

A level of uncertainty: How to resolve the debate over the future of Level 7 apprenticeships

BRIEFING PAPER

January 2025

SMF

**Social Market
Foundation**

By Tom Richmond, SMF Senior Fellow

Through the new ‘Growth and Skills Levy’, the Government has signalled its desire to rebalance funding towards young people and entry-level training opportunities. While critics are keen to present the Government’s proposed shift away from funding Level 7 apprenticeships (equivalent to a Master’s degree) as worsening social mobility and employer flexibility, former government adviser Tom Richmond presents novel analysis that challenges these concerns – and puts forward a set of recommendations that prioritise the best interests of apprentices and taxpayers.

KEY POINTS

- The Growth and Skills Levy will be designed to offer employers more flexibility, while helping to redirect money towards apprenticeships for young people – which will be funded, at least in part, by reducing spending on Level 7 apprenticeships.
- In this paper, through new data obtained from the Department for Education for the 2023/24 academic year, the hypothesis that Level 7 apprenticeships boost social mobility is empirically tested for the first time. The main findings include:
 - 1 in 6 apprenticeships are now taken by university graduates.
 - An estimated £431 million of apprenticeship funding was used up last year by university graduates, including £182 million for graduates starting Level 7 apprenticeships.
 - Management courses for existing staff that have been rebadged as ‘apprenticeships’ used an estimated £150 million of funding last year.

RECOMMENDATIONS

- Young people and adults who are already qualified at Level 6 (equivalent to a Bachelor’s degree) or higher should be banned from accessing levy-funded apprenticeships.
- Management training courses should be removed from the apprenticeship system and funded as non-apprenticeship training within the Growth and Skills Levy.
- Employers should be expected to pay up to 50% of the costs of non-apprenticeship training in future to encourage them to identify training courses that offer the best value for money.

INTRODUCTION

Ever since it was announced in 2015 (and subsequently implemented in 2017), the current apprenticeship levy has been the subject of fierce debate. Operating like a payroll tax, private and public sector employers across the UK with an annual wage bill of over £3 million (approximately 2-3% of all employers) are required to pay the apprenticeship levy to HMRC at a rate of 0.5% of their wage bill over the £3 million threshold.

Although levy-based funding systems are nothing new from an international perspective, the impact of the apprenticeship levy in this country has raised several concerns. Larger employers have endlessly complained about a lack of ‘flexibility’ in the apprenticeship system that prevents them from drawing down their own levy contributions,^{1 2} leading some to describe the levy as “unfit for purpose”.³ Not only are employers unhappy, future apprentices appear to be getting a raw deal too. From 2016/17 to 2023/24, the number of people starting an apprenticeship in England fell from 494,880 to 339,580. This overall decline masks an astonishing collapse in entry level apprenticeships (Level 2 – equivalent to GCSEs) from 260,650 to just 70,840. The disappearance of entry level opportunities can be explained by the shift towards sending older and more experienced employees on ‘apprenticeships’ instead of training new and younger recruits. 40% of ‘apprentices’ have been with their employer for at least 12 months before their training began, and almost half of ‘apprentices’ are now aged 25 and over.⁴

In line with the Labour Party’s recent election manifesto commitment, Prime Minister Keir Starmer announced a set of reforms to the apprenticeship system in September 2024. These included replacing the existing levy with a new ‘Growth and Skills Levy’ (GSL) that would, unlike the current levy, fund training outside of apprenticeships – in line with employers’ demands. Responsibility for deciding which non-apprenticeship training will be eligible for GSL funding has fallen to ‘Skills England’ – a new organisation within the Department for Education (DfE) that is still in the process of being created. In November 2024, Skills England launched an informal consultation with employers in ‘priority sectors’ (construction, health and social care and the eight ‘growth-driving sectors’ listed in the Government’s recent Industrial Strategy green paper) on what non-apprenticeship training should be funded, with an assessment of each sector’s skills needs expected in early 2025.⁵

However, offering employers more opportunities to spend the funds raised by the levy could result in greater overall spending on apprenticeships and non-apprenticeship training combined. This would be problematic because the Treasury gives the DfE a ring-fenced apprenticeships budget each year from the total receipts generated by the levy, which must pay for apprenticeships in both levy-paying employers and every other employer (generally SMEs). In other words, if levy-paying employers find more ways to use up their own levy contributions on either apprenticeships or, in future, other forms of training then this could easily lead to the DfE overspending the apprenticeships budget.

