Capped Potential

The case for more degree-level apprenticeships

ONWARD

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About Onward

Onward's mission is to develop bold and practical ideas to boost economic opportunity, build national resilience, and strengthen communities across all parts of the United Kingdom.

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Executive summary

Degree-level apprenticeships combine a full degree with paid work and carry no tuition fee for the apprentice. Introduced in 2015, they have grown from 770 starts a year to just over 60,000, around one apprenticeship start in six, and they train nurses, clinicians, engineers, data scientists, accountants and town planners.

The evidence on outcomes is strong. On the Department for Education's own earnings data, Level 6 apprentices who completed in 2022/23 had median earnings of £34,610 a year later, against £26,000 for first-degree graduates. Lower completion rates than traditional degrees are the most common criticism of the route, but they are widely misread: in the government's 2023 evaluation, 94% of non-completers at Levels 6 and 7 were in work immediately after leaving, and the most common reason for leaving, cited by 24%, was a better job offer.

That success is now being rationed. The Growth and Skills Levy is forecast to raise £4.6 billion in 2026/27, yet the apprenticeships budget for England is £3.3 billion, leaving a significant gap even after funding for the devolved nations is accounted for. The Institute for Fiscal Studies estimates that levy receipts exceeded the apprenticeships budget by almost £840 million in 2024/25. As degree-level provision has taken a growing share of that budget, the Government has responded by restricting it. Since January 2026, public funding for Level 7 apprenticeships has been withdrawn for most people aged 22 or over, and in March 2026 it was announced that funding would be withdrawn from 16 further standards. Taken together, the two decisions remove funding support from roughly one in five apprenticeships begun in 2024/25.

This pressure is framed as rebalancing money towards younger people and lower levels, at a time of acute concern about the number of young people not in education, employment or training. This report accepts the urgency of that problem, but argues that the choice is a false one. Cutting the most successful earn-and-learn route only manages scarcity. The better course is to build a system that uses the levy for its stated purpose, keeps the confidence of employers and draws in more of their investment.

The report is in three parts. Chapter 1 sets out how degree-level apprenticeships have grown and what they deliver for apprentices and employers. Chapter 2 examines the limits now being placed on that success, from the budget ceiling to the Level 7 age restriction. Chapter 3 makes eight recommendations to fix the funding rules, open the doors to more applicants and providers, and guard quality.

Summary of recommendations

The recommendations set out national entitlements, with portable standards, common data and a single front door, so that the system strengthens rather than fractures as post-16 funding moves into mayoral integrated settlements. The aim is to establish strong national standards that allow local and mayoral flexibility.

- **Harmonise the apprenticeships budget with levy receipts.** Set the budget from the OBR forecast of levy receipts, with any gap between forecast and outturn corrected by a top-up or transfer the following year.
- **Replace the age cap on Level 7 with a limit for prior master's-level degree holders.** Withhold full funding only from those who already hold a master's degree or have completed a Level 7 apprenticeship, in place of the arbitrary cut-off at age 22.
- **Create a tax credit co-investment option,** letting employers fund additional places with their own cash through their apprenticeship service accounts, and claim a Skills Tax Credit against corporation tax on those places once they have spent or transferred their full levy entitlement.
- **Tender for a single front door for degree-level apprenticeships**, bringing every degree-level apprenticeship vacancy, and the means to apply, into one place.
- **Collect and publish more information on degree-level apprenticeship outcomes.** Record the reason, timing and destination of withdrawal in the Individualised Learner Record, and publish outcomes, vacancy and applicant data on the same basis as traditional degree courses.
- **Reopen the provider register,** restoring a route for new specialist providers and easing the restrictions that tie new entrants to one employer's nomination and one occupational route.
- **Establish a single inspection regime,** with clear lead responsibility, inspection expertise matched to the level and public reporting that employers and applicants can use.
- **Move to employer-led standards updates,** with review of every degree-level standard at fixed intervals and a fast-track route for fast-moving sectors, piloted first in AI, digital and advanced engineering.

Chapter 1: The apprenticeship journey

Apprenticeships have been a feature of British working life since the Middle Ages, allowing people to learn a trade recognised by a guild. Their popularity grew markedly in the nineteenth and twentieth centuries during industrialisation to a peak in the 1960s when just over a third of male school leavers became apprentices.[1] After a period of decline over the thirty years that followed, a series of reforms were brought in from 1993 onwards to formalise apprenticeships as a route to recognised qualifications with national standards.

The first degree-equivalent apprenticeships (above foundation degree level) are a much more recent feature of the system, introduced as recently as 2015. Since then, degree-level apprenticeships have surged, now representing one in six apprenticeship starts.[2] To evaluate the success of degree apprenticeships over the last decade, it is necessary to assess the growth in starts, their completion rates, the outcomes of those graduating and the experience of employers and providers training them.

Qualification routes

Several routes run in parallel through the English qualifications framework: an academic route through GCSEs, A Levels and traditional university degrees; a classroom-based vocational and technical route; and a work-based route through apprenticeships. Level 6 and Level 7 apprenticeships are bachelor's and master's level respectively, with full degree certification or professional qualification awarded on completion of an end-point assessment. Most Level 6 apprenticeships are degree apprenticeships (89%), but at Level 7 about two thirds are non-degree professional qualifications.[3]

It is often possible to switch between routes once the previous level of qualification has been obtained, with many entering degree apprenticeships from academic or classroom-based vocational and technical routes or midway through their careers. While apprenticeships below degree level typically mirror technical or vocational qualifications, degree apprenticeships more often offer full bachelor's or master's degrees.

[1] S. Vickerstaff, "'I was just the boy around the place': what made apprenticeships successful?", Journal of Vocational Education and Training, Link (2007), p.333.

[2] "Apprenticeships, Academic year 2024/25", DfE, Link (2025), Headline facts and figures.

[3] "Analysis of level 6 and 7 apprenticeships", OfS, Link (2020).

Figure 1: Qualification routes in England by level.[4]

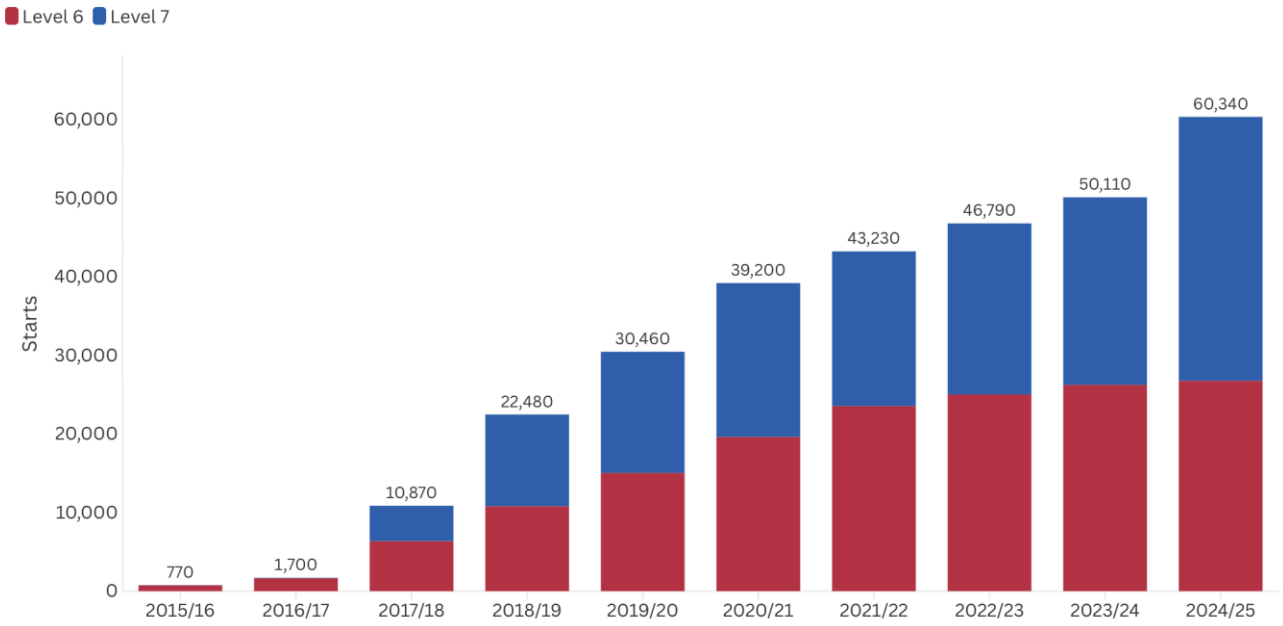
Level	Academic	Technical/vocational	Apprenticeship
1	GCSE grades 1–3	Level 1 awards, certificates, diplomas and NVQs	None
2	GCSE grades 4–9	Level 2 awards, certificates, diplomas and NVQs	Level 2 foundation or intermediate apprenticeship certificate
3	A Level; AS Level; International Baccalaureate Diploma	T Levels; V Levels (from 2027); BTEC Nationals and other Level 3 diplomas and NVQs	Level 3 advanced apprenticeship certificate
4	Certificate of Higher Education	Higher National Certificate (HNC); Level 4 diplomas and NVQs	Level 4 higher apprenticeship certificate
5	Diploma of Higher Education (DipHE); foundation degree	Higher National Diploma (HND); Level 5 diplomas and NVQs	Level 5 higher apprenticeship certificate
6	Bachelor's degree with honours (BA, BSc); graduate diploma	Level 6 diplomas, NVQs and professional qualifications	Degree apprenticeship BA or BSc; Level 6 higher apprenticeship certificate or professional qualification
7	Master's degree (MA, MSc); integrated master's (MEng, MSci); PGCert, PGDip, PGCE	Level 7 diplomas, NVQs and professional qualifications	Master's degree apprenticeship MA, MSc etc.; Level 7 higher apprenticeship certificate or professional qualification
8	Doctorate (PhD/DPhil; professional doctorates such as EdD)	Level 8 awards, certificates and diplomas	None

[4] "What qualification levels mean: England, Wales and Northern Ireland", GOV.UK, Link (accessed 13/11/26).

Rising starts

Degree-level apprenticeships have experienced significant growth since their expansion a decade ago. In 2015/16, there were 770 starts at Levels 6 and 7 combined: 740 at Level 6 and just 30 at Level 7. Level 6 starts rose by roughly 4,000 to 5,000 a year between 2016/17 and 2021/22, when they reached 23,350. Growth then slowed sharply, and starts have levelled off at between 25,000 and 27,000 a year between 2022/23 and 2024/25. Level 7 starts grew later, reaching 21,760 in 2022/23 and then jumping to 33,560 in 2024/25. This spike was driven in large part by employers bringing forward starts ahead of age restrictions introduced in January 2026. Full-year figures for 2025/26, the first to show the effect of the restriction, are due from the Department for Education later in November 2026.[5]

Figure 2: Level 6 and Level 7 apprenticeship starts, England, 2015/16 to 2024/25[6]



Source: "Apprenticeships and traineeships, Academic year 2021/22", DfE (2022)., "Apprenticeships and traineeships, Academic year 2022/23", DfE (2024)., "Apprenticeships, Academic year 2025/26", DfE (2026).

