

Research Briefing

8 May 2024

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Degree apprenticeships





Summary

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Summary

What are degree apprenticeships?

Degree apprenticeships are a specific type of apprenticeship that combine work with higher level study that leads to a degree. They can take between two to five years to complete depending on the level. On successful completion, degree apprentices are awarded either a bachelor's degree (level 6) or a master's degree (level 7).

Degree apprentices are employed by a company and paid a salary. They are entitled to the same rights as other employees, including a contract of employment and at least 20 days paid holiday per year, plus bank holidays. Degree apprentices spend at least 20% of their time studying (a minimum of six hours). As with other apprenticeships, course fees are shared between government and employers through the apprenticeship levy.

Which employers and universities offer degree apprenticeships?

Degree apprenticeships are available at universities in England and Wales. In Scotland, degree apprenticeships are known as <u>Graduate Apprenticeships</u>. Northern Ireland offers <u>higher level apprenticeships (HLAs)</u> at levels 4 to 7.

Over 170 degree apprenticeships are available in a range of subjects, but especially vocational subjects linked to particular industries, such as engineering, digital, law, and business. They are offered by both public and private sector employers, in conjunction with <u>nearly 90 universities</u>, particularly post-92 institutions.

In England, degree apprenticeships can be searched through the Government's <u>Find an apprenticeship</u> service, and the <u>UCAS</u> and <u>Prospects</u> websites. In Wales, they can be found on the <u>Careers Wales website</u>.

How are degree apprenticeships regulated?

The Education and Skills Funding Agency (ESFA) set out the roles of the different organisations involved in ensuring the quality of apprenticeships in its 2021 Apprenticeship accountability statement:

- The Department for Education, acting through the Education and Skills Funding Agency (ESFA), has overall accountability for degree apprenticeships and all aspects of apprenticeships policy and strategy.
- The Institute for Apprenticeships and Technical Education (IfATE) is responsible for the development, approval, and review of apprenticeship standards. These outline what an apprentice will be doing in a particular apprenticeship, and the knowledge, skills, and behaviour required of them. They are <u>linked to an occupation</u>.
- Ofsted inspects the quality of apprenticeship training provision.
- The Office for Students (the higher education regulator in England) regulates registered higher education providers and quality assures degree apprenticeship delivery.

How are degree apprenticeships funded?

Each apprenticeship standard is associated with a funding band. The upper limit of this band represents the maximum the Government will contribute towards training and assessment costs of the apprenticeship.

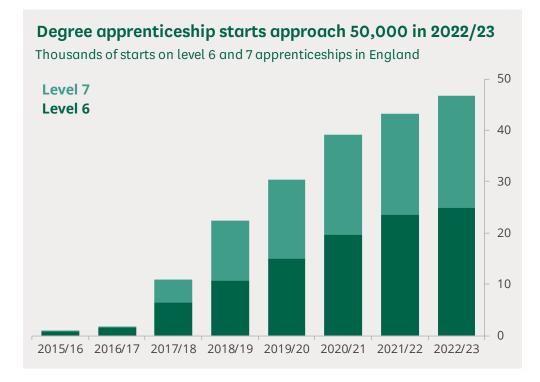
Apprenticeship levy funds will be used to pay for the training and assessment for employers paying the levy (up to the upper limit of the funding band). All UK employers with a pay bill of over £3 million per year pay the levy, which is set at 0.5% of the value of the employer's pay bill, minus an apprenticeship levy allowance of £15,000 per financial year. The levy is paid into an apprenticeship service account, and funds in this account must be spent on apprenticeship training and assessment.

Employers who do not pay the levy will pay 5% of the cost of training and assessment with the government contributing the remaining 95% (up to the upper limit of the funding band).

In September 2023, the <u>Office for Students launched a funding competition</u> for eligible higher education providers to submit bids to support the development of degree apprenticeships at level 6. Funding of £40 million will be distributed in three waves between January 2024 and July 2025.

How many people start degree apprenticeships and in which subjects?

In 2022/23, around 46,800 people in England started a degree apprenticeship. 53% of these starts were at level 6 (first degree equivalent) and 47% at level 7 (equivalent to a master's degree).



Those starting degree apprenticeships made up 5.0% of all level 6 entrants, and 8.6% of all level 7 entrants, in England in 2021/22.

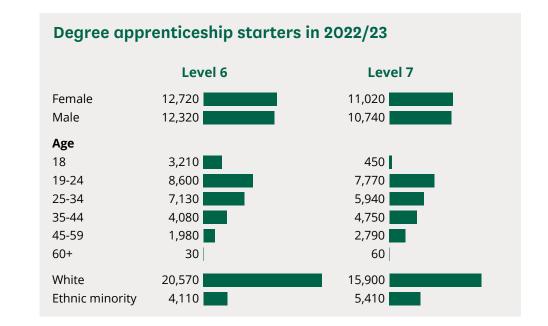
Degree apprenticeships subjects have been dominated by 'business, administration and law' since they were introduced. These subjects made up 80% of level 7 and almost 20% of level 6 apprenticeship starts in 2022/23. However, there has been rapid growth in 'health, public services and care' subjects; up from around 400 starters in 2017/18 to more than 13,000 across both levels in 2022/23. They made up 46% of level 6 starts in 2022/23.

Who are degree apprentices?

In 2022/23, there were similar numbers of male and female starters. In earlier years more starters were male, but the number of female starters has caught up over time.

Only a minority (13%) of level 6 starters were age 18 (and so leaving full-time education). 53% of level 6 starters and 62% of level 7 starters were aged 25 or older.

82% of 2022/23 starters at level 6 and 73% at level 7 were from a White ethnic background.



Compared to level 6 entrants to 'conventional' higher education, level 6 apprenticeship starters are more likely to be older, male, White and less likely to be from the most deprived areas.

Commentary

Some of the benefits of degree apprenticeships include:

- Students can earn a salary and develop relevant work-based skills while gaining a degree, and then graduate with no student loan debt.
- Degree apprenticeships are a way to ensure higher education provision meets the needs of the labour market. Employers can address skills shortages, enhance opportunities for their own employees, and widen the talent pool of their recruits.
- Universities can establish links with employers and strengthen existing collaborations. This can help promote local growth and development and increase talent retention in an area.
- Degree apprenticeships can help with social mobility and widening participation in higher education by attracting students that might not have gone into traditional university programmes.

