

Courage, quality, and compliance

HEI guide to degree apprenticeships



mh&a

The TL/DR

- Degree apprenticeships work, and they're here to stay.
- You need to be clear why you have a degree apprenticeship provision.
- That purpose should drive your curriculum offer, operating model and ways of working.
- It is hard to operate a large scale, compliant, quality provision without a strong central team.
- It is impossible to operate a compliant provision without specialist apprenticeship tech.
- If you approach Ofsted inspection as a compliance exercise, it will go really badly.
- ESFA compliance requirements are many, maddening, and they mean them all.
- It is very important that students spend 20% of their time learning off-the-job.
- You must reflect students' prior learning in their programme, and your price.
- If your ESFA audit doesn't go well, they'll open the book on prior years.
- Degree apprenticeships are hard. Go big, or don't go at all.



Here to stay...

The disclosure of [Government data](#) showing that degree apprenticeships now account for over 20% of all apprenticeship starts, and over £500m of apprenticeship spend per year, has sparked discussion about the place of degree apprenticeships in technical education.

The Ministers' notably [staunch defence of degree apprenticeships](#), to us, indicated both that Government is devoutly committed to degree apprenticeships – and that it knows there is a displacement issue here, i.e. the growth of degree apprenticeships is consuming a growing proportion of a budget originally created to support learners at levels four and below.

Our take on this is simple. The labour market, economic and sector context mean that the nation needs degree apprenticeships. Growth is anaemic at best. Productivity is a systemic problem. [Businesses report chronic labour shortages and skills gaps](#). We don't have another serious, respected, work-based route to support skills development beyond level four. If anything, Government needs additional answers at levels four through seven – not fewer.

It seems deeply unlikely to us that this, or the Government which places a Secretary of State in Sanctuary Buildings after the next election, will want to row back from degree apprenticeships. If anything they may want to think about how they could route a greater proportion of learners at the relevant levels through apprenticeships given their attractiveness to business – and their [proven impact on business productivity and performance](#).

Continuing to back degree apprenticeships will mean that Government needs to think about, and act to address, the displacement effect. It's worth noting that the displacement of funding has a disproportionate effect on learner numbers – because of the funding rate associated with degree apprenticeships compared to those at lower levels. Put simply, £500m buys you a lot more participation at lower levels than it does higher.

In this context, we thought it timely to reflect on how HEIs can best manage your apprenticeship provisions – and in doing so avoid some of the many pitfalls that can undermine, sometimes fatally, providers subject to Education and Skills Funding Agency (ESFA) compliance requirements and Ofsted inspection.

Why are you doing it?

Most colleagues reading this piece will already have a degree apprenticeship provision. [Latest DfE data](#) indicates that over 90 HEIs now deliver degree apprenticeships – with over 20 supporting more than 500 apprentice starts in 2021/22.

To think strategically about how you operate, evolve, and grow your provision, you need to be clear about why you have it. The purpose of your provision will dictate many of the decisions you make about your offer, operating model and approach to employer engagement and sales.

- **Do you see degree apprenticeships as a commercial / growth opportunity?** If you do, you will likely want to focus on high volume / high value occupations and standards – and you might consider extending your offer to lower levels, either directly or in partnership.

- **Do you see them as an opportunity to diversify your income streams, given pressures and risks elsewhere in your portfolio?** If you do, we'd offer a word of caution. Apprenticeships are not easy income – and they'll only deliver margin if delivered efficiently and at scale.
- **Do you want to play regionally and / or do you want to grow a national provision?** If you want to work nationally, you'll need an operating model and curriculum team that can support your ambition – and you'll need to secure large volumes or face awful inefficiencies.
- **Do you see them as an opportunity to extend engagement with business?** If you want to leverage your degree apprenticeship offer to deepen your relationships with business e.g. to draw them into partnerships which benefit full-time students, you'll need to operate genuinely sophisticated marketing and business development – or risk spending time and money talking about talking about opportunities with businesses, none of which happen.
- **Do you see them as an important evolution in your delivery model?** If yes, you'll want to invest in the resources and technology which enable your provision to test and demonstrate the impact of different ways of working – and think about how you might scale those solutions back into your core curriculum operations / faculties. There is an obvious opportunity here to use degree apprenticeships to lever real innovation into full-time and other programmes.

