

EFFECTIVE SKILLS POLICY: A MANIFESTO FOR CHANGE

Recommendations:

- ➔ **Reduce regulatory overlap and bureaucracy in Level 4+ qualifications**
- ➔ **Finalise the Lifelong Learning Entitlement policy to ensure a range of qualification options are available**
- ➔ **Ensure that the Apprenticeship Levy is fit for purpose and encourages greater employer support for learners, plus additional financial investment in training**
- ➔ **Support the full diversity of higher education providers to develop new educational pathways**
- ➔ **Recognise the successful work universities are already delivering in their professional and technical qualifications offers**

Tackling the UK skills shortage and productivity problem is key to unlocking economic growth. Universities and colleges play a central role in delivering high level skills essential for upskilling and reskilling the workforce for the future, but the system needs change if the shared objectives are to be met.

GuildHE member institutions teach and train over 150,000 students in the UK each year and deliver innovative, technical, and industry-leading teaching and learning experiences that service the needs of many sectors including teaching, healthcare, agriculture, business, law, theology and the creative industries. Universities and colleges work closely with industry to develop a wide range of qualification types across tertiary education with a variety of opportunities for training and industry engagement embedded into the curriculum.

Government policies – including apprenticeships, LifeLong Learning Entitlement and reforming technical education – have rightly given increased focus to the importance of skills, but unnecessary burden and bureaucracy is stifling innovation. In this manifesto we outline a number of suggestions to the next government which will help universities and colleges across tertiary education to unlock the potential of the workforce and drive forward economic growth.

RECOMMENDATIONS:

- 1** Reduce regulatory overlap and bureaucracy in Level 4+ qualifications
- 2** Finalise the Lifelong Learning Entitlement policy to ensure a range of qualification options are available
- 3** Ensure that the Apprenticeship Levy is fit for purpose and encourages greater employer support for learners, plus additional financial investment in training
- 4** Support the full diversity of higher education providers to develop new educational pathways
- 5** Recognise the successful work universities are already delivering in their professional and technical qualifications offers

REDUCE REGULATORY OVERLAP AND BUREAUCRACY IN LEVEL 4+ QUALIFICATIONS

The regulation of post-18 education and training in England is broken. There is significant duplication and overlapping responsibility among regulators and funders. This creates financial and regulatory burden for providers because of the slightly different data and quality assurance requirements from bodies including the Office for Students (OfS), the Education and Skills Funding Agency (ESFA), the Institute for Apprenticeships and Technical Education (IfATE), the Office of Qualifications and Examinations Regulation (OfQual) and the Office for Standards in Education (OfSTED).

GuildHE represents many institutions that deliver a range of qualifications in the professional, vocational and technical sphere including higher education, degree apprenticeships, further education and other industry-specific continuing professional development (CPD) programmes. Many are also accredited by Professional, Statutory and Regulatory Bodies (PSRB). In our [GuildHE Regulation Briefing Series](#) of publications we have spoken extensively about how the current, complex system of multiple regulators with slightly different expectations (and definitions) impedes innovation and imposes unnecessary costs.

The built-in costs of running apprenticeships, for example, mean they are not financially viable to offer for many higher education institutions. Furthermore, this issue will become even more important to address with the future inclusion of Advanced Learner Loans to the HE Student Loan book, meaning that more hybrid providers will need to register with the OfS.

We would therefore like to see the next government:

- **Establish a national group to consider and make recommendations to reduce the regulatory burden of multiple regulators in tertiary education and to ensure better regulation across different types of qualification**
- **Ensure that the Office for Students, the principal regulator for higher education, recommits to the principle of collecting data once on behalf of the sector and has a formal data-sharing agreement between itself and other regulators in the adult education space (including access to the student finance system)**

FINALISE THE LIFELONG LEARNING ENTITLEMENT POLICY TO ENSURE A RANGE OF QUALIFICATION OPTIONS ARE AVAILABLE

GuildHE has been a long-standing supporter of a credit-based funding system and we welcomed the Lifelong Learning Bill as a clear path to achieving a more flexible funding approach for higher education courses.

Although the first courses are due to be delivered in 2026, there are still several fundamental questions concerning how the Lifelong Learning Entitlement (LLE) is going to operate in practice. We believe ministerial announcements have been too focused on the incorporation of further education qualifications into the student loan system, rather than the practicalities of the whole student finance system becoming more flexible (although we recognise a lot of their eligibility is not until 2027). Furthermore, the recent OfS-funded short course trial provided some food for thought on the market interest and practicalities of delivering short programmes. Higher education providers cannot simply offer bitesize learning of degrees they already run. Instead, curriculum design needs a great deal of consideration to ensure there is stand-alone labour market value in the individual credits, and that there is a genuine capacity to build those credits into larger, worthwhile qualifications.

