Skills England

Guidance

Skills England: evidence on defunding of level 7 apprenticeships

Published 30 April 2026

Applies to England

Contents

This document was produced in March 2025.

Level 7 apprenticeships

In September 2024, the Prime Minister announced the new Growth and Skills Levy offer which will replace the existing apprenticeship levy. This new levy offer will include foundation and shorter duration apprenticeships and employers will be asked to rebalance their funding for apprenticeships towards younger learners.

The announcement also stated that businesses will be expected to fund more of their level 7 apprenticeships outside of the levy. A level 7 apprenticeship is a postgraduate-level apprenticeship, equivalent to a master's degree.

Following this announcement, the Department for Education (DfE), asked Skills England to provide evidence on the impact of removing funding from level 7 apprenticeships. This evidence is set out below.

Skills England held a series of engagement events throughout November 2024 consisting of 17 sector-specific events, nine non sector-specific events, and smaller roundtable discussions with 743 attendees spanning across employer representative bodies, employers, provider networks, providers, Mayoral Combined Authorities (MCAs), other government departments (OGDs), young people and other stakeholders. See Annex 1 of this report for more information.

Our engagement was predominantly centred around employers' experiences with the existing apprenticeships system and how this could be improved and expanded by introducing the new Growth and Skills Offer.

It is clear from our engagement that sectors that use level 7 apprenticeships are very supportive of the product and have invested time in developing and delivering these apprenticeships. There is a clear economic rationale for employers to continue supporting some level 7 apprenticeships, particularly where they have a skills need and where apprenticeships provide a more appropriate route than alternative training. In the context of needing to prioritise funding towards younger learners, Skills England has not found strong enough economic rationale to exempt a small group of level 7 apprenticeships from defunding. However, we recognise that there will be disruption, at least in the short term, to some occupations and this will need to be managed carefully.

During Skills England's engagement, stakeholders discussed various ways to mitigate the risks associated with defunding level 7 apprenticeships.

Implementing alternative methods of funding outside the levy

Offering funding outside the levy would allow better targeting of wider aims without increasing complexity of the levy. These could include bursaries for particular routes or learners (for example, for learners from deprived communities or younger learners) or inclusion in the Lifelong Learning Entitlement policy alongside employer co-funding models which are commonplace in some industries, such as insurance.

Improving communications, including overall transparency of the levy system and careers advice

A key theme from the engagement was that employers felt confused about the levy process and how funds were distributed, and that learners felt confused about what was being offered.

Using other flexibilities from the Growth and Skills Offer

Further flexibilities should be explored, such as shorter or more flexible provision.

Providing more non-funded support and improving the transparency around the levy process

In the form of increased collaborative programme design with employers and supporting employers to work with providers to maintain viability of level 7 provision where these might be funded outside of the levy.

Opportunity mission: demographics of level 7 apprentices

It is clear from our engagement that sectors that use level 7 apprenticeships are very supportive of the product. They have invested time in developing and delivering these apprenticeships and they generally delivered more work-ready employees, with better transferable skills, understanding of the business overall. These learners were also more likely to remain with the company in some instances.

Through our engagement, stakeholders expressed concerns about defunding negatively impacting social justice and contradicting the government's mission to break down the barriers to opportunity. Although other routes are available, the level 7 apprenticeship has provided a route into certain professions for those who may not traditionally have had access to training (for example, through master's programmes) and for learners who choose not to go to university because of fear of debt or other reasons. Level 7 apprenticeships generally have a higher proportion of older learners than other apprenticeships, particularly the senior leader apprenticeship (where 99% are over 25). There are several exceptions, including solicitors (55% below 25) and accountancy or taxation professionals (71% below 25).

In our engagement with the defence sector, employers highlighted that people from lower socioeconomic backgrounds rely on funded opportunities for graduate and post-graduate education. Some highlighted reallocations towards foundation level apprenticeships do not align to industry need, particularly in sub-sectors such as Nuclear, where charterships and professionalisation are vital.

Available demographic data does support the point that learners from disadvantaged backgrounds do use level 7 apprenticeships, but there are also a significant number of learners from non-deprived backgrounds. DfE apprenticeship data for the academic year 2023 to 2024 shows that, compared to learners across all apprenticeships, those undertaking level 7 apprenticeships are more likely to be:

- older (65% of level 7 learners are over 25 compared to 47% across all apprenticeships)
- from ethnic minority backgrounds (24% versus 16% across all apprenticeships)
- from less deprived backgrounds (30% versus 19% in least deprived Indices of Multiple Deprivation quintile of domicile)

Compared with level 7 higher education, level 7 apprenticeships have a lower proportion of learners in the most deprived quintile, based on the Index of Multiple Deprivation (IMD), with 12% for level 7 apprenticeships living in the most deprived areas compared to 17% for level 7 higher education. It should be noted however that as the IMD data is based on the home postcode of the learner, effects shown may therefore be compounded by the relationship between learner age and differences in Higher Education (HE) and apprenticeship learners such as being in work or concentrated in 'student' centres in cities.