Consequently, alongside the announcement of the GSL, the Government said they will expect employers to pick up more of the tab for some of the most expensive

higher-level apprenticeships to help redirect money towards apprenticeships for young people as well as non-apprenticeship training:

“...employers are being asked to rebalance their funding for apprenticeships, asking them to invest in younger workers. This will also involve businesses funding more of their level 7 apprenticeships – equivalent to a master’s degree and often accessed by older or already well qualified employees – outside of the levy.”⁶

Skills Minister Jacqui Smith later confirmed that the removal of levy funding for Level 7 apprenticeships will be “pretty widespread” because “for too long employers have not invested enough in skills, and that’s something which needs to change.”⁷

The reaction to these policy developments has been mixed. On the one hand, some have welcomed the proposed increase in levy funding for young people as “long overdue”, whereas others described the likely removal of funding for most Level 7 apprenticeships as “disappointing”.⁸ Much stronger criticism has been aired by employers and training providers in the public sector, with the NHS, schools and local councils often cited as some of the biggest beneficiaries of the current system. As a result, potential restrictions on Level 7 apprenticeships may “disproportionately impact on public services”, along with claims that many Level 7 apprentices have low ‘prior attainment’ and come from areas of high deprivation. Other training providers insist that some learners on Level 7 apprenticeships have progressed from lower-level apprenticeships up to higher levels and should therefore not have their training opportunities curtailed.⁹

In an attempt to lend further weight to these arguments, over 600 employers, training providers and industry professionals wrote an open letter to the Chancellor of the Exchequer in December 2024 to express their “[concerns] about the impact of plans to defund level 7 apprenticeships on economic growth”. In addition, it was stated that “Level 7 apprenticeships are helping to provide the skills needed for occupations in growth-driving sectors outlined in ‘Invest 2035’ and to educate and train clinical staff and managers in the NHS.”¹⁰ On a similar note, it has been reported that the DfE wants Skills England to keep some Level 7 apprenticeships in scope for GSL funding, particularly courses for healthcare professionals,¹¹ although it remains unclear how this would be enacted.

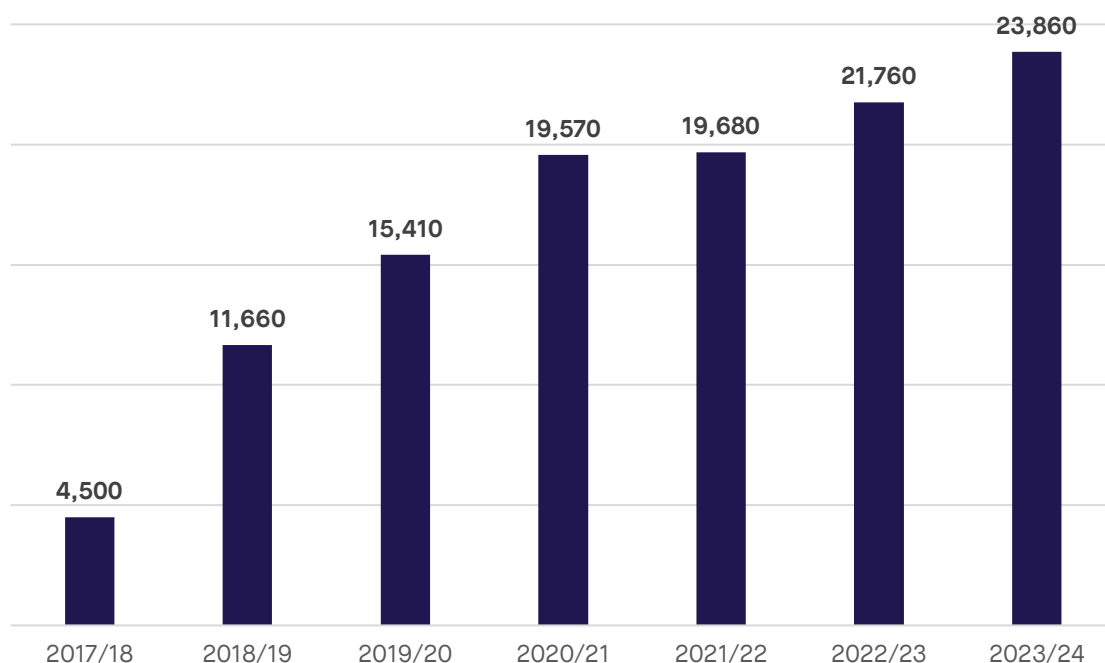
To investigate these competing claims, this paper will analyse the history, composition and focus of Level 7 apprenticeships. Following this analysis, the paper will put forward a set of recommendations for how the Government should seek to resolve the fiscal and policy tensions described above in a manner that prioritises the best interests of apprentices and taxpayers.