Concerns have been expressed about the use of the apprenticeship levy to fund senior, highly skilled employees for level 7 (master's level) leadership degree apprenticeships, at the expense of recruiting new, younger employees. In May 2020, the <u>Sutton Trust published a report</u> that found 33% of degree apprenticeship levy funding was being spent on senior leaders, which was the same amount as all degree apprentices under 25 put together. In 2021, the <u>funding for level 7 senior leadership apprenticeships was reduced</u>, and the MBA qualification is now no longer a mandated part of the apprenticeship.

In 2022, a literature review argued while the results were somewhat mixed, degree apprenticeships were having an overall "positive impact" on social mobility. Nevertheless, it said achieving equity in access to degree apprenticeships in some sectors may remain a challenge for a while, and recommended IfATE, with the support of sector organisations, should formulate policies and guidelines to encourage recruitment from underrepresented backgrounds. 1

What are degree apprenticeships?

Apprenticeships combine work and study. Apprentices are employed by a public or private sector organisation and paid a salary. They spend at least 20% of their time undertaking off-the-job study or training at an education or training provider (a minimum of six hours). Apprentices are entitled to the same rights as other employees, including a contract of employment and at least 20 days paid holiday per year, plus bank holidays.

Degree apprenticeships are a specific type of apprenticeship that combine work with higher level study at university leading to a degree. They can take between two to five years to complete depending on the level. On successful completion, apprentices are awarded either a bachelor's degree (level 6) or a master's degree (level 7).¹

Degree apprenticeships were first introduced in 2015.² They built on the existing model of higher apprenticeships, but differed by making a degree a core part of the apprenticeship. While higher apprenticeships allow for study at levels 4 to 7, they do not always lead to an academic qualification, and most are at levels 4 and 5. The table below shows how degree apprenticeships compare to other apprenticeships.

Name	Level	Equivalent academic qualification
Intermediate	2	Five GCSE passes
Advanced	3	Two A Level passes
Higher	4	Higher National Certificate
	5	Higher National Diploma; foundation degree
	6	Bachelor's degree
	7	Master's degree
Degree	6	Bachelor's degree
	7	Master's degree

Anyone over the age of 16 and not in full-time education can do an apprenticeship,³ but degree apprenticeships are generally for post-18

¹ For more information on qualification levels, see GOV.UK, <u>What qualification levels mean</u>.

² Department for Business, Innovation & Skills, <u>Government rolls-out flagship Degree</u> <u>Apprenticeships</u>, March 2015

³ GOV.UK, Find an apprenticeship

learners who have completed A Levels, a T Level, a lower-level apprenticeship, or equivalent. Degree apprenticeships are available in a range of subjects, but especially vocational subjects linked to particular industries, such as engineering, digital, law, and business.

As with other apprenticeships, course fees are covered for degree apprentices. Employers contribute to fees, and the amount they contribute will depend on whether they pay the apprenticeship levy.

How are degree apprenticeships different from other work experience degrees?

Students have several options for gaining work experience alongside their studies, including sponsored degrees and sandwich degrees.

Sponsored degrees

Sponsored degrees (sometimes referred to as school leaver or scholarship programmes) are when an employer provides support to a student during their time at university.⁴ The nature and level of sponsorship can vary, but sponsored degrees generally combine:

- full-or part-time study
- paid work through placements during term time and/or university holiday periods
- financial support, such as reduced fees and scholarships/bursaries
- mentorship and careers guidance from the sponsoring employer.⁵

There is often also the possibility of a job at the end, or, in the case of degrees sponsored by the armed forces, a requirement to serve for a certain number of years.⁶ In recent years, many employers have replaced their sponsored degrees/scholarship schemes with degree apprenticeships.

Sandwich degrees

Sandwich degrees refer to courses that include a work/industry placement. Most sandwich degree students will do a "thick" sandwich degree, whereby they complete two years of study, a year-long placement, and then their final year of study. During their placement year, students pay reduced tuition fees. The completion of the placement is recognised in the title of a student's

⁴ UCAS, <u>The complete guide to sponsored degrees</u>

⁵ See the <u>UCAS guide on sponsored degrees</u> for more information.

⁶ See Royal Navy, <u>Defence Stem Undergraduate Scheme</u> and Army, <u>Financial support</u>, <u>army bursaries</u> for more information.

degree, for example the University of Bristol's 'BEng Aerospace Engineering with a Year in Industry'. $^{\rm 7}$

"Thin" sandwich degrees entail multiple shorter placements.

How are degree apprenticeships different?

Degree apprenticeships differ from sponsored and sandwich degrees in the following ways:

- Degree apprentices have an employment contract throughout their course and undertake paid work from day one.
- Degree apprentices spend the majority of their time (up to 80%) in the workplace.
- Degree apprentices pay no tuition fees.
- Degree apprentices are not students and are not eligible for student finance.
- Applications for degree apprenticeships are made through the employer or, in England, the <u>find an apprenticeship</u> service, rather than through UCAS (sponsored degrees/scholarships may entail an additional application to an employer). Unlike the five-course application limit on UCAS, applicants can apply to as many apprenticeship vacancies as they wish.

Which employers and universities offer degree apprenticeships?

Degree apprenticeships are only available at universities in England and Wales. In Scotland, degree apprenticeships are known as <u>Graduate</u> <u>Apprenticeships</u>.⁸ Northern Ireland offers <u>higher level apprenticeships (HLAs)</u> at levels 4 to 7, with the majority available at level 5 (equivalent to a foundation degree).⁹

In England, degree apprenticeships can be searched through the Government's <u>'Find an apprenticeship'</u> service, and the <u>UCAS</u> and <u>Prospects</u> websites.¹⁰ In Wales, they can be found on the <u>Careers Wales website</u>.