This count only includes Office for Students registered Higher Education.

Some of the largest level 7 apprenticeships in terms of learner starts also have the most skewed learner ages compared to other level 7 apprenticeships. For example, although level 7 apprenticeships have a higher proportion of older learners than other apprenticeships, particularly the senior leader apprenticeship (where 99% are over 25), there are several exceptions, including solicitors (55% below 25) and accountancy or taxation professionals (71% below 25).

Evidence from the data and engagement demonstrates that level 7 apprenticeships offer good value for money, are high quality and are highly valued by employers. One year post study, the median salary for level 7 apprentice accountancy and taxation professionals is £42,000 and for senior leaders is £67,000, compared to a median salary of £31,000 across the UK.

Table 1: Apprenticeship starts by age of learner, 2023 to 2024

Data in this table was sourced from accredited official statistics on apprenticeships published by DfE and the Department for Work and Pensions (DWP).

age	level 7	all other apprenticeships
under 19	2%	25%
19 to 24	34%	28%
25 plus	65%	47%

Table 2: Apprenticeship starts by ethnicity of learner, 2023 to 2024

Data in this table was sourced from accredited official statistics on apprenticeships published by DfE and DWP.

ethnicity	level 7	all other apprenticeships

ethnic minorities (excluding white minorities)	24%	16%
white	74%	83%
unknown	2%	1%

Table 3: Example age breakdown of learners starting Level 7 apprenticeships, 2023 to 2024

Data in this table was sourced from accredited official statistics on apprenticeships published by DfE and DWP.

	learners aged under 19	learners aged 19 to 24	learners aged 25 plus	total learners
Accountancy or Taxation Professional	320	6,270	2,620	9,210
Solicitor	140	610	600	1,350
Senior leader	-	70	7,070	7,140
Level 7 excluding accountancy, solicitor and senior leaders	10	1,050	5,110	6,170
Level 7 learners	470	8,000	15,400	23,870

Growth mission: alignment to growth-driving and supporting sectors in the Industrial Strategy

Broadly, there is a good alignment of courses with the Industrial Strategy sectors, key public sectors, or skills supporting economic growth. The level 7 apprenticeships market is dominated by two courses, accountancy and senior leadership, which make up nearly 70% of the starts. Beyond these two, there are relatively high numbers of starts in law, and health, and also key science, technology, engineering and mathematics (STEM) skills including in digital and AI. During our engagement, specific concern was raised for solicitors, accountancy, life sciences, healthcare (particularly the Specialist Community Public Health Nurse apprenticeship) and taxation level 7 apprenticeships.

Table 4: Level 7 apprenticeship starts as a proportion of total apprenticeship starts, 2023 to 2024

Data in this table was sourced from accredited official statistics on apprenticeships published by DfE and DWP.

Level 7 apprenticeship title	starts	proportion
Accountancy or taxation professional	9,200	39%
Senior leader	7,140	30%
Advanced clinical practitioner (integrated degree)	1,590	7%
Solicitor	1,350	6%
Digital and technology solutions specialist (integrated degree)	770	3%
Senior people professional	760	3%
Artificial intelligence (AI) data specialist	440	2%
Academic professional	420	2%
All other level 7 apprenticeships	2,200	9%
Total level 7 apprenticeships	23,870	100%

Professional and business services (PBS) employers told us that, although the apprenticeship route for solicitors is small compared to the traditional higher education route, it is seen by the sector as the best solution to one of the biggest issues in the legal profession: widening the talent pool to include those from a diversity of backgrounds.

In the case of accountancy and taxation professionals, for apprentices that already have a degree, PBS employers suggested the apprenticeship often functions as a retraining route; bringing in candidates from humanities and other subject areas and reskilling them in an area where there are known skills challenges.

In addition, according to [2021 to 2022 data on apprenticeships in England by industry characteristics](), the financial services sector makes use of some of the largest and most established level 7 apprenticeships, including the accountancy and taxation specialist standard, the senior leader standard. On accounting specifically: it was raised during our engagement with the financial services sector that some employers in the public sector rely on 'home grown talent' via level 7 apprenticeships to meet demand.

In life sciences, during our engagement employers spoke about the importance of level 7 apprenticeships in the sector's ability to upskill talent in specialist and leadership roles. Apprenticeships such as the Artificial Intelligence (AI) Data Specialist were valued as a way to develop a blend of scientific and digital skills which was considered difficult to obtain via traditional routes. Similarly, the Senior Leader apprenticeship is used to support those with high level technical skills to develop the business and entrepreneurial skills for more senior roles.

During our engagement with health employers, attendees expressed that level 7 apprenticeship provision is a key part of current training routes into key occupations and allows the NHS to compete with the private sector by creating a 'career escalator', offering development opportunities.

