

**DEGREE  
APPRENTICESHIPS  
UP TO  
STANDARD?**

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# Foreword

**Degree apprenticeships were introduced by the Government, alongside wholesale apprenticeships reform, with the dual aim of improving productivity and social mobility. Our inquiry set out to assess both the policy and its implementation deliberately at this early stage, so that any necessary corrective action can be taken before problems become systemic.**

Evidence presented to the HE Commission persuaded us that the model does offer valuable economic potential and can provide a fantastic opportunity for young people: vital work-based experience, a salary, a Degree and the opportunity for professional certification – with a job guaranteed at the end.

But, as has so often been the case with intrinsically sound policy initiatives, there is a serious mismatch between the objectives of degree apprenticeships and the design and implementation of the model. Our inquiry found that the Government will only achieve its ambitions for degree apprenticeships if it makes urgent changes to the model of implementation.

In the first instance, in order to improve productivity and mitigate skills shortages, their design must be fit for that purpose. However, both employers and providers expressed concerns around the scope of standards and their speed of approval, as well as poorly mapped progression pathways.

We also found that there are excessive layers of bureaucracy for providers and employers, as well as a scarcity of providers for many standards, which means supply is not matching the dispersion of skills needs across the country. This could largely be stripped away at the stroke of a pen without risking quality of provision. Artificial barriers which prevent approved HE providers delivering to non-levy payers and small businesses must be removed. Further, SMEs make up the overwhelming majority of businesses in our economy - over 99% - but too little is known about the challenges they face in taking up degree apprenticeships. Investigating this must be a priority for the Government.

As well as areas for immediate improvement, our inquiry found that government policy needs to be urgently developed further if we are to give young people their promised head-start. In particular, the report identified that the policy is not tackling existing educational and employment cold spots. The Government should set out both what it expects to achieve in terms of boosting social mobility, and a route-map. For example, disadvantaged young people, especially those from cold spots, should receive financial support - similar to traditional university funding - to ensure that they have equality of access.

We are most grateful to all those who have given their time and expertise to this important subject. Most importantly, huge thanks goes to the HE Commission's core sponsors, the Association of Chartered Certified Accountants (ACCA), Jisc, the University Partnerships Programme (UPP), and to the report sponsors City & Guilds and ILM. Without the generous support of all these organisations our work would not be possible.



**Lord Norton of Louth, Chair, Higher Education Commission**

Conservative Peer



**Smita Jamdar, Inquiry Co-Chair**

Partner & Head of Education, Shakespeare Martineau

# Recommendations

## Recommendations for immediate implementation improvement

1. The DfE and ESFA should consult urgently on, and implement, the inclusion of all approved HE Institutions to deliver to non-levy payers so that SMEs have equal access to degree apprenticeships.
2. The Government should commission a review investigating barriers and incentives to the participation of non-levy payers and SMEs in degree apprenticeships.
3. The DfE should develop a credit accumulation approach i.e. 'stop-off points' which could offer degree apprentices Level 4 and 5 qualifications, increasing flexibility and driving forward social mobility. Further, the IfA should ensure that explicit pathways to, and leading from, degree apprenticeships are clearly defined and communicated.
4. The DfE and IfA should formally include higher education providers from the very start of the funding band process to improve decision making and ensure transparency.
5. The DfE should hold the IfA's feet to the fire to become "faster and better" in approving new degree apprenticeship standards, as promised in their report.

## Recommendations for long term policy success

1. Disadvantaged young people, especially from educational and employment cold spots, should be eligible for maintenance support in line with the support offered to university students, so that they can access degree apprenticeship opportunities around the country.
2. The Government should set out its ambition for degree apprenticeships to improve social mobility in terms that can be measured. Demographic data should be released more frequently by the DfE so that any inequality of access can be readily identified and timely interventions made.
3. The Government (BEIS) should invite its local partners, as part of their skills evidence base in the Local Industrial Strategies, to identify the role for degree apprenticeships. The DfE should work with BEIS to ensure that degree apprenticeship policy delivers for identified skills need.
4. Overly-bureaucratic regulatory oversight must be addressed; the roles and responsibilities of the multiple agencies involved in degree apprenticeships need to be rationalised and their processes streamlined to provide a user-friendly and efficient service.
5. The availability of information, advice and guidance regarding degree apprenticeships for young people and their families must be increased. The performance of institutions in providing quality guidance, as part of the Baker clause, should be included in the annual Ofsted report to Parliament.

# Executive Summary

In 2015 the Government kicked off an ambitious suite of initiatives to drive up the quality and quantity of apprenticeships, to support the UK's economic recovery. Policy priorities included addressing higher level skills shortages to boost productivity, putting employers in the driving seat, and increasing diversity and inclusion so as to realise the full potential of the UK's workforce.

This report starts with the context to degree apprenticeships, describes the model of provision, and assesses the policy model against the evidence provided to the HE Commission. It concludes that it is an intrinsically sound policy, but as has so often been the case, the implementation will not deliver the Government's ambitious policy objectives unless urgent improvement measures are set in place.

## Key Findings

### Degree apprenticeships standards are often not fit for purpose

Employers welcomed the principle of being put in the driving seat to develop standards against the skills needed in the economy, but our evidence shows the practice does not live up to the ideal. A range of employers were concerned that standards are inflexible and could quickly become out-of-date in relation to future skills needs. Degree apprentices run the risk of being left 'stranded' due to the absence of 'stop-off points' such as Level 4 and 5 qualifications – particularly relevant for those from disadvantaged backgrounds. Standards approval by the IfA is still too slow as shown in the construction sector which we investigated: companies said many of the qualifications they need were still not approved for delivery.

### A dearth of providers and a botched non-levy tender

Our evidence showed the artificial separation of levy and non-levy providers, coupled with a botched non-levy procurement process, has resulted in a shocking lack of providers, particularly for the SMEs on which our economy depends. Of 51 approved degree apprenticeship standards, 43% have no providers able to deliver to non-levy payers (SMEs). The inquiry concludes this must be put right urgently. We suggest that Ministers consult on merging the two processes so that HEI providers already approved to deliver to levy payers are automatically approved for delivery to SMEs.

### Data shows the middle-classes are capturing degree apprenticeships too

Initial analysis of education and employment cold spots and apprenticeship figures indicate another 'middle class' capture. Also, degree apprenticeship cold spots are emerging in existing areas of severe educational and economic disadvantage. This means a double blow for disadvantaged young people. For example, a young person from (disadvantaged) Norfolk would on average have to travel seven times as far for the nearest opportunity, compared to a young person from (advantaged) Sutton. Such prospective degree apprentices should be given financial support similar to traditional university students.

**In summary, the Commission believes degree apprenticeships have the potential to both improve social mobility and increase economic productivity, but only if the changes set out in this report are delivered urgently.**

## **Inquiry aims and objectives**

Given the pressing skills gaps, the uniqueness of degree apprenticeships and their launch at a time of wholesale apprenticeship reform, the HE Commission launched this inquiry to understand and address the emergent complexities and challenges. As this specific area of policy is so new, the Commission adopted a largely exploratory approach, but was guided by the following set of questions, some of which became more prominent during the course of the inquiry:

- To what extent are degree apprenticeship standards purposefully designed?
- How do degree apprenticeships align with other levels of apprenticeship?
- What are the obstacles facing employers and providers in their access to and implementation of degree apprenticeships?
- What evidence is there that degree apprenticeships are addressing skills gaps in a cost effective manner?
- To what extent are degree apprenticeships improving social mobility?

## **Methodology**

This inquiry was co-chaired by Lord Norton of Louth and Smita Jamdar, Partner at Shakespeare Martineau. The Commission held a scoping session to discuss the scope of the inquiry and to agree the terms of reference. This was followed by three evidence sessions where 14 representatives from universities, employers and representatives of regulatory bodies gave oral evidence to the Commission.

Alongside this, there was an open call for written evidence published on the Commission's website and publicised via email and social media resulting in 34 responses. Additional evidence was gathered through the collection and analysis of raw numeric data and 4 semi-structured interviews.

# CHAPTER ONE

**DEGREE  
APPRENTICESHIPS  
IN CONTEXT**



## 1.1. Reforms to the apprenticeship landscape

Degree apprenticeships were launched in 2015, at a time of wholesale reform to apprenticeships policy, including sweeping changes to their funding, governance, regulation and design. The Government's overall plan focused on driving up the quality and quantity of apprenticeships, including a 3 million starts target, in an attempt to boost productivity (BIS, 2015b). This plan was launched after the Government commissioned assessments of vocational education and apprenticeships, namely *The Wolf Report* (Wolf, 2011) and the *Richard Review of Apprenticeships* (Richard, 2012).

Employers were placed front and centre of the wider reforms. Groups of employers, known as trailblazers, were made responsible for the design of apprenticeship standards which identify the key knowledge, skills and behaviours that must be developed through on-the-job and off-the-job training (BIS, 2015b). Key to this new model is the End-Point-Assessment; whereby the apprentice is evaluated by an independent assessor against the requirements in the standard (BIS, 2015b). This approach, which in key respects involves a return to the employer-organised systems that existed before the late 1980s, replaced apprenticeship frameworks and is now overseen by the newly created Institute for Apprenticeships (IfA).