Degree-level apprenticeships have grown much faster than other levels of apprenticeship. While overall apprenticeship starts fell by around 31% between 2015/16 and 2024/25, from 509,400 to 353,500 on DfE figures, degree-level provision grew every year. As a share of all apprenticeship starts, degree-level apprenticeships now represent over 17%.[7] This rise demonstrates how degree-

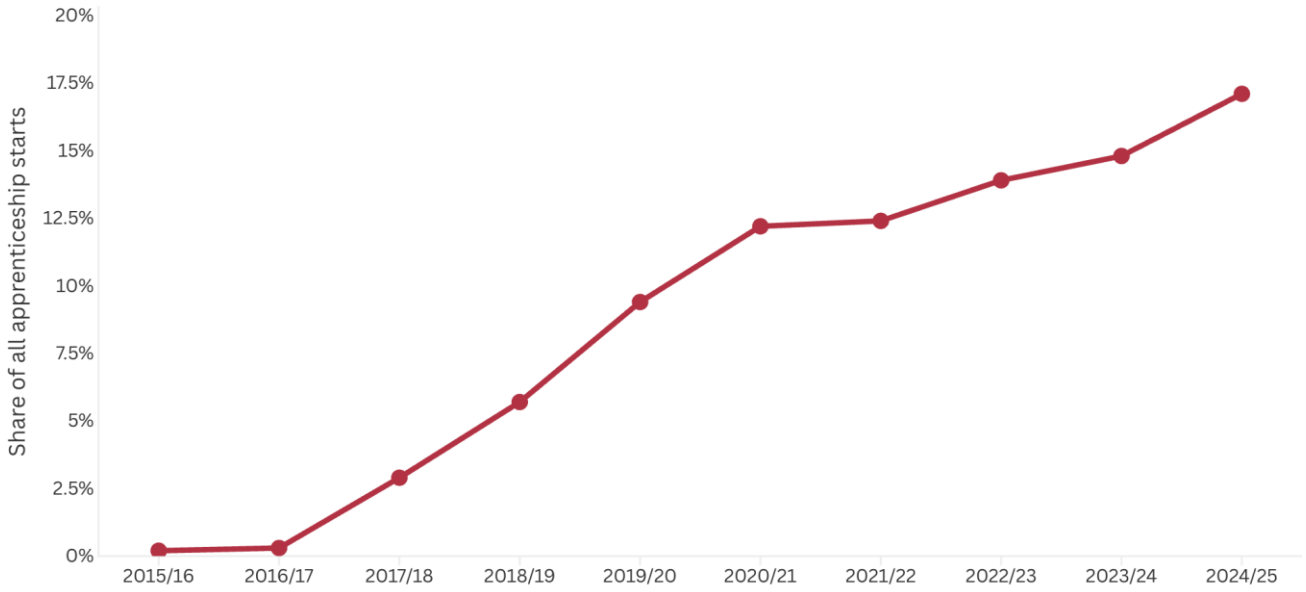
[5] "Apprenticeships and traineeships, Academic year 2021/22", DfE, Link (2022); "Apprenticeships and traineeships, Academic year 2022/23", DfE, Link (2024); "Apprenticeships, Academic year 2025/26", DfE, Link (2026, accessed 13/11/26).

[6] ibid.

[7] Onward calculation from: "Apprenticeships, Academic year 2024/25", DfE, Link (2025); "Further Education and Skills in England: March 2017", DfE, Link (2017).

level apprenticeships have become a popular choice among employers, providers and apprentices alike.

Figure 3: Degree-level starts as a share of all apprenticeship starts, 2015/16 to 2024/25[8]



Source: Onward analysis of: "Apprenticeships and traineeships, Academic year 2021/22", DfE (2022)., "Apprenticeships and traineeships, Academic year 2022/23", DfE (2024)., "Apprenticeships, Academic year 2025/26", DfE (2026)

Completion rates reassessed

The success of rising numbers starting degree-level apprenticeships is often tempered against their relatively lower completion rates than traditional degrees. For young full-time first-degree students who started in 2019/20, the latest Office for Students (OfS) completion rate is 90%.[9] Mature entrants had a 79% completion rate. The OfS measure counts students who had gained a qualification or were still studying four years and 15 days after starting, so it is not a pure measure of graduation. Although not fully comparable measures, the most similar measure of achievement for Level 6 apprentices was just over 69% and 65% for Level 7 in 2024/25.[10] Apprenticeship completion rates only count those who pass their end-point assessment. While lower than traditional degrees, Level 6 has the highest achievement rates of all apprenticeship levels.[11]

[8] Onward analysis of "Apprenticeships and traineeships, Academic year 2021/22", DfE, Link (2022); "Apprenticeships and traineeships, Academic year 2022/23", DfE, Link (2024); "Apprenticeships, Academic year 2025/26", DfE, Link (2026, accessed 13/11/26).

[9] "Student characteristics data: student outcomes – how student outcomes have changed since 2010", OfS, Link (2025).

[10] "Apprenticeships, Academic year 2025/26", DfE, Link (2026, accessed 13/11/26), Achievement Rates Subjects data set, Levels 6 and 7, 2024/25.

[11] "Apprenticeships, Academic year 2025/26", DfE, Link (2026, accessed 13/11/26), National achievement rate tables, 2024/25.

Non-completion of apprenticeships at all levels was highlighted by Alan Milburn's review of *Young People and Work*. The interim report estimated that £620 million was 'wasted on training for apprenticeships that were not completed' in 2021/22.[12] The review goes on to compare the English dropout rates to lower rates in France, Germany, Ireland and Austria. It also cites a 2023 evaluation of apprenticeships which found that 40% of apprentices say they did not receive the off-the-job training they were entitled to, and that the contributing reasons non-completers gave most often were that the apprenticeship was badly run or poorly organised (49%) and training that was not as good as hoped (46%).

The Individualised Learner Record (ILR), which is the administrative return every provider makes to the Department for Education (DfE) for each apprentice, records when a learner withdraws but does not make public why, nor where they go next. In the absence of this data, it is only possible to analyse the outcomes of those who drop out from ad hoc evaluation. The same evaluation of apprenticeships from 2023 that Milburn cites indicates that those leaving degree-level apprenticeships specifically were far more likely to leave for positive reasons than for apprentices leaving at other levels.[13]

For example, 94% of non-completers at Level 6 or 7 were in work immediately after leaving their apprenticeship. The single leading reason cited by 24% of Level 6 or 7 non-completers was that they had received a better job offer during their apprenticeship. On other contributing reasons for leaving, 42% cited that they felt that they could progress without finishing, with 57% leaving a year or more into the programme, once they may have gained new skills and experience. All these indicators of positive work outcomes show higher proportions than the average for all levels of apprenticeship.

Without consistent published breakdowns of how course length, subject or provider type affects the propensity to complete, it is difficult to build a more detailed picture of which features of Level 6 or 7 apprenticeships are driving true success or failure rates. The limited evaluation data that is available suggests that almost a quarter of those leaving are leaving for a better job offer midway through their apprenticeship, with many more who may have derived benefit from the skills they gained during their time that helped them remain in work or progress.

This changes how at least part of the non-completion picture should be viewed, when a significant proportion may be leaving precisely because their degree-level apprenticeship experience made them highly desirable hires before they reached graduation. Rather than dropping out into unemployment or inactivity, almost all are at least continuing in employment.

Outcomes and earnings

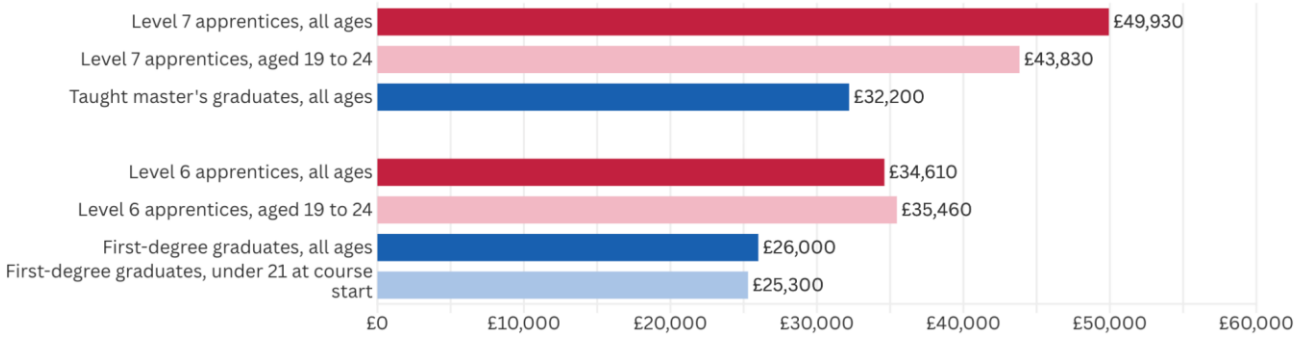
[12] A. Milburn, "Young People and Work: Interim Report", DWP, Link (2026), paragraph 387.

[13] "Apprenticeship Evaluation 2023: Learner and Non-completer Surveys", DfE, Link (2024), p.25.

Beyond the rising popularity of degree-level apprenticeships, their success can be assessed by the earnings that those graduating from apprenticeships realise versus those graduating from traditional degree courses. Level 6 apprentices who completed in 2022/23 had median earnings of £34,610 in 2023/24, against £26,000 for first-degree graduates one year after graduating.[14] Level 7 apprentices had median earnings of £49,930, against £32,200 for taught master's graduates.

The comparison is not fully like for like. The apprenticeship figures cover apprentices of all ages, and neither dataset records whether a learner already held a degree, so prior qualifications cannot be controlled for directly. Age is the best available proxy, and the advantage holds when it is applied. Level 6 apprentices aged 19 to 24 earned a median of £35,460, slightly above the all-age figure and around 40% more than the £25,300 earned by first-degree graduates who started their course under the age of 21. Level 7 apprentices aged 19 to 24 earned £43,830, below the all-age figure but still around 36% more than taught master's graduates. The gap is narrower for older learners: Level 6 apprentices aged 25 to 49 earned £34,220, against £29,300 for graduates who started their degree aged 21 or over.[15] These findings are broadly consistent with earlier evaluation of Level 6 earnings one year after graduation by the Education Policy Institute, which showed even stronger labour-market outcomes in previous years.[16] The benefits of having sustained experience of work during study (and often before too) are associated with an immediate earnings advantage to degree-level apprentices.

Figure 4: Median earnings one year after completion, degree-level apprentices versus graduates, 2023/24[17]



"Further education outcomes, Academic year 2022/23", DfE (2025), apprenticeships, median annualised earnings one year after achievement, Higher (Level 6) and Higher (Level 7+), all ages and aged 19–24., "Graduate labour market outcomes (LEO), Tax year 2023-24", DfE (2026), Real terms earnings data, median nominal earnings, first-degree and Level 7 (taught) graduates, 1 YAG., "Graduate labour market outcomes (LEO), Tax year 2023-24", DfE (2026), Real terms FTE salary data, median nominal earnings, first-degree graduates under 21 at course start, 1 YAG.

[14] "Further education outcomes, Academic year 2022/23", DfE, Link (2025), Earnings; "Graduate labour market outcomes (LEO), Tax year 2023-24", DfE, Link (2026), Real terms earnings data, median nominal earnings, first degree, 1 YAG.

[15] Onward calculation from: "Further education outcomes, Academic year 2022/23", DfE, Link (2025); "Graduate labour market outcomes (LEO), Tax year 2023-24", DfE, Link, Link, Link (2026).

[16] "Youth degree apprenticeships: An alternative to university?", Education Policy Institute, Link (2025); "A decade of degree apprenticeships", Education Policy Institute, Link (2025).

[17] "Further education outcomes, Academic year 2022/23", DfE, Link (2025); "Graduate labour market outcomes (LEO), Tax year 2023-24", DfE, Link, Link (2026).