⁷ University of Bristol, <u>BEng Aerospace Engineering with a Year in Industry</u>

⁸ Skills Development Scotland, <u>Graduate Apprenticeships</u>

⁹ NI Direct, <u>Higher level apprenticeships (HLAs)</u>

¹⁰ See Office for Students, <u>Find a degree apprenticeship</u>

Employers

Degree apprenticeships are available in a range of industries from both public and private sector employers, including:

- <u>Barclays</u>
- <u>Civil Service</u>
- <u>KPMG</u>
- Lloyds Banking Group
- National Grid
- <u>Ofcom</u>
- <u>Sky</u>
- <u>Transport for London</u>
- Virgin Media

Degree apprentices must work at least 50% of their working hours in England to do an English apprenticeship.

Universities

According to UCAS, nearly 90 universities now offer higher and degree apprenticeships.¹¹ Degree apprenticeships are most likely to be offered by post-92 institutions. There are over 170 degree apprenticeships available.¹²

Some of the industries in which degree apprenticeships are available and the universities where they can be studied are below:

- **Architecture** De Montfort University, Northumbria University, Nottingham Trent University (NTU) and University of Portsmouth.
- **Civil engineering** University of Brighton, Leeds Beckett University, Liverpool John Moores University (LJMU), NTU, University of Portsmouth, University of Salford and Teesside University.
- **Construction** Anglia Ruskin University (ARU), Birmingham City University, University of Brighton, LJMU, London South Bank University (LSBU) and Sheffield Hallam University.

¹¹ UCAS, <u>The Complete Guide to Higher and Degree Apprenticeships</u>, 2020/21, p10

¹² PQ4180 [Degrees: Apprentices], 6 December 2023

- **Management** Cranfield School of Management, MMU, The Open University, University of Portsmouth, Sheffield Hallam University, University of Salford and UCLan.
- **Social work** University of Brighton, MMU, The Open University, Oxford Brookes University, University of Salford and UCLan.
- **Surveying** Birmingham City University, University of Brighton, University College of Estate Management (UCEM), LSBU, University of

1.3 How are courses structured?

While degree apprentices spend most of their time working, they must spend at least 20% in off-the-job training or study (a minimum of six hours), This can include:

- The teaching of theory, such as lectures or online learning.
- Practical training, including shadowing, mentoring, and industry visits.
- Time spent writing assignments.
- Revision (where this is specifically required for achievement of the apprenticeship).¹³

Training and study is structured around work commitments and may entail day release (one day of study a week) or block release (for example, one week of study in five), as well flexible options such as distance or blended learning (a mix of both in-person and online learning).

Assessment

Apprentices undertake an independent assessment at the end of their programme, which tests both academic learning and competency in the knowledge, skills, and behaviours set out in the relevant occupational standard. This is called an "end-point assessment" (EPA).¹⁴ The EPA follows a "gateway" period, which is when the apprentice's employer believes (with advice from the training provider) the apprentice has reached occupational competence and is ready for that to be tested by the EPA.

For non-degree apprenticeships, an independent end-point assessment organisation is responsible for delivering the EPA. In degree apprenticeships, the degree and EPA must be delivered by the same organisation – the higher education provider – as part of the same programme.¹⁵ This means, for assessment, the EPA and the degree are integrated and both are completed,

¹³ Department for Education, <u>Apprenticeship funding rules 2024 to 2025</u>, March 2024, pp35-36

¹⁴ Institute for Apprenticeships and Technical Education, <u>Degree apprenticeships</u>

¹⁵ Institute for Apprenticeships and Technical Education, <u>Degree apprenticeships</u>

passed, and awarded together. For example, the EPA could take the form of a module as part of the degree.

The only exception to this is for degree apprenticeships where the relevant professional body has a regulatory role in controlling access to the occupation. In such circumstances, the degree in these apprenticeships will be completed as a requirement to pass the gateway period. The EPA will then be integrated with the professional body's assessment process.

2 Regulation

2.1

Bodies responsible for regulating degree apprenticeships

The Education and Skills Funding Agency (ESFA) set out the roles of the different organisations involved in ensuring the quality of apprenticeships in its 2021 <u>Apprenticeship accountability statement</u>.¹⁶ The bodies involved in regulating degree apprenticeships and their responsibilities are outlined below.

Body	Function	Responsibilities
Department for Education (DfE), acting through the Education and Skills Funding Agency (ESFA)	ESFA is an executive agency, sponsored by the Department for Education.	Overall accountability for degree apprenticeships and all aspects of apprenticeships policy and strategy
Institute for Apprenticeships and Technical Education (IfATE)	Non-departmental public body sponsored by the DfE. Works with employers to develop apprenticeships and technical qualifications.	The development, approval, and review of apprenticeship standards
Office for Standards in Education, Children's Services and Skills (Ofsted)	Non-ministerial department that inspects education and care services.	Inspecting the quality of apprenticeship training provision publishing the outcomes of these inspections.
Office for Students (OfS)	Independent statutory funder and regulator of higher education.	Regulating registered higher education and quality assuring degree apprenticeship delivery.

As recommended by the 2019 independent panel report (Augar report) to the review of post-18 education and funding,¹⁷ Ofsted assumed responsibility for

¹⁶ ESFA, <u>Apprenticeship accountability statement</u>, April 2021

¹⁷ Department for Education, <u>Post-18 review of education and funding: independent panel report</u>, May 2019, p154

inspecting apprenticeship provision at levels 6 and 7 in 2021. This had previously been done by the OfS.

Under the new arrangement, Ofsted inspects all apprenticeship training at higher education providers registered with the OfS, and reports its judgements to the ESFA and the OfS. The ESFA is ultimately accountable for the apprenticeship programme and so it then decides whether any intervention action is necessary. The OfS will generally not take regulatory action against a provider regarding their degree apprenticeship provision if it is assured the ESFA has acted.

For the assessment of degree apprenticeships, it is the Office for Students, rather than Ofqual (which regulates the quality of apprenticeship assessment delivery for qualifications on the <u>Register of Regulated Qualifications</u>), that provides external quality assurance.¹⁸ External quality assurance monitors the delivery of these assessments to ensure they are fair, consistent, and robust across different apprenticeship standards and between different end-point assessment organisations.