HOW POPULAR ARE LEVEL 7 APPRENTICESHIPS?

Although restricting funding for Level 7 apprenticeships is a recent policy decision, its roots stretch back many years to when the current apprenticeship levy was first devised.

According to the latest DfE statistics, there were 43 Level 7 apprenticeships – equivalent to a Master’s degree – that attracted at least 10 apprentices in 2023/24.¹² Some of these courses offer a Master’s degree qualification within them (e.g. Ecologist; Chartered Town Planner; Rail and Rail Systems Principal Engineer; Architect) whereas others are standalone training programmes. Level 7 apprenticeships have become increasingly popular, rising from 4,500 apprentices in 2017/18 to 23,860 in 2023/24.¹³

Figure 1: The total number of Level 7 apprenticeships started in England by learners of all ages



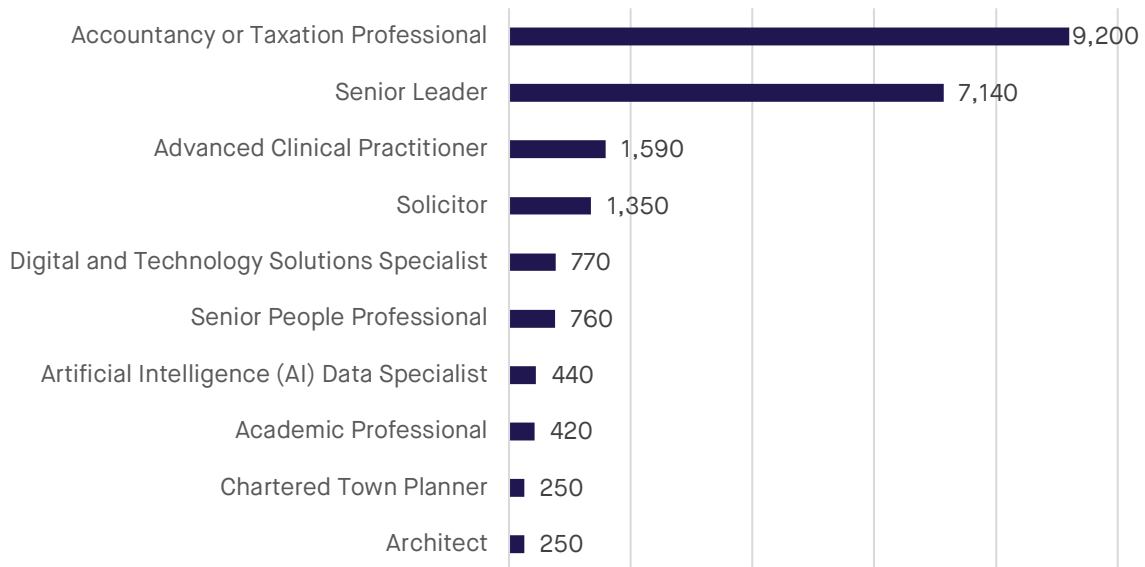
Source: Department for Education, Academic Year 2023/24: Apprenticeships.

Level 7 apprenticeships also tend to be very expensive relative to other courses, with an average ‘funding band’ (maximum cost) of over £18,000 for each new apprentice, which contrasts with lower level apprenticeships costing around £5,500 at Level 2 and £9,000 at Level 3.ⁱ This combination of exploding popularity and high cost explains why spending on Level 7 apprenticeships leapt from £12 million in the financial year 2017/18 to £238 million in 2023/24.¹⁴

ⁱ Author’s own calculations based on DfE apprenticeship starts data and funding band information collected from the website of the Institute for Apprenticeships and Technical Education.

Not only is the provision of Level 7 apprenticeships consuming more funding than in the past, but the precise make-up of this provision is particularly striking. Of the 23,860 Level 7 apprenticeships started in 2023/24, 16,340 (68%) were accounted for by just two apprenticeships: ‘Senior Leader’ (7,140 starts) and ‘Accountancy or Taxation Professional’ (9,200).

Figure 2: The number of starts on the 10 most popular Level 7 apprenticeships in 2023/24



Source: Department for Education, Academic Year 2023/24: Apprenticeships.

