



26 August 2016

## **Universities Scotland response to the Scottish Government consultation on the Apprenticeship Levy**

Universities Scotland is the representative body of Scotland's 19 higher education institutions. We are pleased to respond to this consultation on options for the use of the Scottish Government's share of UK Apprenticeship Levy funding.

Scotland's universities are a key sector of the Scottish economy. Universities employ some 42,000 staff across Scotland, and will be significant contributors to the Apprenticeship Levy – collectively, we estimate that Scotland's higher education sector will pay £9m each year.

### **1. Should the Government's commitment to 30,000 Modern Apprenticeships starts a year by 2020 a) be maintained or b) be increased?**

Not sure.

Universities Scotland supports the Scottish Government's current commitments on Modern Apprenticeships (MAs). As large and complex organisations, universities employ staff in a wide variety of professional roles, including MAs, and a number of institutions are also involved in MA programmes as training providers.

We believe that the Scottish Government's commitments on MAs should be demand-driven, and that current levels should be increased only if there is clear demand for further expansion amongst employers as well as prospective apprentices.

Universities Scotland believes, however, that there is a strong case for prioritising investment in the development of graduate level apprenticeships, to ensure the more specialist skills needs in Scotland's economy are also met.

### **2. Should Apprenticeship Levy funding support growth in the number of Graduate Level Apprenticeships in Scotland?**

Yes.

Universities Scotland warmly welcomes this proposal. The case for investing in graduate level apprenticeships in Scotland is strong, presenting important and exciting opportunities for Scotland's learners, employers, and higher education institutions.

Graduate level apprenticeships will expand the variety of pathways open to learners, offering an alternative, work-based route towards degree level qualifications in Scotland. Learners completing graduate level apprenticeships will be highly employable, studying programmes tailored to industry needs and graduating with several years of workplace experience. Graduate level apprenticeships will enable learners to graduate with less student debt (if any), and may be particularly attractive to non-traditional students from widening access backgrounds. For employers and universities, graduate level apprenticeships will provide opportunities to develop stronger, closer links, through establishing new relationships and building on successful existing collaborations. For employers, graduate level apprenticeships will help to ensure graduates are equipped with the skills the Scottish economy needs, whilst for universities, these offer a new way to diversify what the sector offers.



In short, graduate level apprenticeships have real potential to drive progress on a wide range of key Scottish Government priorities, including:

- the Developing the Young Workforce strategy and the wider skills agenda;
- the fair access agenda;
- the innovation agenda; and
- Scotland's Economic Strategy and the productivity agenda.

Universities Scotland believes the Apprenticeship Levy presents a significant opportunity for the Scottish Government to adopt an ambitious approach towards graduate level apprenticeships in Scotland and unlock this potential.

It is vital, however – in order to respond positively to challenges highlighted by the Commission on Widening Access, and to the declining Scottish offer rates identified by Audit Scotland – that the introduction of graduate level apprenticeships does not lead to cuts to existing places at Scotland's universities. Instead, the Apprenticeship Levy should be seized as an opportunity to invest in additional provision and expand sector capacity overall.

Universities Scotland welcomes the intention to support graduate level apprenticeships at a flexible range of levels up to and including postgraduate level. Postgraduate level study has significant benefits for the learner as well as for wider society; it is an important engine of knowledge transfer from higher education into industry, and many of the Scottish economy's key sectors – including the digital, life sciences, energy, and finance sectors – depend upon the specialist skills that postgraduate level study generates. Scotland's universities look forward to working with employers to develop apprenticeships that provide new pathways into postgraduate level study and help to ensure Scotland's present and future high-level skills needs are met. At the same time, we wish to use this opportunity to stress that improving access to traditional postgraduate level study in Scotland – by introducing a universal entitlement to student loan support for Scottish postgraduate students, as recommended in the final report of the Scottish Government's recent working group – remains critical.

It will also be important that graduate level apprenticeships are flexible with respect to the age of learners. The consultation document notes the planned expansion of Modern Apprenticeships will continue to focus on learners under 25. Universities Scotland is supportive of the Developing the Young Workforce strategy and we believe that graduate level apprenticeships have a key role to play in driving progress on this agenda moving forward. We also believe, however, that the opportunities offered by graduate level apprenticeships will be relevant to all ages, and that excluding those aged 25 and over would be very limiting for employers and for individuals – particularly in the case of apprenticeships at postgraduate level. Universities Scotland does not believe an age cap should be applied to access to graduate level apprenticeships.