Positive earnings data is supported by the evidence from the 2023 evaluation, which shows those completing degree-level apprenticeships reporting an array of positive outcomes. Over two thirds report they had been promoted after completing their Level 6 or 7 apprenticeship, with 27% attributing this directly to their apprenticeship. A third received a pay rise directly because of their degree apprenticeship. Some 61% strongly agreed that their career prospects improved because of their degree apprenticeship. Almost three quarters (72%) also report that their digital skills improved. As with the positive outcomes from non-completion, all of these proportions are higher than for other levels of apprenticeship.[18]

Changing public attitudes

A more detailed view of outcomes for degree-level apprenticeships is not yet possible due to the recency of their introduction. Comparison of lifetime earnings, sustained employment and benefit receipt between degree apprentices and traditional degree graduates has yet to be published in the Longitudinal Education Outcomes (LEO) series. It is therefore only possible to scrutinise longer-term trends in the value graduates are receiving from traditional degrees, or degrees as a whole, at this stage. Given that traditional degree graduates still outnumber degree apprentice graduates by about 25 to one each year, the prevailing view about degrees is likely to reflect a position based largely on the traditional academic route.

Concern about the balance of costs and benefits that graduates derive from traditional degrees has grown significantly in the last decade. Analysis of lifetime earnings by the Institute for Fiscal Studies in 2020 found that around one in five undergraduates would have been financially better off had they not gone to university, once the cost of study and earnings forgone while studying were counted.[19] The share of first-class degrees awarded more than doubled from 16% in 2010/11 to 38% in 2020/21 before regulators intervened, a rise the OfS judged could not be explained by improved attainment.[20] Grade inflation has contributed to the difficulty graduates face in differentiating themselves to employers in a challenging labour market.

Doubts about the utility of degrees can be seen in public opinion. The British Social Attitudes survey found that 77% of people in England now say a degree does not represent good value for money, up from 51% when the question was last asked in 2014. Likewise, the share who believe a degree is not worth the time and money has risen from 14% in 2005 to 34% in 2025. The scepticism is greatest among those who did not go to university, 39% of whom take that view against 27% of graduates. Younger graduates who are likely to have paid fees are also markedly more disillusioned than those who did not face high tuition fees. The overall share who believe graduates end up a lot

[18] "Apprenticeship evaluation 2023: learner survey data tables", DfE, Link (2024), Tables 71, 72, 74, 76 and 80.

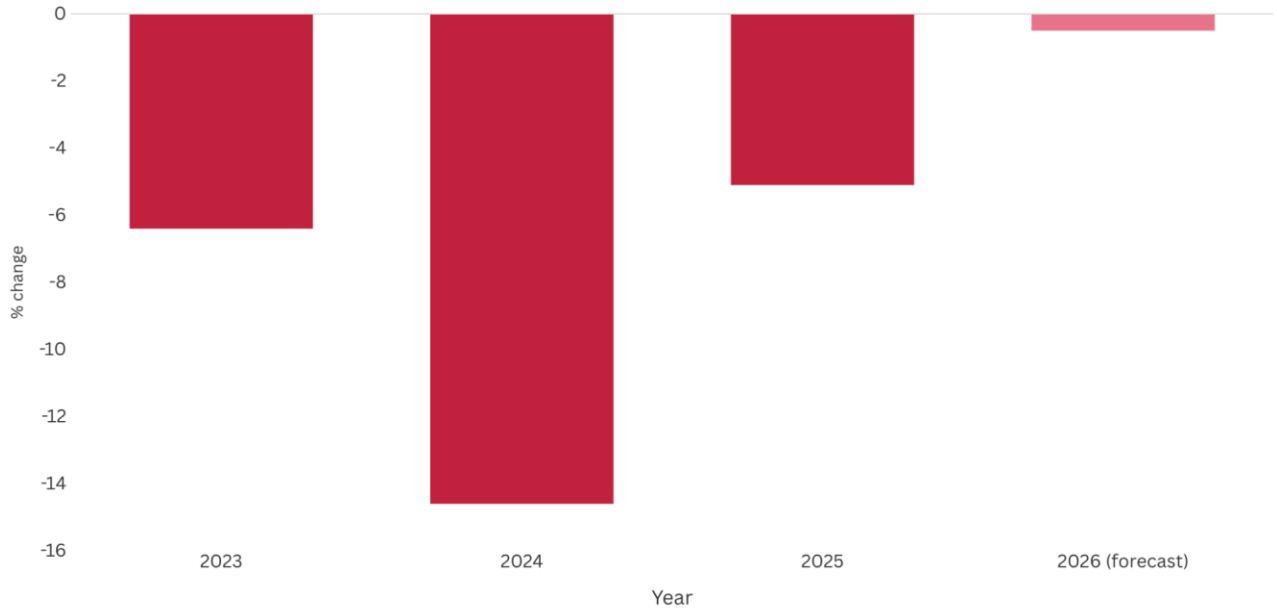
[19] J. Britton, L. Dearden, L. van der Erve and B. Waltmann, "The impact of undergraduate degrees on lifetime earnings", Institute for Fiscal Studies, Link (2020).

[20] "Analysis of degree classifications over time: changes in graduate attainment from 2010-11 to 2020-21", OfS, Link (2022).

better off financially has fallen from 50% to 36%.[21] So while the graduate premium has not vanished, there is real doubt higher education is always worth its price.

Over the past few years, attention on the value of traditional degrees has intensified as part of widespread concern about the growing number of young people not in employment, education or training, known as NEETs. The interim report of Alan Milburn's review of *Young People and Work* highlights that around 15% of the million young people classed as NEET hold a qualification at degree level, and concluded that qualifications no longer guarantee the transition into work.[22] Graduate recruitment at the UK's top 100 employers has also fallen by almost a fifth in three years, down 15% in 2024, and 5% in 2025, with a further 0.5% fall expected in 2026, leaving vacancies at their lowest level since 2012.[23] The job market for young people, even for those with degree-level qualifications, is approaching the level of distress seen just a few years after the financial crisis.

Figure 5: Graduate vacancies at the UK's top 100 employers, 2023 to 2026[24]



Source: "The Graduate Market Report", High Fliers Research (2026), Chart 1.

Employer appetite

[21] A. Scholes, C. Sivathasan and K. Bailey, "British Social Attitudes 43: Higher education", National Centre for Social Research, Link (2026), pp.16–19, 22, Tables 5, 6, and 8.

[22] A. Milburn, "Young People and Work: Interim Report", DWP, Link (2026), p. 7.

[23] "The Graduate Market Report", High Fliers Research, Link (2026), Chart 1.

[24] ibid.

Employers have a strong stake in getting the best value possible from the Growth and Skills Levy, formerly known as the Apprenticeship Levy. For levy-paying employers, unspent funds they have paid in are absorbed into central budgets for redistribution elsewhere unless they have nominated other receiving employers directly (often those in their supply chain). Information on the apprenticeship budget by level is not published routinely, but information released via Parliamentary Question indicates that the share of budget spent on Level 6 and 7 starts has increased from 11% in 2019/20 to 25% in 2023/24.[25] When given the choice over how to spend their levy contributions, employers are increasingly deciding that degree-level apprenticeships offer the best returns.

Even before the degree-level apprenticeship scheme was operating in high volumes, the feedback from employers was positive. DfE's evaluation of the Degree Apprenticeship Development Fund, which supported universities to develop new degree apprenticeship provision between 2016 and 2019, found that 93% of employers agreed on the value of degree apprentices and 90% intended to keep employing them.[26] In the 2023 evaluation of those completing degree apprenticeships, 83% remained with the same employer after completion.[27] Many others besides may well remain in employment, just with an alternative employer for whom they have become a more competitive hire.

Provider innovation

Again, there is a lack of available data to compare the relative success of different provider types and the courses they deliver. For example, the achievement rate for each level of apprenticeship by provider type is only broken down up to Level 4.[28] However, there are several features that can be identified in some of the largest or fastest-growing providers that show their innovative ways of delivering degree-level courses blended with work.

For example, Manchester Metropolitan University, which currently has more than 3,300 apprentices enrolled and works with over 750 employer partners, has employer partnerships ranging from AstraZeneca, Barclays, IBM, BAE Systems and Lloyds Banking Group to small and medium-sized enterprises and public bodies including the NHS and Transport for Greater Manchester.[29] It offers 17 degree apprenticeship programmes across business, HR and management, digital and technology, education, health and social care, and science. Ofsted judged

[25] Onward calculation from: "Written question UIN 34184", UK Parliament, Link (2025).

[26] "Evaluation of the Degree Apprenticeship Funding Competition (DAFC)", OfS, Link (2025). p.50.

[27] "Apprenticeship Evaluation 2023: Learner and Non-completer Surveys", DfE, Link (2024), p. 22.

[28] "Apprenticeships, Academic year 2025/26", DfE, Link (2026, accessed 13/11/26).

[29] "Higher and degree apprenticeships", Manchester Metropolitan University, Link (accessed 13/11/26).

its apprenticeship provision Outstanding at its most recent full inspection, and by mid-2026 more than 3,000 apprentices had graduated from its programmes since the first cohort in 2015.[30]

Independent providers have found ways to overcome the lack of community feel that being a student on a university campus offers: the peers, societies, networks and sense of belonging that shape the university years as much as the teaching does. While university providers often retain some of this through their campus infrastructure, for large independent providers, the student experience has to be created.

[30] "Over 700 apprentices graduate from their degree apprenticeship at Manchester Metropolitan University", Manchester Metropolitan University, Link (2024); "Degree apprenticeships", Manchester Metropolitan University, Link (accessed 14 November 2026).

Chapter 2: Limits on success

Hitting the budget ceiling

Degree-level apprenticeships have increased so much that they now risk becoming a victim of their own success. The strain that growing numbers have put on limited apprenticeships funding has led to restrictions in recent years. These now risk expanding into further areas of degree-level provision in the clamour to focus attention on younger people.

Since 2017, employers with a pay bill of over £3 million have had to pay 0.5% of its value, minus a £15,000 per year allowance, in levy. There has been no increase in the pay-bill threshold or allowance since the introduction of the levy, meaning that the pool of levy-paying businesses has steadily increased. Correspondingly, the apprenticeships budget for England has grown by more than half in cash terms since the levy began, from around £2 billion in 2017/18 to £3.3 billion in 2026/27.[31]

Figure 6: England apprenticeships programme budget, financial years 2017/18 to 2026/27[32]



Source: Onward analysis of: "The apprenticeships programme", NAO (2019)., Apprenticeship Levy", UK Parliament written question 34184 (2025), "DfE raids budgets to cover 'landmark' apprenticeships overspend", FE Week (2026) • "Apprenticeship budget to rise to £3.3bn amid savings scramble", FE Week (2026). "Central Government Supply Estimates 2025-26: Supplementary Estimates", HM Treasury (2026), p.79.

[31] B. Camden, "Apprenticeship budget to rise to £3.3bn amid savings scramble", FE Week, Link (2026).

[32] Onward analysis of "The apprenticeships programme", NAO, Link (2019); "Apprenticeship Levy", UK Parliament written question 34184, Link (2025); "DfE raids budgets to cover 'landmark' apprenticeships overspend", FE Week, Link (2026); "Central Government

While the basic inputs from employers have remained the same, there have been several changes to make the scheme less generous. Unspent funds can either be transferred directly to other employers or are absorbed into the central budget. By summer 2026, levy payers had made 1,343 pledges worth £109 million through the pledge service since it opened in September 2021.[33] However, transfers remain small. Of the 207,900 levy-funded starts in August 2025 to April 2026, fewer than one in ten were funded by a transfer from another employer, with 17,650 transfer-funded commitments agreed for 2025/26.