The Senior Leader apprenticeship has proved highly contentious from the outset. It claims to be targeted at any “leader who has senior management responsibility”,¹⁵ including Chief Operating Officers, Chief Financial Officers, Chief Executive Officers, senior military officers and Heads of Department/Faculty among others.¹⁶ Most controversially, it offered employees the chance to use apprenticeship funding to pay for MBA courses. Just a few months after the apprenticeship levy began in April 2017, the *Financial Times* reported that “British business schools cannot believe their good fortune as companies look to use the levy to send executives on MBA courses”, quoting Paul Baines – MBA course director at Cranfield University, one of the UK’s most prestigious management schools – as saying “the apprenticeship levy creates a new opportunity for us”.¹⁷ In 2019, the *Financial Times* found that the levy “has been a boon for business schools”, as the majority of senior business school staff said apprenticeships were a bigger opportunity for revenue growth than income from recruitment of overseas students, short executive education programmes or online courses.¹⁸

The then Conservative government attempted to clamp down on this apparent misuse of the Senior Leader apprenticeship by removing MBAs from the list of approved qualifications within this course and reducing the available funding from £18,000 to £14,000 per learner. However, business schools quickly found a loophole through which they could draw down the full £14,000 for the ‘apprenticeship’ and then simply ask individuals or companies for a top-up fee to award an MBA – a

practice that continues to this day, as can be easily found on business schools' websites.¹⁹ What's more, universities – some of whom have recast themselves as 'apprenticeship providers' – offer Master's degrees such as an MSc in 'Strategic Leadership' for an additional fee.²⁰

Many training providers also offer qualifications *within* the Senior Leader course, such as the Chartered Management Institute's (CMI's) Level 7 qualification in 'Strategic Management & Leadership Practice'. While the Senior Leader apprenticeship costs £14,000, learners can complete the Extended Diploma version of this CMI qualification²¹ outside of the apprenticeship system for just £3,000, complete with one-to-one executive coaching, guided coaching and online learning.²² Fully online and blended learning versions of the same qualification typically cost less than £2,000.²³ In fairness, this problem is not confined to the Senior Leader apprenticeship, as other management and leadership courses that have been rebadged as 'apprenticeships' display similar trends. The Level 3 'Team Leader or Supervisor' apprenticeship is eligible for £5,000 of levy funding²⁴ and attracted 13,760 learners in 2023/24,²⁵ making it the second most popular apprenticeship in England. However, if one were to study the comparable CMI Level 3 Diploma in 'Principles of Management and Leadership' – designed for "practising or aspiring managers who supervise or manage team" and providing "an overview of the roles and responsibilities required for managers and develop the skills required to succeed" – it only costs £1,400 for a part time, 12-month course combining in-person and online learning.²⁶

There is nothing wrong in principle with seeking to improve the quality and quantity of management training. The previous government drew attention to the potential to increase productivity and technology adoption, particularly in SMEs, through better management practices.²⁷ More recently, the Labour government's Industrial Strategy consultation noted that "there are weaknesses in management and leadership skills, particularly in small businesses".²⁸ Even so, the question of whether improving management practices is a sensible objective must be separated from the question of how best to achieve this goal. Delivering management and leadership training through an expensive and inflexible apprenticeship model was always a questionable proposition; even more so when funding is in increasingly short supply. That the value-for-money of these management courses looks highly dubious only compounds the problem.

Alongside the Senior Leader apprenticeship, the other popular Level 7 course is the 'Accountancy or Taxation Professional' apprenticeship. This was designed by employers to attract as many 'apprentices' as possible by vaguely asserting that the course is aimed at employees involved in "providing financial information and advice to different organisations".²⁹ Thus, the apprenticeship claims to cover a number of high-skill roles as diverse as management accountants, management consultants, tax advisers, external auditors, financial analysts, forensic accountants and business advisors.³⁰ These are self-evidently different occupations that require employees to learn distinct skills and knowledge to perform the role correctly, while the notion of an 'Accountancy or Taxation Professional' does not exist outside of the apprenticeship system. Regardless, this single apprenticeship has become the most

expensive apprenticeship in England due to its £21,000 funding band plus its continued appeal – particularly among larger employers keen to use up their levy contributions as quickly as possible.

These problems with loosely defined ‘apprenticeships’ in management and accountancy were both predictable and predicted. During the National Audit Office’s (NAO) major investigation into the apprenticeship programme in 2016, it recognised that while the Government “might reasonably expect the vast majority of employers, training providers and assessment bodies to act properly in response to apprenticeship reforms, a small minority may behave in unintended ways.” This included the possibility that employers may use the apprenticeship reforms to “artificially route other forms of training into apprenticeships”³¹ by creating deliberately broad ‘apprenticeships’ that encompassed a wide range of non-apprenticeship provision. A subsequent NAO investigation in 2019 found that employers routing other training into ‘apprenticeships’ was already pervasive:

“The apprenticeships programme now encompasses wider range of professions and types of training... However, these new types of apprenticeship raise questions about whether public money is being used to pay for training that already existed in other forms. Some levy-paying employers are replacing their professional development programmes – for example, graduate training schemes in accountancy or advanced courses in management – with apprenticeships. In such cases, there is a risk that the additional value of the apprenticeship to the economy may not be proportionate to the amount of government funding.”³²

The NAO’s report noted that the Government “recognises that some employers use apprenticeships as a substitute for training and development that they would offer without public funding”.³³ In addition, Ofsted warned at the time that “we have seen examples where existing graduate schemes are in essence being rebadged as apprenticeships [and] this might meet the rules of the levy policy, but it falls well short of its spirit.”³⁴ All these observations remain just as true today.

