costs of further and higher education provision when training individuals for specific occupations. The respective state, employer and individual financial contributions to the cost of apprenticeships and other approved training provision, will undoubtedly be an issue that Skills England will want to focus on.



Increasing Employer Contributions to the Cost of Provision

While recognising that employers face many other costs associated with employing an apprentice, a 95 per cent financial contribution or government subsidy for the employer seems overly generous. If an employer is not willing to pay more than a 5 per cent financial contribution to the cost of the apprenticeship, the obvious question must be, does the employer value the programme? Such a generous government financial contribution also contradicts the very real need for government to ensure that employers of all sizes spend more on the training and development of their employees. It also raises the moral issue as to whether it is appropriate that Levy payments from public sector employers – local authorities, NHS trusts, schools and police forces – should be used to train apprentices in non-Levy paying private sector businesses.

CASE STUDY - The Hairdressing, Barbery and Beauty Sector

There are around 61,000 hair and beauty businesses in the UK. More than 95 per cent of such businesses employ fewer than 10 employees. Approximately 5,700 individuals started hairdressing and barbering apprenticeships in England in 2022/23.³⁵ As most hairdressers are micro businesses, the sector pays very little in Levy. Employers instead pay a 5 per cent financial contribution towards the cost of apprenticeships. Following the successful completion of an apprenticeship, no doubt employees and their employer benefits. Why employers receive a 95 per cent subsidy to train new staff through an apprenticeship is, however, a valid question. This is particularly the case when the Government recently announced proposals that could prevent the NHS from using its Levy payments to train new community nurses, advanced clinical practitioners, physician associates and medical doctors through apprenticeships.

Introducing Individual Contributions to the Cost of Provision

Individuals are currently not legally allowed to contribute financially to the cost of their apprenticeship. Of course, for many other training and education programmes, individuals pay for provision or pay a financial contribution towards the cost of provision. Higher education is funded by individuals and the state through a state backed loans system. Post-18 level 4, level 5 and level 6 provision provided by higher and further education providers will in future be supported by government through government-backed loans, in the form of the Lifelong Learning Entitlement (LLE).

Government could explore how individuals contribute to the cost of an apprenticeship, but any proposals are likely to be highly problematic. If introduced across the board, employers could prioritise apprenticeships for individuals willing and able to make a financial contribution. If individuals were asked to financially contribute to level 6 and level 7 apprenticeships, then effectively Levy funds would be prioritised for lower level apprenticeships over nursing apprenticeships. If the Government were to introduce loans to fund apprenticeships for older learners, it would torpedo the police constable degree apprenticeship, which is used extensively by older adults.

The Introduction of Restrictions on Employer Use of the Levy Funds - Alternatively, the Government could refocus the Levy and prioritise certain types of provision or provision for certain cohorts. Here Government must proceed with extreme caution. Employers will want to prioritise the programmes they use, and providers will extol the virtues of the provision they provide. Restricting the proportion of Levy funds employers could use for specific types of apprenticeship or different apprenticeship standards, would be a very significant change to the apprenticeship system. Through Skills England, Government could however, prioritise specific apprenticeship standards based on their potential contribution to the delivery of its five missions and industrial strategy.

Level Restrictions - Many, particularly in the further education sector and some in the private training provider sector, have called for level 2 apprenticeships to be prioritised and for employer spend on higher and degree apprenticeships to be restricted. This would mean that employers would be forced to focus more on lower-level entry roles for young people. Many employers want to deliver entry-level apprenticeships for young people. Others, however, have different priorities, as indeed does the Government with its industrial strategy. Apprenticeships and the Growth and Skills Levy will only be able to make a maximum contribution to the Government's five missions, if they encompass provision at all levels and individuals of all ages.

Our proposal is that level 2 and level 3 apprenticeships for 16 – 18 year-olds are funded through general taxation rather than the Levy while these apprenticeships for those aged 19 and over would continue to be funded through the Levy and therefore would be accessible for an individual in their 30s. Given that other 16 – 18 year old compulsory education options are funded through general taxation, it would seem logical to fund apprenticeships in the same way. This would obviously represent a cost to the Treasury. However, if the Levy was reformed and extended and more funds raised, Government would have a large fund for spending on apprenticeship. If employers are allowed to spend such funds on the apprenticeships their organisations need, this should raise performance, productivity, the tax take and the effective delivery of public sector services.