Digital and technology stakeholders spoke about the importance of a small number of apprenticeships at level 7:

- AI data specialist
- digital and technology solutions specialist
- game programmer

Since their introduction, both the AI data specialist and digital and technology solutions specialist apprenticeships have seen large increases (more than 300% in both cases).

Across the economy, starts in level 7 apprenticeships have increased in recent years but the volume of more specialised STEM level 7 apprenticeships remains low. For example, in 2023 to 2024 there were 70 starts for Post Graduate Engineer, and 60 for Systems Engineer (Degree).

Through our engagement, employers and government officials in the defence sector expressed that a decline in funding for level 7 apprenticeships would reduce the contributions that employers within the sector would make to skills development (through ring-fenced time for their employees to learn as part of the apprenticeship).

Stakeholders also reported that employers are unlikely to continue to fund level 7 apprenticeships at similar levels. Some may continue, but in smaller numbers, raising issues of economic viability for some providers. This was particularly apparent for public sector employers, some regional employers and small and medium enterprises (SMEs), which could be disproportionately impacted by defunding. They indicated that it is likely that they would switch to shorter more specific courses (for example, leadership or digital), do less training (thereby harming effective running of businesses and organisations – especially public sector and SMEs), and use graduates for recruitment (for example, in law), or recruit from abroad (for example, life sciences and finance). Finance employers reported that the move to look offshore for skills was particularly likely where employers are already facing difficulties recruiting accountants, such as small businesses in rural areas. Some providers have indicated that they may not offer level 7 apprenticeships until a decision is taken, impacting their availability especially in certain regions.

Although there will be short term disruption whilst the market adjusts, the evidence does not lead us to conclude that this will lead to a significant and unavoidable fall in the supply of key skills in the long run. There are alternative training routes for people moving into the affected occupations, primarily through the graduate system funded by student loans, which existed before and alongside the recently created apprenticeship routes. These qualifications provide high value to the learner and the employer, and there is a strong economic incentive for both parties to invest in training through both the apprenticeship and non-apprenticeship route.

Other sectors were less reliant on level 7 as training routes and were therefore more supportive of the move to rebalance levy funding towards young people. However, these sectors highlighted specific routes or sub-sectors that would be impacted. For example, in clean energy, level 7 apprenticeships are not widely used, except for the ecology sector where loss of funding would disproportionately impact SMEs. There was also some concern in the nuclear industry about the knock-on impact to existing successful pipelines. Other sectors less reliant on level 7 apprenticeships include advanced manufacturing, adult social care (the impact will be felt more in health), construction, defence and some sub-sectors in digital and technology (for example, cyber). Although our construction engagement suggested level 7 is important for architecture.

Wider considerations

With securing business investment in the UK remaining a top priority for the UK government, having a globally competitive skills system is crucial. The Harrington Review of Foreign Direct Investment identified skills as a UK strength and a major factor in an investor's decision making. As investors plan their talent pipeline from launch to expansion, some requirements sought in a skills system are flexibility, access to high-quality skills data and connections to skills providers who can deliver the skills they need. To ensure that the UK remains attractive compared to major competitors, any changes to the skills system also need to consider evaluations of workforce and training requirements in investment decisions.

Stakeholders highlighted the risk of defunding deterring foreign investment, particularly for life sciences where the UK is considered to be world-leading. Due to their alignment with growth sectors, several stakeholders expressed that defunding level 7 apprenticeships felt incongruent with the aims of the Industrial Strategy and Growth mission. They also felt it would undermine the development of higher level skills in growth sectors and cause some employers to look for these skills abroad.

In the creative sector, many stakeholders in our engagement viewed level 7 apprenticeships as an important mechanism for addressing skills gaps in fields such as architecture, game programming and journalism, creating pathways into highly-skilled roles. Creative employers told us that level 7 apprenticeships are important for creative SMEs, which make up 99% of the sector but often struggle with training costs.

During our engagement, many stakeholders in the defence sector felt level 7 provision was not a crucial issue for the sector but removing it could be a detriment to the development of future leaders. Instead, employers called for a more modular approach, with core and optional elements rather than an outright removal.

A number of specific routes are used across multiple priority sectors, including for example digital and technology specialists (including AI and cyber security specialisms), architects, town planners and several engineering standards. The potential loss of funded training routes into these roles may have knock-on effects particularly where these occupations are central to government infrastructure commitments (net zero) or where global trends make these roles increasingly important (increasing digitalisation and use of AI).

Employers expressed the importance of higher level apprenticeships and licensing to practice in improving perceptions about technical education compared with traditional academic routes.

Funding training or securing alternative routes will be more challenging for certain employers. Public sector employers, including local government, may be more constrained in the face of fixed budgets but are reliant on level 7 apprenticeships to develop their leadership talent pipeline. Therefore, there may be some small level 7 apprenticeships in niche areas where targeted funding may be appropriate outside the levy budget. However, funding of public sector employers through the levy would introduce additional complexity.

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