WHO IS ENROLLING ON LEVEL 7 APPRENTICESHIPS?

Leaving aside debates over the volume and content of Level 7 apprenticeships, there is a separate matter of who is enrolling on these courses. First and foremost, the Prime Minister was correct that the cohort of learners embarking on Level 7 apprenticeships is heavily skewed towards older people. A mere 470 Level 7 apprentices in 2023/24 were aged 16-18 compared to 8,000 19-24-year-olds and 15,400 learners aged 25 and over.³⁵ However, the age profile of Level 7 apprentices is not the only cause for concern. As noted earlier, numerous critics of the Government's planned restrictions on Level 7 apprenticeships claim that the people embarking on these courses often have low levels of prior attainment and have progressed upwards from lower-level training to reach these higher-level programmes. In effect, these critics appear to be casting Level 7 apprenticeships as a source of social mobility. Through new data gathered from the DfE through a Freedom of Information request for the 2023/24 academic year,³⁶ this hypothesis on social mobility can be empirically tested for the first time.

Table 1 shows the number of apprenticeships started at each level in 2023/24 as well as the number of apprentices who were already qualified at Level 6 (equivalent to a Bachelor's degree) or Level 7 and above. As can be seen in the bottom row, around 56,000 apprentices already had *at least* a Bachelor's degree or equivalent – representing 16% (1 in 6) of all apprentices. For Level 7 apprenticeships, 72% of learners had at least a Bachelor's degree or equivalent – including, remarkably, over 4,000 learners who had a Master's-level qualification or higher. Needless to say, this still leaves 28% of Level 7 apprentices who did not possess at least a Bachelor's degree, but the vast majority of Level 7 apprenticeships are nevertheless going to individuals who are highly qualified by national and international standards.

Table 1: The number of apprentices in 2023/24 who were already qualified up to Bachelor's degree or Master's degree level prior to starting their training

Apprenticeship level	Total starts in 2023/24	Of which prior attainment:	
		Level 6 (equivalent to a Bachelor's degree)	Level 7+ (equivalent to a Master's degree or above)
Level 2	70,840	1,040	320
Level 3	146,520	9,950	3,030
Level 4	41,170	7,600	2,880
Level 5	30,950	5,510	2,570
Level 6	26,250	5,060	910
Level 7	23,860	12,780	4,390
All levels	339,580	41,930	14,100

Source: Department for Education, Freedom of Information Disclosure, 2024, 2024-0038465.

The Senior Leader and Accountancy or Taxation Professional apprenticeships display a similar pattern, with 70% and 68% of ‘apprentices’ respectively already having at least a Bachelor’s degree. What’s more, 25% of those enrolled on the Senior Leader apprenticeship had a Master’s degree or higher, compared to 10% of those on the Accountancy or Taxation Professional course.

Even for apprenticeships at Level 2 and Level 3 – which are typically targeted at new and inexperienced recruits – learners with degree-level qualifications are still consuming over 14,000 apprenticeship opportunities a year, meaning that other potential apprentices (including those from the most deprived backgrounds) will be missing out. Seeing as the Labour Party’s 2024 election manifesto stated that they would “guarantee training, an apprenticeship, or help to find work for all 18- to 21-year-olds”,³⁷ allowing university graduates aged 22 and above to hoover up thousands of training opportunities suitable for younger learners appears to be an undesirable outcome.ⁱⁱ

The cumulative financial effect of those with university degrees taking up apprenticeship opportunities at the expense of other potential recruits is hard to ignore. Table 2 (overleaf) shows that around £430 million is likely to have been spent on ‘apprentices’ with university degrees who started their training in 2023/24. 42% (£182 million) of that expenditure would have been on Level 7 courses.

As the Labour Party rightly highlighted in its ‘Breaking down barriers to opportunity’ report in 2023, “young people leaving compulsory education are too often unable to find high quality apprenticeships, training or job opportunities.”³⁸ These figures help explain why. Even if money were plentiful, it would be reasonable to question the current approach. When funding is incredibly tight and savings need to be made, the case for reform is even stronger.