As part of the wider reforms the apprenticeship levy came into effect in May 2017, dividing employers between 'levy payers' (those with a wage bill over £3 million) and 'non-levy payers' (those with a wage bill under £3 million). The levy is charged at 0.5% of the wage bill and sits in a digital account, managed by the new Apprenticeships Service. The funds can only be used for the training and assessment costs of an apprenticeship. For non-levy payers, apprenticeships are funded through government co-investment, with government paying 90% of the cost (soon to be 95%).

## 1.2. The launch of degree apprenticeships

Launched in March 2015, degree apprenticeships formally combine study toward a bachelor's or master's degree with workplace learning (SFA, 2015). This new model differs from other relationships between higher education and vocational study, such as Higher and 'degree-level' apprenticeships, which often led to 'equivalent' qualifications but did not give the apprentice a formal Degree as part of the apprenticeship.

Initially nine degree apprenticeships were announced, mostly focused on industrial sectors, from chartered surveying to nuclear energy (BIS, 2015a). While just 4 of these 9 standards were ready in September 2015, this number increased to 51 by November 2018 (IfA, n.d.).

According to the OfS, in 2016/17 there was 2,580 degree apprentices registered on degree apprenticeships, of which 1,750 started that year (OfS, 2018). The latest DfE figures reveal a total of 10,870 Level 6+ learners on higher apprenticeship standards in 2017/18, however these figures are for Level 6+ starts broadly and not degree apprenticeships specifically (DfE, 2018e). This approximates to 3% of all apprenticeship starts (DfE, 2018e).

## 1.3. The technical details

Degree apprentices are employees, not students. For the employee, there are no tuition fees (employers and the Government cover the training costs through the respective levy and non-levy options), and a wage is received. Degree apprenticeships last on average four years, but this varies between standards (SFA, 2015). As with other levels of apprenticeships, the degree apprentices spend most of their time on-the-job and a minimum of 20% of their time in off-the-job training.

A key feature of the degree apprenticeship standards is (as with other levels) that employers lead their design; this is intended to ensure that apprentices are equipped with skills that employers actually need (UUK, 2016). This approach has been described as an opportunity to effectively integrate university study with workplace experience, which should benefit the apprenticeship sector as a whole (OECD, 2018).

A degree apprenticeship can be either non-integrated or integrated (IfA, n.d.). The former is where an existing degree which meets the knowledge requirements of an occupation is combined with workplace training to achieve the occupational competence set out in a standard. Integrated standards require employers to come together with higher education institutions and professional bodies to design an integrated degree course which delivers and assesses both elements – the academic learning and the on-the-job training.

#### **1.4. Degree apprenticeship versus ‘Degree Level’**

The terms ‘degree apprenticeship’ and ‘degree-level apprenticeship’ were used interchangeably in evidence to this inquiry, as though they were the same. They are not. A degree apprenticeship includes a full Degree as a mandatory part of the apprenticeship, whereas a ‘degree-level’ apprenticeship involves training to an equivalent level, but does not include a degree qualification as such (IfA, n.d.). This report focuses on degree apprenticeships.

# CHAPTER TWO

**THE CASE FOR DEGREE  
APPRENTICESHIPS**

## 2.1. The Government's vision

According to the then Prime Minister, degree apprenticeships will “bring the world of business and the world of education closer together, and build the high-level technical skills needed for the jobs of the future” (BIS, 2015a, para. 4). Other expected benefits were to give young people a head start, and the financial security of a regular pay packet (BIS, 2015a). More recent government announcements have reiterated the case for degree apprenticeships to address skills shortages and improve productivity, for example in the Industrial Strategy (BEIS, 2017).

## 2.2. The case presented to the Commission

During the inquiry employers described the economic and social potential of degree apprenticeships in positive terms: attracting high-calibre school leavers, supporting social mobility, improving productivity, acquiring professional certification and upskilling current workers. For example:

**“The blend of academic and vocational experience produces accelerated development and the end result produces skills and knowledge more tailored to our industry's requirement than a traditional university education can provide”**

- Richard Hamer, Director of Education & Skills, BAE Systems, Evidence Session 3

**“Your pool of potential applicants is infinitely bigger because you're pulling from schools and colleges as opposed to, in the case of recruiting graduates, just university institutions”**

- Michael Nathan, Associate Director & Emerging Talent Lead, MACE, Evidence Session 2

**“The main reason for the majority [of employers] is to allow them to attract talent in to the business [...]. The other reason is to provide opportunities for existing staff to develop their skills within the business [...].”**

- North East Apprenticeship Ambassadors Network, Written Evidence Submission

For their part, some providers see degree apprenticeships as an opportunity to support their widening participation agenda as well as to strengthen links with businesses and employers and address high-level skills gaps in the local area:

**“It is hoped that degree apprenticeships will enable a greater diversification in the student population [...] and that the programmes can link with our widening participation agenda to encourage applications from those groups who don't tend to apply to university”**

- Jade Westwood, Degree Apprenticeships Manager, University of Birmingham, Written Evidence Submission

**“It's quite simple for us: employers – it's what they wanted and needed [...] a number of our existing partners wanted a degree with their apprenticeship and therefore it was a natural progression”**

- Angela Joyce, Chief Executive Officer, Warwickshire College Group, Evidence Session 1

**“Degree apprenticeships are a mechanism that enables greater business-university engagement and relationship development that meets the dual aims of increasing productivity in the region and encouraging social mobility”**

- Adam Greenwood, Head of Skills Partnerships, University of Hull, Written Evidence Submission

Overall, the HE Commission heard evidence to indicate that employers and providers see degree apprenticeships as a good policy addition to the range of skills pathways. However, many employers and providers also felt that there were significant challenges in making the system work, and a number of major improvements needed. The inquiry sought data to underpin the evidence provided by witnesses, but the newness of degree apprenticeships means there is not always comprehensive or quantitative data to support the patterns that emerged. Nonetheless, the consistency of views from witnesses from a number of sectors and HE Institutions persuaded the Commission of the need for urgent changes to the implementation of the policy.

# CHAPTER THREE

**THE DESIGN AND  
DEVELOPMENT  
OF STANDARDS**

In order for degree apprenticeships to achieve the Government’s ambitions of improving productivity and mitigating skills shortages their design must be fit for that purpose. The Government has attempted to align degree apprenticeships (and apprenticeships more broadly) with skills needs by making employers responsible for their design in ‘trailblazer groups’ (as explained earlier). While positive about that aspect, employers and providers both expressed concerns around the speed of approval, the scope of standards that are being developed, and poorly mapped progression pathways.

### 3.1. Slowly approved and narrowly developed

The Commission heard that many employers want to hire degree apprentices, but standards are not being approved quickly enough. This was particularly evident in the Commission’s evidence session that focused on the construction sector (chosen due to its critical skills shortages). The sector has the highest density of skills shortage vacancies, which amounts to 36% of the total number of vacancies (DfE, 2018a). These issues are compounded by an ageing workforce and turnover: in 2017 twice as many workers left the industry as joined it (Pinoncely & Belcher, 2018).

While the need is significant at an intermediate level, higher level skills such as chartered surveyors, managers and civil engineers – which can be covered by degree apprenticeships – are also in high demand in the sector (CITB, 2017). In 2017/18 there were 22,660 apprenticeship starts in Construction, Planning and the Built Environment, but just 1,060 were Level 6+ (DfE, 2018e). Witnesses to the HE Commission’s inquiry described how delays to the approval of standards have thwarted their ability to take advantage of degree apprenticeships, despite time being of the essence to tackle existing skills needs:

**“Many of the qualifications we felt would best suit our requirements are currently not approved for delivery – according to the IfA – for example Construction Site Management & Construction Quantity Surveyor. Of our 225 current management trainees, only eight are on a degree apprenticeship”**

- Helen Greening, Learning and Development Manager, Willmott Dixon, Evidence Session 2

**“As previous members of the panel have mentioned, standards were not passed quickly enough. We had a number of individuals we wanted to put through a degree apprenticeship, but we were unable to as there was such a delay in the approval of standards”**

- Emma Wright, Graduate and Apprenticeships Manager, Berkeley Group, Evidence Session 2

Frustrations in the construction sector described above were echoed by other contributors to our inquiry, with uncertainty and delays creating a difficult experience for both employers and providers:

**“The process of trailblazers and standard production has been frustrating and painfully slow. This places constraints on our nimbleness and ability to provide the training required by employers; whilst we are working closely with employers to produce excellent bespoke provision, we are constrained by external factors”**

- University of Exeter, Written Evidence Submission

**“The lack of degree apprenticeship standards available in health professions limits the current numbers of degree apprenticeships being delivered across the NHS”**

- NHS Employers, Written Evidence Submission

**“The review of standards and funding bands has caused delay with standards becoming available. For example, we would have delivered Digital Marketing from September and have a number of employers interested but because of the delayed approval we have had to postpone. Social Work is another for which the start date is being continually pushed back nationally”**

- University of Chichester, Written Evidence Submission

The second problem identified by witnesses was that of ensuring degree apprenticeship standards are not too narrowly focussed on current skills gaps but also allow for future skills needs:

**“The biggest problem is a potential disconnect between what employers see as the required standards now, set against the medium to long term trends and future needs of the industry. This requires the standards for degree apprenticeships to be focused on the medium to long term future”**

- Mark Farmer, Founding Director & CEO, Cast Real Estate & Construction Consultancy, MOBIE Trustee, Evidence Session 2

The Commission recognised that there is a tension between these two issues: the IfA must both ensure that standards are approved for delivery as soon as possible, while also that they are robustly designed by employers. By the time courses are approved, delivered and completed the employment landscape may have altered. The Government has to be confident that these standards will provide a worthwhile and lasting return on investment, both for our rapidly evolving economy and to ensure apprentices can have sustainable careers, another mandate for the IfA (DfE, 2018a). This concern was similarly highlighted by the Engineering Professors Council in their report *Experience Enhanced* (2018).