We also wish to highlight the importance of flexibility being built into the development of programmes to provide opportunities for learners who wish to participate in graduate level apprenticeships on a part-time basis.

Communication and engagement with employers and universities as partners in the development of graduate level apprenticeships will be essential – in particular, it will be important to provide clarity in relation to the processes, timescales and funding involved. It will also be key to ensure that there is good public awareness of the opportunities presented by graduate level apprenticeships and that these are well-publicised amongst employers as well as prospective apprentices.

### **3. Should Apprenticeship Levy funding be used to establish a flexible skills fund to support wider workforce development?**

Yes.

Universities are large, complex organisations, in need of a wide range of professional skills. As significant contributors to the Apprenticeship Levy, in principle we are supportive of a share of Levy funding being invested in a "flexible skills fund" for wider workforce development.

To maximise its impact, such a fund must be genuinely flexible and must offer opportunities for universities and other employers to meet key skills needs in a variety of areas and at a variety of levels. It may be useful, for instance, if it could be used to support training schemes focused on development



of specialist skills commonly needed within the sector – for example, the Supply Chain Management Trainee Scheme run by Advanced Procurement for Universities and Colleges (APUC) is designed to develop future management level procurement professionals for the sector.

We also believe consideration should be given to supporting wider workforce development by expanding the graduate level apprenticeship framework to incorporate high level skills development in a wider variety of professional areas – such as accounting, human resources, and business management, for example.

As providers, universities in Scotland are already engaged in delivering flexible work-based and online learning, and as such are well-placed to be involved in providing opportunities for wider workforce development – whether within the graduate level apprenticeship framework or as a distinct but complementary offering.

#### **4. Should Apprenticeship Levy funding be used to support the expansion of Foundation Apprenticeships?**

Not sure.

Universities Scotland is supportive of Foundation Apprenticeships (FAs) and recognises the value of FAs for some learners and employers. We believe that FAs should continue to be funded appropriately, and we would welcome consideration of establishing appropriate pathways between FAs, MAs, and graduate level apprenticeships.

We also note that there has been significant expansion in Foundation Apprenticeships (FAs) in recent years, and is not clear to us whether additional expansion is required at this time. As set out above, Universities Scotland believes there is a strong case for prioritising investment in the development of graduate level apprenticeships, to ensure the more specialist skills needs in Scotland's economy are also met.

#### **5. Should Apprenticeship Levy funding be used to help unemployed people move into employment, and to help meet the workforce needs of employers?**

No.

Universities Scotland believes the primary focus of Apprenticeship Levy funding should be long-term investment in the development of graduate level apprenticeship pathways – this should be seized as an innovative opportunity to reduce educational inequality and support individuals who face barriers to training and employment, whilst also meeting key skills needs in Scotland's economy and thus promoting inclusive growth.

#### **6. Are there any additional suggestions on how Apprenticeship Levy funding might be used?**

It is important to stress the special nature of higher education institutions in relation to the Apprenticeship Levy: as employers, universities will collectively contribute £9m a year, and as providers, universities will be engines of the delivery of apprenticeships, and so it is essential that Levy funding is allocated in a way that is fair to the sector. A creative approach could be for some of the sector's share to be used to co-fund apprenticeships with organisations such as SMEs and charities who may otherwise be unable to afford them.

Flexibility will be key to maximising the positive impact of Apprenticeship Levy funding. Good governance is essential, but it will be important not to limit the use of funds via overly burdensome processes or restrictive guidance. It would be useful, for example, if some Levy funding could be invested in supporting the ongoing management, coordination and delivery of apprenticeship programmes within organisations, or could be accessed by employers to cover additional salary costs – for apprentices, or for apprentice managers or coordinators.

In addition, some institutions note that reductions in local college spaces have had an impact, at times, on opportunities for apprentices and costs for employers, and that the economic climate in recent years has led to more people being made redundant two or three years into apprenticeships – it is suggested that consideration is given as to how to address such trends.