ⁱⁱ The Higher Education Statistics Agency show that over 500,000 undergraduate and 400,000 postgraduate degrees are currently awarded each year (<https://www.hesa.ac.uk/data-and-analysis/students/outcomes>) compared to just 440 Level 6 and 100 Level 7 qualifications being awarded outside of Higher Education in 2023/24 (<https://explore-education-statistics.service.gov.uk/data-tables/permalink/4490b4b7-daf0-4bdc-f999-08dd0adc50ad>). It is therefore reasonable to state, with almost complete certainty, that individuals qualified to Level 6 or above are university graduates.

Table 2: Estimating the cost of apprentices who were already qualified up to Bachelor’s degree or Master’s degree level

	A	B	C	D	E
Apprenticeship level	Number of apprenticeship starts with prior attainment of at least Level 6 (equivalent to a Bachelor’s degree)	Average cost of starts at each level ⁱⁱⁱ	Estimated maximum expenditure on starts at each level (column A x column B)	Retention rate (proportion of apprentices who completed their end-point assessment) ^{iv}	Estimated final expenditure on graduate-level apprentices in 2023/24 cohort (column C x column D)
Level 2	1,360	£5,489	£7,465,165	55.9%	£4,173,027
Level 3	12,980	£9,081	£117,868,021	56.8%	£66,949,036
Level 4	10,480	£9,800	£102,701,215	49.0%	£50,323,595
Level 5	8,080	£8,105	£65,492,077	53.4%	£34,972,769
Level 6	5,970	£23,257	£138,842,648	66.7%	£92,608,046
Level 7	17,170	£18,148	£311,605,268	58.5%	£182,289,082
ESTIMATED EXPENDITURE ON APPRENTICES ALREADY QUALIFIED TO DEGREE LEVEL IN 2023/24					£431,315,555

ⁱⁱⁱ Author’s own calculations based on DfE statistics: the number of apprentices starting each standard from 2017/18 to 2022/23 multiplied by the funding band for each standard (taken from the website of the Institute for Apprenticeships and Technical Education), and then divided by the total number of starts within each apprenticeship level.

^{iv} At the time of writing, the latest retention data published by the DfE was for 2022/23.

RECOMMENDATIONS

The Labour Party's desire to 'break down barriers to opportunity' is one of its five core missions across government. Consequently, ministers face various dilemmas over the future of Level 7 apprenticeships because they must achieve multiple policy, political and financial objectives that can (and often do) conflict with each other yet must be simultaneously delivered if the Government is to keep striving towards fulfilling its 'opportunity' mission.

On the one hand, the Government appears to want to be more generous by:

- Offering employers greater flexibility by funding non-apprenticeship training through the new GSL
- Maintaining (if not increasing) the overall number of apprenticeships being delivered
- Improving the quality of management and leadership skills

On the other hand, the Government may need to be more restrictive by:

- Saving money on the provision of Level 7 apprenticeships to support other initiatives
- Redirecting more funding to apprenticeships for young people
- Ensuring that learners from disadvantaged backgrounds do not lose access to training opportunities at higher levels, particularly within the public sector

The following recommendations seek to meet all these goals in a pragmatic and evidence-based manner.

1. Learners who are already qualified at or above Level 6 should be banned from accessing levy-funded apprenticeships.

This paper has shown how 'apprenticeships' are increasingly being used to train existing older workers, including senior executives at large corporations, at the expense of young people starting entry-level courses. As a result, existing employees (often with university degrees and years of workplace experience) are consuming an increasingly large share of the DfE apprenticeships budget. These issues are amplified in the provision of Level 7 apprenticeships, which are skewed towards individuals who are already highly qualified. That said, a total (or near total) ban on Level 7 courses could inadvertently close off opportunities for learners who have taken non-traditional routes through our education system, particularly those who do not possess an undergraduate degree. What's more, the Government would be wise to avoid a situation in which they (or Skills England) are seen to be hand-picking the specific Level 7 apprenticeship standards that will be funded in future because there is unlikely to be a process that could be considered fair and objective to all stakeholders in such a scenario.

Instead, the simplest way to resolve concerns over the unsustainable spending on Level 7 apprenticeships is to ban anyone who holds a university degree or equivalent qualification from starting a levy-funded apprenticeship. This would protect apprenticeships as a route for those who do not follow a traditional academic

pathway from school to university while saving over £400 million for every cohort relative to current spending patterns. This newly released funding could then be reinvested in more apprenticeships for young people. Given the significant cost of Level 7 apprenticeships, this new funding could deliver more lower-level apprenticeships than it loses at higher levels, thereby providing thousands more entry-level opportunities.