The IfA must better respond to the inefficiency in the current system and ensure that standards are fit for purpose, or the frustrations, such as those in the construction sector, will continue to grow:

**“The delay in standards being approved has knocked the confidence of many within the sector”**

- Helen Greening, Learning and Development Manager, Willmott Dixon, Evidence Session 2

The IfA’s commitment to improving the rate of approval in their *Faster & Better* report (2018) is to be welcomed, but if skills gaps are to be addressed in the long term, employers (especially in areas of critical skills shortages, such as construction) need degree apprenticeship standards to be approved quicker, while also ensuring sustainability in their design to allow the economy to develop in an agile way.

**Recommendation:** The DfE should hold the IfA’s feet to the fire to become “faster and better” in approving new degree apprenticeship standards, as promised in their report.



### 3.2. Progression pathways and stop-off points

It is not always clear how degree apprenticeships connect with lower-level qualifications (for example: A-Levels, T-Levels, Higher National Diplomas/Certificates). The absence of explicit pathways, especially between standards (i.e. Level 4 or 5 through to a degree apprenticeship), was illustrated by Sir Gerry Berragan:

**“[How far is progression written into the standards?] Well, it isn’t is the answer”**

- Sir Gerry Berragan, Chief Executive, Institute for Apprenticeships, Evidence Session 1

While to an extent Sir Gerry Berragan’s comments reflect the need for apprenticeship standards to satisfy an occupational competence, it creates problems for degree apprenticeships in addressing high level skills shortages. Young people need to be able to see a clear route to high level skills and to understand the formal relationship between degree apprenticeship standards and other pathways, qualifications and levels. This should be a central element of the development of all standards.

The ‘Sainsbury Review’ previously highlighted the importance of clear routes to degree apprenticeships (Sainsbury, Blagden, Robinson, West, & Wolf, 2016). This is further supported by the Education Select Committee in their report, *The Apprenticeships Ladder of Opportunity*, in which they stressed the growth of degree apprenticeships being central to helping all apprentices to progress to higher levels (2018). This was emphasised in evidence received by the Commission:

**“Horizontal progression has been a sin for some years now for our future workforce – so I think we do need to align T-levels and build in those progression pathways”**

- Angela Joyce, Chief Executive Officer, Warwickshire College Group, Evidence Session 1

**“Progression pathways to degree apprenticeships are neither clear nor well defined and they are still neither well known or understood by young people and their parents”**

- University of Brighton, Written Evidence Submission

**“With the amount of reform occurring at both level 2 and level 3 (with new GCSE marking schemes, new A level curricular, the removal of AS levels counting towards results, and T levels) combined with the fact that degree apprenticeships are a new development, understanding everything is challenging for advisers and potential students”**

- MillionPlus, Written Evidence Submission

A particular concern heard by the Commission relates to the duration of degree apprenticeships and the risk of apprentices spending a very long time in the system (potentially 4-6 years) but ending up without a formal qualification. Over such a lengthy period any number of life events can take place, career ambitions can change, or problems can occur related to the provider or employer. The Commission supports suggestions that stop-off points should be designed-in:

**“The Institute for Apprenticeships (IfA) should act to ensure that apprenticeship standards and the new T-levels are developed in such a way that enables different progression routes and stopping off points. Care must be taken to still provide a pathway from level 3 all the way through to level 7 as apprenticeships funded through the levy have to deliver viable career pathways and social mobility”**

- CHEAD (Council for Higher Education in Art & Design), Written Evidence Submission

Exploring the possibility of building in explicit credit accumulation, potentially including distinct Level 4 and Level 5 qualifications, should be a priority for the DfE. This should be part of a wider view to increase and improve the collaboration between HE and FE. Given the volatility of educational and apprenticeship reform (and its funding) across the preceding decades, building in stop-off points would further bolster long-term security for apprentices. Most importantly, it could be key to encouraging the participation of those from a wider range of backgrounds, and ensuring a more dynamic and quality experience.

**Recommendation:** The DfE should develop a credit accumulation approach i.e. 'stop-off points' which could offer degree apprentices Level 4 and 5 qualifications, increasing flexibility and driving forward social mobility. Further, the IfA should ensure that explicit pathways to, and leading from, degree apprenticeships are clearly defined and communicated.

# CHAPTER FOUR

**ADDRESSING  
SKILLS SHORTAGES**

## 4.1. Skills and the UK economy

There is still a long way to go before the UK achieves a skills base that fills all shortages and significantly increases productivity. Labour productivity growth, typically associated with skill levels in the workforce, has remained stagnant following the recession and is significantly below comparable countries (ONS, 2018; OECD, 2017). In 2017 the proportion of employers with at least one skill-shortage vacancy was 6%, and skills shortage vacancies accounted for 22% of all vacancies in the UK (DfE, 2018c). In addition, employers across the UK reported a total of 1.27 million staff as lacking full proficiency, this amounts to 4.4% of the UK workforce (DfE, 2018c).

In recent years the UK Government has placed renewed emphasis on aligning industrial strategy with skills policy. For example, the development of apprenticeships and skills were at the heart of the Government's *Industrial Strategy: Building a Britain Fit For the Future* (BEIS, 2017). This followed previous announcements, such as the apprenticeship levy and degree apprenticeships themselves.

## 4.2. Where do degree apprenticeships fit in?

Establishing the role of degree apprenticeships in addressing UK skills shortages is complicated. The actual impact they have had in practice is unclear simply because the provision is so new and so few have actually completed a degree apprenticeship. It will therefore be some time before their impact on alleviating skills related issues can be quantified.

Employers did repeatedly highlight their belief in the value of degree apprenticeships in their attempts to address skills related issues:

**“We recruit degree apprentices primarily as a way of mitigating critical skills shortages that are in short supply in HE”**

- Richard Hamer, Director of Education and Skills, BAE Systems, Evidence Session 3

**“They are supporting us in addressing technical skills gaps and are proving a viable solution. Within a short amount of time, degree apprentices are in billable and client facing roles”**

- Charlotte Fisher-Morecroft, Early Professionals Manager and Degree Apprenticeship Lead, IBM, Evidence Session 3

Because the data does not yet exist – as previously highlighted - the Commission heard that it is important not to assume the policy is yet quite right. Nevertheless, on the skills demand side, two-thirds of employers indicate work experience as a significant or critical factor in considering a candidate (DfE, 2017a). Among those experiencing skills shortage vacancies, 65% cite a lack of specialist skills or knowledge, and 49% a lack of complex analytical skills (DfE, 2018c). Employers are also concerned about accessing high-skilled employees in the future, with 61% of those surveyed by the CBI stating that they are ‘not confident’ about their ability to do so (2017). However, the Commission found no data to quantify the extent to which these gaps can only be met by a Degree, or more specifically a degree apprenticeship, and not by other available qualifications at Level 4 or 5 such as Higher National Diplomas/Certificates.

The conclusion the HE Commission reached from its inquiry is that in principle degree apprenticeships do have a role to play, but it is too early to tell what their full impact will be, and they should certainly not be seen as the panacea:

**“An enhanced approach to degree apprenticeships offers the potential for a more sustainable and stable supply of registered clinical roles, especially as the country continues the process**

**of leaving the European Union. [...] I think they have a role to play, but the majority will still be trained through traditional routes”**

- Kirk Lower, National Lead for Apprenticeships, Health Education England (NHS), Evidence Session 3

**“Certainly the Engineering and Leadership and Management degree apprenticeships are contributing to potentially reducing the skills gap in our region, most employer organisation think it’s too early to say that it will do this, but the belief is it should”**

- North East Apprenticeship Ambassadors Network, Written Evidence Submission

**“Degree apprenticeships have a key role to play in addressing skills gaps. Alone they are not the silver bullet, as we require the wider infrastructure to be in place – a robust careers strategy and a world class technical education system are also essential”**

- Verity Davidge, Head of Education and Skills Policy, EEF: The Manufacturer’s Organisation, Evidence Session 3

The HE Commission further concluded that there are significant issues that need to be addressed in their implementation and in the control of supply, if degree apprenticeships are to fulfil their potential of mitigating skills shortages.