From August 2026, funds expire after 12 months rather than 24 months, so employers cannot carry over funds for future places for more than a year. In addition, there is now no 10% top-up to balances from the Government. An answer to a Parliamentary Question in June 2026 showed that in 2024/25 more than half (54.2%) of levy-paying employer accounts spent a quarter or less of the funds entering them that year, and more than two thirds (68.7%) spent half or less.[34] Co-investment has also been made less generous, with those seeking to spend beyond their levy balance now facing 25% costs for apprentices aged 25 and over rather than 5%.

Smaller employers below the £3 million pay-bill threshold, which make up 98% of UK business, make no contribution to costs for under-25s and only a 5% contribution to costs for apprentices aged over 25.[35] There are also variations in other UK nations, as education policy is devolved. While the levy is collected UK-wide, Scotland, Wales and Northern Ireland receive a population-based share through the Barnett formula, which they are free to spend on skills in whatever form they choose. Historically, the other UK nations make up around a sixth of receipts.[36]

Composition change

Underneath rising funding, the composition of apprenticeships has changed, with apprenticeship starts having shifted steadily towards higher-level provision, which costs the most per apprentice to deliver. In the first three quarters of 2025/26, total apprenticeship starts rose 9% while starts by under-19s fell 5%, and apprentices aged 25 and over took roughly one start in two, having passed half of all starts on full-year data in 2024/25.[37] Over the levy era as a whole, annual under-19 starts have fallen by around 30,000 while starts by over-25s have risen by around 25,000.

Supply Estimates 2025-26: Supplementary Estimates", HM Treasury, Link (2026), p.79; "Apprenticeship budget to rise to £3.3bn amid savings scramble", FE Week, Link (2026). Year-end budget, cash terms; 2018-19 is the in-year budget.

[33] "Apprenticeships, Academic year 2025/26", DfE, Link (2026, accessed 13/11/26), Additional analysis and transparency data, provisional in-year data for August 2025 to April 2026.

[34] Onward calculation from: "Written question UIN 8694", UK Parliament, Link (2026).

[35] "Apprenticeship levy: how it will work", BIS, Link (2016), p.2; "Apprenticeship funding rules: summary of changes (version 3)", DfE, Link (2026) paras 213–214.

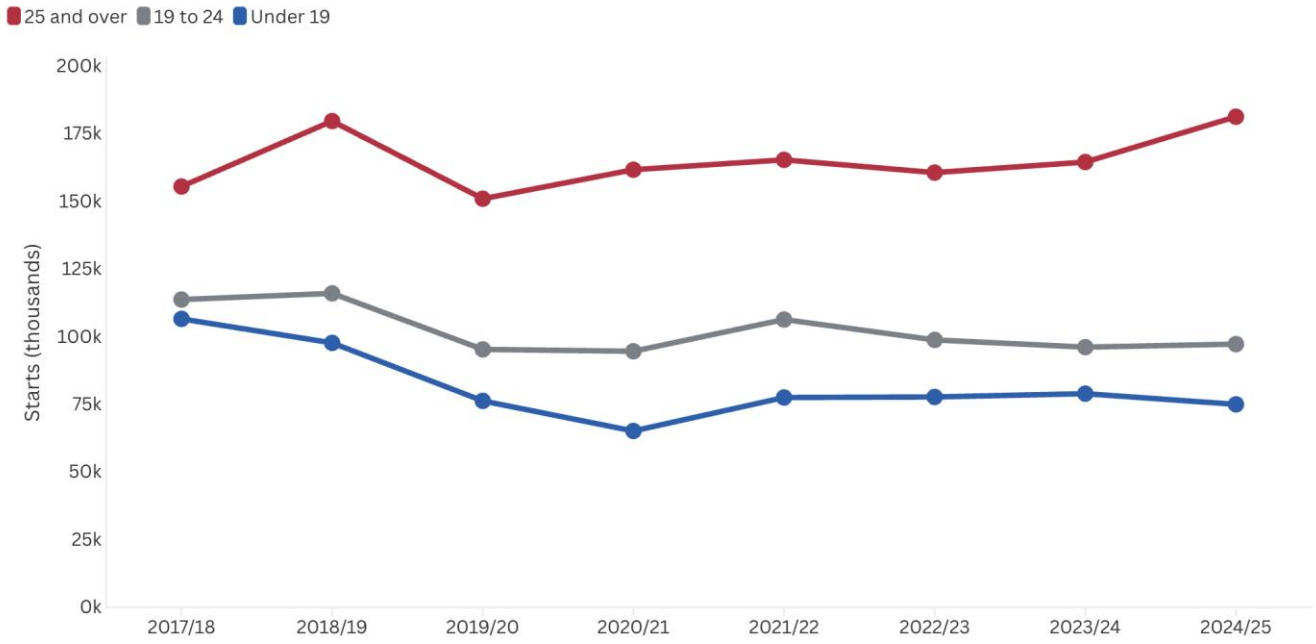
[36] B. Camden, "Apprenticeship levy turns into Treasury 'cash cow'", FE Week, Link (2023).

[37] "Apprenticeships, Academic year 2025/26", DfE, Link (2026, accessed 13/11/26), provisional in-year data for August 2025 to April 2026; full-year data for 2024/25.

Apprenticeships for under-25s are down by around a third since the levy began, with Level 2 starts down by more than two thirds.

There are three main reasons for the shift. First, the levy gave large employers an account to spend and a use-it-or-lose-it incentive. Second, the funding system paid the same regardless of who was trained, so the composition followed employer preferences to train their existing workforce. Third, the collapse of lower-level starts after 2017 reflected the deliberate raising of quality floors, which removed much cheap, poor provision.

Figure 7: Apprenticeship starts by age group, England, academic years 2017/18 to 2024/25[38]



Source: "Apprenticeships and traineeships, Academic year 2022/23", DfE (2024), 2017/18 to 2018/19., "Apprenticeships, Academic year 2025/26", DfE (2026), 2019/20 to 2024/25.

As the popularity of degree-level apprenticeships has grown, there has been increasing scrutiny of whether this mix represents value for money.[39] There has been criticism of providers and employers for rebadging existing degrees or management training courses in order to use levy funds.[40] Polling commissioned by the Youth Futures Foundation and the Chartered Institute of Personnel and Development (CIPD) finds that while 60% of levy-paying employers think the

[38] "Apprenticeships and traineeships, Academic year 2022/23", DfE, Link (2024), 2017/18 to 2018/19; "Apprenticeships, Academic year 2025/26", DfE, Link (2026, accessed 13/11/26), 2019/20 to 2024/25.

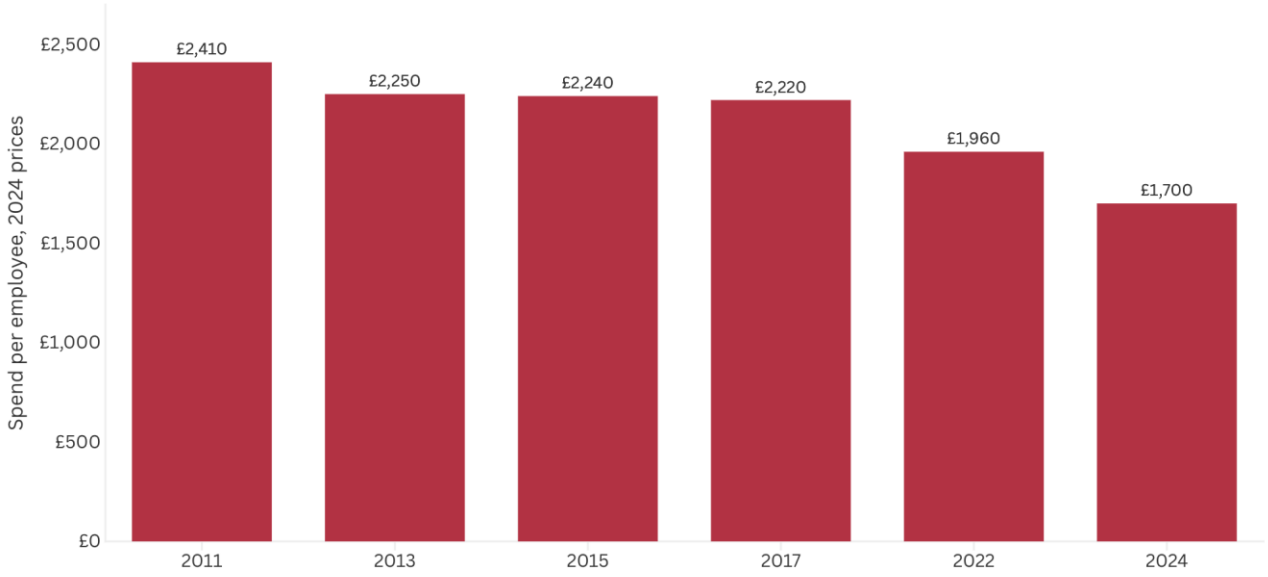
[39] "Levying Up: How to make the Growth and Skills Levy work", Youth Futures Foundation, Link (2025).

[40] T. Richmond, "Runaway Training", EDSK, Link (2020), pp 2-3.

primary purpose of apprenticeships should be supporting young people into the workplace, 54% admit to converting existing training into apprenticeships to claim back their levy.[41]

At the same time, employer spending on training has fallen to £1,700 per employee, down almost 30% in real terms since 2011, while total training expenditure has fallen by almost a fifth over the same period.[42] Vocational training expenditure per employee is half the European average.[43] CIPD found that nearly six in ten levy payers (58%) said it had either made no difference to what they spent on training or had reduced it, one in seven said it had pulled money away from other training better suited to their business and a fifth had planned simply to write the levy off as a tax.[44] The substitution incurred from diverted training spending is important to address to retain the credibility of the programme as a whole.

Figure 8: Employer training spend per employee, 2024 prices[45]



Source: "Employer Skills Survey 2024: Full UK research report", DfE (2025), p. 136 • Figures in 2024 prices. No UK-wide figure for 2019, when Scotland was not surveyed.

While apprenticeships at lower levels have declined, degree-level apprenticeships have taken an increasing share of the budget. The Institute for Fiscal Studies calculates that the share of the apprenticeships budget absorbed by higher-level provision (Level 4 and above) trebled from 13%

[41] "Balancing act: Youth apprenticeships and the case for a flexible skills levy", Chartered Institute of Personnel and Development, Link (2024), pp.8,18.

[42] "Employer Skills Survey 2024: UK research report", DfE, Link (2025), p.14; "Falling short: Understanding further falls in employer training", Learning and Work Institute, Link (2025).

[43] "Skills England annual skills report 2026", Skills England, Link (2026), paragraph 5.1.

[44] Onward calculation from: "Addressing employer underinvestment in training: the case for a broader training levy", CIPD, Link (2019), p15.

[45] "Employer Skills Survey 2024: UK research report", DfE, Link (2025), p. 136

to 39% in the levy's first four years.[46] There has been further criticism of how much of this is going to workers who already hold degree qualifications. Analysis from the Social Market Foundation showed that more than £430 million is being spent on people who already hold degrees, including around £182 million on master's-level courses.[47]

To understand why such a high proportion of funding is going on higher-level apprenticeships, it is relevant to consider the length of courses. Level 7 courses vary widely: the accountancy or taxation professional standard runs 36 to 48 months at a £21,000 funding band maximum, and the solicitor standard up to 72 months. Across the six largest Level 7 standards, planned durations range from 18 months to 72 months.