Given the substantial use of degree apprenticeships to train individuals for key public sector roles, the Treasury needs to be mindful of the financial cost to the public purse of any restrictions on the use of degree apprenticeships. If the NHS was stopped from using the Levy funds it pays to train Advanced Clinical Practitioners would the Treasury make good such a loss of funds to the Department of Health and Social Care, or would the NHS (and patients) be expected to go without such specialised practitioners? When considering costs/benefits of degree apprenticeship to the public purse, this should be considered across Government departments and not just by the Department for Education.

Our overall argument is that Government should fund compulsory education provision and functional skills provision for individuals of any age through general taxation. Employers should increase their spend on training through the Levy and their own funds, but be allowed to do so in areas which are of greatest benefit to their organisations. This is not to say Government should not challenge employer behaviour or ensure that the apprenticeship system always works effectively.

Climate Risks and the Impact of AI

The two biggest challenges facing humans are climate change and Artificial Intelligence (AI). Level 7 degree apprenticeships have been developed for occupations including, AI data specialist, sustainability business specialist and ecologist. It would be a very odd policy for a new government to stop funding to train individuals in these new occupations.

Age Restrictions - Individuals following vocational programmes do not follow a linear trajectory. Age restrictions would undermine the use of higher and degree apprenticeships to support social mobility. A single parent from a disadvantaged background employed as a healthcare assistant may work in this role for 10 years before having the opportunity to train, through a level 5 nursing associate higher apprenticeship, in their 30s. A nursing associate in their 40s may have the opportunity to train as a registered nurse, using a degree apprenticeship. Social mobility does not just happen before the age of 25, it can happen and should be supported to happen throughout an individual's working life.

A Graduate Ban - One restriction floated involves stopping employers from using Levy funds to train individuals who already hold a degree. There is a certain lack of logic in this proposition. Why would an individual who has taken out a student loan for a history degree be disqualified from a registered nurse degree apprenticeship funded through the Levy? This would disadvantage the NHS and the patients it serves. Such a proposal would disqualify substantial numbers of individuals from undertaking key level 7 higher and degree apprenticeships, particularly in the public sector.

The Position of Other Approved Training Programmes - Major issues concerning the new Growth and Skills Levy are the rationale and criteria that Skills England will adopt to approve training programmes that will attract Levy support. To date, the indications are that the Government will want a focus on functional skills and foundation style apprenticeships. No one would deny that poor functional skills among many individuals in the workforce is a major issue and a brake on improving productivity. Functional skills should however be gained in school. It seems questionable why employers should be required to pay for provision to rectify the failure of 13 years of compulsory education, through a Levy. Employers should spend more on training and development, but their contribution must be focused on the occupational skills needed to perform a job role.

Turf Skirmishes

For too many in the college sector, the skills sector is seen as synonymous with further education. Higher education is something else. There is a tendency for further education to argue for the prioritisation of lower-level apprenticeships for young people. Indeed, the AoC agreed that employers should be restricted in the use of Levy funds for level 7 higher and degree apprenticeships.³⁶ One lesson of the apprenticeship reforms is that skills at all levels are important. Working with employers and further and higher education providers, government needs to focus on developing a post-18 tertiary sector culture, where skills are seen as important at all levels and for individuals of all ages.

Ensuring Apprenticeships, the Growth and Skills Levy and Skills England Deliver on Government Policy Priorities



Some change is needed in the operation of the Levy and indeed the Government was elected in 2024 on a manifesto commitment to replace the apprenticeship Levy. Greater clarity is needed in terms of the objectives of and priorities for the Growth and Skills Levy. Improvements are needed in data collection and presentation. Some government intervention is also needed in the apprenticeship market. The Government and Skills England face major challenges in ensuring the success of new policy.

