Addressing skills gap: Graduate employability and degree apprenticeships

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Talking Points

• The Skills challenge as evidenced by employers and government
• Graduate employability
• Degree Apprenticeships
So where are we?

Issues at play:

The marketization of HE
The Productivity Plan and increased competitiveness
The right skills in the right places
Hard and soft skills
Geography
Partnership and Collaboration
UK productivity as compared to other countries, and employer investment in training
Industry demand for skills

By 2022, two million more jobs will require higher level skills

Almost a quarter all vacancies are ‘skills shortage’ vacancies

Worst skills shortages: engineering, nursing and social care, construction, digital, leadership and management
Wakeham and Shadbolt employability reviews

- **Wakeham review of STEM employability and accreditation**
  - What are the relevant skills requirements of employers?
  - How do STEM graduates’ skills and knowledge interact with those requirements?
  - How do existing accreditation systems support and enable this?

- **Shadbolt review of computer science employability and accreditation:**
  - Why does CS have comparatively poor employment outcomes?
  - What is the relationship between employability and professional accreditation?
Cross-sector skills shortages

72% of large organisations report digital skills shortages

The digital skills of staff across the education and training system are uneven, and existing staff need to upskill

Even more than technical skills, employers report a lack of essential broader employability skills
How can we address these skills gaps?

**Productivity and HE**

- Closing skills gaps with higher level skills
- Routes through vocational and professional education

**Apprenticeship reform**

- New Degree apprenticeships
- 3m apprenticeship starts by 2020
- Employer-led education
Degree Apprenticeships

“It is for businesses to drive skills policy through demand”
BIS Select Committee on Productivity January 2016

Key features:

• Employers dictate the knowledge, skills and behaviour of particular occupations
• Employers hire apprentices and choose training providers
• Universities develop and deliver curriculum that matches occupational requirements
• Tuition fees are paid by employers through apprenticeship levy
• DA standards must be agreed by employers, and approved by DfE before they can be delivered
Degree Apprenticeships ready for delivery

<table>
<thead>
<tr>
<th>Sector</th>
<th>Apprenticeship standard</th>
<th>Level</th>
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<tbody>
<tr>
<td>Aerospace</td>
<td>Aerospace Engineer, Aerospace Software Development Engineer</td>
<td>6</td>
</tr>
<tr>
<td>Automotive</td>
<td>Control /Technical Support Engineer, Electrical /Electronic Technical Support Engineer, Manufacturing Engineer, Product Design and Development Engineer</td>
<td>6</td>
</tr>
<tr>
<td>Conveyancing and probate</td>
<td>Licensed Conveyancer</td>
<td>6</td>
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<tr>
<td>Defence</td>
<td>Systems Engineering Masters Level</td>
<td>7</td>
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<tr>
<td>Digital Industries</td>
<td>Digital and Technology Solutions Professional</td>
<td>6</td>
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<tr>
<td>Electronic Systems</td>
<td>Embedded Electronic Systems Design and Development Engineer</td>
<td>6</td>
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<tr>
<td>Energy and Utilities</td>
<td>Power Engineer</td>
<td>7</td>
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<tr>
<td>Engineering and Manufacturing</td>
<td>Postgraduate Engineer</td>
<td>7</td>
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<tr>
<td>Financial Services</td>
<td>Relationship Manager (Banking), Senior Compliance / Risk Specialist</td>
<td>6</td>
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<tr>
<td>Healthcare</td>
<td>Healthcare Science Practitioner</td>
<td>6</td>
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<tr>
<td>Law</td>
<td>Chartered Legal Executive</td>
<td>6</td>
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<tr>
<td>Law</td>
<td>Solicitor</td>
<td>7</td>
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<tr>
<td>Leadership &amp; Management</td>
<td>Chartered Manager Degree Apprenticeship</td>
<td>6</td>
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<tr>
<td>Nuclear</td>
<td>Nuclear Scientist and Nuclear Engineer</td>
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<tr>
<td>Nursing</td>
<td>Registered Nurse</td>
<td>6</td>
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<tr>
<td>Surveying</td>
<td>Chartered Surveyor</td>
<td>6</td>
</tr>
<tr>
<td>TV Production &amp; Broadcasting</td>
<td>Outside Broadcasting Engineer</td>
<td>7</td>
</tr>
</tbody>
</table>
Apprenticeships levy

All employers with over £3m in annual payroll will pay 0.5% to HMRC in Apprenticeship Levey from 6 April 2017

Public sector also has to meet a new target where 2.3% of its workforce will be apprentices.

Universities will be levy payers, but are not subject to the workforce target.

Levy payers will be able to spend all the levy tax they pay, and 10% more, but only on eligible apprenticeship training.

98% of employers won’t pay the levy. They can access the levy pot too. They will need to co-fund 10% of training, but government will pay 90% of the cost.

Apprentices still need to be paid a salary and the levy can’t be used for this.
Degree Apprenticeships Development Fund (phase1)

In 2016 Sajid Javid awarded £8.5m to HEFCE aimed at pump priming the HE sector to set up Degree Apprenticeships

- In September 2016 we allocated £4.5m to 18 projects, comprising 49 HE Providers.
- We have preliminary evaluation of the progress made by the projects and what they are spending the money on
- We are funding UVAC (University Vocational Awards Council) to provide tailored advice to institutions
- We have also funded two mapping studies to look at employer demand and take up within the HE sector
- This year we intend to run another competition and funding some more sector wide support activities.
What have the projects gained from DADF?

✓ For all 18 – added value, and in particular time value, is very high (but also number of new apprenticeships explored). For example:

✓ We would not have gone ahead to this extent, DADF has been a catalyst – raising the profile of DADF internally among senior management and enabling capacity to be built
✓ Yes, but not as quickly or it would have been at the cost of something else
✓ Probably but not as quickly. DAs are a strategic priority and within the direction of travel, so they would have happened but in two years rather than one
✓ Signalled HEFCE/policy commitment to DAs
✓ Brilliant to enable us to create the consortium in the light of busy schedules and further develop our business
✓ Make HEP management teams take notice/invest resources on DAs

✓ DADF related support e.g. workshops and Strand B (UVAC highly commended)
DADF Phase 2

- Launched April 2017
- Received 65 bids from HEIs and FECs
- Fund is 3x over-subscribed (lots of interest!)
- Panel meeting to determine funded projects in early July 2017
- Projects to develop and deliver DAs from Sept 2018
Challenges

Progress is solid, but still lots to do

Biggest hurdles:

• Speed of trailblazers - affecting starts, planning and return on investment
• SFA processes still time consuming and difficult
• Quality especially at level 4 and 5 where the apprenticeship contains prescribed HE qualification
  • HEFCE working with Ofsted, DfE and Institute for Apprenticeships
  • Responses to consultations raised important points
  • Lobbying for HE sector
• Impact of levy in short and medium term
• Work experience and shifting government priorities
Thank you for listening

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