

Written evidence from University College of Estate Management (UCEM) (SFF0015)

1. ABOUT UCEM

- 1.1** University College of Estate Management (UCEM)¹ is the leading university for supported online education for the built environment, with over 100 years of experience providing the highest quality learning opportunities. At any one time, we have more than 4,000 students from more than 100 countries benefiting from our qualifications taught by tutors with extensive industry experience.
- 1.2** UCEM offers a range of higher and degree-level apprenticeship programmes across surveying, building control, construction site management and sustainability. Approximately 60% of our students, circa 2,500, study via apprenticeships. Our most popular apprenticeship courses are in chartered surveying and we are the leading provider of such apprenticeships in England.
- 1.3** Delivering such a range of apprenticeships means we have a relationship with the over 550 organisations that employ our apprentices, ranging from smaller businesses to multi-national companies.
- 1.4** To ensure our training offer remains industry-appropriate and our expertise fosters a more sustainable built environment, UCEM interacts with various stakeholders. The ones relevant to the subject matter of this inquiry include our membership of the Construction Skills Delivery Group, the Construction Leadership Council's People & Skills Network (including Chairing its 'Routes in Industry Workstream') and Chairing the Construction Industry Council's Education & Future Skills Committee.

2. ABOUT THIS EVIDENCE

- 2.1** In this response, UCEM has offered answers to questions one, four and six, as these were areas we felt best qualified to offer comment, based on our experience and expertise (see above).
- 2.2** We preface each of our responses with a very brief outline. Broadly, we acknowledge that the UK's skills policy and system have strengths but require some reform in their practice or operation if apprenticeship, education and training providers are to continue to supply the UK with a skilled, competent and knowledgeable workforce equipped to meet the evolving demands of modern economies.

3. QUESTION ONE: WHAT KINDS OF SKILLS DO YOU THINK WILL BE NEEDED FOR THE FUTURE OF THE UK ECONOMY? IS THE UK'S SKILLS AND TRAINING SYSTEM CAPABLE OF EQUIPPING INCREASING NUMBERS OF PEOPLE WITH THESE SKILLS?

¹ UCEM was founded in 1919. It was incorporated by Royal Charter (RC000125) on 22 August 1922 and has been a registered independent charitable institution in England and Wales since 24 May 1963 (Charity Number: 313223). UCEM is on the UK Registered of Learning Providers (Reference Number: 10008173) and is regulated by the Office for Students.

- The future of the UK economy, particularly in the construction, built environment and real estate sectors, will demand a blend of traditional skills and emerging competencies driven by technological innovation, sustainability imperatives and evolving market dynamics.
- Currently, the UK's skills and training system is making strides towards equipping individuals with these essential skills. However, there is a need to ensure that training systems are responsive to the rapid changes in industry demands and technological advancements.

3.1 The employers that UCEM works with increasingly require new entrants to the sector to have technical competencies (for emerging approaches like Modern Methods of Construction), digital skills (for tools such as Building Information Modelling [BIM], Geographic Information Systems and data analytics) and sustainability practices (e.g. retrofit, green materials and energy-efficient design). However, although the skills gap does appear to be narrowing in some of these areas, there is still an identified shortage in areas such as BIM² and retrofit coordinators³.

3.2 These types of skills can all be taught via apprenticeships. However, these need to be more readily adaptable and challenge all parties to drive forward with innovation in the curriculum, to react more quickly to the rapid developments in technology, digitalisation and the understanding of environmental sustainability.

3.3 Stronger partnerships between industry and providers are needed to ensure education and training programmes are aligned with current and future industry demands.

3.4 In particular, the 'training plans' (formerly 'commitment statements') need to be readily adjustable by individual employers working in partnership with their chosen training partner, to ensure relevancy to industry and professional practice.

3.5 The Institute for Apprenticeships & Technical Education (IfATE) should coordinate a system to more frequently review the technical and professional content of apprenticeships (currently only every three years). For the built environment sector, bodies such as the Construction Leadership Council (co-chaired by the Department of Business & Trade) can be a conduit by which industry could rapidly input into these reviews.

3.6 This would help mitigate the issue that current 'Apprenticeship Standards' (which define the skills required of an apprentice) are high-level documents, which can be slow to reflect changes happening in industry and can take time to progress through formal approval processes. This can result in apprenticeship programmes being devised many years prior to apprentices completing which begs the question of timely responsiveness to meet sectoral needs.