The following recommendations should help in addressing these challenges:

<p>1 Clear purpose</p> <p>Government must be clear as to its detailed policy objectives and priorities for the Growth and Skills Levy in the context of the Government's five missions and industrial strategy. Given its title, productivity and economic growth would seem the priority objective.</p>	<p>2 Appropriate reporting</p> <p>Skills England's primary focus should be productivity and economic growth and as such, it should directly report to the Treasury and not the Department for Education. Key sponsor departments should include Health and Social Care, Energy and Net Zero, Business and Trade and the Home Office as well as the Department for Education.</p>	<p>2 Recognised value</p> <p>Based on the evidence outlined in this report and elsewhere, Government should recognise the value of higher and degree apprenticeships for individuals of all ages in increasing productivity, recruiting to key public sector occupations, increasing workplace diversity and supporting social mobility. A growth strategy incorporating ambitious targets needs to be agreed.</p>
<p>4 Setting priorities</p> <p>Skills England should be asked to assess all apprenticeship standards based on their impact on skills shortages and their contribution to the Government's five missions and policy priorities. Standards that scored highest would be given priority. The same approach should be adopted when determining what other training should be supported through the Growth and Skills Levy.</p>	<p>5 Lifelong learning</p> <p>Skills England should seek to foster the development of a culture of lifelong learning in the development and administration of the Growth and Skills Levy. Young people are important, but developing the skills of the existing workforce and of individuals of all ages is critical.</p>	<p>6 The bigger picture</p> <p>The Migration Advisory Committee should review all existing apprenticeship standards and advise Skills England on which to prioritise. Skills England should also review and prioritise all apprenticeship standards in accordance with industrial strategy priorities, regional priorities and the skills needed to deliver public sector services.</p>



<p>7 Data informed decisions</p> <p>The collection and analysis of data on apprenticeship usage and benefits needs to be improved if Government, Skills England and others are to make informed decisions. Transparency needs to be a watchword. Skills England should report on take-up by apprenticeship standard, use of apprenticeships by employers of different type, size, private or public sector, region and by characteristic of apprentice.</p>	<p>8 100% use of Levy funds</p> <p>Government should ensure that all funds collected through the Growth and Skills Levy are used to fund apprenticeships and approved training programmes. Additionally, Government should:</p> <ul style="list-style-type: none"> Review whether non-Levy paying employers should be required to pay a higher financial contribution (than the current 5 per cent) to the cost of an apprenticeship. Fund apprenticeships for 16-18-year-olds and the skills individuals should have gained through compulsory education via general taxation and not a Levy imposed on employers. 	
<p>9 Investment debate</p> <p>Through Skills England, the Treasury should initiate a national debate on how to raise investment in skills, to increase productivity.</p>	<p>10 Who pays</p> <p>The Treasury and Skills England should establish funding priorities, the size of the Levy pot required to fund both the apprenticeship and non-apprenticeship provision needed to address such priorities and the financial contributions which the state and employers of all sizes should make.</p>	<p>11 Higher ambition</p> <p>It is imperative that Skills England is not just a further education body. Instead, it must be ambitious and encompass the skills the economy and society need at all levels and by individuals of all ages in the working population. Coverage of small and medium sized employers (SMEs) and large employers, the private and public sector is essential.</p>

