

## PARLIAMENTARY BRIEFING

# The Apprenticeship Levy and the case for the effective delivery of workplace opportunities for young people

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1. MillionPlus is the Association for Modern Universities in the UK, and the voice of 21<sup>st</sup> century higher education. We champion, promote and raise awareness of the essential role played by modern universities in a world-leading university system. Modern universities make up 52% of all UK undergraduates, and 37% of all postgraduates, with over one million students studying at modern institutions across the UK.

#### The Purpose of the Apprenticeship Levy

2. The current apprenticeships agenda, and therefore the creation and use of the Apprenticeship Levy, was designed to **identify and then meet skills needs and productivity challenges by linking funding to businesses** in both how the levy was financed and how it could be used. This created a situation where a business that qualified for payment into the levy could draw down on the funds it contributed to the levy to recruit apprenticeships (be they new employees, or current ones taking on new roles) and upskill staff members.
3. The apprenticeship levy is a UK-wide 'tax'. However, the apprenticeships policy involving this new approach to employer-developed standards overseen by the Institute for Apprenticeships and Technical Education is being implemented only in England (the other nations support apprenticeships in a range of other ways).
4. The whole strategy, therefore, is **predicated on employer need** and is an **employer-driven programme**, focusing on skills and productivity at a range of skill levels that people may need, from Level 2 (broadly equivalent to a GCSE) to Level 7\* (equivalent to a master's degree). If the overall programme is to succeed with its principal objective it is important that it **remains focused on what business needs**, and then is able to educate young people with the skills that will help plug the gaps that are currently within the system.

Being employer-led means listening to what areas employers are most interested in investing in, to reap the biggest benefits. The trailblazer programme has been designed to allow employers from a particular sector to work together to decide and direct the development of occupational standards that are relevant for their skills needs. Whatever the strengths and weaknesses of the current system, it is a mistake, therefore, to dictate which areas the levy should be used for, as this fundamentally undermines the purpose of the entire strategy. Clearly, some upskilling, particularly at lower skill levels, is less expensive to run through the system, and may therefore be more attractive to some policy makers in terms of volumes,

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\* These skill levels descriptions relate to England, Wales and Northern Ireland. In Scotland, the equivalents are levels 5 (nationals) to 11 (masters).

however if **these apprenticeships are not delivering the skills required then the levy is not doing its job**, then neither business nor young people are being best served.

### Degree Apprenticeships and workplace skills

5. Ensuring young people have the opportunity to access high quality skills training, and workplace skills, should not be seen as something that can only be served by one approach. The apprenticeship agenda is an important way to bring many elements of this ambition together, but the provision behind it existed long before this current model. Both in further education and in higher education, at modern universities, focusing on technical and vocational training and skills is at the heart of what these institutions are about. At modern universities, for example, **many courses are firmly rooted in a vocation, and include dedicated training and education to that effect** – all within a setting that encourages personal development and access to world class university facilities.
6. It is vital in this discussion on skills to know how the modern educational landscape looks, and how it best serves young people (and mature learners also). It would be wrong to see apprentices as completely separate from those learners in higher education, or those in further education, as there will be overlaps. Each part of the wider education sector has its own benefits and specialisms that they can bring to help shape effective workplace opportunities. In fact, the Office for Students is now clear that its references to students include apprenticeships, and the Secretary of State has recently requested that OfS consider how to maintain oversight for those apprenticeships in providers not on the register.
7. **Degree apprenticeships are a good example of this, as they fuse elements of workplace training with the higher vocational graduate-level skills and attributes at modern universities**, as well as meeting direct business need. They are also incredibly popular with employers and learners. If we are to start thinking about apprenticeships as new types of qualification and a new form of education, and not as something that simply takes lower skilled young people into work, it is important that opportunities to upskill to all levels remains at the heart of this agenda. Divorcing higher level skills misunderstands the modern, and changing, nature of work and re-enforces a binary divide between different types of provision at a time when the government is also seeking to break down such a division.

### The Institute for Apprenticeships and Technical Education (IfA)

8. A key element of how successful the agenda is, and how well it serves young people, is the operation of the IfA, and how this body interacts with many of the providers who are seeking to deliver apprenticeships. There have been concerns by employers and higher education providers that the IfA is excessively influenced by the thinking on how apprenticeships at levels 2 and 3 are designed, assessed, funded and regulated. The nature of higher-level and degree apprenticeships are more complex and involved different approaches. For example, the requirement for a separate end-point assessment outside of the degree qualification in degree apprenticeships has been a barrier to development and take-up. Integrated assessment is likely to be more practical and efficient. Funding has also been an issue, as the IfA is under an obligation to ensure the system is affordable. The consequence of this has been a succession of potentially arbitrary decisions about the cost of a degree apprenticeship assuming that despite being equivalent to other higher education learning, it should receive lower investment. This potentially harms the ability of higher education providers to commit to programmes, which will damage the capacity of employers to improve skills and productivity at the pace the country needs.

## Recent Developments and the Augar Review into post-18 education

9. Recent proposals from the review could create serious barriers to the potential success of the agenda going forward, and these need to be addressed, or challenged. One of the recommendations in the Augar Review relating to apprenticeships was to move all regulation of apprenticeships into the domain of Ofsted. Such a proposal has undoubtedly been prompted by perceived shortcomings and blockages in the current system, particularly in relation to apprenticeship sector bodies. It would, however, appear short-sighted for this to be the justification of a wholesale shift to Ofsted: this will deter the expansion of degree apprenticeship by universities to avoid duplication in regulatory arrangements.
10. In the case of universities, moving inspection of degree apprenticeships from the Office for Students (OfS) to Ofsted would be wrought with complications and problems and would be met with legitimate opposition and challenges from within the sector. Ofsted is an organisation whose entire focus is on the school and college system and those who teach in it. It is highly questionable whether the organisation is equipped or experienced enough to monitor and inspect degree level study. The OfS, on the other hand, has played a key role in the development of degree apprenticeships up until this point and its staff and organisational structures are well acquainted with the current direction of the degree apprenticeship agenda. Wiping the slate clean and starting over with a new inspection organisation could put the brakes on this process and damage the growth of degree apprenticeships over the coming years.
11. Another recommendation from the Augar review relating to degree apprenticeships has also caused great concern within the university sector. The proposal to restrict the eligibility of degree apprenticeships to those who have not already taken a level 6 qualification is worrying and appears completely at odds with the review's commitment to lifelong learning elsewhere in the report. The Augar report proposes the abolition of prior attainment restrictions for student loan eligibility only to recommend that such restrictions are introduced for apprenticeships. Degree apprenticeships were intended to be a route by which individuals could re-skill and re-train in an ever-changing economy and a labour market that will go through several permutations over the course of a lifetime. Degree apprenticeships are an educational pathway that are funded largely through the apprenticeship levy, which means the relative cost to the Treasury is low compared to other routes at level 6 or above. Degree apprenticeships offer individuals the chance to earn while gaining a high-level qualification, offering a vital option for many mature students across the country. They are an investment in such individuals that are bound to reap benefits to the wider economy through greater productivity and the plugging of skills gaps. It therefore seems misguided to limit the number of people that can access such opportunities and is contrary to the principle that such apprenticeships should be led by employers.

**For more information, or if you have any questions, please contact Adam Haxell, Senior Parliamentary Officer at MillionPlus, at [adamhaxell@millionplus.ac.uk](mailto:adamhaxell@millionplus.ac.uk) or call 02039272915**