The LLE policy also aims to support students to more easily transfer between providers and build up credit which leads to an award over a longer period than at present. This is another hugely complex policy problem. Whilst most higher education institutions are confident that their Recognition of Prior Learning policies are fit for the current higher education model, the LLE could fundamentally change the dynamic of this, and provide both opportunities and risks in admissions and academic standards.

This is because at present the number of students moving between courses and providers is small enough for there to be a bespoke approach (and support for the student). If student mobility becomes more widespread, then more information about specific credits that institutions accept will have to be developed and more resources will be needed to understand what other qualifications and short course options are available for students to take. Institutions may also be asked to take on more academic risk in accrediting students with qualifications made up of multiple credits that they themselves have not delivered.

We believe that the next government must urgently:

- **Decide on the maximum fundable value per credit**
- **Arrange for the new registration category within the OfS to become live, further embedding a level playing field between different providers that offer adult learning opportunities**
- **Commit to funding Information Advice and Guidance to the public on the new approach and the flexibility of their funding pot, whilst also encouraging them to use it most effectively**
- **Confirm if there will be further limitations on the use of the LLE (for example not allowing individuals to take multiple similar modules at the same level in different providers which cannot lead to a full qualification)**
- **Make the higher education sector aware how the LLE affects the traditional 3 year bachelor degree funding systems. For example:**
 - ➡ **Will the payment to providers continue to be 25%-25%-50% or will institutions be paid in line with the number of credits delivered to students?**
 - ➡ **Will students enrolled on a 3 year course who leave during their degree only have financial liability for the credits they took or will they lose a whole year of funding as they currently do?**
- **Reconsider the exclusion of Level 7 programmes from the LLE. The continuation of a separate scheme for taught masters loans is confusing for prospective students and the public when it is called a Lifelong Learning Entitlement**

ENSURE THAT THE APPRENTICESHIP LEVY IS FIT FOR PURPOSE AND ENCOURAGES GREATER EMPLOYER SUPPORT FOR LEARNERS, PLUS ADDITIONAL FINANCIAL INVESTMENT IN TRAINING

Whilst the LLE is one way of funding adult education and we welcome the bringing together of the Advanced Learner Loan system to the HE student loan system, the Apprenticeship Levy is also a key funding stream for adult technical education. We believe that there are several issues relating to the current working of the Levy.

Firstly, the fees set by DfE for degree apprenticeships do not always cover the cost of delivery and employers are very reluctant to cover the additional cost.

Secondly, the occupational route maps are not sufficiently extensive and education providers struggle to get employers to buy into developing new frameworks so that new apprenticeships can be funded. Where there are occupational standards, these have often been developed with very large employers and may not meet the needs of smaller businesses or specific regional skills plans.

Thirdly, the Levy can only be used for Apprenticeships, rather than wider technical and professional qualifications. Whilst this model works for some industries with historically strong skills bodies, it has also led some businesses to defund other CPD activities as a consequence of the Apprenticeship Levy that they must pay. Not all industries have the capability to develop occupational maps, or the sorts of jobs that could create an occupational standard.

Fourthly, it isn't sustainable in the long term to have one route to higher technical skills funded by individuals through the loan system and another route funded by employers through the Levy. The financial contributions of the government, employers and individuals need to be better balanced across the different routes.

Take the creative industries, for example. DCMS believes that 32% of jobs in the creative sector are on a self-employed/freelance basis. This is more than double the rate of self-employment in the wider UK economy (14%). The Creative Industries Policy and Evidence Centre published [a report in 2021](#) which found that:

- **76% of creative industries companies in the survey had worked with a freelancer in the past year**
- **41% of companies worked with as many or more freelancers than they had employees**

The creative sector is therefore struggling to engage in this area of skills policy as the funding and qualification approach is not flexible enough for their needs.

Furthermore, for apprenticeship providers there is a challenge in offering courses that employers want and the economies of scale in delivering them. Too often, low apprenticeship numbers can make running the programme unviable for providers, even when taking on apprentices from multiple employers.

We also believe there is a significant issue with employer support for students undertaking apprenticeships. In Degree Level Apprenticeships our members take their student support responsibilities very seriously, but students often drop out because their employer is not giving them the right type of support (both financially or the right type of learning opportunities) for the apprenticeship to work. The reality is it is incredibly hard to work and study concurrently, and it only works well if there is support from the employer, the education provider, and familial support for the apprentice. The length of apprenticeships also means that this pressure on time and mental load is often very long and unsustainable. Additionally, if apprentices do drop out, there is often no easy way for them to pick the qualification aspect back up by themselves.

