

Driving quality apprenticeships across the life sciences – apprenticeship levy & other tax incentives for SMEs

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Summary of proposals:

1. Access to diverse talent is fundamental to an innovative life sciences and biotech sector. The Bioindustry Association (BIA) has consulted SME membership and larger corporations on the current apprenticeship system and has used its breadth of knowledge in the sector's talent landscape to inform this document. Attracting and retaining apprentices to develop their knowledge skills and behaviours within life science SMEs has been a particular challenge overcome by the Advanced Therapies Apprenticeship Community (ATAC)¹. BIA has consulted with employers on what financial adjustments could be made for apprentices, employers, and training providers. A summary includes:
 - a. Incentivise the life sciences apprenticeship training provider market to deliver quality & choice
 - b. Reduce complexity of the apprenticeship system to benefit SMEs & sponsor dedicated sector support
 - c. An 'Apprentice Starting Loan' covering relocation and initial travel to life sciences clusters
 - d. Financial incentives to ensure SME employers benefit from taking on apprentices
 - e. Allocation of apprenticeship levy to support 'branding' for SMEs
 - f. Completion incentive payments to encourage SMEs to develop progression pathways
 - g. Additional funding to ensure SME apprentices access the same training opportunities
 - h. Fund training of first line leaders in management of young people in the workplace

Introduction

2. Established over 30 years ago the Bioindustry Association (BIA) is the trade association for innovative life sciences and biotech industry in the UK, counting over 500 companies including start-ups, biotechnology, universities, research centres, investors, and lawyers amongst its members.
3. Our mission is to be the voice of the industry, enabling and connecting the UK ecosystem so that businesses can start, grow, and deliver world changing innovation.
4. The UK biotech and life sciences sector delivers ground-breaking treatments to a diverse range of patients by creating novel therapies and diagnostics that will help treat and manage conditions enabling a wide scope of people to lead their lives. Access to diverse talent is fundamental to an innovative biotech sector and BIA has consulted members on the current apprenticeship system with particular interest to over 50% of membership being in the small and medium enterprises.
5. There is a strong talent pipeline required for the life sciences industry, as BIA membership includes start-ups, biotechnology and large pharmaceutical and technology companies there is a community invested in developing new and diverse talent pathways into the industry. A particular strength has been development of the Advanced Therapies Apprenticeship Community (ATAC), led by the industry and co-ordinated by Cell and Gene Therapy Catapult. This industry led community has engaged over 48 companies in using

¹ <https://advancedtherapiesapprenticeships.co.uk/>
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apprenticeships to attract, train and retain talent within the sector, over half of which were SMEs at the time of first recruitment.