Figure 9: Level 7 standards by funding band maximum and typical duration[48]

Standard (Level 7, 2023/24 starts)	Funding band maximum	Typical planned duration
Accountancy or taxation professional (9,200)	£21,000	36 to 48 months
Senior leader (7,140)	£14,000	24 months
Advanced clinical practitioner, integrated (1,590)	£12,000	36 months
Solicitor (1,350)	£27,000	72 months
Digital and technology solutions specialist, integrated (770)	£21,000	18 months
Senior people professional (760)	£19,000	36 months

Level 6 equivalent data is not published as a headline, but it can be assessed from underlying apprenticeship starts data. Of 26,780 Level 6 starts in 2024/25, health and science was the largest route at a quarter of the total, followed by business and administration at 16%, construction and the built environment at 13%, digital at 11% and engineering and manufacturing at 8%.[49]

[46] "Annual report on education spending in England: 2025–26", Institute for Fiscal Studies, Link (2026), p.12.

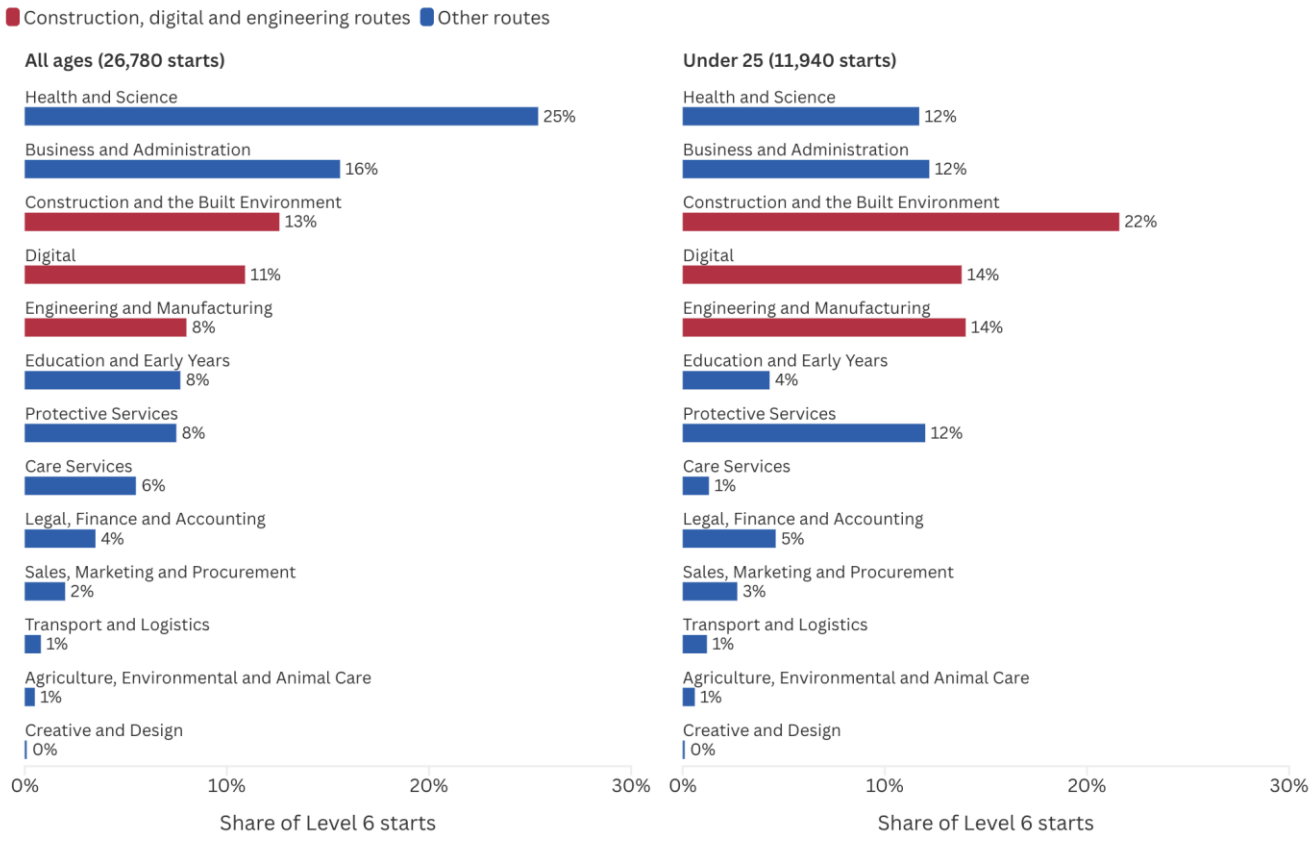
[47] T. Richmond, "A level of uncertainty: How to resolve the debate over the future of Level 7 apprenticeships", Social Market Foundation, Link (2025). p.9

[48] "Apprenticeships, Academic year 2025/26", DfE, Link (2026, accessed 13/11/26), Subjects – Starts, Achievements, Enrolments by Age, Sex, Ethnicity, LLDD, SSA, Detailed level, Standard-framework, Level 7, 2023/24; "Apprenticeship search", Skills England, Link (accessed 13/11/26).

[49] Onward analysis of "Apprenticeships, Academic year 2025/26", DfE, Link (2026, accessed 13/11/26), Subjects – Starts, Achievements, Enrolments by Age, Sex, Ethnicity, LLDD, Route, Detailed level, Standard-framework, Level 6, 2024/25.

The age split of starts also varies by course type. Among the 11,940 Level 6 starts by people aged under 25, construction and the built environment is the largest route at 22%, ahead of engineering and manufacturing and digital at 14% each and business and administration at 12%; health and science falls to sixth, at 12%. The health concentration at Level 6 is therefore largely an older, incumbent-workforce phenomenon, driven by nursing and allied clinical routes.

Figure 10: Level 6 apprenticeship starts by route, England, 2024/25[50]



Source: Onward analysis of "Apprenticeships, Academic year 2025/26", DfE (2026, accessed 13/11/26), Subjects – Starts, Achievements, Enrolments by Age, Sex, Ethnicity, LLDD, Route, Detailed level, Standard-framework, Level 6, 2024/25. • England, full-year starts. Counts rounded to nearest 10; 'low' treated as zero. Highlighted: construction, digital and engineering, three of the four sectors with dedicated government skills packages (the fourth is defence).

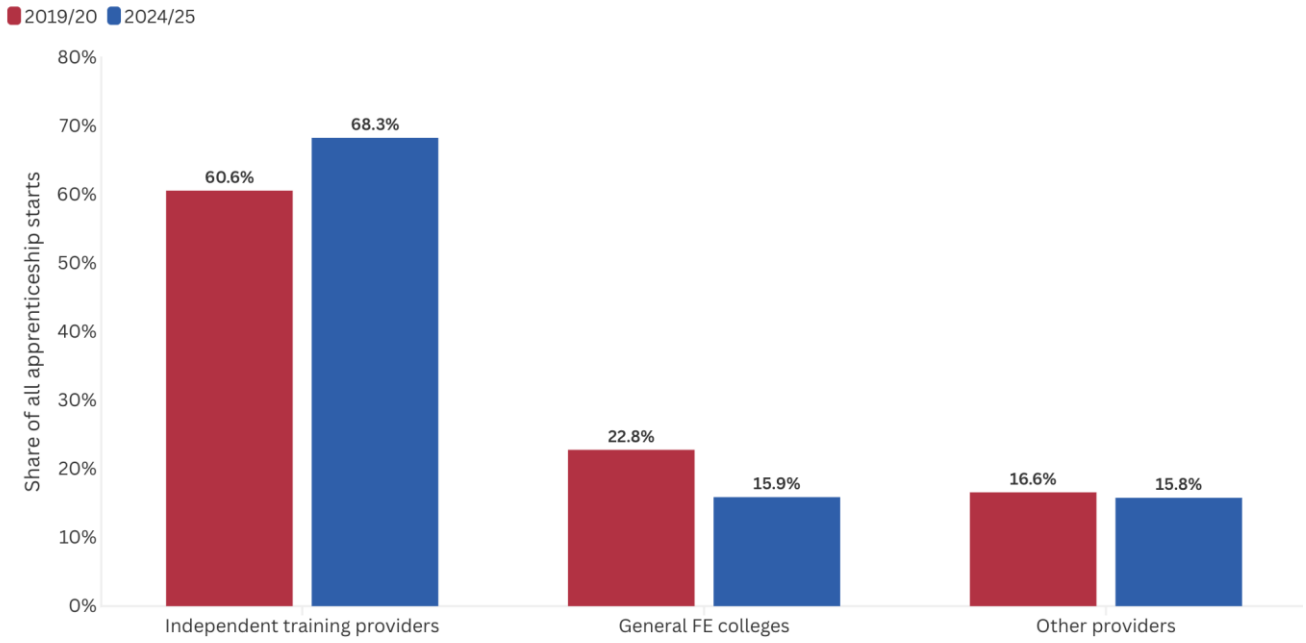
Provider profile

The provider mix has also shifted markedly in recent years, away from further-education colleges and towards the independent sector. Across all levels, independent training providers delivered

[50] ibid.

68% of all starts in 2024/25, up from 61% in 2019/20, while further-education colleges delivered 16%, down from 23% in 2019/20.[51] The 'other providers' category includes universities.

Figure 11: Provider-type share of all apprenticeship starts, 2019/20 versus 2024/25[52]



Source: Onward analysis of "Apprenticeships, Academic year 2024/25", DfE (2025), Provider type. • England, full-year starts, all levels and ages. Independent training providers are the DfE's 'private sector public funded'. Other providers is the computed remainder.

The Level 6 and 7 provider split is not published as a headline. By all-level starts in 2024/25, the two largest providers were Lifetime Training (13,100 starts, a Levels 2 to 5 provider that does not deliver degree apprenticeships) and Multiverse (12,030 starts, up 52% on the prior year).[53] Kaplan and BPP are major providers of the £21,000 Level 7 accountancy or taxation standard, while the University of Exeter had the most apprenticeship starts of any university in 2024/25, ahead of Manchester Metropolitan.[54] Degree-level apprenticeships involve nearly 90 universities, while UCAS and Prospects cite around 100 universities and more than 170 programmes.[55]

Curtailing Level 7 funding

[51] Apprenticeships, Academic year 2024/25", DfE, Link (2025), Headline Full year – Starts, Achievements, Participation by Level, Levy, Age, Region, Provider type.

[52] Onward analysis of "Apprenticeships, Academic year 2024/25", DfE, Link (2025), Provider Type.

[53] S. Chowen, "Analysis: Multiverse closes in on Lifetime's apprenticeship lead", FE Week, Link (2025).

[54] Apprenticeships, Academic year 2025/26", DfE, Link (2026, accessed 13/11/26), Providers – Starts, Achievements by Provider, UKPRN, Level, SSA, App type, 2024/25.

[55] "Degree apprenticeships", House of Commons Library, Link (2024), p.12.

In response to growing concerns about NEETs, age-based restrictions have been introduced to rebalance funding towards lower apprenticeship levels and younger learners. Along with the other changes outlined above, from January 2026, Level 7 apprenticeships are government-funded only for apprentices who, at the start of their training, are either aged 16 to 21, or aged under 25 and have an Education, Health and Care (EHC) plan or have been in care.[56]

The cut-off has introduced an arbitrary threshold whereby only some of those leaving traditional undergraduate degrees they started directly from school can go on to master's apprenticeships if they happen to be relatively young for their academic year with enough time to start before they turn 22. Even more bizarrely, those who take a longer Level 6 apprenticeship out of school that lasts more than three years before considering a Level 7 qualification are effectively barred entirely.