Universities UK, which is a representative body for UK higher education providers, has said the Government should review the "costs and burden" associated with the regulation of degree apprenticeships. As part of its plan for growing degree apprenticeships, it has said:

The scale, complexity and high cost of how degree apprenticeships are regulated creates a potential barrier to entry. There's an absolute need for clear and effective regulation and accountability. But it needs to be fit for purpose, and appropriate for the range of universities and other providers now delivering apprenticeships.¹⁹

2.2 Degree apprenticeship 'standards'

Apprenticeship standards outline what an apprentice will be doing in a particular apprenticeship, and the knowledge, skills, and behaviour required of them. They are linked to an occupation. For example degree apprenticeship standards cover such occupations as project manager, paramedic, and building control surveyor. A degree apprenticeship standard includes a relevant bachelor's or master's degree.

Standards are developed by employer groups known as "trailblazer" groups, which represent employers and sector organisations. Degree apprenticeship standards can be searched on the <u>website of the Institute for Apprenticeship</u> and <u>Technical Education</u>.

Apprenticeship standards were introduced in response to the 2012 Richard Review of Apprenticeships, which stated that apprenticeship outcomes should

¹⁸ Office for Students, <u>Degree apprenticeships: a guide for higher education providers</u>

¹⁹ Universities UK, <u>10 ways we can boost degree apprenticeships</u>, last updated 1 February 2023

be "meaningful and relevant for employers".²⁰ The first standards were introduced in September 2014.²¹ They replaced apprenticeship frameworks, which have been progressively phased out since the 2017/18 academic year.

Alignment of degree learning outcomes with apprenticeship standards

Following a consultation between July and September 2021,²² IfATE launched a new degree apprenticeships policy in 2022 that required higher education providers to ensure full alignment between a degree's learning outcomes and the knowledge, skills, and behaviours set out in the associated apprenticeship standard.²³

This change requires the development of bespoke degrees to support a degree apprenticeship. As a result, IfATE requires trailblazer groups developing a degree apprenticeship to involve relevant higher education providers in the apprenticeship development process.²⁴

²⁰ Department for Business, Innovation, and Skills, <u>Richard review of apprenticeships</u>, November 2012

²¹ Department for Business, Innovation, and Skills, <u>More than 700 employers to design top quality</u> <u>apprenticeships</u>, 23 Oct 2014

²² Institute for Apprenticeships and Technical Education, <u>2021 - degree apprenticeships consultation</u> results

²³ Institute for Apprenticeships and Technical Education, <u>Degree apprenticeships</u>

²⁴ Institute for Apprenticeships and Technical Education, <u>Degree apprenticeships</u>

3 Funding

The existing apprenticeship funding system for England has been in place since May 2017.²⁵ Apprenticeships are generally funded in the following way.

- Each apprenticeship standard is associated with a funding band. The upper limit of this band represents the maximum the Government will contribute towards training and assessment costs of the apprenticeship.
- Employers and training providers negotiate a price for training and assessment.
- Apprenticeship levy funds will be used to pay for the training and assessment for employers paying the levy (up to the upper limit of the funding band).
- Employers who do not pay the levy will pay 5% of the cost of training and assessment with the government contributing the remaining 95% (up to the upper limit of the funding band). The Government will fund all of the apprenticeship training costs, up to the funding band maximum, for apprentices who are aged between 16 and 21 years old when they start their apprenticeship.
- Training and assessment costs above the upper limit of the funding band will be paid for separately by the employer. Levy paying employers will not be able to use levy funds.
- Additional payments may be paid to the employer and training provider depending on the characteristics of the apprentice and the type of apprenticeship.

More information is available in the Commons Library briefing Apprenticeships policy in England.²⁶

3.1 The apprenticeship levy

On 6 April 2017, the new apprenticeship levy came into effect with all UK employers with a pay bill of over £3 million per year paying the levy. The levy is set at 0.5% of the value of the employer's pay bill, minus an apprenticeship levy allowance of £15,000 per financial year. The levy is paid into an

²⁵ See the Department for Education policy paper <u>Apprenticeship funding</u> and guidance on <u>Apprenticeship funding rules</u> for more information.

²⁶ Commons Library, <u>Apprenticeships policy in England</u>

apprenticeship service account, and funds in this account must be spent on apprenticeship training and assessment.

Employers pay the levy if they either:

- have an annual pay bill of more than £3 million; or
- are connected to other companies or charities which in total have an annual pay bill of over £3 million.

An employer's annual pay bill is calculated as payments to all employees that are subject to employer Class 1 secondary National Insurance contributions (NICs). Employers will report and pay their levy to HMRC each month through the PAYE process, at the same time as they pay any income tax and National Insurance contributions that are due.

After the employer pays their levy to HMRC each month, the Government will then pay these funds into the employer's apprenticeship service account. Once apprenticeship training has started, monthly payments will be automatically taken from the employer's service account, and the training and assessment provider will then receive payments from the ESFA. Levy funds expire 24 months after they enter the service account, but employers can transfer up to 50% of their unused levy funding to non-levy paying employers.²⁷

More information is available in the Commons Library briefing Apprenticeships policy in England.²⁸

Government funding for degree apprenticeships

Degree Apprenticeship Development Fund (2016-17)

In 2016, the <u>Degree Apprenticeship Development Fund</u> (DADF) was established by the then-Department for Business Innovation and Skills and the Department for Education to be distributed to higher education providers by the Higher Education Funding Council for England (which has since been replaced by the OfS).

The fund followed the launch of degree apprenticeships in 2015 and its objectives were:

• Create partnerships that would strengthen degree apprenticeship growth;

19

3.2

²⁷ Department for Education, <u>Transferring your apprenticeship levy to another business</u>

²⁸ Commons Library, <u>Apprenticeships policy in England</u>

- Create a stronger market for degree apprenticeships where there was evidence that demand was likely to be high but not yet realised;
- Establish high-quality new degree apprenticeships;
- Establish capacity and expertise to deliver a high volume of degree apprenticeships; and
- Secure the necessary cultural and behavioural changes among higher education providers to embed degree apprenticeships, and to make broader educational opportunities available to learners.

Between November 2016 and November 2018, £8.8 million of DADF funding was distributed to 103 higher education providers in two waves, resulting in 4,464 degree apprentice starts.