6. **Incentivise the life sciences apprenticeship training provider market to deliver quality & choice:** Large corporate organisations in life sciences have infrastructure that can navigate a complex apprenticeship system, branding to attract apprentices from diverse background, internal training programmes to supplement the apprenticeship standard, access to program enrichment activities, experienced apprentice supervisors, and information to support career progression on apprenticeship completion. Very little of these resources are available within an SME in a sector new to apprenticeships. SMEs are not always supported well by their training provider, often being given the same large organisation support, instead of understanding distinctive barriers to the employer throughout the apprenticeship. The apprenticeship market in life sciences is not large enough to provide choice and therefore does not drive-up quality of delivery. Incentives to broaden the life sciences apprenticeship market should be considered.
7. **Reduce complexity of the apprenticeship system to benefit SMEs & sponsor dedicated sector support:** Navigation of a complex apprenticeship system is a significant barrier to SMEs in life sciences, particularly as apprenticeship standards are a new form of career pathway previously not accessed by these employers. Support currently available for SMEs is not reaching them and therefore providing dedicated life science sector support (or funding industry communities to support the sector with specialised knowledge of talent pathways and skills gaps) would be a significant benefit to SMEs enabling them to access maximum benefit to develop their future workforce.
8. **An 'Apprentice Starting Loan' covering relocation and initial travel to life sciences clusters:** Recruitment on to apprenticeships in life sciences has driven an increase in diversity and social mobility of early talent previously entering the sector solely through traditional academic pathways. Movement of apprentices to relocate close to life science businesses and retaining apprentices on program has been a challenge adding to the risk of an apprentice taking up an opportunity with an SME. Once on programme, apprentice retention rates in life sciences are well above the national average and retaining apprentices in the sector is essential. The latest report by Cell and Gene Therapy Catapult reports retention rates of 92% retention against a falling national average of just over half. Relocation and social mobility in apprenticeships is challenging for SMEs located in life science clusters across the UK. An 'Apprentice Starting Loan' allocated to the individual apprentice, covering items such as a relocation allowance or initial transport costs, would help attract and retain apprentices. An 'Apprentice Starting Loan' would help to attract and retain apprentices to life science clusters, paid back at a salary threshold like student loans, recognising the balance of employment and off-the-job higher level learning. Starting an apprenticeship alone in a small company, in a new area, on an apprenticeship salary and without a support network can be an incredibly daunting experience which is very different to that of a university student starting their course, so financial support which is paid back when earning over a threshold salary would ease this transition.
9. **Financial incentives to ensure SME employers benefit from taking on apprentices:** Further financial incentives for the apprentice and employer to be considered would be National Insurance and tax incentives on salaries paid by SMEs increasing the amount available to the apprentice and decreasing the contribution SMEs need to make. Apprenticeships across life sciences are amongst the longest apprenticeship standards due to the high levels of specialised knowledge, technical skills and professional behaviours required. The duration of apprenticeships in life sciences are generally 3-5 years and so the apprentices entering the sector as new talent are in the age bracket 21-25 years old. Supporting SMEs in increasing the national minimum apprentice salary would also benefit attraction and retention of apprentices within the business.

10. **Allocation of apprenticeship levy to support ‘branding’ for SMEs:** Attracting apprentices to work within innovative SME organisations is challenging, as many influencers on the apprentices’ career choices may not have heard of the company or understand the opportunities an apprenticeship with these employers brings. Large corporate organisations branding is also more familiar to those influencers. Training providers in the life sciences sector rely on the cohort numbers those large corporate organisations generate, bringing individual apprentices from SME employers into existing corporate driven cohorts. Allocating a percentage of apprenticeship levy from large organisations to support attraction, marketing, and recruitment of apprentices with SME organisations without contractual obligations would benefit.
11. **Completion incentive payments to encourage SMEs to develop progression pathways:** Many apprenticeships within life sciences currently contain essential qualifications and employers see the additional value in completion of a synoptic end point assessment bringing together the professional behaviours, scientific knowledge, and technical skills. Apprentice retention rates in life sciences are well above the national average, however, incentive payments on completion of an apprenticeship would encourage SMEs to develop progression pathways, preparing the apprentice for future careers in the sector and retaining talent and much needed experience within life sciences. SME incentive payments have been well received and contributed towards support. Training providers in life sciences do not adapt content for SMEs to ensure parity of training when compared to apprentices in large corporations.
12. **Additional funding to ensure SME apprentices access the same training opportunities:** Employer incentive payments to onboard apprentices have been well received by SME employers in life sciences and this funding has made a significant contribution towards initial support. There are very few training providers in life sciences delivering Levels 3, 5 and 6 standards and those available to SMEs do not provide specific training content to enrich delivery ensuring the apprentice has parity of access to training when compared to apprentices in large corporations. Financial adaptations to the apprenticeship levy to ensure SME employers can provide the same training opportunities for apprentices such as those for professional behaviours, entrepreneurial or business skills would make significant difference.
13. **Fund training of first line leaders in management of young people in the workplace:** Within large corporate organisations that have the organisational structure and Human Resource departments there are support networks and supervisor training programs to ensure the apprentice and employer are making the most of the apprenticeship opportunity. Within an SME there are limited resources and infrastructure to coach and mentor team leaders and apprentice supervisors. Making funding available for training first line leaders in management of young people in the workplace would benefit the organisation in getting the most out of the apprenticeships as well as benefit the apprentice in obtaining the correct level of support required for success.

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