² National Building Specification (2020), *BIM Report 2020*, Pg 23/24 [online]. This showed that 56% of those in the industry found a lack of expertise was a barrier to them using BIM. Available at: <https://architecturaltechnology.com/static/3f388415-32f9-408d-85cc2c1adf13d012/TheNBSBIMReport2020.pdf> [accessed 24 May 2024]

³ New Economics Foundation (2021), *Great Homes Upgrade – an investment and policy package to futureproof UK housing*, Pg 4 [online]. This estimates at least 20,000 retrofit coordinators are needed for domestic retrofit. Available at: https://neweconomics.org/uploads/files/Great-Home-Upgrade-Policy-Briefing_September-2021_final.pdf [accessed 24 May 2024]

4. QUESTION FOUR: ARE CURRENT GOVERNMENT POLICIES ON SKILLS, PARTICULARLY APPRENTICESHIPS AND TRAINING, SUFFICIENTLY CLEAR? HAVE POLICIES AND THE INSTITUTIONAL SET-UP BEEN SUFFICIENTLY CONSISTENT OVER TIME? IF NOT, WHAT CHANGES OR REFORMS WOULD YOU RECOMMEND?

- Some details of how apprenticeships are monitored and regulated need reform.
- The concept of a successful apprenticeship needs broadening and data collection around non-completions should be more detailed.
- Regulation of apprenticeships, especially at degree level should be more proportionate.

4.1 Although overall Government policy has been clear, the details of how apprenticeships are monitored and regulated need reform. Firstly, the Government needs to define a more holistic apprenticeship reporting system that captures a broader set of success measures. For example, progression to another more advanced apprenticeship is not currently recognised as a successful outcome, apprenticeship providers and/or end-point assessment organisations have little scope for providing details about why an apprentice may have dropped out of their apprenticeship (often due to personal, rather than employment or educational, reasons) or why they may have failed to undertake, or pass, the 'end-point assessment' element of their apprenticeship, needed for an apprenticeship to be measured as 'completed'.

4.2 This rather narrow measurement of success and lack of 'rich' data can not only mean apprenticeship providers are denied funding (often after already bearing the costs of teaching the apprentice), making apprenticeship courses less viable and, therefore, available, but also means that government is not able to truly understand what would help apprenticeships deliver future skills (e.g. how they can boost in work productivity by facilitating promotions or how to limit apprenticeship non-completions etc).

4.3 Changes should be made to the 'Accountability Framework'⁴ used to review the quality of apprenticeship training from providers. There must be greater opportunity to record more detailed data, including qualitative, and to broaden how the Government measures 'success' in apprenticeships. This must include measures against progression to more advanced apprenticeships, retention of apprentices in their sector post-apprenticeship and a facility to collect reasons why apprentices may not complete their training.

4.4 Secondly, the regulation of apprenticeships and their funding, especially those at degree level, is now disproportionate to risk and places an excessive burden on training providers. Indeed, some apprenticeship providers are now reluctant to take on apprenticeship training for Apprenticeship Standards with any possibility of having a low achievement rate, as the regulatory risks outweigh the benefits.

⁴ GOV.UK, Department for Education, *Guidance: Apprenticeship training provider accountability framework and specification*, published 11 April 2024 [online]. Available at: <https://www.gov.uk/government/publications/apprenticeship-training-provider-accountability-framework/apprenticeship-training-provider-accountability-framework-and-specification> [accessed 24 May 2024]

This hinders the development of apprenticeships into technically complex areas or emerging economic sectors, often the very skills needed in the UK.

