

Universities Wales response to Economy, Infrastructure and Skills Committee consultation on the apprenticeship levy

Overview

- The apprenticeship levy has had a wide-ranging impact on Welsh universities as both levy-paying employers and as providers working with levy-paying employers.
- The levy is an additional cost burden on Welsh universities at a time of constrained funding. In England, there will be opportunities for universities to make use of their levy contributions through programmes such as the Academic Professional degree apprenticeship. There are few opportunities for Welsh universities to make use of their contribution.
- The levy has influenced employer expectations and behaviour in Wales. Universities report an appetite among Welsh employers for a wide-range of degree apprenticeship programmes including those at level 7, master's level. These expectations are in some cases being driven by the broad and expanding degree apprenticeship offer in England. It is estimated that as of this year there are around 12,000 degree apprentices in England.
- The first degree apprentices will start in Wales this year in the Welsh Government's priority areas of computing, engineering and advanced manufacturing. These degree apprenticeships will be at level 6.
- Universities Wales recommends that the Welsh Government move forward discussions on future degree apprenticeship priority areas and expand current proposals to include level 7, master's level, where Welsh universities report significant employer demand.

1. The impact on employers in Wales following the introduction of the Levy

- 1.1. The levy has had a wide-ranging impact on universities in Wales but in two ways in particular – as levy-paying employers and as providers working with levy-paying employers.
- 1.2. Universities are levy-paying employers in their own right. In 2015-16 Welsh universities created almost 50,000 jobs in Wales of which around 11,000 full-time equivalent jobs are directly provided by universities¹. Expenditure on staff by universities in Wales is in excess of £800m per annum² and, as such, it is likely the contribution of Welsh universities to the levy is around £3-4m a year. For example, one university's wage bill has increased by **£92k a month**. The levy is an additional cost burden on Welsh universities at a time of constrained funding.
- 1.3. Employers are able to use the funding in their apprenticeship service account to fund apprenticeships for employees who **work** 51% of the time or more in England.
- 1.4. Many Welsh universities employ staff who **live** in England. This means that a number of Welsh universities are, in theory, able to access the 'English percentage' of their

¹ http://www.uniswales.ac.uk/wp/media/UNI010-Economic-Impact-Report_FINAL.pdf

² <https://www.hesa.ac.uk/data-and-analysis/providers/finances/chart-expenditure>

levy contributions. That is, a proportion of their levy contributions equivalent to the percentage of their employees who live in England. However, as this funding can only be used on employees who **work** 51% of the time or more in England it significantly limits Welsh universities' ability to make use of this funding.

- 1.5. Furthermore, the Higher Education Employer Trailblazer in England is developing a master's level 'Academic Professional' apprenticeship standard which reflects widely understood professional standards for both the teaching and research routes in higher education³. The trailblazer is also proceeding with the drafting of a Level 3 Higher Education Assistant Technician Professional apprenticeship standard. This activity in England is being enabled by universities' contributions to the levy and there are no such opportunities in Wales for employers to directly recoup the levy. Welsh universities directly provide around 17,000 full-time equivalent jobs. In light of the levy, Universities Wales would welcome the opportunity to explore the development of apprenticeship provision aimed at this large workforce in Wales.
- 1.6. Three universities in Wales are currently on the Education and Skills Funding Agency's Register of Apprenticeship Training Providers (RoATP). This enables those universities to be able to deliver apprenticeships in England and receive funds from a levy-paying employer's apprenticeship service account. A number of other Welsh universities are interested in joining the register but applications to the register are limited to particular periods and universities have had a mixed experience engaging with the Education and Skills Funding Agency with some reporting positive engagement and others reporting difficulties.
- 1.7. The levy and the accompanying reforms to the apprenticeship system in England have also influenced employer behaviour and expectations in Wales in a way that presents a number of challenges to universities and the economy in Wales more broadly.
- 1.8. There appears to be a view from employers that higher education is not offering the same in Wales as in England. Due to the broad apprenticeship offer available to be funded through levy contributions in England, including a significant number of master's level degree apprenticeships, there is a risk that higher education in Wales will be perceived as unresponsive by English-based or headquartered companies. Universities in Wales are keen to respond to employer demand for a wide range of higher level apprenticeships including those at master's level.
- 1.9. In England, early data on the make-up of degree apprentices suggests that they are an effective tool for significantly increasing the proportion of women studying STEM subjects compared to more traditional campus-based STEM provision, and the number of people studying in higher education from low participation background. Welsh universities are hoping to be able to utilise the development of new apprenticeship opportunities in Wales, such as degree apprenticeships, to target and make positive interventions to increase diversity and mobility from traditionally under-represented groups.