The age restrictions have significantly curtailed Level 7 starts, after a surge in starts in the final year of age-agnostic applications. In August 2025 to January 2026, the months just before the restriction, Level 7 starts were up 52% on the same months a year earlier. This was followed by a fall of around 70% once the restrictions took effect.[57] The surge in Level 7 starts in 2024/25 led to the programme overspending for the first time, by around £120 million.[58] This shows that, given a choice, employers brought forward Level 7 starts on a large scale, rather than preferring to redirect their funds to other levels as the restriction intends.

It is difficult to quantify exactly how the age threshold has affected demand among younger starters, as DfE publishes age data in wide bands. As would be expected for a master's-level course, only 470 starts were under 19 in 2023/24. Just over a third were between 19 and 24, where the new threshold will cut through. Almost two thirds who were over 25 will now not receive funding. The University Vocational Awards Council (UVAC) estimates that around 89% of Level 7 apprentices are aged over 21, and therefore in scope of the cut.[59]

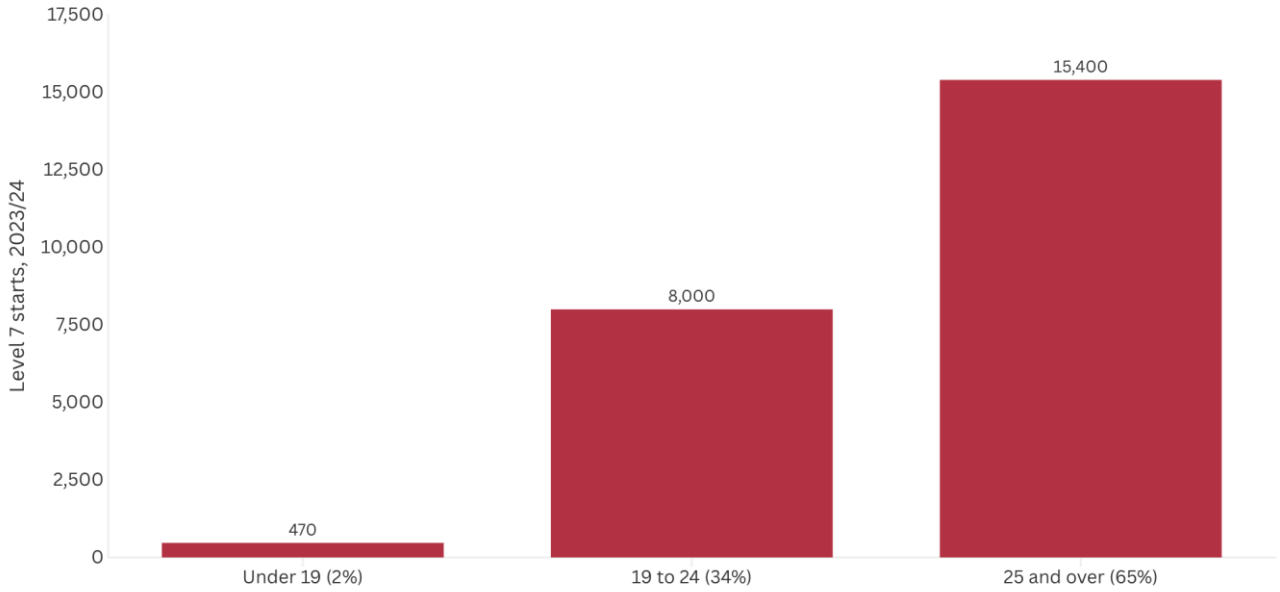
[56] "Apprenticeship funding rules: August 2025 to July 2026 (version 3)", DfE, Link (2026), p. 8.

[57] Onward calculation from: "Apprenticeships, Academic year 2025/26", DfE, Link (March 2026), Headline facts and figures; "Apprenticeships, Academic year 2025/26", DfE, Link (July 2026, accessed 13/11/26), Headline facts and figures.

[58] B. Camden, "DfE raids budgets to cover 'landmark' apprenticeships overspend", FE Week, Link (2026); "Apprenticeships, Academic year 2025/26", DfE and DWP, Link (2026, accessed 13/11/26), Recent trends in levels.

[59] R. Moss, "Level 7 apprenticeship funding cuts to cost employers £214m", Personnel Today, Link (2025).

Figure 12: Level 7 apprenticeship starts by age band, England, 2023/24[60]



Source: "Skills England: evidence on defunding of level 7 apprenticeships", Skills England (2026), Tables 1 and 3. • England, academic year 2023/24 (before the January 2026 funding change). Starts rounded to the nearest 10; total 23,870. Shares are of total starts and sum to 101% due to rounding.

When the restriction was confirmed, a coalition spanning healthcare, science, construction, manufacturing, the creative industries, business and local government wrote to the Chancellor in protest, with more than 600 signatories. These included representatives of over 60 NHS trusts, 29 local authorities, the Confederation of British Industry, GAMBICA, RIBA and the Royal Town Planning Institute, arguing that the levy should fund the qualifications that best meet their skills needs, Level 7 included.[61] For public-sector employers, their position is supported by evidence gathered by Skills England that public-sector employers are reliant on Level 7 apprenticeships to develop their leadership talent pipeline.[62]

Two standards dominated the majority of master's-level apprenticeships: accountancy or taxation professionals accounted for 9,200 starts and senior leaders for 7,140: together over two thirds of all Level 7 starts.[63] The age profile varies significantly by standard, however. Almost half of the over-25 skew is driven by the senior leader apprenticeship, where 99% of starts are aged over 25, whereas 55% of solicitor apprentices and 71% of accountancy or taxation apprentices are below 25.

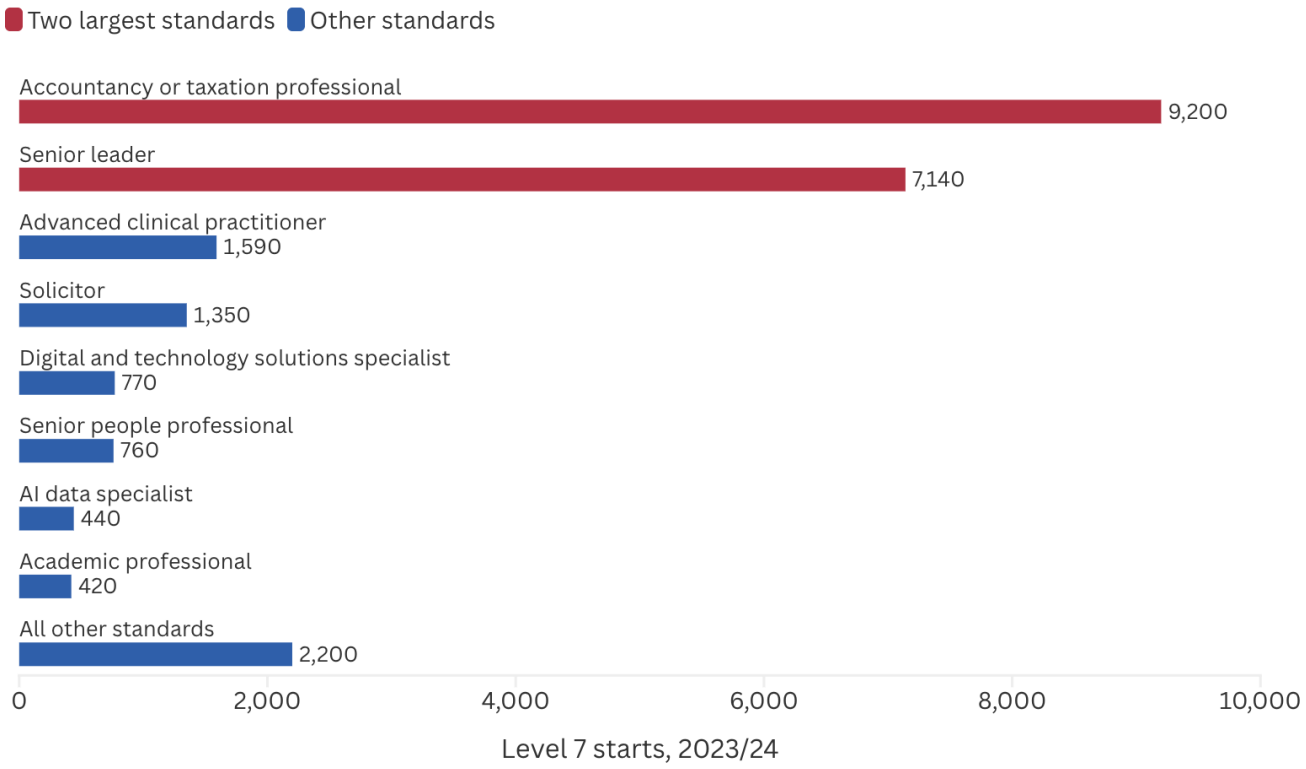
[60] "Skills England: evidence on defunding of level 7 apprenticeships", Skills England, Link (2026), Tables 1 and 3.

[61] "Employers raise the alarm over plans to cut funding for the highest-level apprenticeships", University Alliance, Link (2024).

[62] "Skills England: evidence on defunding of level 7 apprenticeships", Skills England, Link (2026), Wider considerations

[63] ibid, Tables 3 and 4.

Figure 13: Level 7 apprenticeship starts by standard, England, 2023/24[64]



Source: Skills England, Evidence on defunding of level 7 apprenticeships (30 April 2026), Table 4, citing DfE apprenticeship statistics • England, full-year starts, 2023/24. The two largest standards account for 68% of Level 7 starts. Totals sum to 23,870; DfE's published Level 7 total is 23,860 due to rounding.

Certain sectors were particularly affected, including those with long-term capacity planning considerations. Such was the outcry from the healthcare sector about the age limit that DHSC set up a separate grant-based Level 7 Apprenticeship Mitigation Fund paid out of its own budget to support the continuation of five standards for those aged 22 or over. These are advanced clinical practitioner, specialist community public health nurse, district nurse, clinical associate in psychology and population health intelligence specialists.[65] This is expected to cover the continuation of around 6.6% of all Level 7 starts, with around £20 million over three years.[66]

Following the Government's announcement, provision is contracting. Already, 38% of business schools that previously provided Level 7 apprenticeships plan to discontinue them.[67] In June 2026, the St Martin's Group published qualitative research with 40 large levy-paying employers,

[64] Onward analysis of "Apprenticeships, Academic year 2025/26", DfE, Link (2026, accessed 13/11/26), Level 7 starts by standard, 2023/24.

[65] "Level 7 apprenticeship funding", NHS England, Link (2025).

[66] Onward calculation from: ibid;"Apprenticeships, Academic year 2025/26", DfE, Link (2026, accessed 13/11/26), Level 7 starts, 2023/24; J. Mellor, "NHS to save level 7 apprenticeships from funding axe", FE Week, Link (2025).

[67] "Results from the 2025 Chartered ABS Annual Membership Survey", Chartered Association of Business Schools, Link (2025).

collectively representing more than two million employees and around 20% of apprenticeships in England, building on Ipsos polling of over 800 employers. Their message to the Government was to support progression across all career stages, not just entry-level routes, preserve access to higher-level qualifications and to provide the policy stability on which training investment depends.[68]

Wider standard cuts

In March 2026, it was announced that funding would be withdrawn from 16 further standards from September 2026, largely management and supervisory. These represented around 10% of 2024/25 starts, 90% of them comprising people aged over 25.[69] Set alongside the Level 7 apprenticeship restriction, which the IFS puts at a further 10% of starts, the two decisions together remove funding support from roughly one in five apprenticeships begun in 2024/25.[70]

These wider cuts risk damaging some of the highest-performing apprenticeships. The Chartered Management Institute found that management apprenticeships deliver a productivity increase of 15% or more. It also found that degree apprentices contribute additional productivity of more than 20% during their apprenticeship, rising to an estimated 27% in the private sector. Its modelling projected that apprentices who qualified in 2019 will add £7 billion to the economy by 2029 from £2 billion training investment, generating a 3.5-fold return.[71]

The scale of the loss to businesses and the economy from the defunding can be quantified in several ways. UVAC estimates that replacing the defunded provision would cost employers around £214 million a year.[72] Likewise, Universities UK called defunding apprenticeships that businesses say are vital to productivity and career advancement a compromise in the interests of neither the economy nor individuals, noting that management apprenticeships contributed £120 million to GDP in a single year.[73]

[68] "Apprenticeships that work: Feedback from leading employers on how to maximise the benefits of apprenticeships for learners, employers and the country", The St Martin's Group, Link (2026).