- 4.5** UCEM estimates that 15% of the costs of delivering its degree apprenticeships relate to regulatory compliance alone: funds which could and should be better served by investing in the training of apprentices. This is because a degree apprenticeship provider has to navigate through multiple regulatory systems (these can include Ofsted, Education & Skills Funding Agency, Office for Students [OfS], Ofqual at organisational level, to the Quality Assurance Agency at subject level) which duplicate, overlap and often compete with one another.
- 4.6** The Department for Education needs to undertake a holistic review of the entire regulatory framework and look for opportunities to eliminate, or at least more closely align, metrics that measure the same aspects of delivery, such as the inconsistencies between the Office for Students' B3 Condition and Apprenticeship Qualification Achievements Rates⁵.
- 4.7** A wider streamlining of the regulatory framework would be expedited if individual regulators examined their systems to ensure they are as efficient as possible, following the example of the Office for Students.⁶
- 4.8** Similarly, the Education and Skills Funding Agency (ESFA) apprenticeship funding rules⁷ now run to over 130 pages and need significant consideration and simplification. Whilst rules are necessary to ensure appropriate spending of taxpayers' money, the apprenticeship system has significantly moved away from this model; apprenticeship levy-paying employers now fund apprenticeship training and assessment. It must, therefore, be questioned if the annual apprenticeship funding rules, their complexities, intricacies and ways in which training providers are challenged to meet targets, remain wholly appropriate.
- 4.9** For example, the Government must consider whether certain rules might be replaced by the phasing of training delivery or meeting of agreed milestones and if the penalty clauses levied are fair (including whether any issues are in the control of the training provider or employer).
- 4.10** Ultimately, reporting and monitoring should prioritise the real outcomes from apprenticeships that all stakeholders aim to deliver: a capable and productive workforce, equipped with the latest skills.

⁵ For example, the OfS' Condition B3 (Student Outcomes) imposes numerical thresholds (which, if missed, risk regulatory intervention) relating to student continuation and completion which are very similar in purpose to the pass and retention rates measured by the Apprenticeship Qualification Achievement Rates assessed by the DfE.

⁶ Whose Key Performance Measure 11 assesses 'Efficient Regulation' and considers the regulatory burden placed upon those regulated. See: <https://www.officeforstudents.org.uk/about/how-we-are-run/key-performance-measures/kpm-11-efficient-regulation> [accessed 24 May 2024]

⁷ GOV.UK, Department for Education, *Apprenticeship funding rules and guidance for main providers, August 2024 to July 2025 Version 1*, published in May 2024 [online]. Available at: https://assets.publishing.service.gov.uk/media/664620c4993111924d9d36ad/Apprenticeship_Funding_Rules_2024-2025_version_1.pdf [accessed 24 May 2024]

5. QUESTION SIX: CONCERNS HAVE BEEN RAISED OVER THE OPERATION OF THE APPRENTICESHIP LEVY, PARTICULARLY IN RELATION TO THE DECLINE IN YOUNG PEOPLE TAKING ON APPRENTICESHIPS. IS THERE A CASE FOR REFORMING THE LEVY, FOR EXAMPLE BY RING-FENCING MORE LEVY FUNDING FOR TRAINING FOR YOUNGER APPRENTICES?

- The apprenticeship levy has helped drive employer investment in apprenticeships, but some reforms could be made to its operation.
- These include allowing levy funds to be spent on shorter-form courses and supporting larger employers in transferring their unused levy funds to SMEs.
- The systems that govern how levied funds are spent also need review, such as reviewing apprenticeship funding bands and when apprenticeship providers receive their 'completion payment'.

5.1 The apprenticeship levy has driven significant investment in apprenticeships, with large employers now focused on apprenticeship recruitment and levy funds being used to support the training of a technical and professional workforce, which was previously out of the scope of former apprenticeship framework funding mechanisms. Since April 2024, for employers who do not pay the apprenticeship levy, the Government fully funds apprenticeship training costs by paying the full cost of training, up to the funding band maximum, for anyone up to the age of 21, which should help train younger apprentices⁸.

5.2 However, some reforms could be made to the operation of the levy and apprenticeship funding more generally, that would help create an even more skilled workforce.

5.3 For example, the lack of flexibility of the apprenticeship levy is proving problematic: some employers are now reporting that they can no longer fund alternatives to apprenticeships, resulting in less funding available to those in the workforce who require upskilling via shorter form courses, which can often be suitable for younger workers at the start of their careers.

5.4 To promptly fill skills gaps, which will become increasingly difficult to predict as technologies such as automation and artificial intelligence become more prevalent, UCEM can see the value in shorter, more modular courses. These could be developed in partnership with employers and IfATE quicker than traditional apprenticeships. However, such forms of potential delivery are stymied as levy funding cannot, currently, be spent on such courses. UCEM would call for great flexibility in this regard, perhaps allowing levy funding to be spent on shorter courses if these were accredited by professional bodies/regulators etc, to maintain quality assurance.