An evaluation report_of DADF was published in March 2019.²⁹ It found the fund had "fast-tracked" the delivery of degree apprenticeships, by "provid[ing]a focus for targeted activity and a means of attracting senior commitment within participating institutions."³⁰ The report said:

In general, the evaluation has found that without this funding, many institutions would have pursued some degree apprenticeship activity, but activity would have been less well focused, less ambitious and would have progressed slowly.³¹

Degree apprenticeships funding competition (2023-25)

In September 2023, the OfS launched a funding competition for eligible providers to submit bids to support the development of degree apprenticeships at level 6.³²

£40 million of funding was provided by the Department for Education through its Higher Education Strategic Priorities Grant.³³ This will be distributed through three funding waves between January 2024 and July 2025 to support the following programme aims:

- Expansion of existing provision among providers already offering degree apprenticeships.
- Expansion of provision among providers new to the degree apprenticeships market.

²⁹ Office for Students, <u>Evaluation of the Degree Apprenticeship Development Fund (PDF)</u>, March 2019

³⁰ Office for Students, <u>Evaluation of the Degree Apprenticeship Development Fund (PDE)</u>, March 2019, ppi-ii

³¹ Office for Students, <u>Evaluation of the Degree Apprenticeship Development Fund (PDE)</u>, March 2019, pii

³² Office for Students, <u>Funding for degree apprenticeships</u>

³³ Department for Education, <u>Guidance to the Office for Students on the Higher Education Strategic</u> Priorities Grant for the 2023-24 Financial Year (PDF), 30 March 2023

3.3

Increasing equality of opportunity in level 6 degree apprenticeships.

More information about the competition, as well as funding allocations for waves one and two, is <u>available on the Office for Students website</u>.

Financial support for degree apprentices

Degree apprentices are considered full-time employees. They do not have student status and are not eligible for student finance.

Apprentices are paid at least the minimum wage for their work and study/training time. This rate depends on the apprentice's age and whether or not they have completed the first year of their apprenticeship. The minimum wage rates from April 2024 are set out in the table below.

Minimum wage rates for apprentices Hourly				
Age	£			
16 to 18	6.40			
19+ and in first year	6.40			
19 to 20 and completed first year	8.60			
21+ and completed first year	11.44			

Source: GOV.UK, <u>Employing an apprentice</u>; <u>National Minimum Wage and National Living Wage rates</u>, April 2024

A report by the research organisation Incomes Data Research (IDR), based on a survey of large, private sector companies in February and March 2024, found degree-level apprentices can expect to earn an annual salary of around £21,000. This represents an increase of 5% from a median of £20,000 in 2023, and starting salaries have risen by 31% between 2018 and 2024.³⁴

Apprentices have the same employment rights as other employees, including paid holidays and sick pay. They do not pay any of the course fees or training and assessment costs associated with the apprenticeship.

Care leavers bursary

Degree apprentices who are under 25 when they start their apprenticeship, and who are or have been in care, may be eligible for the care leaver bursary.³⁵ For apprentices starting their apprenticeship on or after 1 August 2023, this bursary will be £3,000.

³⁴ Incomes Data Research (IDR), <u>Pay for degree apprentices grows faster than pay for graduates</u>, 24 April 2024

³⁵ Department for Education, <u>Apprenticeships bursary for care leavers</u>

Take-up and achievement

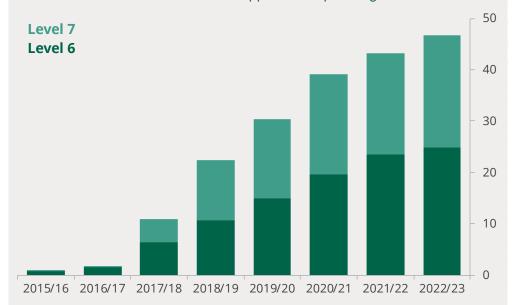
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4

Starters

In line with the Department for Education, the figures in this section refer to all level 6 and level 7 apprenticeships in England, regardless of whether they include a mandatory degree. In academic year 2022/23 around 46,800 people in England started a degree apprenticeship. 53% of these starts were at level 6 (first degree equivalent) and 47% at level 7 (equivalent to a master's degree). The chart and table below show that the numbers of starters has increased steadily since degree apprenticeships were introduced. In contrast, the total number of apprenticeship starts at all levels fell by 34% between 2015/16 and 2017/18.³⁶

Degree apprenticeship starts approach 50,000 in 2022/23



Thousands of starts on level 6 and 7 apprenticeships in England

Degree apprenticeship starts, England

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
Level 6	740	1,650	6,370	10,820	15,050 15,410	19,630	23,550	25,030
Level 7 Total	30 780	50 1,700	4,500 10,870	11,660 22,480	15,410 30,460	19,570 39,200	19,680 43,230	21,760 46,790

Sources: DfE, <u>Apprenticeships and traineeships 2022/23</u>; DfE <u>Further education and skills: November 2019</u> (Table: Underlying_data_Apps_Starts)

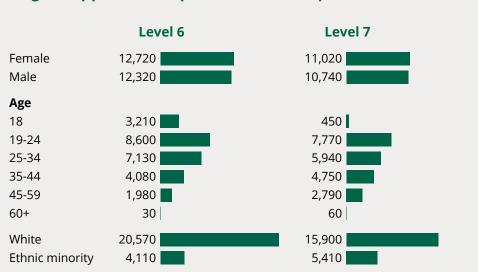
³⁶ See the Library briefing <u>Apprenticeship statistics for England</u> for more information

To put these figures in context, a total of around 536,000 students from England started undergraduate courses at higher education institutions in 2021/22 and a further 112,000 started master's degrees.³⁷

The following charts give a breakdown on starters by personal characteristics. In 2022/23 there were similar numbers of male and female starters. In earlier years more starters were male; 59% in 2017/18, but the number of female starters has increased more rapidly and in 2022/23 they made up 51% of the total.

There is a difference in the age of starters at levels 6 and 7. However, even at level 6 only a minority (13%) were age 18. 53% of level 6 starters and 62% of level 7 starters were aged 25 or older. The fastest growth in starters since 2017/18 has been among older age groups.