2. Reclassify ‘management apprenticeships’ at all levels as non-apprenticeship provision within the Growth and Skills Levy and set funding for this training at market prices.

The Government is perfectly entitled to seek to improve management and leadership skills across the economy, but this paper has shown that trying to achieve this goal through apprenticeships is at best inefficient, and at worst a poor use of precious funding. The training offered by these ‘management apprenticeships’ is already available through standalone qualifications that are considerably cheaper and more flexible than an apprenticeship, yet they offer the same outcomes in terms of upskilling and reskilling the workforce. On that basis, ‘management apprenticeships’ – more specifically, Team Leader (Level 3), Operations Manager (Level 5) and Senior Leader (Level 7) – should be reclassified as non-apprenticeship training within the new GSL.

The savings to the future apprenticeship/GSL budget could be substantial. Using the same approach as taken in the previous section for calculating the cost of university graduates on apprenticeships (maximum expenditure on an apprenticeship multiplied by the retention rate for that level), these three ‘management apprenticeships’ cost an estimated £150 million for the 2023/24 cohort. If, as this paper illustrated earlier, the same training could be delivered through the GSL as standalone courses at roughly a third of the price of an apprenticeship, the potential savings could be in the region of £100 million for each annual cohort without affecting the quantity of management and leadership training being delivered.^v

3. Introduce co-payments for all non-apprenticeship training within the GSL

If the Government wants to expand the range of training available within the GSL without overspending its budget, it is both necessary and desirable to start a conversation about employer ‘co-payments’. It is often forgotten that before the apprenticeship levy was introduced in 2017, it was only apprentices aged 16 to 18 who were fully funded, with employers having to pay 50% of the training costs for each apprentice aged 19 or over.³⁹ However, the apprenticeship levy has since offered hugely generous funding rates – typically covering at least 95%, if not 100% of an apprentice’s training costs for non-levy paying employers and any levy-paying employer that has used up their own contributions.⁴⁰ Unsurprisingly, this generosity

^v If the Government had already banned learners with degree-level qualifications from undertaking a levy-funded apprenticeship then these potential savings could be reduced because a proportion of learners would no longer be able to start these ‘management apprenticeships’ in future.

has placed a considerable strain on the apprenticeships budget, and the GSL would do well to avoid the same pitfalls.

While the apprenticeship levy has continued to offer enormous subsidies to employers, other initiatives have expected even small employers to contribute to the cost of training. For example, the 'Help To Grow' scheme (which closed in 2023) offered SMEs a 12-week 'Management Course' that included 12 modules, 8 hours of peer group sessions and 10 hours of 1-2-1 mentoring. SMEs had to contribute 10% of the costs,⁴¹ thus making the scheme more viable for government. This same principle should be applied to the GSL for the non-apprenticeship training that it eventually supports, including management and leadership courses.

As an initial proposal, the Government could consider setting national co-payment rates for employers purchasing non-apprenticeship training through the GSL e.g. 5% co-payments for micro-businesses (less than 10 employees), 10% for small employers (10-49 employees), 30% for medium-sized employers (50-249 employees) and 50% for large employers (250+ employees). These co-payment rates would apply to non-levy-paying employers as well as levy-paying employers that have used up their contributions. By introducing standardised co-payments, employers will be encouraged to identify skills and training programmes that demonstrate good value for money, which will help reduce deadweight in the GSL and ensure that the new levy's budget can fund a wider range of programmes.

ABOUT THE AUTHOR

Tom Richmond is an education policy analyst. He began his career teaching at a high-performing state school. After three years in teaching, he spent almost a decade working in policy development and research. This included working as a Researcher at the SMF and later advising ministers at the Department for Education. After leaving the Department he taught at a Sixth Form College before returning to education policy and research in 2018. From 2019 to 2024 he was the director of EDSK – a think tank that designed solutions to policy problems across the education system including schools, colleges, apprenticeships and universities.