Your reflections on the above and other strategy questions should help you distil a set of clear objectives and measures of success for your provision over a reasonable time period; given the duration and cadence of degree apprenticeships, we'd suggest at least a five-year planning horizon. As above – whilst some level of policy change is inevitable, we doubt that those changes would undermine a considered strategy, pitched at a genuinely strategic level.

As for any strategy or business plan, your purpose and objectives should then provide the framework for your more operational decision-making.



To think strategically about how you operate, evolve, and grow your provision, you need to be clear about why you have it.



What standards do you offer?

The most important manifestation of your strategic intent is your curriculum offer. We've done a huge amount of work with commercial apprenticeship providers to help them think about which sectors they should play in and which standards they should offer. Critical considerations include:

- **Does your strategy dictate that you chase volume?** If you're looking for substantial revenues, you'll have to play in e.g. the health, engineering, and management sectors which account for more than 60% of apprenticeship starts at levels five and above between them.

- **What are the high volume and high growth sectors in your region?** You'll likely want to meet the needs of the sectors and occupations which are most important in your region; failure to do so would be a political and commercial own goal. So apprenticeships should feature in your engagement with the new 'local skills improvement plan' (LSIP) process.
- **What sectors do you specialise in more generally?** You'll want to think carefully about the relationship between the sectors your institution specialises in overall, and the sectors you choose to focus your degree apprenticeship offer in; divergence may make sense, but should be a considered decision, not an accident.

Once you've decided which sectors and standards to work with, you'll need to develop curriculum content that works for apprentices. This can be a much bigger task than you might imagine; the content you use to support full-time programmes in the same spaces typically requires more augmentation than colleagues assume before it is fit for an apprenticeship purpose.



The most important operating model decision is whether you choose to create a discrete degree apprenticeship unit – or run apprenticeships through your existing faculty structure.



What's your operating model?

The most important operating model decision is whether you choose to create a discrete degree apprenticeship unit – or run apprenticeships through your existing faculty structure. The bigger your ambition, the greater the case for a discrete operation.

If you choose to run degree apprenticeships through your existing structures, you will need to think about where and how you bring your provision together to ensure that your provision is compliant and of sound curriculum quality.

This is really important because – assuming that you operate from a single 'UKPRN' (UK provider reference number) – both the ESFA and Ofsted will engage with you on the basis that you are a single provider. That means they'll expect, for example, to be able to talk to you about:

- A single, consistent, approach to the assessment of prior learning.
- A single, consistent, approach to the recording of students' off-the-job training.
- A single, consistent, approach to curriculum intent, impact and quality improvement.
- A coherent, considered approach to the student journey in different occupational areas.
- A single, accurate and up to date view of your student numbers and status.

As a minimum, we'd recommend investing in a small central team which can manage consistent, compliant delivery of the long list of things that need to be common across your provision; bring together the single picture you'll need to support your engagement with the ESFA and Ofsted; and manage those engagements when they come around.

If you're proposing to operate a provision at any real scale, we'd recommend that you consider bringing 'everything but the teaching' together in a single apprenticeship operation; and in some, particularly high-volume areas, there may be a case to create a curriculum team distinct from the relevant faculty. You'll find it incredibly difficult to deliver at scale through a distributed model.

What technology are you using?

Colleagues will be familiar with the many benefits that tech can bring for students. If anything these benefits are greater for apprentices than full-time students, given the fact that their studies run alongside full-time work – and typically involve substantial self-directed learning.

