



Association of
Employment and Learning
Providers

AELP Submission: #56

**AELP consultation response to
the HE Commission's Inquiry
into degree apprenticeships**

How do degree apprenticeships fit into the overall structure of tertiary (post-level 3) education and training, and is their formal relationship with other awards and pathways clear?

Value for money has been a contentious subject for several years, particularly since the tripling of tuition fees by the Coalition Government. Moreover, higher education has been under the spotlight as the value of degrees both in terms of its quality and financial cost are being questioned more frequently. Unlike further education where apprenticeships, for example, have clear outcomes linked to knowledge, skills and behaviours required for the given job role they will fulfil upon completion, higher education degrees tend to not have a clear outcome linked to employment upon completion. Therefore, without being outcome focused, it is easy for the value of degrees to be challenged as the associated costs of undertaking one does not appear to bear benefits as in previous years.

AELP is an unequivocal supporter of degree apprenticeships which have not only help further raise the profile of apprenticeships with parents and employers but has also helped extend the ladder of opportunity for apprentices themselves. However, it is important that degree apprenticeships are not developed in isolation. For apprenticeships to be successful there needs to be clear progression paths from level 2 programmes as not all learners are capable of entering straight in at level 6 or level 7. Failure to acknowledge this will not only hamper participation at higher levels but will also negatively impact on the government's social mobility agenda.

What have been the major challenges establishing degree apprenticeships for providers/ employers?

Many Higher Education Institutions (HEIs) have been extremely fortunate to have been provided pump priming grants to develop these new degree apprenticeship programmes. This is not a luxury afforded to other parts of the market.

In regards to new providers looking to enter the market or existing established high-quality providers looking to move into directly offering higher and degree qualifications, there are relatively high and prohibitive barriers to market entry. For example, there are no pump priming grants available or accessible to private training providers who deliver 3 out of every 4 apprenticeships in England. In addition, consideration must be given to start-up and upfront capital investment costs as well as additional costs to design programme materials, content. These challenges apply to both training providers and end point assessment organisations.

For degree apprenticeships (as opposed to degree level apprenticeships) the market is currently limited to organisations with degree awarding powers and whilst we acknowledge the need to protect the quality within the system, the barriers, for example, to gain degree awarding powers are a significant challenge and this restricts all but significant institutions from entering or looking to enter this market. By restricting access this restricts healthy competition, innovation and new approaches to delivering learning which new entrants can bring to the marketplace. A healthy balance is required between ensuring quality and allowing fresh high-quality non-traditional competition to competing and help grow the market. At the moment the approach is too weighted and restrictive and a better balance needs to be struck.

How far are degree apprenticeships, on the basis of developments to date, providing an effective contribution to meeting the economy’s skills needs, and doing so in a way that offers value-for-money?

Early evidence suggests that degree apprenticeships are being used to predominately upskill existing staff, not bring in new and young entrants. Apprenticeship participation figures illustrate a shift toward higher level apprenticeship starts between Jan-March 2018 whereby 42% were Intermediate, 44% Advanced and 15% Higher. In the previous quarter (Oct-Dec 2017), these stood at 45% Intermediate, 44% Advanced and 11% Higher. Therefore, the proportion of Higher apprenticeships has increased by 4 percentage points. While it is important that Higher apprenticeships are established, in particular transforming social mobility in higher education, this can have a negative impact on social mobility at the lower levels- the first vital steps. Since the equalisation of the funding system for all age apprenticeships through the apprenticeship reforms, AELP has argued that government must do more to provide more effective incentives to employers and providers to take on young apprentices. Upskilling existing staff is important, but will not tackle the developing skills gap in many sectors which is being exacerbated by Brexit.

Degree apprenticeships provide an opportunity for learners to embrace a combination of work and study, whilst receiving financial remuneration throughout its duration. In addition, the apprentice graduates with no personal debt to repay– this represents a game-changing opportunity. The Post-18 Education and Funding Review presented itself in a timely manner when tuition fees are at their highest ever recorded and the average student now graduating with £50,000 worth of debt with no guarantee of employment in their sector upon completion.

Looking forward, AELP believes in the need for a review of the use of employer contributions and consider using different sources of contribution to fund degree-level provision. Ultimately there is a finite financial budget and there needs to be real consideration given to how to fund the provision the country needs. Contributions proposal to underpin the future apprenticeship market as follows:

Apprenticeship Level	Government Contribution	Employer Contribution	Apprentice (Loan) Contribution
Level 2	100% fully-funded	0% contribution	0% contribution
Level 3	90% funded	10% contribution	0% contribution
Level 4	80% funded	20% contribution	0% contribution
Level 5	70% funded	30% contribution	0% contribution
Level 6	50% employer contribution from levy or government for non-levy budget and 50% apprentice contribution (via student loan) or employer contribution (but not from the levy).		
Level 7	50% employer contribution from levy or government for non-levy budget and 50% apprentice contribution (via student loan) or employer contribution (but not from the levy).		

AELP strongly believes that over time, a proportion, possibly half of the annual £10bn spent on tuition fees should be made available for apprentices, to support the growth in higher and degree apprenticeships. We strongly believe this to be one solution to solving the current funding crisis the higher education sector is facing. Furthermore, we believe there should be

a review to look at the notion of match-funding between the employer (levy) and apprentice (via the student loan system).

AELP believes this model will adequately control the demand from employers and individuals and indeed may lead to spare levy money. The remaining levy, or other funding, can then be used to incentivise against government priorities – national, regional, and local, by sector or level or type of apprentice

About AELP

Members of the Association of Employment and Learning Providers (AELP) support employers in the delivery of over 75% of apprenticeships in England and they deliver other publicly funded skills and employment programmes. The majority of AELP's 900+ members are independent private, not-for-profit and voluntary sector training and employment services organisations with employers, universities, FE colleges, schools and end-point assessment organisations joining AELP in increasing numbers.

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