ENDNOTES

- ¹ City and Guilds, 'Only 4% of Employers Are Spending Their Full Apprenticeship Levy Funding', Webpage, 2 February 2023.
- ² Will Nott, 'Employer Groups Call on Sunak to Reform Levy Funds in His Spring Statement', *FE Week*, 20 March 2022.
- ³ British Retail Consortium, 'Apprenticeship Levy "Not Fit for Purpose"', Webpage, 17 May 2022.
- ⁴ Department for Education, 'Academic Year 2023/24: Apprenticeships', Webpage, 2024.
- ⁵ Josh Mellor, 'Priority Employers Consulted on Growth and Skills Levy', *FE Week*, 19 November 2024.
- ⁶ Department for Education, 'Prime Minister Overhauls Apprenticeships to Support Opportunity', Press release, 24 September 2024.
- ⁷ Billy Camden, 'All Level 7 Apprenticeships Will Be Axed, Skills Minister Suggests', *FE Week*, 7 November 2024.
- ⁸ FE News Editor, 'Keir Starmer Announces New Foundation Apprenticeship at the Labour Party Conference', *FE News*, 24 September 2024.
- ⁹ Billy Camden, 'Master's-Level Apprenticeships Ban Risks Throwing "Baby out with Bath Water"', *FE Week*, 27 September 2024.
- ¹⁰ University Alliance, 'Employers Raise the Alarm over Plans to Cut Funding for the Highest-Level Apprenticeships', Webpage, 2024.
- ¹¹ Camden, 'Master's-Level Apprenticeships Ban Risks Throwing "Baby out with Bath Water"'.
¹² Department for Education, 'Academic Year 2023/24: Apprenticeships'.
- ¹³ Ibid.
- ¹⁴ Janet Daby MP, 'Apprentices: Taxation - Question for Department for Education' (UIN 15014, 19 November 2024).
- ¹⁵ Institute for Apprenticeships and Technical Education, 'Senior Leader', Webpage, 2022.
- ¹⁶ Ibid.
- ¹⁷ Jonathan Moules, 'MBA Students Become Unlikely Beneficiaries of UK Apprenticeship Levy', *Financial Times*, 2017.
- ¹⁸ Jonathan Moules, 'Apprenticeship Levy Fuels Business School Boom', *Financial Times*, 2019.
- ¹⁹ Cranfield School of Management, 'Senior Leader Apprenticeship+ Executive MBA', Webpage, 2024.
- ²⁰ Loughborough University, 'Senior Leader Apprenticeship – MSc Strategic Leadership Pathway', Webpage, 2024. Newcastle University, 'Executive Education', Webpage, 2024.
- ²¹ The Extended Diploma is the largest of the four versions of this qualification.
- ²² Next Level Impact, 'CMI Level 7 Award, Certificate and Diploma - Strategic Management and Leadership', Webpage, 2024.
- ²³ School of Business and Technology London, 'CMI Level 7 Extended Diploma in Strategic Management and Leadership Practice', Webpage, 2024.
- ²⁴ Institute for Apprenticeships and Technical Education, 'Team Leader or Supervisor', Webpage, 2024.

-
- ²⁵ Department for Education, 'Academic Year 2023/24: Apprenticeships'.
- ²⁶ The Bedford College Group, 'Management & Leadership CMI Level 3 Diploma (Online and On Campus)', Webpage, 2024.
- ²⁷ HM Treasury, 'Policy Paper - Build Back Better: Our Plan for Growth', Webpage, 2021.
- ²⁸ Department for Business & Trade, 'Open Consultation - Invest 2035: The UK's Modern Industrial Strategy', Webpage, 24 October 2024.
- ²⁹ Institute for Apprenticeships and Technical Education, 'Accountancy or Taxation Professional', Webpage, 2022.
- ³⁰ Institute for Apprenticeships and Technical Education, 'Developing an Occupation Proposal', Webpage, 2022.
- ³¹ National Audit Office, *Delivering Value through the Apprenticeships Programme* (London: NAO, 2016), 40.
- ³² National Audit Office, *The Apprenticeships Programme* (London: NAO, 2019), 30.
- ³³ Ibid.
- ³⁴ Ofsted, *The Annual Report of Her Majesty's Chief Inspector of Education, Children's Services and Skills 2017/18*, HC 1707 (London: Her Majesty's Stationery Office, 2018), 15.
- ³⁵ Department for Education, 'Academic Year 2023/24: Apprenticeships'.
- ³⁶ Department for Education, *Freedom of Information Disclosure*, 2024, 2024-0038465.
- ³⁷ The Labour Party, *Change: Labour Party Manifesto 2024* (London, 2024), 85.
- ³⁸ The Labour Party, *Breaking down the Barriers to Opportunity* (London: Labour Party, 2023), 14.
- ³⁹ Skills Funding Agency, *Funding Rules 2015 to 2016: Version 2* (Coventry: SFA, 2015), 45–50.
- ⁴⁰ Department for Education, *Apprenticeship Funding Rules: August 2024 to July 2025 - Version 1* (London, 2024), 69–70.
- ⁴¹ Small Business Charter, 'Help to Grow: Management Course', Webpage, 2024.