



## Apprenticeship Levy

### LWBLA Membership Survey

September 2015

13 responses were received from members.

The purpose of the survey was primarily awareness raising of the issues and consequences of introducing a Levy: it was not designed to replicate the 31 formal questions in the official BIS document.

Here is the summary with question 3 showing an almost evenly divided response – should the levy be a tax on employment or profit.

**1. Historically Government defines a large firm as employing more than 249 members of staff. Should this figure be used to define which employers pay in to the levy?**

Yes 62%

No 38%

Comments:

- We believe the levy should be a sliding scale based on turnover not necessarily related to the number of employees.
- Higher
- A lower number - I am not sure why SMEs are not being asked to contribute, as this would make them more likely to get involved.
- Higher volume of 1000 +
- The figure should be higher
- Interestingly, in a briefing given by BIS to the Society of Motor Manufacturers on Thursday of this week they indicated the Government was thinking about setting the level of "large" employer at 150+ employees

**2. Should the levy apply to public services who are typically all large employers (as the Government is using tax payers cash to fund services and then takes back cash through the levy)?**

Yes 62%

No 38%



Comments:

- All employers should be treated the same as giving exemptions to one group of employers will encourage others to seek to avoid paying the levy or taking on apprentices
- They are employers too - and are also rubbish at training Apprentices
- Should be exempt as public sector as a whole are hesitant to spend money on what they see as a funded provision. Also their budgets / funding is under pressure. The provision will be squeezed due to a non willingness to pay what the provision is worth and will effect viability of delivery and in turn quality.
- This would seem a pointlessly bureaucratic exercise

### **3. Government has chosen to define the levy as a tax on employment not profit: is that the right solution?**

Yes 54%

No 46%

Comments:

- My view is that this will act as a counter incentive to employers.
- Maybe - I think both solutions have winners and losers, but running it through PAYE makes it less easy to be manipulated, however it does have an impact on firms which are struggling financially.
- No, it will mean that employers that could benefit from an apprenticeship programme and could be supported to ensure their business is sustainable will be turned off from this.
- It will put a huge obstacle into smaller and medium sized companies providing apprenticeships. They will not want to pay the levy for inexperienced staff.
- Profit can be hidden, employment it is not so easy
- The levy should be replaced with an amendment to general corporation tax rates
- It is an investment in the future I would, what you call it is not as important as what is done with the money.

### **4. Government believes separate levy models may be required for England, Scotland, Wales and Northern Ireland: is devolution more important than simplicity/consistency of use?**

Yes 23%

No 77%



## Comments:

- Unless we have an apprenticeship scheme that sits across all of the UK then we can not see how this can be avoided. We would welcome the most simple system possible which is easy for both employers and providers.
- I see no logical reason why this should be the case and will cause confusion for these who span borders.
- This sounds like a really daft plan, but affects how Govt operates rather than employers, as I presume it will be based on registered office location. However, how does this affect companies with multiple offices across the 4 nations?
- No, keep it simple. although different areas of the country and nations have different costs, so this could be a problem with larger employers covering wide graphical areas.
- Separate levy for each nation, as the way they fund apprenticeships is also different
- The system will be complex enough I suspect without the added problem of different models in different locations.
- Simplicity is always good for business both sides of any border

## **5. Should the levy be based on individual accounts controlled by an employer or be a general fund for allocation and distribution?**

### Comments

- We do not feel employers should be in control we believe the control should be with the provider or the individual apprentice.
- General funds for allocation
- I would prefer a general fund.
- General Fund
- general fund
- individual accounts
- General fund
- there should not be a levy
- General fund that employers can then draw down funding for the apprenticeships so they still control their own funding.
- As a general fund. Most employers do not want the bureaucratic hassle of having to organise this. BIS say that the IT system will be super simple to us but there has never been a Government IT system that has achieved this
- General fund ensuring that the business funding it has the opportunity to use it.