5.5 Similarly, incentives to enable levy sharing are also facing barriers to their uptake. Levy transfers between employers are not being routinely taken up, with only 2.7% of levy-paying businesses transferring their unspent funds⁹, resulting in the apprenticeship levy not being fully utilised. Employers have reported to

⁸ GOV.UK, *Funding an apprenticeship for non-levy employers* [online] Available at: <https://www.apprenticeships.gov.uk/employers/funding-an-apprenticeship-non-levy> [accessed 24 May 2024]

⁹ See response by Robert Halfon MP to written parliamentary question, UIN 12845, tabled on 2 Feb 2024 and answered on 12 Feb 2024. HC Deb, 12 February 2024, cW. Available at: <https://questions-statements.parliament.uk/written-questions/detail/2024-02-02/12845/> [accessed 24 May 2024]

UCEM that too much onus was placed on larger employers to transfer their levy funds to support smaller firms¹⁰, so recently announced government reforms to increase the levy transfer cap to 50% will only be of limited help as it is a lack of guidance, rather than not having funds to transfer, which is the barrier.

- 5.6** Another important area for reform should be apprenticeship funding bands. Apprenticeships are financed less generously than traditionally delivered academic degrees, with apprenticeship funding remaining stagnant for several years. For example, the upper limit of the highest apprenticeship funding band has been set at £27,000, lower than the tuition fee limit of £27,750, since September 2015.
- 5.7** Clear gaps have developed between the real-world costs borne by degree apprenticeship providers and the maximum available under the funding bands. This risks eroding the quality of training and therefore diminishing the return employers see from their investments in training, such as via the apprenticeship levy.
- 5.8** These funding bands need more frequent reviews to ensure they are keeping pace with inflation. A simpler mechanism needs to be developed by which the ESFA and IfATE can more regularly review funding band rates in light of inflation, whether this is based on a consideration of the current rate of RPIX inflation¹¹ or where degree apprenticeship providers can prove a genuine increase in cost (e.g. teaching salaries or consumables etc), as the current process is too protracted.
- 5.9** Additionally, we would suggest that the highest apprenticeship funding band increase above £27,000 (see Paras 5.6 & 5.7) as providers of professional and technical degree apprenticeships, in particular, can routinely provide evidence to demonstrate it costs more than this to deliver this type of education.
- 5.10** The rules which govern apprenticeship funding can also exacerbate funding problems. Training providers are unfairly penalised if the apprentice fails to proceed with their end-point assessment, with 20% of the funding due to the apprenticeship provider (£5,400 for apprenticeships at the highest funding band) being withheld in this situation¹². This 20% is known as the 'completion payment'.
- 5.11** Withdrawals, which are often not the fault of the provider (i.e. personal reasons for an apprentice) often occur in the 'gateway' period between finishing a qualification, but before taking the end-point assessment, by which stage the provider has invested significant resources in teaching the apprentice.
- 5.12** We suggest that the completion payment, or at least some proportion of it, should instead be assigned to the training provider when the apprentice completes their gateway review. At this point, the apprentice has achieved the academic portion of their learning, compiled a portfolio of evidence to show that

¹⁰ UCEM (2023), *Enabling Successful Building Environment Apprenticeships*, Pg 14 [online]. Available at: <https://www.ucem.ac.uk/wp-content/uploads/2023/07/UCEM-INSPIRE-Enabling-Successful-Built-Environment-Apprenticeships-July-23.pdf> [accessed 24 May 2024].

¹¹ The RPIX figure is published by the Office for National Statistics and is used to determine inflation for the purposes of inflation linking basic and higher tuition fee amounts. as per the *Student Fees (Inflation Index) Regulations 2006 [SI 2006/507]*, available at <https://www.legislation.gov.uk/ukSI/2006/507/made> [accessed 24 May 2024]

¹² GOV.UK, Department for Education, *Apprenticeship funding rules and guidance for main providers, August 2024 to July 2025 Version 1*, Para 124, published in May 2024 [online]. Available at: https://assets.publishing.service.gov.uk/media/664620c4993111924d9d36ad/Apprenticeship_Funding_Rules_2024-2025_version_1.pdf [accessed 24 May 2024]

the 'Knowledge, Skills and Behaviours' (KSBs) of the relevant Apprenticeship Standard has been met and their employer has agreed that the apprentice is ready for end-point assessment. Since this is the main task of apprenticeship providers achieved, it seems appropriate that the provider should receive recompense at this juncture.

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