This Department for Education (DfE) data is not broken down by detailed ethnic group and apprenticeship level, only into the groups shown in the chart. 82% of 2022/23 starters at level 6 and 73% at level 7 were White. The number of starters from an ethnic minority has increased more quickly than average since 2018/19. Other data with more detailed ethnic groups is included later in this paper.



Degree apprenticeship starters in 2022/23

Source: DfE, <u>Apprenticeships and traineeships 2022/23</u> (Dataset: Subjects - Starts, Achievements, Enrolments by Age, Sex, Ethnicity, LLDD, SSA, Detailed level, Standard-framework name and code)

In 2022/23 only a minority of level 6 starters (47%) were 'new' employees³⁸. Almost as many (45%) had been with their employer for more than 12 months before starting their degree apprenticeship. A smaller proportion (37%) of level 7 starters were 'new' employees, and more had been with their employer

³⁷ HESA, <u>HE student enrolments by level of study 2017/18 to 2021/22</u>

³⁸ Defined here as those reporting they had been with their employer for three months or less before their starting their apprenticeship programme.

more than 12 months (49%), as we might expect for higher level qualifications.³⁹

The number of level 6 starters per 100,000 population varied across the country from 81 in the North East to 48 in London. The table below shows that London's rate was substantially lower than any other region. This may be partly due to the higher participation in conventional higher education in London.

There was a different pattern in level 7 starts where London had the highest rate with 72 per 100,000 population and the North East the lowest at 54.

There was less regional variation in degree apprentices as a percentage of apprenticeship starts at all levels than in the other indicators in this table.

Degree apprenticeship starts by region, England 2022/23 Home region of learner

-	Number		Rate per 100,000 population aged 16-64		% of apprenticeship starts at all levels	
	Level 6	Level 7	Level 6	Level 7	Level 6	Level 7
North East	1,320	881	81	54	7%	5%
North West	3,402	2,815	73	61	7%	6%
Yorkshire & Humber	2,363	1,895	69	55	6%	5%
East Midlands	2,185	1,668	72	55	7%	5%
West Midlands	2,787	2,181	76	59	7%	6%
East of England	2,804	2,167	72	55	8%	6%
London	2,931	4,360	48	72	8%	12%
South East	4,297	3,461	75	60	8%	7%
South West	2,643	1,990	76	57	7%	5%
Outside England or						
unknown	300	345	0	0	0%	0%
England	25,032	21,763	70	61	7%	6%

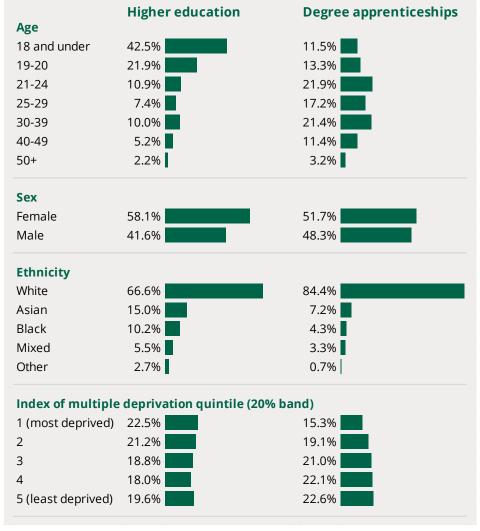
Source: DfE, <u>Apprenticeships and traineeships 2022/23</u> (Dataset: Geography Region - Starts, Achievements, Participation, Population by Age, Level)

4.2

Comparisons with higher education entrants

The DfE publication <u>Higher Level Learners in England</u> looks at data for learners on courses at level 4 or higher. This includes a range of learner characteristics, some of which are compared below for those starting level 6 degree apprenticeships and conventional higher education.

³⁹ DfE, <u>Apprenticeships and traineeships 2022/23</u> (Dataset: Underlying data - apprenticeship starts)



English domiciled entrants to level 6 courses, 2021/22

Source: DfE, <u>Higher Level Learners in England 2021/22</u>

This shows that those starting in higher education were much more likely to be aged 18 or older (and just left school/college) with 42.5% entrants compared to 11.5% of degree apprenticeships.

When compared to higher education entrants those starting degree apprenticeships were more likely to be male, more likely to be White,⁴⁰ and less likely to be from the most deprived areas.

There were much smaller differences in age and ethnicity between apprenticeship and higher education entrants at level 7 (master's). However, the differences in ethnicity and deprivation were of a similar scale to those at level 6 (shown above).⁴¹

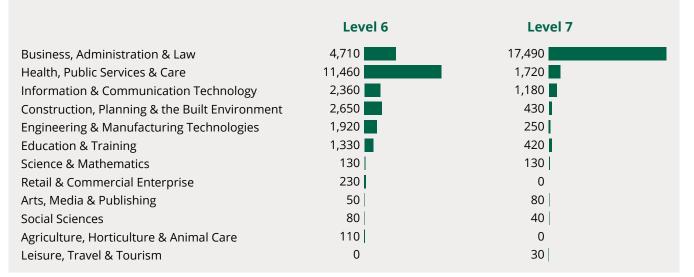
⁴⁰ Overall entry rates for 18/19 year olds to undergraduate higher education are below average for young men and those from White ethnic backgrounds. See <u>Equality of access and outcomes in</u> <u>higher education in England for more details</u>.

⁴¹ DfE, <u>Higher Level Learners in England 2021/22</u>

4.3 Subjects

The next chart gives the latest full-year data on starts by subject. Degree apprenticeships subjects have been dominated by 'business, administration and law' since they were introduced. They made up 80% of level 7 apprenticeship starts in 2022/23. However, there has been rapid growth in health, public services, and care; up from around 400 starters in 2017/18 to more than 13,000 across both levels in 2022/23.⁴² They made up 46% of level 6 starts in 2022/23.

Degree apprenticeship starts by sector subject area and level 2022/23



Source: DfE, <u>Apprenticeships and traineeships 2022/23</u> (Dataset: Subjects - Starts, Achievements, Enrolments by Detailed level, Degree flag, Std-fwk flag, STEM, SSA T1 and 2, Route)

The individual degree apprenticeships with the most starters are listed below.