End notes

1. Level 4 equates to the first year of a bachelor's degree, level 5 year two, level 6 the final year and level 7 to a post-graduate degree or award
2. [Search the Apprenticeships website](#), IfATE
3. The Government's five missions, [Skills England: Driving growth and widening opportunities](#), Department for Education, September 2024, p. 16
4. Under the new Labour Government, existing functions of the IfATE are to be transferred to a new skills organisation, Skills England. Skills England will however have a far wider role than the IfATE and will not be a Non-Departmental Public Body (NDPB)
5. The ESFA will be absorbed into the Department for Education by 31 March 2025
6. [English Apprenticeships Our 2020 Vision - HM Government](#), 2015 p. 10
7. [The Richard Review of Apprenticeships](#), Doug Richard, November 2012
8. Frameworks were initially developed by Industry Training Organisations (ITOs), subsequently National Training Organisations (NTOs) and finally Sector Skills Councils (SSCs)
9. [Apprenticeship Statistics](#), Niamh Foley, House of Commons Library, 30 March 2021 and Academic year 2023/24 Apprenticeships Gov.UK
10. The number of occupations for which apprenticeship standards had been approved for delivery as of 23 October 2024. Some standards have low usage.
11. [It doesn't add up: the apprenticeship Levy and the NHS](#), UNISON, unison.org.uk, 21 November 2019
12. See ['Apprenticeship funds have been wasted claims Co-Op Group'](#), Isabella Fish, *The Times* and ['Apprenticeship Levy denounced as 'broken' and a '£3.5bn mistake'](#), Ian Taylor, travelweekly.co.uk, 6 February 2023
13. [Apprenticeship statistics for England](#), Andy Powell, House of Commons Library 23 January 2024
14. ['Figures from Level 7 apprenticeships face the axe in Levy reform, sources say'](#), Billy Camden, *FE Week*, 23 September 2024
15. [Search the Apprenticeships website](#), IfATE
16. ['Figures based on Apprenticeship Levy reform is like opening 'Pandora's Box', Labour warned'](#), Billy Camden, *FE Week*, 20 September 2024
17. Figures based on: ['Masters-level apprenticeship ban risks throwing baby out with bath water'](#), Billy Camden, *FE Week*, 27 September 2024
18. UVAC et al, [Joint Letter to Rt Hon. Baroness Smith of Malvern](#), 10 September 2024
19. ['Degree-level apprenticeship spending hit half a billion last year'](#), Billy Camden, *FE Week*, 9 May 2023
20. UVAC statistics quoted in [FE Week](#), 27 September 2024
21. [It doesn't add up: the apprenticeship Levy and the NHS](#), UNISON, unison.org.uk, 21 November 2019
22. ['Revealed: £300m of public sector apprenticeship money has been returned to the Treasury'](#), Harry Clarke-Ezzidio, *New Statesman*, 9 February 2024
23. nurses.co.uk, Matt Farrah, [Stats and Facts on the UK's Nursing Workforce](#)
24. UVAC et al, [Joint Letter to Rt Hon. Baroness Smith of Malvern](#), 10 September 2024
25. Finbar Lillis and Darryll Bravenboer, [Move on Up? Measuring the social mobility impact of apprenticeships](#), Middlesex University, 2022
26. Kathryn Young, Liz Gorb and Jonathan Lawson, [Force for Impact: the transformation impact of Manchester Metropolitan University's Degree Apprenticeships for apprentices, employers and the wider economy](#), 2024
27. [Is immigration harming the NHS?](#) Eleanor Goldberg, NHS Confederation, 8 December 2023
28. [Over-reliance on migration to staff NHS is 'immoral'](#), Wes Streeting claims, Eleanor Langford, *inews*, 19 May 2024

End notes

29. [The Annual Report of His Majesty's Chief Inspector of Education, Children's Services and Skills 2022/23](#), Ofsted, 2023
30. [Degree apprenticeships provide helping hand for students from disadvantaged backgrounds](#), Middlesex University, 7 February 2022
31. Tom Richmond, [A level of uncertainty: How to resolve the debate over the future of Level 7 apprenticeships](#), Social Mobility Foundation, 9 January 2025
32. The Government's five missions, [Skills England: Driving growth and widening opportunities](#), Skills England, p. 16, September 2024
33. [Office of Budget Responsibility 2024 - 25 forecast](#)
34. The Rt Hon. the Lord Blunkett quoted in ['Apprenticeship Levy reform like opening 'Pandora's Box', Labour warned'](#), Billy Camden, *FE Week*, 20 September 2024
35. [2023 Industry Statistics for Hairdressing, Barbering and Beauty](#), NHBF
36. ['AoC manifesto calls for employer Levy funding restrictions'](#), Jude Burke, *FE Week*, 10 May 2017



About UVAC

The University Vocational Awards Council (UVAC) is one of the most authoritative voices on technical, vocational and professional education delivered by higher education and the leading expert on all aspects of the policy and operational requirements of higher and degree apprenticeships in England. UVAC is a membership body of around 80 UK universities and higher education providers and has been championing higher level technical and professional learning and progression routes into higher education and the professions for over 25 years. UVAC is known for its advocacy, representation and research, including work published in its official academic journal, Higher Education, Skills and Work-based Learning. In 2024, UVAC celebrated its silver jubilee.

University Vocational Awards Council (UVAC)

Z3-26 Eagle House
Eagle Campus
Deane Road
Bolton
BL3 5AB

Email: uvac@bolton.ac.uk
Tel: 07763 820713

www.uvac.ac.uk



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