

The Independent Apprenticeship Policy Group



First Challenge:

Does the levy adequately support the needs of levy paying employers, and how are SMEs served in the new system?

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1. Quality

There was general agreement that the apprenticeship levy has had a positive impact on the employment landscape and that the quality of training provided through apprenticeships has improved since the levy was introduced in April 2017. This is largely the result of employers being more empowered to identify and work with training providers who are best able to fulfil their specific needs. This becomes even more pertinent for employers that operate in a highly competitive market, as they need to be constantly driving their businesses forward through upskilling and retraining their staff.

The main concerns about apprenticeship quality related to the relevance of the available training in some cases as well as the occupationally-specific nature of apprenticeship standards. Some attendees felt that apprenticeships should be helping their staff move between similar jobs rather than focusing on a single role, particularly as many levy-paying employers have dramatically cut back their spending on other internal training schemes following the introduction of the levy. It also remains unclear how much 'deadweight' is being driven by the levy.

Questions

- To what extent should the apprenticeship levy focus on upskilling existing staff as opposed to recruiting new staff?
- Should the levy prepare workers for current jobs or future jobs?
- How much should the apprenticeship system train people in cross-discipline roles as opposed to specific occupations?

- To what extent is the levy simply replacing existing training schemes instead of encouraging employers to invest more widely in training and development?
- How can the amount of 'deadweight' be assessed, and who should be responsible for this?

2. Affordability

A large portion of the discussion focused on whether apprenticeships had the necessary financial support from the levy and the accompanying funding system that sits behind it. For example, it was noted that the levy is currently categorised as 'DEL' spending by the government, which means that the Department for Education cannot exceed the spending limits set by the Treasury. This contrasts with 'AME' spending, which is automatically adjusted by the Treasury to meet demand (e.g. welfare payments, pensions). The fact that non-levy payers must rely on allocations to training providers from the Education and Skills Funding Agency (ESFA), which have already run out in some cases, illustrates that the levy is not a demand-led system.

The funding bands for apprenticeship standards were also raised during the discussion. It was felt by some that the reviews of funding bands conducted by the Institute for Apprenticeships and Technical Education (IFATE) lacked transparency and made it hard for employers and providers to plan their provision more than a few months ahead. There does not appear to have been a concerted attempt by government throughout the course of the apprenticeship reforms since 2012 to understand in detail the costs involved in delivering different

apprenticeships, which has contributed to the confusion around funding bands. It was also suggested that the 20% off-the-job training requirement may be preventing some employers from using their levy funds because they cannot afford to let employees be away from work for that amount of time. This may indicate that the funding bands are too low in some cases to make certain apprenticeship standards viable.

Questions

- How should government treat the apprenticeship levy in accounting terms?
- Is the process used by the ESFA for allocating funds to non-levy payers fit for purpose, and what could be done to change it?
- Have the funding reviews conducted by the IFATE been successful so far, and what could be done to improve them?
- What impact is the 20% off-the-job requirement having on the delivery of apprenticeships?

3. SME engagement

Even if larger employers are able to successfully navigate the levy and its associated complexities, the challenge facing smaller employer is more acute. There is no separate apprenticeship funding pot for smaller employers under the levy, so it is perfectly conceivable that (as mentioned earlier) non-levy payers could find that there is no funding available for their apprenticeships. This could significantly reduce the ability of small employers to engage with, and benefit from, apprenticeships.

In addition, the bureaucracy facing small employers can be a major burden as they are unlikely to have access to an HR department or support function. Fragmented sectors (i.e. those with a sizeable proportion of small and micro businesses) will face an even greater challenge because they cannot easily engage with government programmes and initiatives such as apprenticeships due to their limited resources – both time and money.

Questions

- Is the government doing enough to support SMEs who want to take on an apprentice?
- What could the government change to improve the situation for SMEs?
- How can support be best delivered to small and micro businesses who want to develop existing and new members of staff?

4. Levels of training

Large employers may prefer to train existing staff at higher levels, whereas an SME may benefit more from support with newer and / or more junior team members. Because there is no ring fenced funding for lower-level apprenticeships, this means that an increasing share of the levy funds are being used to pay for training aimed at more experienced employees. It was suggested that a tighter policy on 'equivalent level qualifications' (ELQs) could help to alleviate this funding pressure.

The need for employers and providers to consider the ‘prior learning’ of an apprentice was another potential issue. Ofsted now inspect providers to make sure that apprentices are receiving genuine training that is suited to their individual needs as opposed to a generic offer, but there were concerns expressed about how easy it is for employers and providers to judge the extent of an apprentice’s prior experience.

Questions

- Should the apprenticeship levy distinguish between supporting higher and lower-level apprenticeships, and, if so, how?
- What could be done to ensure that lower-level apprenticeships do not miss out on financial support under the levy system?
- How should the need for retraining and upskilling existing staff be addressed within the context of the levy?
- How can ‘prior learning’ be captured effectively by employers and providers?

5. Devolution

The problems that some large employers are facing with the levy have been compounded by the issues caused by devolution. As devolved administrations can fund and support apprenticeships differently from England, some employers are faced with significant hurdles when trying to build a UK-wide workforce development strategy. For example, there is no funding available for apprentices aged 25 and over in Scotland, whereas apprenticeships in England are an all-age programme.

Questions

- What problems has the devolution of the apprenticeship levy generated for employers, and what could potentially solve some of these issues?
- Is the model currently used for allocating funding to devolved administrations appropriate?
- What impact might further devolution of skills policy have on employers within England?

About the Independent Apprenticeship Policy Group

Led by Neil Carmichael - former Education Select Committee Chair, Honorary Professor of Politics and Education, University of Nottingham, and UCL, Chief Executive of UCEC (Education China), and a Board Member for Strategy, FN Robotics (China) - the Independent Apprenticeship Policy Group is a group of independent experts brought together to provide a clear and independent overview of the challenges facing the apprenticeship system in the UK, generate practical solutions as well as creating a public dialogue. The independent body of work will contribute to a long-term vision for apprenticeships.

For more information about the Group and overview of the challenges, visit qualifications.pearson.com/IAPG.



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