### **4.3. The exclusion of non-levy payers**

The Government has provided financial incentives to facilitate the participation of SMEs, or non-levy payers, in apprenticeships. The current 90% government financial contribution means a non-levy paying employer would only have to pay £2,700 for the training component of a degree apprenticeship which cost £27,000. Given that just 1.3% of businesses are estimated to be levy payers (Powell, 2017), the involvement of non-levy payers will be central to addressing productivity and growth:

**“Across the economy as a whole, we know that long-term growth of high skilled jobs will come from SMEs as much, if not more, than from larger and established employers. The Sheffield City Region provides a stark illustration: there are 45,000 SMEs across the region. If half of those added one graduate level job, the impact on employment and skill levels, on GVA and on the wider regional economy would be startling”**

- Sheffield Hallam University, Written Evidence Submission

However, assessing the barriers to the involvement of non-levy payers is complicated by an absence of quality data. The Commission heard informal evidence from some SMEs, but was limited to information passed through providers and supply chains. Our findings should therefore be treated as indicative. As the Federation of Small Businesses attested:

“The lack of data makes it very challenging to understand why there is a substantial drop in the number of apprentices employed by small businesses. Too much emphasis is being given to anecdotal evidence and speculation. If the Government really wants to reverse this trend, it needs significantly more data about small businesses behaviours and needs, by sector, geography, size and growth rate.”

- Anthony Impey, Chair of the Skills Policy Unit, Federation of Small Businesses , Interview

The recent data release by the OfS for 2016/2017 made no distinction between levy and non-levy starts (OfS, 2018). Further, the education and skills data releases (delivered jointly by DfE and ESFA), do not distinguish between ‘degree-level’ and degree apprenticeships; the data merges all Level 6 and 7 apprenticeships (DfE, 2018e). Nevertheless, the latest DfE figures indicate 10,840 Level 6+ apprenticeship starts in 2017/18, with 8,690 being levy payers (DfE, 2018e). Despite 98.7% of businesses estimated to be non-levy payers (Powell, 2017), four times as many Level 6+ starts were made by big businesses.

For the Government’s ambition to be realised, SMEs must be able to participate in degree apprenticeships, otherwise the market will be skewed towards bigger employers, with SMEs – the majority share of the economy (FSB, n.d.) - denied a route to attracting the highest calibre of talent.

**Recommendation:** The Government should commission a review investigating barriers and incentives to the participation of non-levy payers and SMEs in degree apprenticeships.

#### 4.4. A dearth of providers and a botched non-levy tender

The supply of degree apprenticeships, and the way this supply is controlled, is not geographically aligned to skills needs and priorities across the country. This is despite the Government’s industrial strategy stressing the importance of a relationship between local government and local businesses in order to link the supply of skills provision with local and national economic needs (BEIS, 2017). Skills needs, availability of provision and funding are alarmingly disconnected.

The HE Commission gathered raw data on the number of providers available per degree apprenticeship standard, collecting the numbers listed on the Government’s website per approved standard (November 2018) (ESFA, n.d.). The Commission found the following regarding the 51 approved degree apprenticeship standards:

- 63% of degree apprenticeship standards have **no or just one provider** that can deliver to non-levy payers (SMEs)
- 43% of degree apprenticeship standards have **no providers** that are able to deliver to non-levy payers (SMEs)

Although the data was most stark in relation to non-levy payer degree apprenticeships, there were also some worrying findings for levy payers:

- 50% of degree apprenticeship standards have **no or just one provider** that can deliver to levy payers across the UK

It is difficult to see how the policy potential of degree apprenticeships can be achieved if over 98.7% of businesses (i.e. non-levy payers) nationally have the choice of no provider or just one provider for 32 of the 51 approved degree apprenticeship standards. Government incentives, such as the non-levy co-pay, will be worthless if non-levy companies do not have access to an institution available to deliver the standards they need and are asking for. Nor is it efficient or sustainable to have only a single provider locally, let alone nationally, for either levy or non-levy payers. Lack of competition impacts on quality and an employer’s ability to select providers which best reflect their particular requirements.

The other finding from the analysis of providers per standard was the imbalance across the list of standards. There are 69 providers that offer the Chartered Management standard (for levy payers) compared to an average of 4 providers for all other degree apprenticeship standards. This also compares to 17 providers for chartered surveying, 13 for civil engineering, 12 for registered nursing, and 0 for paramedics. The availability of providers offering skills beyond management must be addressed to ensure degree apprenticeships deliver the full range of skills needed in the economy.

The dearth of providers, particularly for non-levy payers, is reflective of the disconnection between local skills needs and available provision and this was particularly evident in the non-levy procurement process. The exercise put providers of all levels of apprenticeship in competition with each other for funding, and it was widely criticised for both its repeated delays and for ‘good’ providers missing out on funding – meaning they could not serve SMEs (Camden, 2017b; Martin, 2017). There was significant regional variation in the distribution of funding and even some of those who were successful reported that the funds received were insufficient; this has left them unable to adequately meet local SME demand (Camden, 2017c).

The non-levy tender, while impacting the apprenticeship system overall, is a particular problem for degree apprenticeships. HE institutions have been left unable to deliver non-levy apprenticeships locally and non-levy paying businesses have been left unable to take on degree apprentices with a local provider. The HE Commission heard from several providers who were delivering degree apprenticeships to levy payers, and who had non-levy employers ready and willing to take on degree apprentices, but were unable to do so:

**“We have been frustrated, as have SME employers with whom we have engaged, by the challenges and repeated delays around procurement and contracting with non-levy paying employers, as this has hampered our ability to develop current and further partnerships with SMEs. Unfortunately we have in some instances been unable to service demand from SMEs for our programmes, leading to these employers partnering with other providers which may not be as convenient geographically or in terms of their delivery models”**

- Professor Timothy Quine, Deputy Vice Chancellor, University of Exeter, Evidence Session 1

**“University of Brighton is located in a region heavily dominated (over 98%) by small to micro businesses. We have good relationships with our SME community and partner effectively with them on a number of initiatives. Many of the SME community were part of the employer network which worked with us to shape the development of our construction sector degree apprenticeships. We are disappointed that the lack of a non-levy contract has meant we have had to advise these employers that they now have to find an alternate training provider to meet their needs”**

- Viki Faulkner, Head of Apprenticeships, University of Brighton, Written Evidence Submission

**“The failure of the ESFA’s first procurement for apprenticeship provision for non-levy paying employer provision meant that non-levy paying employers did not have access to the range of degree apprenticeship provision their businesses need. The second ‘successful’ procurement resulted in gaps in degree apprenticeship provision and [...] a postcode lottery of where degree apprenticeship provision is and is not available”**

- University Vocational Awards Council (UCAC), Written Evidence Submission

Employers who want to take on a degree apprentice have often been left to either seek a second preference – or more likely as the Commission heard – not engage with the provision at all. If employers are not able to choose their preferred provider, then this makes a mockery of what the Government described as an ‘employer led’ policy.

With over 100 HEIs now on the Register of Apprenticeship Training Providers who are approved, in the first instance, to deliver to levy payers (Linford, 2018), preventing them from delivering to smaller businesses will not allow the Government to deliver on its ambitions set out in the Local Industrial Strategies (BEIS, 2017). It must immediately consult on how all approved HE Institutions can be approved to deliver to non-levy payers so that SMEs have equality of access to degree apprenticeships. This will allow SMEs and providers to utilise degree apprenticeships for their intended purpose – to increase productivity and drive forward social mobility.

**Recommendation:** The DfE and ESFA should consult urgently on, and implement, the inclusion of all approved HE Institutions to deliver to non-levy payers so that SMEs have equal access to degree apprenticeships.

**Recommendation:** The Government (BEIS) should invite its local partners, as part of their skills evidence base in the Local Industrial Strategies, to identify the role for degree apprenticeships. The DfE should work with BEIS to ensure that degree apprenticeship policy delivers for identified skills need.



# CHAPTER FIVE

**IMPROVING COST  
EFFECTIVENESS**

Primary funding for degree apprenticeships is managed by the Education and Skills Funding Agency (ESFA). To date, the provision has received three core strands of finance: apprenticeship levy, non-levy procurement and the Degree Apprenticeship Development Fund (DADF) (DfE, 2018b). The HE Commission received evidence to suggest that funding bands for standards, as determined by the IfA, bureaucracy, and hidden costs, all pose barriers for employers and providers.

## Financing degree apprenticeships

### Apprenticeship Levy

The apprenticeship levy is used to cover the off-the-job training costs for any level of apprenticeship for employers whose salary costs are above £3 million. Employers below the salary threshold (non-levy payers) are eligible to receive 90% Government co-funding. In the Autumn Budget, Chancellor Phillip Hammond announced plans to increase this to 95% (Hammond, 2018).

### Non-Levy Procurement

£650 million was also allocated across all levels of apprenticeship to 714 providers through the Non-Levy procurement process. However, the process was marred by the scrapping of the first tender, delays to the second and ultimately the delay to the continued expansion of non-levy provision (ESFA, 2018). This has left an estimated 1,500 providers on the 'Register of Apprenticeship Training Providers' without a non-levy allocation until at least 2020 (Camden, 2018).

### The Degree Apprenticeship Development Fund (DADF)

DADF provided £9.3 million in two phases of funding in order to support the establishment of new degree apprenticeships (OfS, n.d.). The majority of funding was received by higher education institutions.