2. Any concerns to date in respect the impact or implementation of the Levy

³ <https://www.instituteforapprenticeships.org/apprenticeship-standards/academic-professional-degree/>

- 2.1. The difference between the systems in Wales and England, and what is available in those systems, should be clearer. There is a risk that due to the different systems, and employer expectations resulting from the levy, Welsh universities come to be seen as unresponsive.
- 2.2. In England, higher education providers and employers have been able to come together and develop university specific degree courses under the apprenticeship umbrella. The introduction of the levy in England has come at a point when degree apprenticeships are growing extremely quickly, it is estimated that there are presently around 12,000 degree apprentices in England. Although the overall number of people starting an apprenticeship in England has been declining, [down by 18,100 in 2016-17 compared to 2015-16](#), the number of starts on higher level apprenticeships has almost doubled in the space of two years. In England, there are currently 35 different apprenticeship standards at level 6 or 7 approved for delivery and a further 81 in development.
- 2.3. In England, degree apprenticeships have been taken up by a wide-range of employers including:
 - **Airbus; Rolls Royce; CGI; Capgemini; Fujitsu; EDF; BAE**
- 2.4. A number of these employers also have staff based in Wales and many are expecting similar opportunities in Wales.
- 2.5. However, implementation of activity at a similar level in Wales has been slow with a delay between the introduction of the levy and the confirmation of frameworks and funding for degree apprenticeships in Wales. Although the levy and apprenticeship delivery in Wales are not directly linked, the levy and the availability of degree apprenticeships in England have motivated employers in Wales to seek out similar opportunities. Furthermore, employers have expressed concerns to universities about the limiting of degree apprenticeships to level 6 (degree-level) and to the subject areas of computing, engineering and manufacturing.
- 2.6. A recent report by the National Centre for Universities & Businesses found that UK-wide employers are facing challenges in implementing consistent early talent strategies due to the differences in apprenticeship policy in respect to the levy across the nations⁴.
- 2.7. Although the level of funding for degree apprenticeships in Wales available from 2018-19 onwards has become clearer, and Universities Wales welcomes the decision to direct funding via an already established route in HEFCW which ensures the continuation of existing quality assurance processes, how this will be paid to universities has yet to be determined. The frameworks are also yet to be finalised, although there has been some good progress on the development of the frameworks. The initial funding allocation has been for the first three years of provision. However, as these will be three to four year programmes, and in some cases potentially five year programmes, universities will need clarity on funding beyond that three year period to be able to recruit onto apprenticeship programmes in the second or third year of

⁴ <http://www.ncub.co.uk/images/reports/NCUB-Degree-Apprenticeships-Report-Mar-18-WEB.pdf>

delivery.

- 2.8. We are also concerned that the role of sector skills councils in the development of provision such as degree apprenticeships is variable and not sustainable. Due to the changes to the apprenticeship system in England and the move to trailblazer groups, the role of sector skills councils has diminished and many have reduced activity or closed. It will be important that this uncertainty is addressed as development of degree apprenticeships moves ahead.
- 2.9. With the first degree apprentices due to start from September 2018 in Wales in the initial priority sectors, we are concerned that conversations on the priorities for the second phase of delivery should be taking place now. This will help avoid further confusion with employers and allow providers to more effectively plan.

3. Recommendations for the Welsh Government or others in this regard

- 3.1. Universities in Wales would strongly recommend that the Welsh Government make funding available for the delivery of master's level / level 7 degree apprenticeships. A large number of master's level apprenticeships are now available to employers in England and are able to be funded by levy-paying employers from their levy contributions. Universities in Wales are receiving an increasingly large number of requests from employers for this form of provision
- 3.2. Universities Wales would recommend the Welsh Government work to provide further clarity to employers in Wales. Clarity is needed on not just why arrangements in respect to the levy are different in Wales, but also how these different arrangements impact what provision is available to employers. This includes the different scope in apprenticeship subjects to be offered at degree-level and the robust quality assurance of these programmes offered in Wales.
- 3.3. A timeline and an indication of future subject areas for the delivery of degree apprenticeships would help in relation to employer's expectations of degree apprenticeship provision in Wales.
- 3.4. Universities are large levy-paying employers in their own right. In England, in response to the levy, universities are developing apprenticeship provision intended for their employees – such as the master's-level Academic Professional standard and the level 3 HE Assistant Technician Professional standard. We would recommend Welsh Government explore ways to support universities in light of their levy contributions whether through apprenticeship provision aimed at higher education employees supporting universities in Wales or other means.
- 3.5. Companies that work across the UK need assurance that frameworks in Wales will be at least equal to and transferable in industry. There are opportunities for Welsh Government to provide this assurance in the development of degree apprenticeships.