[69] Onward calculation from: "DfE Update further education: 25 March 2026", DfE, Link (2026), paragraph 5; "Streamlining apprenticeships", DfE, Link (accessed 13/11/26); "Apprenticeships, Academic year 2025/26", DfE, Link (2026, accessed 13/11/26), starts by standard and age, 2024/25.

[70] "DfE Update further education: 25 March 2026", DfE, Link (2026); "Assessing the government's youth employment package", Institute for Fiscal Studies, Link (2026).

[71] "The future of the apprenticeship levy", Chartered Management Institute, Link (2022).

[72] R. Moss, "Level 7 apprenticeship funding cuts to cost employers £214m", Personnel Today, Link (2025).

[73] P. Jack, "Leadership and management apprenticeships latest to be defunded", Times Higher Education, Link (2026).

Chapter 3: Options for reform

Devolution-proofing

Devolution is the organising idea of this Government, and these recommendations are designed with it in mind. The Prime Minister spent his time as Mayor of Greater Manchester with skills powers, building the country's first integrated technical education system. This direction of travel is now being rolled out nationally. Over two-thirds of the adult skills budget is devolved; Strategic Authorities are the statutory commissioners of adult education in their areas.[74] The English Devolution and Community Empowerment Act 2026 sets the framework for mayoral coverage to grow.[75] The question for degree-level apprenticeships is therefore not whether commissioning goes local, but how the national framework continues to work when it does.

The first reason national machinery must stay strong is that most of England does not yet have a Mayor. Mayoral devolution covers around two in five people but only around one in seven square miles of England.[76] A new authority takes years beyond its first election to reach the established status that carries an integrated settlement. Until then, cold spots in higher-level provision sit disproportionately in the places with no Mayor to champion them. National programmes must keep the power, and the duty, to tackle cold spots directly, bridging provision until mayoral capacity arrives and handing over a working system when it does.

The second reason is that economies do not follow administrative boundaries. College groups and training providers routinely deliver across several mayoral areas, and employers hire across all of them. The Government's own funding guidance concedes that complexity is an inevitable by-product of devolution, with providers holding budgets from multiple commissioners under rules that differ between areas.[77] Colleges already report allocation changes landing two weeks before the start of the academic year.[78] Local flexibility and innovation are the point of devolution and there are positive indications that this approach works for adult education. For example, the Deputy Mayor of London stated that London's devolved budget for adult education grew enrolments by 20% against 8% in areas run from the centre.[79] It will take time for new mayoralties to build up the institutional capacity for similar success.

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[74] "Skills England annual skills report 2026", Skills England and DWP, Link (2026).

[75] English Devolution and Community Empowerment Act 2026, Link (2026); "English Devolution White Paper: Power and Partnership", "English Devolution White Paper: Power and Partnership: Foundations for Growth", MHCLG, Link (2024).

[76] "Everything you need to know about metro mayors: an FAQ", Centre for Cities, Link (2026).

[77] "Adult skills fund: funding framework part 2 – guidance on operating a devolved portion", DfE, Link (2024).

[78] Association of Colleges, "Written evidence submitted by the Association of Colleges (DEV 024)", Communities and Local Government Committee, Link (2015).

[79] J. Pipe, "Devolution is working for London's adult learners. We need more", FE Week, Link (2024).

Fixing the funding rules

Recommendation 1: Harmonise the apprenticeships budget with levy receipts

The case for rebalancing apprenticeship funding from higher levels and older people to lower levels and younger people is often presented as zero-sum. Fixing the NEETs crisis has become an overriding imperative across Whitehall, dominating discussions on labour markets, education and welfare. At the same time, apprenticeships have been hailed as a critical tool to help fix this problem. Yet the growing gap between funding and levy receipts is leading to more restrictions to ration certain types of apprenticeships.

The Growth and Skills Levy is estimated to collect £4.6 billion in 2026/27 according to the latest OBR forecast.[80] However, the apprenticeships budget this year, as set at the Spending Review in 2025, is only £3.3 billion for England, plus Barnett formula shares for the devolved nations. There is no hypothecation of levy revenue to ringfence its use for apprenticeships or skills more widely. There is a growing gap between levy receipts and the budget set by the Department for Work and Pensions to fund apprenticeships. In effect, a significant share of the Growth and Skills Levy is purely contributing to general taxation rather than supporting apprenticeships in any way.

A levy explicitly dedicated to growth and skills is by design hitting many of those creating the most jobs the hardest and taxing public services already funded by the state. Artificially low budget-setting is forcing overspends and restrictions, rather than focusing policy attention on the primary purpose of the tax. As wages rise, including through significant increases in the minimum wage, more employers will be brought into scope of the levy. It is vital that they retain maximal flexibility to use their accounts to meet their skills needs and further grow their businesses, which in turn helps to maintain levy revenue.

Forecasts for levy receipts from which the budget should be set can be taken from the OBR. Where receipts end up over or under the forecast, the budget can be adjusted via a top-up or transfer in the following year. With the next Spending Review coming next year in 2027, there is an opportunity to reset budgets with minimal disruption.

The success of degree-level apprenticeships outlined in this paper shows the transformative potential of apprenticeships, which should not detract from the serious attention needed to drive uptake at lower levels. The recommendations that follow set out a series of ways to ensure that funding is spent as effectively as possible. Any underspends from these higher budgets would still be returned to HM Treasury as per normal spending rules. A harmonised budget puts the imperative on policy design to ensure the full funding is used effectively.

[80] "Economic and fiscal outlook – October 2026", OBR, Link (2026), Table A.5.

Recommendation 2: Replace the age cap on Level 7 with a limit for prior master's-level degree holders

The age limit imposed on funding Level 7 apprenticeships and restrictions on certain subjects are just the first step in rationing that could lead to further cuts in the future. There are several important reasons why this logic is self-defeating. First, it mischaracterises the NEETs issue as one of lack of degree qualifications rather than an oversupply of low-value degrees and high hiring costs. Around 15% of NEETs aged 16 to 24 have a degree.[81] Second, it ignores that existing workers gaining the skills and qualifications they need to advance can make way for employing new staff, with or without degrees.

Third, playing existing staff off against young people overlooks the value to workers and employers alike of having a period to 'try before you buy'. Allowing an employee to see if a sector or role type is right for them before embarking on a degree course spanning multiple years is sensible consumer behaviour by the worker and better for the business than funding a place for an unknown new starter. Forcing young people to rush into the decision to start a course they may be unsure about for fear of losing funding is more likely to waste places.

Instead of an arbitrary age limit on Level 7 apprenticeships, a better-targeted constraint would be to limit full funding to those who do not hold an existing equivalent qualification. This would mean that those who already have a traditional master's degree or have already completed a Level 7 apprenticeship cannot then receive a fully funded Level 7 apprenticeship place.

There is no routine publication of information on apprenticeships by prior qualification, but an FOI response for 2023/24 figures (before the age restriction was introduced) indicates that 4,390 or 18% of those taking a Level 7 apprenticeship already held a qualification at the same level or higher.[82] This proposal is more generous than similar prior-attainment-based policy ideas from the Social Market Foundation, which suggest that all those with degree-level qualification should not be funded at Level 7, which would bring 72% in scope of the restrictions.[83] Like the age restriction, this risks incentivising people to jump straight to a Level 7 apprenticeship for fear of losing future funding, when a Level 6 apprenticeship may suffice.

This recommendation is fairer to those who do not immediately go on to a Level 7 apprenticeship out of a three-year undergraduate degree from school or miss out entirely if they did a longer Level 6 apprenticeship beforehand. It avoids forcing young people to rush towards a Level 7 apprenticeship which they may be poorly suited to, when a lower-level qualification, including a Level 6 course, or trying a role in their chosen sector at entry level may be better.

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[81] "Young people not in education, employment or training (NEET) by level of highest qualification, UK: January to March 2022 to 2026", ONS, Link (2026).

[82] Onward calculation from: T. Richmond, "A level of uncertainty: How to resolve the debate over the future of Level 7 apprenticeships", Social Market Foundation, Link (2025), Table 1.

[83] Ibid.

Recommendation 3: Create a tax credit co-investment option

There will continue to be criticism of the share of funding going to degree-level apprenticeships relative to routes typically taken by younger students until a better balance in funding can be found. At the moment, the Government fully funds Level 6 apprentices aged 16 to 24. Once a levy payer's funds run out, the employer pays 25% for apprentices aged 25 and over. Non-levy employers pay 5% for that age group. Since the restrictions for Level 7 apprentices were introduced, there is no public funding route for those aged 22 or over, unless they have an EHC plan or are a care-leaver. For those with no public funding route, employers can fully self-fund their apprenticeship. Privately funded apprenticeships currently represent around 1% of all apprenticeships.[84]

Separately, every pound a business spends on training can be deducted from its taxable profits to reduce its corporation tax liability. The Learning and Work Institute values this relief at up to £1.3 billion a year.[85] It has proposed replacing the general deduction with a targeted credit, so that training that leads to an apprenticeship or accredited qualification would attract a higher rate of relief, and other training would attract less or none.

This recommendation has two parts, and neither changes the existing co-investment rates. The first is an employer-funded route. An employer whose levy funds are exhausted, or whose apprentice no longer qualifies for public funding, should be able to pay for additional places with its own cash through its existing apprenticeship service account, in the same place it already commissions levy-funded ones. This costs the Exchequer nothing, and it means places funded this way are recorded, quality-assured and counted like any other apprenticeship.

The second is a Skills Tax Credit, modelled on the R&D expenditure credit. An employer could claim a credit against corporation tax on places it funds through the employer-funded route, either once it has spent or transferred its full levy entitlement, or at any point for an apprentice who does not qualify for levy funding, such as a Level 7 apprentice outside the eligibility rules. Because levy funds cannot be spent on those apprentices in any case, the credit does not displace levy spending.

The existing deduction for training spend would remain, but it only returns the corporation tax rate on spending an employer had chosen anyway. The credit would sit on top of it and apply only to additional places, which keeps deadweight low. It should be capped at a stated multiple of the levy the employer has paid, and carry a five-year sunset with a review of whether the places claimed for were additional. A corporation tax credit will not reach the smallest employers, so grant support should be retained for non-levy employers, who need cash support. Annex A sets out the design detail, worked examples and an illustrative costing.

[84] "Privately funded apprenticeships: rules and guidance", DWP, Link (2026).

[85] S. Evans, "Raising the bar: Increasing employer investment in skills", Learning and Work Institute, Link (2022), p. 9.