## 5.1. Funding bands

Apprenticeships are allocated to one of 30 funding bands (ranging from £1,500-£27,000). The allocated funding band caps the maximum amount of funds an employer can use from their levy funds toward the training and assessment costs of a particular apprenticeship. The IfA carries out the initial and final allocation of these bands based on a number of factors ranging from estimated training time and cost to – in the final calculation – affordability in the scheme; if the trailblazer group is dissatisfied with the initial allocation then evidence can be submitted to be reviewed by the IfA while they consider the final funding band recommendation (IfA, n.d.).

Funding bands and the review process have been the subject of much debate in the sector, with some criticising a lack of transparency in how conclusions are reached, and universities in particular feeling frozen out (Burke, 2018). Throughout the HE Commission's inquiry, providers expressed concern about the suitability of the IfA's current approach:

**“The IfA has limited knowledge of higher education costing, has not recruited staff with higher education experience and relies too extensively on ESFA data on the cost of Apprenticeships at Level 2 and 3 in making funding band decisions”**

- University Vocational Awards Council (UVAC), Written Evidence Submission

**“Funding bands are too low and are not logically allocated. We can find no sensible rationale for how the IfA decides on a funding band”**

- Ashley Wheaton, Principal, University College of Estate Management, Evidence Session 2

The experience relayed by providers contrasted with the view of Sir Gerry Berragan, Chief Executive of the IfA:

**“We have found that in some cases in HE that HEIs are less used to identifying costs of delivery, less familiar with ESFA funding rules which we applied and some more default to a total cost of £27,000 for a 3 year apprenticeship regardless of training time provided”**

- Sir Gerry Berragan, Chief Executive, Institute for Apprenticeships, Evidence Session 1

A discrepancy of expectations exists between the IfA and higher education institutions. HEIs argue that the IfA has done little to understand their costs and processes, while the IfA contend that some providers are not demonstrating their costs appropriately. The Commission acknowledges the respective frustrations, and while there must be responsibility from both sides to work constructively, the IfA should re-evaluate how it assesses costs which are particular to universities.

A lack of clarity around the term ‘value for money’ complicates the matter further. In her strategic guidance to the IfA, the Rt Hon Anne Milton (Minister for Skills and Apprenticeships), directed the Institute to maximise the ‘value for money’ of apprenticeships (DfE, 2018a). However, there is not a consensus of what value for money looks like for this novel model of provision: for it to be calculated accurately for Government, employer, provider or apprentice requires evidence drawn from the impact of degree apprenticeship completions. The broad guidelines published for apprenticeships in the Apprenticeship Accountability Statement do not help (DfE, 2018f), and the DfE and the IfA must bring greater clarity to this term and resist the urge to use a ‘sticker price’ as the sole indicator of value for money.

Providers and employers also put to the HE Commission that the IfA’s conclusions have not reflected the reality of their costs:

**“I have been involved with trailblazer groups where evidence has been put forward supporting the cost of delivery and all of this evidence pointing towards a particular band, yet the final outcome seems to have allocated a lower band regardless”**

- Viki Faulkner, Head of Apprenticeships, University of Brighton, Written Evidence Submission

**“Funding bands do need to be reviewed, especially as we see more complex degree apprenticeships being developed. In terms of the perception of degree apprenticeships I don’t think some of the funding bands help”**

- Emma Metcalf, Apprenticeships Manager, Boots, Evidence Session 3

**“Our experience of fee setting has sadly been frustrating. The IfA do not appear to be taking notice of the evidence-based recommendations of employers and providers as to the true cost of delivering degree apprenticeships”**

- Paul Ward, Director of International and Regional Development, University of Salford, Written Evidence Submission

**“Getting degree apprenticeships within price point [is a major challenge] – the maximum funding band is £27,000 which, depending on who you speak to, was decided on the basis of 3**

years of tuition fees. But anyone who knows about engineering at higher education knows that it costs more than £9,000 a year”

- Verity Davidge, Head of Education and Skills Policy, EEF: The Manufacturer’s Organisation, Evidence Session 3

61 apprenticeship funding bands have now been put under review, 31 in May 2018 and 30 in the second wave in December 2018, including the Chartered Manager, Digital Technology Solutions and Chartered Surveyor degree apprenticeship standards (IfA, 2018b). This would suggest banding decisions are becoming a systemic problem. The IfA should review its current process to ensure better decisions on funding bands, focused on transparency and formal inclusion of higher education institutions, especially those beyond the trailblazer group.

**Recommendation:** The DfE and IfA should formally include higher education providers from the very start of the funding band process to improve decision making and ensure transparency.

## 5.2. Bureaucracy

The bureaucracy involved in degree apprenticeships was repeatedly described by employers and providers as burdensome and costly - especially engagement with the IfA and ESFA:

“The amount of paperwork that is needed to be submitted to sign up one [degree] apprentice is vast, and once completed there is often a large number of queries”

- Emma Wright, Graduate and Apprenticeship Manager, Berkley Group, Evidence Session 2

“The systems, processes and overall implementation appears inordinately complex, time-consuming and inflexible”

- UWE Bristol, Written Evidence Submission

“[...] it does require significant project management, administration, logistics, time and investment from our managers”

- Charlotte Fisher-Morecroft, Early Professionals Manager and Degree Apprenticeship Lead, IBM, Evidence Session 3

The Commission was concerned that these costs and burdens will simply act as a disincentive – making providers and employers reluctant to invest, and – far from giving reassurance about value for money – will compromise quality:

“For the apprentices we have enrolled, the inclusion of a lengthy written contract has, in some cases, caused delay to their start date. The urgency to get the boxes ticked can overtake the need to ensure we have the right person on the right course at the right price”

- Anon., Oral Evidence

A tension has long existed between over-regulation and under-regulation in the education sector, and the Commission recognises the need for systems which ensure quality and value for money for all involved. However, there is a balance to be struck, especially in relation to the use of HEIs who are already thoroughly regulated by the OfS and QAA.

For example, the greatest bureaucratic cost to HEIs is in the multiple iterations of tenders and registrations of approval. Despite many universities securing a place on the Register of Apprenticeship Training Providers, they must now, like all those on the register, repeat the process during 2019 (ESFA, 2018). This is in addition to already having to go through several iterations of the non-levy tender, where many were ultimately unsuccessful despite strong bids and demonstrated need (Crawford-Lee, 2018). While repetitive bureaucracy is an issue for all types of apprenticeships, it is particularly harmful in degree apprenticeships given that the model is intended by the Government to attract institutions that have not been engaged with apprenticeships before and therefore will be particularly unfamiliar with, and put off by, the bureaucracy involved. The HE Commission believes that if this level of bureaucracy continues, it will both stymie the quality participation of approved HE institutions and put off those who are new to the world of apprenticeships.

### 5.3. Regulatory complexity

A plethora of bodies are responsible for regulating degree apprenticeships, as outlined in the DfE's Apprenticeship Accountability Statement (2018). At a minimum, this includes the OfS, QAA, IfA, ESFA and the DfE. The number of quality assurance bodies requires costly co-operation and co-ordination both across the agencies and in their respective interactions with providers and employers. This is not to mention the professional associations, end-point assessors and other stakeholders who have to be involved in the design, implementation and quality assurance of the provision (IfA, n.d.). This complex web is adding to the unnecessary bureaucracy and costs in the system. The Quality Assurance Agency, the independent body that checks quality within higher education, explains their position:

**“The delivery of degree apprenticeships is a complex area which requires multi-agency oversight, co-ordination and resourcing. QAA is working with the Institute for Apprenticeships (IfA), and the Office for Students (OfS) in England, and the devolved administrations to develop and implement the quality frameworks for higher and degree apprenticeships across the UK”**

- QAA, Written Evidence Submission

The HE Commission recognises the important role that is performed by regulatory bodies. For degree apprenticeships, where a number of providers and employers are engaging with apprenticeships for the first time, there will inevitably be increased risk in the market:

**“The rapid changes involve a new raft of providers and a new wave of employers seeking to engage with the funding and skills opportunities, set against rapidly changing legal and funding parameters. [...] The Government, its funding agents and the IfA should be mindful of how many new players are converging in this complex space [...]”**

- Sheffield Hallam University, Written Evidence Submission

However, each of the regulatory bodies has its own systems and processes; it is a fragmented approach that is costly to engage with. This is very demanding and potentially detracts from the ability of providers and even regulators to focus on quality, or for providers and employers to even take up degree apprenticeships:

**“The system is just very difficult to navigate [...]. We've got to make it easier to navigate or people won't use it [...]. I think this means that SMEs haven't been picking up on degree apprenticeships like they otherwise might have done”**

- Anon., Oral Evidence

The overlapping remit of the multiple agencies has also, the Commission heard, left employers and providers feeling as though they are being forced through duplicate processes, for example compliance arrangements across

the OfS, ESFA, IfA and QAA. The regulatory roles and responsibilities of each agency in relation to the apprenticeship system need to be reviewed and deconflicted from the others, and their systems must be simpler to navigate.

**Recommendation:** Overly-bureaucratic regulatory oversight must be addressed; the roles and responsibilities of the multiple agencies involved in degree apprenticeships need to be rationalised and their processes streamlined to provide a user-friendly and efficient service.