⁴² DfE, <u>Apprenticeships and traineeships 2022/23</u> (Dataset: Subjects - Starts, Achievements, Enrolments by Detailed level, Degree flag, Std-fwk flag, STEM, SSA TI and 2, Route)

Top five individual degree apprenticeships, 2022/23

	Number of
Standard/framework name	starters
Level 6	
Police Constable (Integrated Degree)	4,520
Registered Nurse Degree	2,700
Chartered Manager (Degree)	2,620
Digital and Technology Solutions Professional	1,940
Chartered Surveyor (Degree)	1,460
Level 7	
Accountancy or Taxation Professional	9,550
Senior Leader	6,110
Advanced Clinical Practitioner (Integrated Degree)	1,310
Digital and Technology Solutions Specialist (Integrated Degree)	810
Solicitor	780

Source: DfE, <u>Apprenticeships and traineeships 2022/23</u> (Dataset: Subjects - Starts, Achievements, Enrolments by Age, Sex, Ethnicity, LLDD, SSA, Detailed level, Standard-framework name and code)

4.4 Achievements

In 2021/22 the achievement rate for level 6 apprenticeships was 57.3%. It is thought this rate was affected by the pandemic in 2020 and 2021. While the latest figure is higher than the 2020/21 level of 53.7%, it is still below the 2019/20 level of 64.5%. The achievement rate for level 7 apprenticeships was 58.3% in 2021/22 and changed little over the previous years. The latest achievement rates for all level 6 and level 7 apprenticeships were above the overall average rate for all levels of 53.4%.⁴³

The achievement rates for level 6 'business, administration and law' was well below average at 44%. The level 7 achievement rate for this subject was slightly below average. Among other major subjects there were above average achievement rates for:

- 'Education and training' at level 6 (85%) and level 7 (64%)
- 'Health, public services and care' at level 6 (77%) and level 7 (73%)
- 'Information and communications technology' at level 6 (67%) and level
 7 (63%)⁴⁴

Achievement rates are based on the number of learners in a year who successfully complete the 'programme aims' of their apprenticeship divided

⁴³ DfE, <u>Apprenticeships and traineeships 2022/23</u>

 ⁴⁴ DfE, <u>Apprenticeships and traineeships 2022/23</u> (Dataset: Achievement Rates Learner Characteristics
 Volumes and Rates by Std-fwk flag, STEM, SSA T1, Level, Detailed Level, Age, IMD quintile)

by the number which were started and due to end in that year. They are not comparable to completion rates for 'conventional' higher education which were 87% for full-time and 58% for part-time starters in 2017-18.⁴⁵

⁴⁵ Office for Students, <u>Access and participation data dashboard</u>

5 Commentary

5.1 Benefits of degree apprenticeships

Some of the benefits of degree apprenticeships, as argued by the Government and set out in several reports published in recent years, include:

- Students can earn a salary and develop relevant work-based skills while gaining a degree, and then graduate with no student loan debt.
- Employers can address skills shortages, enhance opportunities for their own employees, and widen the talent pool of their recruits.
- Universities can establish links with employers and strengthen existing collaborations. This can help promote local growth and development and increase talent retention in an area.
- Degree apprenticeships can help with social mobility and widening participation in higher education by attracting students that might not have gone into traditional university programmes.
- Degree apprenticeships are a way to ensure higher education provision meets the needs of the labour market.
- Implementing degree apprenticeships allows universities to access a new income stream.⁴⁶

5.2

Use of levy funding for degree apprenticeships

Degree apprenticeships are funded by employers through the apprenticeship levy, which is a charge paid by all employers with an annual pay bill of more than £3 million. There have been concerns expressed about some employers' use of the apprenticeship levy.

One of these concerns relates to the question of whether rather than recruiting new, younger employees for degree apprentice opportunities, some

⁴⁶ Quality Assurance Agency, <u>Degree Apprenticeships: Voice from the Frontline</u>, March 2024; Department for Education blog, <u>Degree apprenticeships: How you could get a degree for free</u>, 8 February 2024; R. Nawaz and others, <u>The impact of degree apprenticeships: analysis, insights and policy recommendations</u>, Transforming Government: People, Process and Policy, 2022; Universities UK, <u>The Future of Degree Apprenticeships</u> (PDF), July 2019

organisations have been prioritising older, highly skilled employees for funding. In May 2020, the Sutton Trust published a report that found 33% of degree apprenticeship levy funding was being spent on senior leaders, which was the same amount as all degree apprentices under 25 put together.⁴⁷ The report also found that senior leadership (MBA equivalent) and chartered management degree apprenticeship programmes together made up almost half (46%) of the entire degree apprenticeship cohort. An August 2019 report by the Resolution Foundation also noted the rise in mid-career MBA degree apprentices,⁴⁸ as did a January 2020 report by the education and skills think tank EDSK.⁴⁹

Another concern was raised by Ofsted in 2018, which suggested some employers were using their apprenticeship levy funds to "rebadge" existing graduate schemes. It said:

We have seen examples where existing graduate schemes are in essence being rebadged as apprenticeships. This might meet the rules of the levy policy, but it falls well short of its spirit. We hope that government will give greater thought as to how levy money can be better directed at addressing skills shortages.⁵⁰

Some of these concerns were acknowledged by the Government. In February 2020, the then-Education Secretary Gavin Williamson asked the Institute for Apprenticeships and Technical Education to review the senior leadership degree apprenticeship standard, saying:

I'm not convinced the levy should be used to pay for staff, who are often already highly qualified and highly paid, to receive an MBA.

I'd rather see funding helping to kick-start careers or level up skills and opportunities. That's why I've asked for a review of the senior leader apprenticeship standard to ensure it is meeting its aims.⁵¹

In 2021, the funding for level 7 (master's level) senior leadership apprenticeships was reduced, and the MBA qualification is now no longer a mandated part of the apprenticeship.⁵² This was intended to prevent organisations using their apprenticeship levy funding to fund MBAs for their senior employees.