Apprentices need to see what's coming up – so they can manage their learning and work commitments effectively. They need to be able to access learning materials and self-directed activities easily – and when it suits them. They also need a means of capturing the learning they do through their time in the workplace – which is no less a part of their overall learning experience than the time they spend learning with you.

All that said, you need great apprenticeship tech more than your students do. In our experience, it is simply not possible to meet the many and complex funding and compliance requirements associated with apprenticeship delivery, or to be well prepared for Ofsted inspection, without using one of a handful of tech solutions.

Critical amongst the requirements that you just can't sustainably meet without tech:

- Supporting and capturing the data required at the point of enrolment.
- Assessing students' knowledge, skills, behaviours and learning needs when they start their programme, and reflecting that assessment in your funding claim and their learning journey.
- Managing students' progress through all aspects of the learning journey in a manner which fosters both attainment and ESFA compliance, including particularly the need to evidence that students are undertaking the required off-the-job training.
- Supporting – and evidencing – students' formative assessment; and, supporting delivery of functional skills training and assessment – which you will need to cover in a degree apprenticeship.
- Supporting – and evidencing – students' progress through 'end point' assessment; and capturing all of the data required to close out a given student's programme.

We have seen organisations try to address these requirements with the wrong tech – and a couple with no real tech at all. In all cases it goes very, very, badly – sometimes existentially so. There is a handful of very strong solutions in the market; use one of them and use it properly.

What differentiates your provision?

Through your decisions on all of the above, and other points, you need to establish what makes your provision different to that of others in the market – regionally and, if it is your ambition to play there, nationally.

For the avoidance of doubt, here are some things that everyone else will be saying about their provision, such that they don't represent any sort of real differentiation:

- Students will get also get a degree awarded by the university.
- Students will enjoy programmes created in partnership with employers.
- Students will have access to the full range of university services and support.
- Students will have access to the university's campus and new building.
- Students will have access to the university's very large library.

It is also worth noting that everyone will have great numbers to talk about. According to [Government's most recent evaluation](#), 91% of degree apprentices were satisfied with their course – the highest satisfaction rates across apprenticeship provision; 80% were satisfied with the quality of learning received; 79% received a pay rise since completing their apprenticeship; and 54% received a promotion.

That is to say, as with any service offering in a crowded market, the search for real differentiation is tough. You'll almost certainly conclude that you need to claim all of the not-at-all-differentiating differentiators everyone else claims, save there be any confusion that you're with the pack. We'd encourage you to also think about what really makes your provision stand out.



If you want to succeed in this space, you will need to set yourself up to compete against serious, commercial, competitors.



What's your approach to sales?

The overall apprenticeship market is well-established and fiercely competitive. By our reckoning, at least half of the largest 20 apprenticeship providers enjoy private equity investment or similar – with all the expectations of financial performance and growth that come with it.

If you want to succeed in this space, you will need to set yourself up to compete against serious, commercial, competitors. If your ambition is modest, you may be able to leverage work you are already doing to forge business partnerships – and to promote your executive education offer – to secure the clients, and student numbers, in your business plans.

If you want to develop a scaled apprenticeship provision, from which you secure meaningful commercial returns – whilst delivering great quality and impact – then you will need to tool up. That means, for example: appointing senior

level, experienced sales professionals working to ambitious targets – and enjoying performance related pay comparable to that offered by your competitors; establishing the capability to prepare compelling tender responses and informal proposals; establishing robust opportunity / bid governance arrangements; systematically managing the sales pipeline from pre-sales to contract and mobilisation.



Inspectors will talk to staff, students, and employers – and will avoid burning time in meetings with senior leaders; they're wise to that game.



Are you ready for Ofsted inspection?

We are advocates of Ofsted. In all of our personal experience, they do an incredibly challenging job with great empathy, insight, and integrity. They assure provision against objective standards which we should not ask them to step back from. The challenges we face on economic growth, productivity and social mobility will not be solved by compromises on quality in education.