# CHAPTER SIX

**ACCESS AND  
SOCIAL MOBILITY**

The potential to improve social mobility is seen by the Government as a crucial component of degree apprenticeships. With free tuition, invaluable job-based experience and earning a salary, it is clear why this is an offer which could provide an attractive spring board for young people. This potential was highlighted throughout the inquiry:

**“Degree apprenticeships enable us to reach a group of learners who were not potentially considering Exeter – they may be the first in their family [to go to university], concerned by fee levels, or be in a peer group wanting to go straight into the world of work – I think a new group of learners are able to access Higher Education through degree apprenticeships”**

- Professor Timothy Quine, Deputy Vice Chancellor, University of Exeter, Evidence Session 1

**“Degree apprenticeships have given opportunity to many young people to attain a level of education that many may previously have felt was out of reach”**

- Helen Greening, Learning and Development Manager, Wilmott Dixon, Evidence Session 2

Despite the then Prime Minister’s declaration that this new provision would “give people a great head start” (BIS, 2015, para. 4), Skills Minister the Rt Hon Anne Milton has already acknowledged the legitimacy of concerns regarding a “middle-class grab” on degree apprenticeships (Milton, 2018). The Commission sought disaggregated demographic information from the OfS, but this was only available for 2016/17; and not for the 2017/18 or 2018/19 cycles. Without disaggregated demographic data, allowing trend analysis, definitive conclusions on social mobility cannot be reached and it is not therefore possible to adjust interventions appropriately.

## **6.1. Educational and employment cold spots**

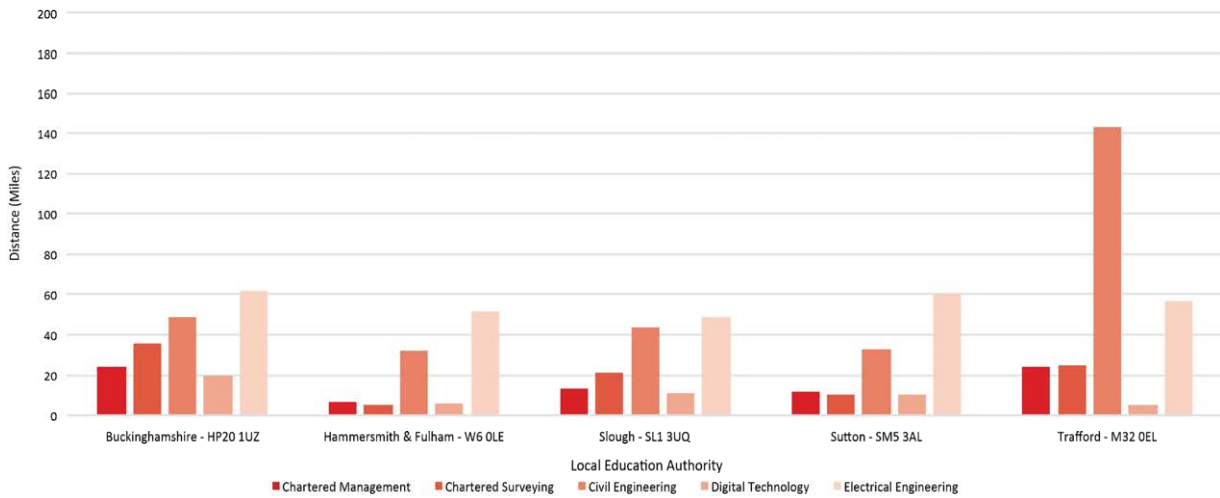
The HE Commission was able to gather data around the barriers to accessing degree apprenticeships based on postcode. While degree apprentices do receive a salary, this does not cover the cost of moving away from home and there is not the same support as is available for going to university. This is particularly worrying given the correlation between areas with the lowest youth mobility scores and limited employment opportunities, as identified by the Social Mobility Commission (2017).

The Commission therefore collected raw data from the Government’s ‘Find an Apprenticeship’ website (Gov.UK, n.d.), and analysed the average distance of degree apprenticeship vacancies, for November 2018. The Commission mapped these opportunities against the top twenty education and employment cold spots in the country, which were identified by the Learning & Work Institute (2018), and compared them to the top hot spots.



### Hot Spots

Avg. distance (miles) of the nearest three degree apprenticeship vacancies for hot spot Local Education Authorities\* (November 2018)

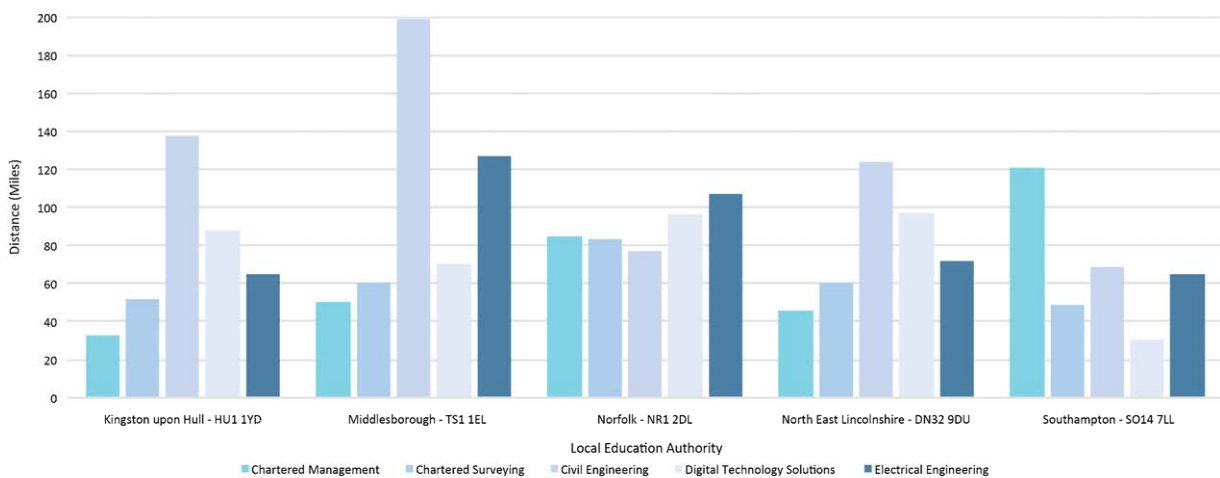


Data Source: *Find An Apprenticeship Service* (Gov.UK, 2018)

\*Due to the number of degree apprenticeship standards and great variation in the number of starts, providers and vacancies, those with 5+ providers and 3+ vacancies were selected. This is consistent with the most popular standards in the OFS degree apprenticeship data release (2018).

### Cold Spots

Avg. distance (miles) of the nearest three degree apprenticeship vacancies for cold spot Local Education Authorities\* (November 2018)

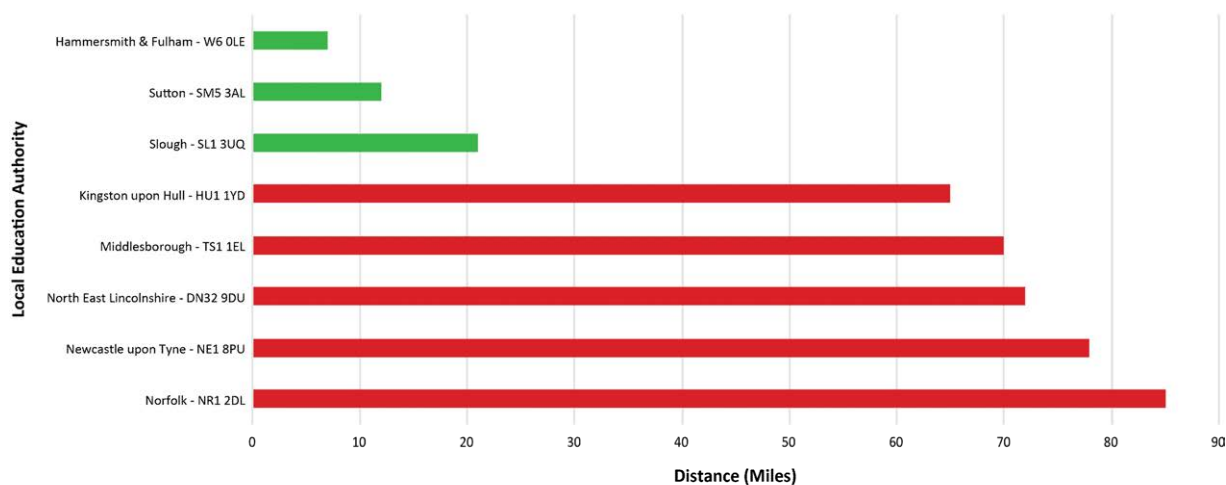


Data Source: *Find An Apprenticeship Service* (Gov.UK, 2018)

\*Due to the number of degree apprenticeship standards and great variation in the number of starts, providers and vacancies, those with 5+ providers and 3+ vacancies were selected. This is consistent with the most popular standards in the OFS degree apprenticeship data release (2018).

The Higher Education Commission identified consistencies between employer and educational cold spots and a dearth of degree apprenticeship vacancies. While this evidently represents a snapshot, and should therefore be regarded as indicative, it is telling that the disparity in opportunities maps onto the respective areas of opportunity. This snapshot suggests that those already benefitting from educational and employment hot spots are also those in the greatest proximity to degree apprenticeship vacancies, while those in areas of less opportunity have to travel much further to find a degree apprenticeship vacancy.