However, a 2023 investigation by the Independent found that several higher education providers were advertising to prospective candidates that it was

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⁴⁷ Sutton Trust, <u>Degree Apprenticeships: Levelling Up?</u>, 20 May 2020

⁴⁸ Resolution Foundation, <u>Trading up or trading off?</u>, August 2019, p23

EDSK, <u>Runaway training</u>. Why the apprenticeship levy is broken and how to fix it, January 2020

⁵⁰ Ofsted, <u>The Annual Report of Her Majesty's Chief Inspector of Education</u>, <u>Children's Services and Skills 2017/18</u>, HC 1707, 4 December 2018 p15

⁵¹ "Bosses told to stop spending apprentice cash on themselves", BBC News, 27 February 2020

⁵² "<u>Funding for popular apprenticeship cut by £4k as MBA is axed</u>", FE Week, 12 January 2021

possible to use the apprenticeship levy to part-fund an MBA.⁵³ The investigation said this was being done by MBAs being divided into two parts:

- A "senior leadership apprenticeship" comprising 120 credits and costing £14,000 that can be funded by the apprenticeship levy.
- Additional modules that could be taken and which would lead to an MBA qualification at a cost of between £7,700 and £13,000 to be paid for by the candidate or their firm.⁵⁴

5.3 Social mobility

Several reports in recent years have considered whether and to what extent degree apprenticeships help support social mobility. The Social Mobility Commission defines social mobility as:

[T]he link between a person's occupation or income and the occupation or income of their parents. Where there is a strong link, there is a lower level of social mobility. Where there is a weak link, there is a higher level of social mobility.⁵⁵

A 2020 report by the Sutton Trust, which is an education think tank focussed on social mobility, found that 13% of degree apprentices had come from neighbourhoods in the bottom fifth of deprivation, while over twice as many (27%) had come from the most advantaged backgrounds.⁵⁶ It said this was an issue that had got worse since the launch of the degree apprenticeship programme, and was particularly acute among degree apprentices under 25. The report noted young degree apprentices (aged 19 to 24) from deprived areas made up 9% of all degree apprentices in 2016, but this reduced to 7% in 2017, and 6% in 2018.

As section 4.2 shows, these figures have improved slightly in more recent years, but it remains the case that degree apprentices are more likely to come from a less deprived area. Just 15% of degree apprentices came from the most deprived areas in 2021/22, compared with nearly 23% who came from the least deprived areas.

The report said employers had highlighted a variety of barriers faced by disadvantaged young people, including:

• 28% cited a tendency to apply to lower-level apprenticeships instead

⁵³ "Revealed: Taxpayers funding university courses for top executives on £100,000 a year", The Independent, 8 March 2023

⁵⁴ "<u>Revealed: Taxpayers funding university courses for top executives on £100,000 a year</u>", The Independent, 8 March 2023

⁵⁵ Social Mobility Commission, <u>About us, definition of social mobility</u>

⁵⁶ Sutton Trust, <u>Degree Apprenticeships: Levelling Up?</u>, 20 May 2020, pp25-30

- 27% reported that they do not have high enough grades
- 26% said applications and interviews fall short in areas other than grades.⁵⁷

In September 2021, a Higher Education Policy Institute report highlighted Office for Students data that showed, when compared with undergraduate and postgraduate students doing a similar subject, degree apprentices were more likely to be white, more likely to be male, less likely to be disabled, and less likely to be from a deprived area.⁵⁸

Reports published in 2021 by Manchester Metropolitan University and in 2022 by Middlesex University used their own degree apprentice cohorts to argue degree apprenticeships do in fact contribute to social mobility.⁵⁹ They highlighted data showing a significantly higher participation rate of both female and minority ethnic groups in their degree apprenticeship programmes compared to national undergraduate programmes.

In 2022, a literature review of all the available evidence of the impact of degree apprenticeships on social mobility and productivity was published and said, "when it comes to social mobility, the results are mixed". However, it argued that, overall, degree apprenticeships were having "a notable positive impact on social mobility".⁶⁰ It suggested reports that would challenge this conclusion were published during the infancy of the degree apprenticeship programme, when employers focussed on upskilling their current workforce, rather than recruiting direct school leavers.

Nevertheless, it also said achieving equity in access to degree apprenticeships in some sectors may remain a challenge for a while, and so recommended the Institute for Apprenticeships and Technical Education (IfATE), with the support of sector organisations, should formulate policies and guidelines for recruitment from under-represented backgrounds, and encourage stronger collaboration between employers and training providers in recruitment and enrolment.⁶¹

⁵⁷ Sutton Trust, <u>Degree Apprenticeships: Levelling Up?</u>, 20 May 2020, pp31-33

⁵⁸ HEPI, <u>Boosting higher education while cutting public spending</u>, September 2021, pp33-34

⁵⁹ Manchester Metropolitan University, Force for Change: The Impact of Degree Apprenticeships at Manchester Metropolitan University (PDF), November 2021; Middlesex University London, <u>Move on</u> <u>up? Measuring the Social Mobility Impact of Apprenticeships</u>, February 2022

⁶⁰ R. Nawaz and others, <u>The impact of degree apprenticeships: analysis, insights and policy</u> <u>recommendations</u>, Transforming Government: People, Process and Policy, 2022

⁶¹ R. Nawaz and others, <u>The impact of degree apprenticeships: analysis, insights and policy</u> <u>recommendations</u>, Transforming Government: People, Process and Policy, 2022

5.4 Engagement with small and medium enterprises (SMEs)

Employer involvement is essential for degree apprenticeships. In many regions, most employers are small and medium enterprises (SMEs), which are defined as organisations that employ fewer than 250 people and have an annual turnover of under €50 million.⁶²

Reports published by Universities UK and the think tank Policy Connect in 2019 noted several challenges around degree apprenticeship awareness and engagement with SMEs, since "they often have neither the specialist staff nor the time to engage with apprenticeship processes and requirements on their own."⁶³

In February 2023, Universities UK argued the Government needed to do more to make it easier for universities to engage with SMEs and support them to deliver degree apprenticeships to SMEs.⁶⁴

⁶² Department for Business, Energy & Industrial Strategy, <u>BEIS small and medium enterprises (SMEs)</u> action plan: 2022 to 2025, January 2023

⁶³ Universities UK, <u>The Future of Degree Apprenticeships</u> (PDF), July 2019, p61. See also Policy Connect, <u>Degree Apprenticeships: Up to Standard?</u>, January 2019

⁶⁴ Universities UK, <u>10 ways we can boost degree apprenticeships</u>, last updated 1 February 2023

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