The most important thing you can do to prepare for an Ofsted inspection is to stop thinking about inspection as a compliance audit that you can prepare for. The [education inspection framework \(EIF\)](#) is more than a compliance checklist. Inspections are interactive, intensive, and dynamic, explorations of the quality of provision.

They'll explore, and grade, each of the four dimensions of the framework:

- Quality of education: how you deliver the curriculum, including your teaching quality, assessment practice, and learner outcomes.
- Behaviour and attitudes: how your leaders and staff create a safe, disciplined and positive environment and the impact this has on the behaviour and attitudes of learners.
- Personal development: how you support learners to develop their knowledge and skills beyond the academic, technical, or vocational. This includes building confidence and resilience in apprentices and creating engaged citizens.
- Leadership and management: how your leaders, managers, and others responsible for governance ensure that delivery has a positive impact on all learners. This includes setting high expectations, professional development of staff and how you engage with the wider stakeholder community, like families and employers.

You won't secure an overall effectiveness grade which is better than the one you receive for 'quality of education' – which is a so-called limiting grade.

Inspectors will talk to staff, students, and employers – and will avoid burning time in meetings with senior leaders; they're wise to that game. They'll interrogate data and ask probing questions about it that will likely require further analysis during the inspection. They'll develop hypotheses about your provision and look to prove, disprove, or iterate on them until they can establish an evidenced assessment of your strengths and areas for improvement.

So the most important thing you can do to prepare for Ofsted inspection is invest in building and tightly managing good quality provision – with reference to all aspects of the EIF. Doing so is a relentless, forensic, endeavour that requires passion, expertise, and resource.

There is then a bundle of things you can do to ensure that when you get the call, you're in a position to put on the best possible show. Though inspections are not crises, best practice crisis management practices do work brilliantly for them including, for example, the operation of gold / silver / bronze command structures; immediate feedback loops to silver command; and a single, central, analytical function to service all of the many data requests you'll receive.

All of the above, of course, is in addition to the Office for Students' (OfS) role with respect to the quality assurance of end point assessment for integrated higher and degree apprenticeships. The complexity is real.



You cannot draw down ESFA funding to deliver training to individual students with respect to knowledge, skills and / or behaviours which they already possess.



How confident are you about ESFA audit?

This is no shortage of funding and compliance rules relating to apprenticeship delivery. Indeed, you will need to comply with each of the following:

- The apprenticeship funding rules, which sets out the rules for providers receiving funding for delivering apprenticeship training and on-programme assessment in England; and all employers of apprentices who are accessing funding for apprenticeships.
- The apprenticeship off-the-job training requirements, which sets out how employers and providers should meet this crucial requirement. For football fans, off-the-job training is the VAR of apprenticeships; widely loathed, and a constant cause of controversy – but probably the right thing to do, and firmly part of the game.
- The apprenticeship training provider framework and specification, which informs DfE and ESFA's assessment of apprenticeship providers. It's also designed to help providers review their own performance, identify potential quality issues, and carry out improvements.
- The provider support manual, which provides additional guidance to support you to meet the requirements for Individualised Learner Record (ILR) data returns.
- The specification of the individualised learner record, and the [appendices, validation rules and schema](#), which between them specify data ILR-related collection requirements and how providers should meet them.

Yeah, it's a lot. And it would be optimistic of you to assume that these documents are perfectly coherent and consistent. It is not uncommon for large providers to engage in litigious debate with the ESFA about its interpretation of its own rules.

You will want to make sure that you're plugged into the zeitgeist of interpretation; our team includes colleagues who do just this. They work with clients to design and implement processes that support compliance, to complete internal assurance reviews – and to help manage their engagement with the ESFA.

Amongst the labyrinth of requirements, we'd recommend that you closely consider the following...

Assessing prior learning

The ESFA requires that you review your students' prior learning and experience – as part of your enrolment and / or induction processes – to establish the extent to which they already have the knowledge, skills and / or behaviours that will be covered as part of their apprenticeship.