### Median distance of degree apprenticeships vacancies in three hot spots, compared to five cold spots\* (November 2018)

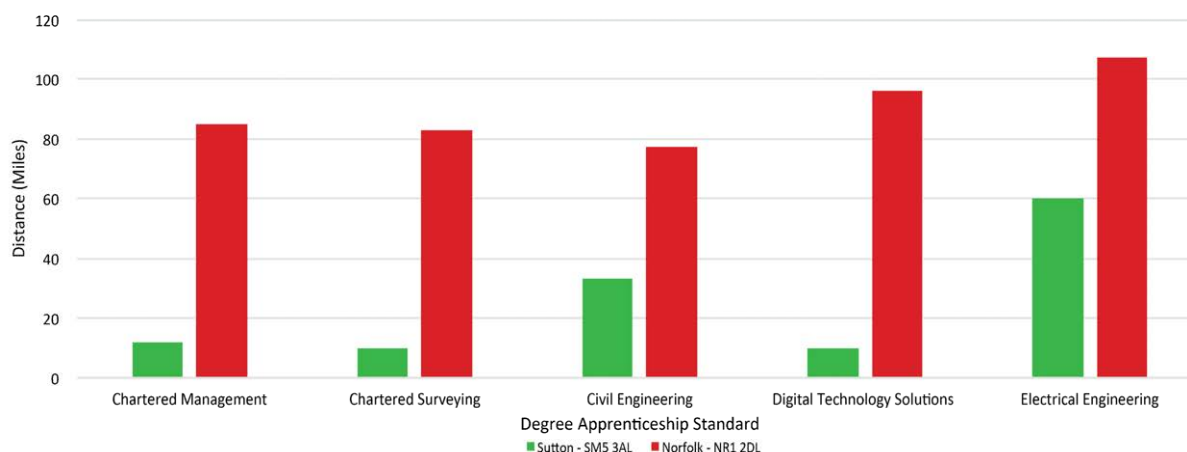


Data Source: *Find An Apprenticeship Service* (Gov.UK, 2018)

\*Due to the number of degree apprenticeship standards and great variation in the number of starts, providers and vacancies, those with 5+ providers and 3+ vacancies were selected. This is consistent with the most popular standards in the OFS degree apprenticeship data release (2018).

At its worst, those from Norfolk would have to travel a distance which is twelve times as far as someone from Hammersmith and Fulham. The limited provision in cold spots reinforces the need described earlier in the report to increase the number of providers, but critically to ensure that young people receive financial support to access degree apprenticeships which may not be available in their local area. The lack of financial support will hinder those from cold spots the most, preventing social mobility.

### Comparing avg. distance of three nearest vacancies per standard between Sutton (hot spot) and Norfolk (cold spot)\* (November 2018)



Data Source: *Find An Apprenticeship Service* (Gov.UK, 2018)

\*Due to the number of degree apprenticeship standards and great variation in the number of starts, providers and vacancies, those with 5+ providers and 3+ vacancies were selected. This is consistent with the most popular standards in the OFS degree apprenticeship data release (2018).

The disparity of vacancies between Sutton, ranked number one for youth educational and employment opportunity by the Learning and Work Institute, compared to Norfolk, ranked 131 out of 150 (2018), shows that degree apprenticeships might be concentrated in areas which are already well advantaged. Enabling participation from a range of backgrounds across the country is not only imperative for equity of opportunity and social mobility, but is also essential if the UK is to address its skills gaps and productivity problem. While Robert Halfon, Skills Minister at the time of the roll out of degree apprenticeships, has since described this provision as “key to

fighting social injustice” (Halfon, 2018, para. 4), the limited current evidence would suggest that much is still to be done to achieve this ambition.

**Recommendation:** Disadvantaged young people, especially from educational and employment cold spots, should be eligible for maintenance support in line with the support offered to university students, so that they can access degree apprenticeship opportunities around the country.

## 6.2. Social mobility data more generally

More generally the available 2016/17 data does suggest a lack of upward mobility: men are almost twice as likely to be represented as women, and those from advantaged areas are disproportionately represented. Further, Black and Minority Ethnicity individuals (BAME), as well as those who have disabilities, are less represented in degree apprenticeships compared to those taking part-time and full-time first Degrees (OfS, 2018). These indicators point toward degree apprenticeships having the opposite effect than was intended – i.e. exacerbating the exclusion of those who are already systemically disadvantaged in society rather than widening participation.

The participation of local areas (POLAR) system indicates educational advantage by grouping the proportion of the young population (aged under 21) that participate in higher education. Those from the most advantaged areas (Quintile 5) are more than twice as likely to be on a degree apprenticeship than those from the poorest of areas (Quintile 1); 54% of young degree apprentice entrants are from areas of high educational advantage (quintiles 4 and 5) (OfS, 2018). The Index of Multiple Deprivation reinforces these findings (OfS, 2018).

The actual levels of unequal access may be even worse in reality, as the available data is only disaggregated according to the deprivation of an area and not of the individual apprentice. There is no data to reassure that those coming from disadvantaged areas are from the more disadvantaged families. Experience elsewhere in the education system shows it can be the most advantaged families in disadvantaged areas who are able to seize relatively limited opportunities.

The Government must move to evaluate the accessibility of degree apprenticeships for those from the most disadvantaged backgrounds. If this new model is to deliver the spring board which was promised upon their launch (BIS, 2015), then it must ensure that the opportunities that degree apprenticeships afford are not disproportionately available to those from the wealthiest of backgrounds.

**Recommendation:** The Government should set out its ambition for degree apprenticeships to improve social mobility in terms that can be measured. Demographic data should be released more frequently by the DfE so that any inequality of access can be readily identified and timely interventions made.

# CHAPTER SEVEN

**INFORMATION, ADVICE  
AND GUIDANCE FOR  
PROSPECTIVE  
DEGREE APPRENTICES**

## 7.1. Parity of esteem

The perception of a prestige gap between academic and technical and vocational routes is well documented (DfE, 2018d; Sainsbury, 2017; Simons, 2016). While it is still very early on in the roll-out of degree apprenticeships and the provision is limited in its availability, initial indications are that they are struggling to become established as a 'brand'. This is not helped by confusion between 'degree apprenticeships' and 'degree-level apprenticeships'. Some witnesses to the inquiry highlighted that wider issues regarding the perception of apprenticeships, such as academic rigor, 'stigma' and an overwhelming sense that this is 'not for my child' is, in some instances, being attached to degree apprenticeships:

**“I don't think there are many parents I've met who think it's not a good idea in principle, but we still get many who think it's not for their child – we still regularly hear phrases such as, 'yes, but my daughter is academic so this isn't for her and traditional university is the best option'”**

- Anna Morrison, Director, Amazing Apprenticeships UK, Interview

**“Degree apprenticeships are broadly well regarded, but some still have hesitations over their parity of esteem in relation to traditional degrees”**

- Kirk Lower, National Lead for Apprenticeships, Health Education England, Evidence Session 3

While there is not yet a large amount of definitive data, there is a significant policy risk in waiting longer for data on perceptions of degree apprenticeships versus traditional university routes. The evidence received by the inquiry suggests that information and guidance for parents and pupils needs to be improved as a matter of urgency and degree apprenticeships consistently described as a credible alternative to traditional university routes:

**“Many schools continue to focus on promoting full-time higher education to their student body. That remains entrenched in the education system as a traditional pathway for students. Schools and HR staff lack the in-depth apprenticeships knowledge necessary to advise potential apprentices and many potential apprentices lack access to the level of careers support necessary to support them with making apprenticeship applications”**

- University of Surrey, Written Evidence Submission

**“When you start the HE conversations it's very much about full time university, and what we don't have yet is both options being discussed in parallel. [...] Parents need schools to be pushing information about degree apprenticeships out regularly, it can't just be a one off snapshot night - if a parent happens to be there – the messaging needs to be much more consistent”**

- Anna Morrison, Director, Amazing Apprenticeships UK, Interview

**“In our experience, degree apprenticeships do attract some interest from standard Level 3 students, but the perception of the apprenticeship 'brand' remains relatively poor. For individuals however, whilst degree apprenticeships are beginning to gain some parity with other HE programmes, the lack of information about where opportunities can be found is unhelpful”**

- Leeds Trinity University, Written Evidence Submission

The 'Baker clause', as part of the *Technical and Further Education Act 2017*, mandates appropriate careers guidance on training, education, employment and occupations for students under the age of 19. In parallel with improving the availability of degree apprenticeships so they can compete with the university route, the Government should ensure that information and guidance is provided to prospective apprentices and their families, as well as to employers, and to the highest quality. This should be linked to wider strategies which seek to improve information and guidance surrounding apprenticeships amongst schools and colleges. For example, the Government's 'Careers Strategy' committed to ensuring that all pupils, parents and teachers are aware of, and fully understand, all available vocational and academic routes (DfE, 2017b) – degree apprenticeships should be included in this concerted effort.