We believe there are several things the next government can do to improve the current system:

- **Allow flexibility for some aspects of the apprenticeship levy to ensure that all industries can draw down their levy funding and offer more focused (but still high-quality) technical and professional qualifications for their workforce**
- **Increase the amount of money employers contribute to the levy and/or reviewing the tax incentives to businesses to encourage a good level of investment in training their workforce**
- **Ensure the quality assurance approach to apprenticeships encourages a higher level of employer support to the apprentice**
- **For IfATE to break down the barriers surrounding the development of new occupational standards to ensure more industries can develop them**
- **For IfATE to ensure that apprenticeship policy provides opportunities to ensure there are clear progression routes within occupational pathways**

In the longer term, we would like the Department for Education (DfE) to consider how the different approaches to funding higher education impact on the individual, employers and the state. We would like to see a fairer balance of cost sharing between the three stakeholders, and not just based on specific qualification routes.

SUPPORT THE FULL DIVERSITY OF HIGHER EDUCATION PROVIDERS TO DEVELOP NEW EDUCATIONAL PATHWAYS

The higher education sector has welcomed additional funding pots announced by DfE and administered through the OfS to fund innovation and capacity building in Levels 4 and 5 and Higher Apprenticeships. However, at present most of this money is either distributed to providers who have the resources to put in competitive bids or is allocated on a formula to those that already have a student cohort.

GuildHE members can – and do – offer a variety of technical qualifications, but often do not have the resources to engage in competitions. Members also find their scale does not meet the minimum impact threshold for funding. We believe this is unfair and needs re-aligning to ensure that all providers who want to increase their capacity can access funding support packages to do so.

This point also links to our forthcoming manifesto on placemaking where we will argue that our members are often in rural, coastal and towns not well serviced by other higher education provision. Members offer a vital skills service to local communities and wish to do their best to support regional skills plans and offer students a choice of where to study.

We encourage the next government to think about how all higher education and further education providers can be better supported to diversify their qualification portfolio and support regional skills plans.

RECOGNISE THE SUCCESSFUL WORK UNIVERSITIES ARE ALREADY DELIVERING IN THEIR PROFESSIONAL AND TECHNICAL QUALIFICATIONS OFFERS

When ministers talk about higher technical skills and vocational qualifications, they too often underplay the contribution of universities. The higher education sector has a strong history of delivering high quality and respected qualifications that service a whole range of key professions such as in STEM, medicine, legal and financial industries. Furthermore, our fastest-growing and economically significant creative sector is also heavily reliant on recruiting graduates. The 2020 PEC report [For Love or Money](#) showed that 82% of graduates working in design, 78% in music, performing and visual arts and 75% in architecture hold a creative degree.

Higher education providers are also key stakeholders in realising the skills requirements of the public sector and delivering on aspects such as the NHS Long Term Workforce Plan. GuildHE has also spoken about the role of universities in tackling the shortage of teachers

in schools in our recent [Teacher Education Manifesto](#). Whilst we understand why we should encourage a diversity of qualifications from a variety of educational settings and meet different skills needs, we also believe it should be recognised that universities are working hard to ensure their degrees have onward currency in the graduate's future career and life in general, in addition to offering courses that provide specific occupational routes.

GuildHE represents higher education institutions that offer specialist training in a variety of professions including allied health, teacher training, law, creative and performing arts, agriculture and sport. Our members' curricula are aligned not just with current professional standards, but many staff are [active practitioners](#) and institutions bring in industry to help design and support their programmes.

Whilst IfATE has developed a framework to include employers in the development of occupational standards, we are concerned that this model only services the short term employer skills needs, rather than the longer term development of the individual. We believe there should be a better balance between offering qualifications and CPD that provide specific training within a specific workplace for a specific role, and the value of a qualification which develops longer-term personal skills of the individual such as adaptability, resilience, critical thinking and research skills. With the rise of automation, it is very challenging for businesses to predict what their skills needs will be in 5-10 years. Businesses also demand better leadership and management skills across all different types of business. More generic qualifications routed in subject disciplines can – and do – offer the flexibility for learners to gain specific and general knowledge to support their whole working life.

To be successful in meeting the UK's national skills needs, there must be better collaboration between businesses, schools, councils and further education and higher education providers. All play a key role in developing the knowledge, skills and behaviours for a productive society. Higher education and further education providers can – and should – work more closely together to create meaningful and progressive pathways to improve the level of qualification attainment of citizens.

We ask the next government to:

- **Recognise that the short term needs of employers and the long term needs of individuals are not always the same**
- **Champion the successful work universities undertake to support their graduates into work or further study and develop skills for life, not just subject-specific knowledge**
- **Encourage local and regional skills boards to incorporate higher education providers into their plans and support greater collaboration between higher education and further education providers**

GuildHE is an officially recognised representative body for UK Higher Education, championing distinction and diversity in the sector. Our 60+ members include universities, university colleges, further education colleges and specialist institutions, representing over 150,000 students.

Distinction and Diversity
in Higher Education

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