This includes “prior education, training, or associated qualifications in a related subject sector area, including any previous apprenticeship undertaken; and learning or competence gained from prior work experience, particularly where the apprentice is an existing employee, or is beginning their apprenticeship after completing another programme...”¹

You cannot draw down ESFA funding to deliver training to individual students with respect to knowledge, skills and / or behaviours which they already possess. So, having assessed each student's prior learning you are expected to adjust the content, duration, and ‘total negotiated price’ of their apprenticeship to reflect their prior learning – as defined above.

It is for you to determine the methods and tools that you will use to assess prior learning – and how you will reflect your conclusions in your programme design, delivery, and funding claim. You should assume that they will be scrutinised – and challenged – at audit; and that the ESFA will claw back funding where it is not content with your conclusions and claims.

We recommend that you invest in the development, and external assurance, of a single process and set of tools to do this for all of your apprentices – across all standards / faculties. You will find it very hard to justify different approaches being taken in different parts of your provision.

Evidencing off-the-job training

The ESFA requires that “at least 20% of the apprentice's normal working hours, capped at 30 hours per week, over the planned duration of the apprenticeship practical period, must be spent on off-the-job training...”²

Furthermore, where students complete off-the-job training outside their normal working hours, “there must be evidence to demonstrate the apprentice agreed and was compensated for this arrangement (e.g. time off in lieu or an additional payment).” The majority of off-the-job training cannot be delivered this way, i.e. you and the student's employer need to work together to ensure that they are systematically allowed to take time away from work to learn.

This is perhaps the single most important funding rule to monitor compliance with – because if you cannot evidence that you have met the requirement for students to spend 20% of their time enjoying off-the-job training over the life of their programme, including that the majority was in their normal working hours, all – yes, all – funding for that students will likely be clawed back.

We recommend that you:

- Carefully document your overall programme design to show how off-the-job training features in the student journey; reflect that design in all of your programmes, with limited variation; and, that you manage all of your delivery closely to ensure compliance.
- Ensure that your business clients understand and are committed to supporting students to take the required time away from their work; and that you are brave enough to turn down contracts where you sense that the client is not committed.
- Embed a requirement to monitor off-the-job training in whatever pastoral / personal tutor role you include in your programme design; and use tech (see above) to help you track each student's off-the-job training time, week by week, throughout the life of their programme.
- Regularly monitor progress and compliance, at the individual student level, such that you can catch and address any deviation from the requirement early enough in a given student's programme that you can bring yourself back into compliance before they complete.

Given your reliance on both the student and their employer to be compliant, this is by far the hardest requirement to meet... so it will need commensurate attention, and management.

Training plan

The ESFA requires that you develop and agree a training plan with each student and their employer. Both must be given the opportunity to contribute to this plan, and you must be able to evidence that the plan was agreed before any training was delivered to a given student.

You may only claim funding from the date on which learning activity that is directly related to the apprenticeship, as documented in the plan, takes place. If you do not have a completed, agreed, training plan for a given student, all funding for that student will be clawed back.

So you should bake agreement of the plan into your enrolment process and manage your team to ensure that no training takes place before it has been wholly completed. This is quite an easy thing to get right with good process management – and an expensive thing to get wrong.

Apprentice wages

The ESFA requires that, every apprentice must be paid a lawful wage for the time they are in work and in off-the-job training. The employer is responsible for paying the apprentice's wages and complying with national minimum wage regulations.

Whilst seemingly obvious that apprentices should receive wages in line with national minimum wage regulations some providers overlook their obligation to confirm that the apprentice is in receipt of a lawful wage.

Extrapolation

As you might expect, when the ESFA selects your provision for audit, it will both complete an overall assessment of your data – and pull at whatever threads it identifies in doing so; and it will review a sample of – typically around thirty – student records including e.g. evidence of how you have assessed their prior learning, supported off-the-job training, etc.