In the first instance, the Government should ensure that information is captured on the extent to which institutions are delivering on the Baker clause; this could be done by asking Ofsted to include, in its annual report to Parliament, information on the performance of institutions – including any challenges that they may be facing.

**Recommendation:** The availability of information, advice and guidance regarding degree apprenticeships for young people and their families must be increased. The performance of institutions in providing quality guidance, as part of the Baker clause, should be included in the annual Ofsted report to Parliament.

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# Glossary

BEIS	Department for Business, Energy, and Industrial Strategy
BIS	Department for Business, Innovation, and Skills
CBI	Confederation of British Industry
DADF	Degree Apprenticeship Development Fund
DfE	Department for Education
SFA	Skills Funding Agency
ESFA	Education and Skills Funding Agency
FE	Further Education
FSB	Federation of Small Businesses
HE	Higher Education
HEIs	Higher Education Institutions
HND	Higher National Diploma
HNC	Higher National Certificate
IfA	Institute for Apprenticeships
NVQ	National Vocational Qualification
OECD	Organisation for Economic Cooperation and Development
OfS	Office for Students
OFSTED	The Office for Standards in Education
ONS	Office for National Statistics
QAA	Quality Assurance Agency
SME	Small and Medium Sized Enterprises

# Contributions

## Evidence Session Panellists

### Evidence Session One

Angela Joyce, Chief Executive Officer, Warwickshire College Group  
 Professor Patrick Bailey, Provost and Deputy Vice Chancellor, London South Bank University  
 Professor Timothy Quine, Deputy Vice Chancellor, University of Exeter  
 Sir Gerry Berragan, Chief Executive, Institute for Apprenticeships

### Evidence Session Two

Ashley Wheaton, Principal, University College of Estate Management  
 Emma Wright, Graduate and Apprenticeship Manager, Berkley Group  
 Helen Greening, Learning and Development Manager, Willmott Dixon  
 Mark Farmer, Founding Director & CEO, Cast Real Estate & Construction Consultancy, MOBIE Trustee  
 Michael Nathan, Associate Director & Emerging Talent Lead, MACE

### Evidence Session Three

Charlotte Fisher-Morecroft, Early Professionals Manager and Degree Apprenticeship Lead, IBM  
 Emma Metcalf, Apprenticeships Manager, Boots  
 Kirk Lower, National Lead for Apprenticeships, Health Education England  
 Richard Hamer, Director of Education & Skills, BAE Systems  
 Verity Davidge, Head of Education and Skills Policy, EEF: The Manufacturer's Organisation

## Written Evidence

Association of Graduate Careers Advisors  
 Chartered Associations of Business Schools  
 Chartered Management Institute  
 Council for Higher Education in Art & Design  
 Greencore  
 GuildHE  
 Leeds Beckett University  
 Leeds Trinity University  
 Lloyds Banking Group  
 London South Bank University  
 MillionPlus  
 Mixed Economy Group  
 Ministry of Building Innovation & Education (MOBIE)  
 National Centre for Universities and Business  
 Newcastle University  
 NHS Employers  
 North East Apprenticeships Ambassadors Network  
 Northumbria University  
 Nottingham Trent University  
 QA  
 QAA  
 Sheffield Hallam University

Staffordshire University  
 Suffolk Chamber of Commerce  
 The Open University  
 University of Birmingham  
 University of Brighton  
 University of Central Lancashire  
 University of Chichester  
 University of Derby  
 University of Exeter  
 University of Hull  
 University of Leeds  
 University of Salford  
 University of Sheffield  
 University of Surrey  
 University of the West of England, Bristol  
 University Vocational Awards Council (UVAC)  
 Yorkshire Universities  
 Yorkshire Water

#### **Interviews**

Advanced UK  
 Amazing Apprentices UK  
 Federation of Small Businesses  
 Veolia

### **What is the Higher Education Commission?**

The Higher Education Commission is an independent body made up of leaders from the education sector, the business community and the major political parties.

Established in response to demand from Parliamentarians for a more informed and reflective discourse on higher education issues, the Higher Education Commission examines higher education policy, holds evidence-based inquiries, and produces written reports with recommendations for policymakers.

The Higher Education Commission is chaired by Professor the Lord Norton of Louth, a Conservative peer and academic. The Higher Education Commission's work is generously supported by University Partnerships Programme, ACCA, and Jisc.

#### **Inquiry Co-Chairs**

The Rt Hon. the Lord Philip Norton of Louth  
 Smita Jamdar, Partner, Shakespeare Martineau

#### **The Commission**

Professor the Baroness Alison Wolf of Dulwich CBE, the Sir Roy Griffiths Professor of Public Sector Management at King's College London  
 Bahram Bekhradnia, President, Higher Education Policy Institute  
 Barry Sheerman MP, Labour Member of Parliament for Huddersfield  
 Caroline Roberts, Head of Policy, City & Guilds  
 Sir David Melville CBE, Chair of Pearson, former Vice Chancellor of University of Kent and Middlesex University  
 Baroness Diana Warwick of Undercliffe, Labour member of the House of Lords, former Chief Executive of Universities UK

Professor Sir Deian Hopkin, former Vice Chancellor, London South Bank University  
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 Jane Towers-Clark, Head of Academic Partnerships, ACCA  
 John O’Leary, Editor, Good University Guide  
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 Professor Mary Bishop, Independent Consultant, Professor of Learning Innovation and Pedagogy, Council Member  
 Architectural Association  
 Nick Jeffrey, Regional Head of Policy, Europe and the Americas, ACCA UK  
 Dr Paul Feldman, CEO, Jisc  
 Paul Humphreys, Founder and CEO, StudentCrowd  
 Dr Roberta Blackman-Woods MP, Labour Member of Parliament for City of Durham  
 Professor Roger King, former Vice Chancellor of the University of Lincoln  
 Sarah Porter, Independent Consultant

## Secretariat



Policy Connect is a cross-party think tank improving people’s lives by influencing public policy. We collaborate with Government and Parliament, through our APPGs, and across the public, private and third sectors to develop our policy ideas. We work in health; education & skills; industry, technology & innovation, and sustainability policy.

Policy Connect is non-profit, cross-party, a London living wage employer and a Member of Social Enterprise UK.

The Higher Education Commission, the Skills Commission, and the All-Party Parliamentary Group for Skills and Employment make up the Education and Skills policy team as part of Policy Connect.

**Simon Kelleher**, Head of Education and Skills

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**Tom McEwan**, Senior Researcher, Education and Skills (Report Author)

**Maja Gustafsson**, Researcher, Education and Skills

In addition, special thanks go to Oona Muirhead CBE, Louise Young and Pooja Kumari.

# Supporters

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**ILM** is the UK's leading provider of leadership, coaching and management qualifications and training.

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### Think Ahead

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. We believe that accountants bring value to economies in all stages of development. We aim to develop capacity in the profession and encourage the adoption of consistent global standards.

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We support our 208,000 members and 503,000 students in 179 countries, helping them to develop successful careers in accounting and business, with the skills required by employers. We work through a network of 104 offices and centres and more than 7,300 Approved Employers worldwide, who provide high standards of employee learning and development. Through our public interest remit, we promote appropriate regulation of accounting and conduct relevant research to ensure accountancy continues to grow in reputation and influence



We are the UK higher, further education and skills sectors' not-for-profit organisation for digital services and solutions.

We are:

- Dedicated entirely to the sectors' individual and collective needs
- Not a vendor: we deal with and/or work with vendors and publishers on the collective behalf
- Not for profit: every pound is used for the sectors' benefit
- Objective, but not unbiased: we put the sectors' interests above all else

We are of the sectors, by the sectors, for the sectors.

We champion the importance and potential of digital technologies for UK education and research; and do three main things:

- We operate shared digital infrastructure and services
- We negotiate sector-wide deals with IT vendors and commercial publishers
- We provide trusted advice and practical assistance for universities, colleges and learning providers
- Our research and development work is integrated across these three areas.

Working closely with colleagues and sector bodies our aim is to:

- Deliver considerable collective digital advantage, financial savings and efficiencies for UK universities, colleges and learning providers today
- Ensure these benefits are sustained and intelligently further enhanced
- Do all this as affordably, efficiently and as cost effectively as possible.





University Partnerships Programme (UPP) is the UK's leading provider of on-campus residential and academic accommodation infrastructure.

We have over 35,000 rooms in operation or under construction through long-term, bespoke partnerships with 15 world-leading universities. With over 800 employees, since 1998 UPP has invested well over £2.5bn in the UK higher education sector and provided homes to over 310,000 students.

We create bespoke, long-term partnerships which enable universities to make the most effective use of their assets, free up resources and improve student services. We fund, design, develop and operate high-quality and affordable accommodation on campus and deliver the very best student experience in partnership with universities.

Our unique partnership approach enables our university partners to develop their estates whilst reinvesting in their core services of teaching and research. We fund, design and build new on-campus residential and academic accommodation infrastructure, complete estate transfers and operate facilities over the long-term.

Our transactions are typically undertaken on a demand-risk-transfer basis through a non-recourse approach, with the asset returning to the university in an agreed condition at the end of the concession. We encourage our partners to take an equity share in the project company so that both parties benefit from the successful delivery and performance of the accommodation, with interests aligned over the life of the partnership.

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