## 6. Should the levy be used to support small employers, or pay for other services?

Small Employers 83%

Other Services 17%

Comments:

- The issue is ensuring employers make a cash contribution to the delivery costs of an apprenticeship. Otherwise we will get a race to the bottom with providers carrying the burden of meeting apprenticeship delivery costs and being compelled to compete on price. Therefore if giving the levy to small employers would help to avoid this we would support small employers accessing it.
- promotion of provision, marketing of apprenticeships, (but a fair distribution process).
- If larger employers are levied then they should be able to have a say as to how they use the fund to support apprenticeship based activities. SME will need to be funded by the government by the co-funding model large employers should not provide in effect a subsidy for them.

## 7. Should the levy ultimately replace all public funding for apprenticeships?

Yes 23%

No 77%

Comments:

- Depends on the size of the pot and also the continuing growth of apprenticeships.
- There is no research that supports the levy replacing government funding and it is likely to become a real own goal for one of the government's flagship policies.
- If it doesn't replace the current system, and the proposed employer contribution, what is the bloody point of bringing it in?
- Reduction of volume for apprenticeships, non viability of some provision and reduction of quality is inevitable. We should really learn lessons of T2G. after funding was cut for this (not saying this was a bad thing) how many employers are now paying for level 2 quals instead of accessing funding?
- Yes but it would then need to be a universal levy with all employers contributing. An employer led body would control the fund with the remit to fund and promote apprenticeships. There would be no role for SFA or BIS in this model except to monitor progress against targets.
- The levy is a terrible, anti-competitive, bureaucratic idea and should be scrapped.
- Once the system is embedded it should be self funding, the more they get out the more they will want to put in.



## 8. Government 'fully funds' the education of all 16-18 year olds including apprentices. How should this affect the levy?

Comments:

- It should not affect the levy. We strongly believe that the Government should continue to fully fund 16-18 education whatever the setting.
- It should be excluded as employers are risk oversee and it already hard enough to place 16-18 year olds.
- The levy is just a pot of money, if it is used to fund all Apprentices without a further employer contribution (which would be stupid as it is asking employers to pay twice) then is become irrelevant. Govt can top up the pot to cover 16-18 apprentices or any other priority group
- Shouldn't. 16-18 funding should continue to be fully funded and out of scope of the levy.
- no, government should continue to fund 16-18 year olds
- Leave the fully funded 16-18 alone. Lots of employers do not want this age group and a levy will further discourage them from employing young people straight from school/college
- there should not be a levy
- No but government should fund an uplift where to cover core areas of apprenticeship delivery that should have been delivered in schools, for instance English and Maths and career guidance. The levy board should set rates it considers to delivery the appropriate to the outcome of the apprenticeships.
- The Government should continue to fund 16-18 year olds separately to any levy
- This should be outside of the levy
- Tax relief or levy waiver for large employers who employ 16-18 Apprentices

## 9. Should the levy replace the current system of annual allocation based funding agreements and the SFA?

Yes 8%

No 92%

Comments:

- Providers need to have in place a base structure and relevant resources in order to deliver apprenticeship training. We believe this needs to sit outside of the employer led system.
- The proposed levy needs to be trialled to realise the impact of it or the risks involved have not been properly evaluated.



- Again, the levy just creates a pot of money, that pot still needs managing and allocating.
- It works now - why put a new system in when the current one works well particularly for SMEs
- Yes employers would need to contract with employers under the levy system but only if it was universal levy. Under the current proposals SME would still be supported in the co-funding model so an allocation would be made by government. If the current pilot trailblazer funding model was retained for this then there would be a provider allocation process.

## 10. Should employers be subject to Ofsted inspections?

Yes 83%

No 16%

Comments:

- If they are delivering their own training we believe they should be treated in the same way as a college/provider. Especially important if they have been involved in setting the assessment standards within their own industry and also delivering their own training.
- They form an integral part of provision and their exclusion is does not reflect the nature of provision.
- If they are delivering training then yes
- Large employers. maybe those who have above a 500K levy / fund?
- It would seem the only way to check quality at the moment and to ensure national standards, unless another system can be brought in.
- if they receive government funds then yes
- But only where they deliver the training independently of a college or provider as happens now. For the vast majority of employers they will be replacing the SFA as the funder not the deliverer.
- Anyone who is delivering publicly funded training should be subject to Ofsted inspection
- None of them would bother with Apprenticeships if this was the case!