If the error rate within your sample is acceptably low – both overall and with respect to particular issues – you may be subject to funding clawback relating only to issues identified within the sample. Or none at all if they find no errors at all.

If however, the audit identifies either a large number of issues overall, or a large number of issues with respect to a particular requirement (e.g. off-the-job training), the Department has the power to require that – at your cost – a 100% audit of student records is completed by an external assurance partner which they nominate.³

For a provision of any scale, this is a nightmare.

The alternative is extrapolation,⁴ i.e. the ESFA multiplies the error rate in the audit sample across the value of the whole provision to establish the level of clawback.

No statute of limitations

If you are audited in relation to a given year and you have an error rate which exceeds the ESFA's tolerance (around 5%) they will very likely look to investigate prior years, and will continue looking at prior years until they reach one which is within their tolerance.

There is no limitation on how far back they will go. No. Limit.

That is to say, if you started delivering apprenticeships under a contract with the ESFA in 2016/17; have not yet been subject to ESFA audit; and are audited during 2022/23; are found to have an unacceptably high error rate... You should expect that audits will be initiated with respect to each prior year in turn, until they find a year with an error rate lower than 5%.

Where this happens to a training provider, they tend to be crippled – either by the level of clawback and / or by the incredible amount of work that is involved in mitigating the level of clawback. So however onerous the Agency's compliance requirements might feel, we would recommend that you invest in the systems, processes and internal assurance activities required to be compliant such that you never incur the pain of non-compliance and recovery from it.



If you cannot evidence that you have met the requirement for students to spend 20% of their time enjoying off-the-job training over the life of their programme, all – yes, all – funding for that students will likely be clawed back.



Conclusion

Most commercial apprenticeship businesses either fail to deliver their growth plans – or deliver them but compromise on quality to do so, and therefore store up trouble for the medium term. Sustainably growing your degree apprenticeship provision is a matter of fine balances.

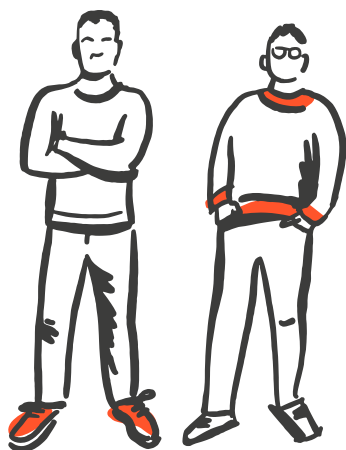
You'll need to be courageous – establishing an effective operating model; taking considered decisions about your

curriculum offer; investing in the tech, and the expertise, that's required; and embedding new ways of working which reflect the culture of apprenticeships.

You'll need to focus on curriculum quality – focussing on the quality of education you are providing, students' behaviour and attitudes, and their personal development to the standards which Ofsted will judge you against when they call.

And you'll need to keep a close eye on compliance – making sure that your operating model and processes are consistent with the many, complex, requirements associated with apprenticeships; maintaining internal assurance arrangements you need to ensure that you spot risks before they become funding issues; and, keeping abreast of subtle, important, changes from year to year.

If you do these three things, it is more than possible to build a commercially sustainable and impactful degree apprenticeship provision which delivers for your students, employers and the communities you serve.



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Endnotes

- ¹ Paragraphs 24.1.1 and 24.1.2 of [Apprenticeship funding rules 2023 to 2024](#)
- ² Paragraph 69.1 of [Apprenticeship funding rules 2023 to 2024](#)
- ³ Paragraph 21.1.3 of [Conditions of Funding \(Grant\) \(HEI\)](#) or paragraph 23.1.3 of [Contract for Services](#)
- ⁴ Paragraph 26.1.7 of [Conditions of Funding \(Grant\) \(HEI\)](#) or paragraph 30.1.7 of [Contract for Services](#)