Opening the doors

Recommendation 4: Tender for a single front door for degree-level apprenticeships

A school leaver applying to university through UCAS still does not, by default, see all degree-level apprenticeship options presented side by side with traditional degree courses with a seamless application process. Those seeking degree-level apprenticeships are instead often directed to an alternative site where they cannot compare between the routes. The number of applicants for Level 6 apprenticeships on the Government's *Find an Apprenticeship* website nearly tripled in two years, from 8,100 to 21,800, while advertised vacancies almost halved, from 7,300 to 3,700. That means almost six applicants for every Level 6 vacancy in 2025/26, up from roughly one two years earlier, and not far behind Oxford, which admitted around one applicant in seven for 2025 entry.[86]

There is high demand for degree-level apprenticeships, but the *Find an Apprenticeship* service has limited functionality versus other sites. While UCAS has expanded its apprenticeship offer since 2021, and from September 2026 Level 3 apprenticeships entered the UCAS Tariff,[87] progress has stalled.

This is compounded by only 32% of students reporting they received face-to-face careers advice in 2025, down from 40% in 2024, and apprenticeships were raised with just 18% of students.[88] UCAS's own research in 2021 found that 31% of Year 12 and 13 students considered information about higher education 'very easy' to access, against 6% for apprenticeships.[89] It also found that around one in three school students received no information about apprenticeships from their school, and almost one in three parents were unaware that a degree apprenticeship can be applied for alongside an undergraduate application.

By tendering for a national platform for information and applications for at least degree-level apprenticeships, it would be easier for prospective applicants to consider all the options available to them. The platform should be required to share its listings with UCAS, so that applicants there can see apprenticeships alongside traditional degrees. This should not bar other sites from hosting information on degree-level apprenticeships, but simply ensure that there is at least one site where all of the information and applications for Level 6 and 7 apprenticeships are available. Employers will need to be rewarded for ensuring all their vacancies are listed there.

It would likewise help those applying after they have left school who do not have the benefit of teachers familiar with the routes to guide them through their options. As degree apprenticeship vacancies do not follow academic intake cycles, it would also highlight options available to those who miss expected grades for traditional courses or are working while considering their next

[86] "Competition for degree apprenticeships quadruples as university costs rise", BBC News, Link (2026); "Annual Admissions Statistical Report 2025", University of Oxford, Link (2025).

[87] "Allocating Tariff points to Level 3 and SCQF Level 6 apprenticeships", UCAS, Link (accessed 13/11/26).

[88] "Youth Voice Census 2025 Report", Youth Employment UK, Link (2025), p. 54.

[89] "Where next? Improving the journey to becoming an apprentice", UCAS, Link (2021), p. 3.

steps, who could apply throughout the year, rather than waiting for the next academic intake. As devolution progresses, a single front door prevents each authority buying its own version of the same infrastructure.

Recommendation 5: Collect and publish more information on degree-level apprenticeship outcomes

Consistent information on the performance of degree-level apprenticeships is missing, making it harder for prospective applicants to compare their outcomes against traditional degree routes. At the same time, it is difficult to compare degree apprenticeships against each other to assess which providers, employers and course types are the most successful, especially when some may appear to have higher dropout rates that reflect apprentices leaving early for positive career development reasons. Ad hoc publication of evaluation of apprenticeships with small sample sizes makes it difficult to track meaningful changes in the quality of courses and the experience of learners as provision has expanded over the last decade.

The Individualised Learner Record should capture additional fields, especially for non-completers, including the reasons for withdrawal, timing of withdrawal and immediate destination. This should then be analysed by course length, subject, provider type and assessment model to give a more granular picture of the degree apprenticeship landscape. As well as separating positive non-completion from failure, this could help inform whether further changes should be considered, such as shorter course options.

More detailed data on degree apprenticeships should then be published on the same basis as traditional degree courses, including separated information on Longitudinal Education Outcomes. This should sit alongside national data on apprenticeship vacancies, applications and applicant demographics, including applications and acceptances by level, subject, provider and region.

Portability matters as commissioning is devolved: an apprentice who moves between mayoral areas mid-programme must carry funding and record with them, and this common data framework is what allows all commissioners and one national system to work from the same data.[90]

Recommendation 6: Reopen the provider register

The Apprenticeship Provider and Assessment Register (APAR) has been effectively closed to new mainstream entrants since 2020, with limited exceptions. This began as a COVID capacity-related measure and an intentional pause while the Education and Skills Funding Agency reviewed its approach to what was then the Register of Apprenticeship Training Providers.[91] However, the register has never fully reopened.

OfS-registered providers with degree-awarding powers can still apply directly, and levy-paying employers can register to train their own workforce. Other providers can join only if nominated

[90] "Lifelong learning entitlement: what it is and how it will work", DfE, Link (accessed 13/11/26).

[91] "ESFA Update further education: 1 April 2020", ESFA, Link (2020).

by an employer that has shown a gap in existing provision, or if they operate in an area where the Department wants to expand provision or has identified a capacity shortage. Depending on how the provider is regulated, some routes are by invitation only.[92]

The restrictions that follow registration are tighter still, since a provider admitted through the gap-in-provision route may deliver only the standard it was nominated for and others inside the same occupational route, for at least a full academic year, and may broaden its offer thereafter only with the written agreement of a departmental account manager.[93] Subcontracting is capped at £500,000 a year, and from April 2026 the new apprenticeship units are limited to providers already on the register.

A new entrant therefore arrives tied to one employer's nomination and one occupational route, with expansion at official discretion, so that in effect new providers have to reproduce the status quo before they are permitted to improve on it. This is anti-competitive, holding back new entrants in emerging sectors and blocking innovation in courses offered. Both of these limitations should be reconsidered, reopening a route for new specialist providers and allowing freedom to propose courses blending modules of existing standards from the start.

[92] "Apply to the APAR as an apprenticeship training provider", DWP, Link (accessed 13/11/26).

[93] "APAR conditions of acceptance", DfE, Link (accessed 13/11/26).

Guarding quality

Recommendation 7: A single inspection regime

Degree-level provision currently sits in an overlap between Ofsted, built for further education, and the higher-education regulators like the Office for Students, built for degrees. Providers face either duplication or gaps depending on their form. Growth in provision with a reopened register and course innovation makes it more important that there is an effective oversight regime for degree-level apprenticeships, with clear lead responsibility, inspection expertise matched to the level and public reporting that employers and applicants can use.

UVAC has argued that this is duplicative and that Ofsted lacks the expertise for degree-level provision. It called on Ofsted to set out how it would develop degree-apprenticeship expertise, revise the inspection process, and recruit managers and inspectors who reflect higher-level skills and higher-education delivery, and questioned why there is a need for Ofsted inspection at all, given the proven OfS and QAA quality-assurance arrangements already in place.[94] Ofsted's own Big Listen consultation found that respondents working in further education and skills said the existing framework cannot always fairly assess different types of provider and called for inspectors with expertise matched to the provider.[95]

The Department for Work and Pensions and the Department for Education should therefore settle, with Ofsted and the Office for Students, a single proportionate inspection regime for degree-level apprenticeships, with one named lead regulator, inspectors with higher-education expertise and published judgements that employers and applicants can use.

Recommendation 8: Employer-led standards updates

Standards only revised ad hoc go out of date quickly in many of the sectors degree-level apprenticeships serve. The bodies that once gave employers a direct voice have been folded into Skills England, which is an executive agency within the Department for Work and Pensions. Its predecessor, the Institute for Apprenticeships and Technical Education, carried legal duties, was protected in statute and had to consult employers. This acted as a brake on politically expedient decisions that did not serve the interests of employers and the economy.

Every degree-level standard should face employer-led review at fixed intervals, with a fast-track route for revising or creating standards in fast-moving sectors, piloted first in AI, digital and advanced engineering. Standards should stay national as commissioning is devolved, but if a Mayor wants to stimulate a new apprenticeship standard, the door should be open. Data on success and the full terms of the new standard should be published by Skills England and deliverable everywhere, so that mayoral innovation strengthens the whole country instead of fragmenting it.

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[94] University Vocational Awards Council, "Ofsted Inspection of Degree Apprenticeships", UVAC, Link (accessed 13/11/26).

[95] "Findings of Ofsted's Big Listen public consultation", Ofsted, Link (2024).

The devolution gap is not only English. A levy raised UK-wide funds four systems with no mutual recognition of standards between them, so that for an employer with sites in Carlisle, Glasgow and Wrexham the border is a funding cliff-edge. A standing four-nations programme on mutual recognition, beginning with degree-level provision where professional bodies already span the UK, should be established with the input of cross-border employers.

Annex A: Skills Tax Credits: design detail and illustrative costing

This annex sets out the design detail behind Recommendation 3: the alternative capital-allowance route, worked examples, the illustrative costing, and the behavioural evidence from the R&D credit.

The capital-allowance alternative

A more ambitious, and more expensive, option is the capital-allowance route. Between April 2021 and March 2023 the super deduction allowed companies to deduct 130% of qualifying spend on plant and machinery from taxable profits in the year it was incurred, worth around 25p in tax for every £1 invested at the then 19% rate. A skills super deduction on the same lines would be a clear statement that the government values investment in people as much as investment in machines, and would be readily understood by finance directors. Its drawbacks are the ones that ended the original: it is costly, it rewards spending that would have happened anyway unless tightly ring-fenced, and as a deduction rather than a credit it does nothing for a firm without taxable profits. It is set out here as the more ambitious option. The expenditure-credit model is the recommended design because it buys most of the behavioural effect at a fraction of the Exchequer cost and reaches the employers a deduction misses.

Worked examples

- An employer with a £12 million pay bill generates a levy contribution of around £45,000. Once it has spent or transferred that in full, it gains access to the credit. Fund three additional degree apprenticeship places at £8,000 of eligible cost each and the enhanced deduction is worth around £6,000; fund five and it is worth around £10,000. Outside apprentices who are ineligible for levy funding, the credit is available only to employers who train beyond their levy entitlement.
- An employer with a £12 million pay bill still has levy funds available but wants to train two senior managers on a Level 7 apprenticeship, neither of whom qualifies for levy funding. It pays for both places through its apprenticeship service account and can claim the credit on them straight away, because its levy could not have been spent on them.
- An employer with a £600,000 pay bill sits below the levy threshold and cannot claim at all: it continues to receive 95% government co-investment on training costs, plus the retained grants, which is more useful to the smallest firms than a credit they could not use.

Illustrative costing

The costing follows from three parameters: eligible spend per additional place, the enhanced rate that applies to it, and the corporation tax rate at which the deduction is valued. At £8,000 of eligible spend the cost to the Treasury is around £2,000 per place at the full rate, £1,000 at the half rate, and £500 at the quarter rate. On a claim mix weighted towards first-time entry, around half of claims at the full rate, a third at the half rate, and the remainder at the quarter rate, the blended cost is roughly £1,400 per additional place. 5,000 additional places a year would therefore cost in the order of £7 million, 10,000 around £14 million, and 20,000 around £28 million. Those are small numbers against the almost £840 million by which levy receipts exceeded the apprenticeships budget in 2024-25, and they scale with the outcome rather than with take-up of a subsidy for activity that would have happened anyway.

The behavioural incentives can be seen in evidence from R&D tax credits. HMRC's evaluation estimated the elasticity of research spending with respect to its user cost at around -2, implying that every £1 of tax forgone stimulated between £1.53 and £2.35 of additional research; subsequent work by economists at the London School of Economics found that a 10% fall in the cost of research raises the volume of research by roughly 40%; and UK business research spending is estimated to be around 14% lower than it would be without the reliefs.[96]

[96] "Evaluation of Research and Development Tax Credit", HMRC Working Paper 17, Link (2015); A. Dechezleprêtre, E. Einiö, R. Martin, K. Nguyen and J. Van Reenen, "Do Tax Incentives Increase Firm Innovation? An RD Design for R&D, Patents, and Spillovers", American Economic Journal: Economic Policy 15(4), Link (2023).

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