

Russell Group submission to the House of Commons Sub-Committee on Education, Skills and the Economy – Apprenticeships Inquiry

1. Summary

1.1 The Russell Group is pleased to be able to contribute to this inquiry on apprenticeships.

1.2 We would like to make the following key points:

- Ideally, we would have wished to see universities exempted from the apprenticeship levy, recognising their key role in providing skills and knowledge for the UK
- As large employers, who will now be paying the levy, Russell Group universities are exploring how best to further their use of apprenticeships to develop their staff, and whether they can also work with employers to offer degree apprenticeships
- However, there are additional costs for universities in developing degree apprenticeship provision, and concerns that new provision may not be sustainable. So far, there is limited evidence of demand for degree apprenticeships from apprentices or employers
- The additional bureaucracy associated with delivering apprenticeships and higher costs for some subjects will require additional fee or other income from employers to maintain excellent standards. A ‘top-up’ for high cost subjects from levy underspends elsewhere would be appropriate
- For funding purposes, a broader definition of ‘apprenticeships’ would be welcome, potentially encompassing postgraduate researchers (although leaving universities in charge of training standards etc.)
- Good information, advice and guidance needs to be given to those students who are considering an apprenticeship or a degree apprenticeship, and it should be noted that the Government’s targets for training more apprentices may, in turn, make it harder for universities to widen participation in Higher Education.

2. Apprenticeship Levy

2.1 Universities are different from other businesses. Their *raison d’être* and core mission is to create knowledge, to innovate and educate. Applying the general apprenticeship levy (and the separate immigration skills charge) to universities ignores the significant investment which they are already making to train a highly skilled workforce for the UK both through the provision of degree level education and research training, and through the delivery of apprenticeships.

2.2 As large employers, all Russell Group universities will be liable to pay the levy from 2017 as it currently stands. Ideally, we would have wished to see universities exempted from the apprenticeship levy, recognising their key role in providing skills and knowledge for the UK.

- 2.3 The aim of the levy is to encourage large employers to invest in the skills of their workforce. However, this is difficult for our universities as they are unable to use the apprenticeship levy to train members of staff who are pursuing a research career – an apprenticeship route not being a training option. Therefore although our members are committed to education and training and producing graduates and students with higher qualifications, they will not be as able as some other large employers to spend the money they have paid through the levy.
- 2.4 As many of the ‘apprentices’ we need for the core activities of our universities are postgraduates – and in particular postgraduate researchers – it would help if we could use the levy to support them, as well as for the training of more traditional apprentices. However, this should be seen as a widening of what can be covered under the levy in terms of financing only, leaving universities in charge of training standards and quality etc.

3. Training new and existing staff

- 3.1 Russell Group universities are committed to supporting apprenticeships as an additional route into training and education at a number of levels. It is important prospective apprentices receive appropriate advice and guidance so that they commence training in the right skills at the right level, with a clear idea of how those skills are relevant to their work.
- 3.2 Many of our members are already using apprenticeships to train their existing staff or new recruits and will continue to do so; for example, junior or middle managers undertaking level 3 qualifications.
- 3.3 One of our members currently employs 35 apprentices in total, across a wide range of areas, including advanced manufacturing, health, engineering, and human resources. Sponsoring companies range from global leaders to local high-tech supply-chain companies. They also provide additional apprentice training programmes for over 100 organisations with over 310 apprentices currently in training.
- 3.4 Other members offer young people new qualifications based on the real-world skills and experiences needed in the advanced engineering industry.
- 3.5 The University of Warwick has developed higher apprenticeships in advanced manufacturing sectors, creating a highly innovative, work-based undergraduate programme delivered part-time over four years to individual companies. It provides a firm grounding in mathematics, technical subjects and modules related to finance, supplier management and other commercially-related topics, delivered in the engineering/advanced manufacturing context through a ‘case study’ approach. They also work with 1,000 existing Jaguar Land Rover employees to provide training to degree level in product engineering and manufacturing engineering, with the two institutions working together on curriculum development.

4. Developing apprenticeship programmes in universities

- 4.1 Russell Group universities are committed to delivering excellent teaching across all programmes. Where universities are being asked to develop new apprenticeship programmes, they need to ensure staff involved in delivering or supporting such programmes can do so alongside their existing research work and their undergraduate or postgraduate teaching load.
- 4.2 The Government proposes to fund apprenticeships through the Skills Fund Agency (SFA) and there is a requirement for a university delivering apprenticeships to be a SFA registered training organisation. Currently only eight of the twenty Russell Group universities in England are on the SFA’s Register of Training Organisations (ROTO). The requirements to

register with the SFA and return data on apprenticeships separately, in order to use funds paid under the apprenticeship levy, is an additional cost to universities not already registered.

- 4.3 In Northern Ireland, Scotland and Wales, it is not yet clear how funds from the apprenticeship levy will be spent, which is an uncertainty for Russell Group universities in those devolved administrations.

5. Degree Apprenticeships

- 5.1 The Secretary of State for Business Innovation and Skills has encouraged Russell Group universities to develop degree apprenticeships to contribute towards achievement of the Government's apprenticeship target. There are two key considerations that need to be addressed if sustainable high quality degree apprenticeships are to develop.
- (a) They must fundamentally work academically – in terms of quality and standards
 - (b) They also must be financially credible and be sustainable year-on-year
- 5.2 Prior attainment is a clear and consistent measure of whether or not a student or apprentice might be suitable to undertake a course at a Russell Group university. High standards are applied to any course; therefore there is an expectation that apprentices will be of sufficient calibre. In enrolling apprentices onto degree apprenticeship courses our universities need to be sure that they have adequate levels of prior attainment to complete a course successfully at that level.
- 5.3 Similarly, if these qualifications are to work as a serious option for apprentices considering work-based study, and be credible for employers, then there must be adequate quality assurance in place from the start.
- 5.4 We would welcome Government support for the start-up costs of developing new degree apprenticeships at Russell Group universities as the up-front costs are considerable. It is also important that such courses are sustainable in the long-term. We note the limited evidence on demand for degree apprenticeships from prospective apprentices and employers which mean universities agreeing to develop such provision face significant risk.
- 5.5 In addition, any model for funding the delivery of a degree apprenticeship should reflect staff costs. These are likely to be much higher at a research-intensive university employing highly qualified staff.
- 5.6 Currently, there are additional costs, in excess of income from student fees, for teaching degree courses in STEM subjects. The funding model for degree apprenticeships should take account of these additional costs and the fact that there would be no income from international students to help cover some of the funding shortfall. However, it would not be appropriate for HEFCE to pay teaching grant from within the limited resource it has available, to top up funding for degree apprenticeships in STEM subjects. Additional funding should instead come through the Skills Funding Agency and from funds paid by employers as the apprenticeship levy.