

BCC: New apprenticeship system is increasing costs and uncertainty for business

Six months after its introduction, businesses remain in the dark about how best to utilise the Apprenticeship Levy, according to a survey released today (Friday) by the British Chambers of Commerce (BCC), in conjunction with Middlesex University London.

The annual workforce survey of over 1,400 businesses found that nearly a quarter (23%) of levy-paying firms have no understanding of the Apprenticeship Levy or don't know how their company will respond to it.

Businesses with a pay-bill of less than £3m fall under the levy threshold but can still apply for apprentice funding, yet the findings of the survey show 66% of these companies haven't taken any direct action to use the funds or don't know about it.

For over half of levy-paying businesses, it represents an added cost, with 56% not expecting to recover any or only a portion of their payment, compared to 36% who expect to recover all or more of their payment.

The findings reinforce the need for clearer guidance and support for businesses wanting to utilise the Apprenticeship Levy. Firms, both above and below the levy threshold, are uncertain about how to use the funds to find and train the skills they need, undermining the purpose of the system.

Jane Gratton, Head of Business Environment and Skills at the BCC, said:

“Apprenticeships are great way for businesses to develop the skills they need for the future, but they are not the only solution for developing people in the workplace. The current upheaval in the technical education and apprenticeship system will take time for firms to understand and adapt to.

“The government must ensure that changes in the system do not lead to a slowdown in the overall number of apprentices recruited, or less investment in other forms of workplace training. Low awareness and understanding of the Levy has not been helped by uncertainty faced by training providers tasked with delivering apprentices to business.

“For many businesses who pay the Apprenticeship Levy, it can feel like an additional employment tax, much of which they are unable to recover, and one that is deflecting training budgets away from other important training needs. Firms need greater flexibility on how they can use their levy monies and a system that is fully operational as quickly as possible, is simple and efficient, and that enables them to access good quality training.

“Our survey shows that many firms are still unaware of the Apprenticeship

Levy and how it will impact on their business. With many companies across the country facing critical skills shortages, more information and support is required to ensure businesses continue to invest in training.”

David Williams, Director of Corporate Engagement at Middlesex University London, added:

“It is clear that better information is needed to make sure the huge benefits of apprenticeship programmes are recognised by business, including how they can maximise the levy, the array of qualifications and levels that can be studied through apprenticeships, that the opportunity applies to existing staff as well as newcomers, and that innovative delivery methods mean that an employee could be out of the workplace for as little as 12 days a year.

“The opportunities that arise from the apprenticeships levy – together with robust workforce planning – could be transformative for businesses so it is essential that gaps in information and support around this initiative are addressed.”

Ends

Notes to editors:

The British Chambers of Commerce (BCC) sits at the heart of a powerful network of 52 Accredited Chambers of Commerce across the UK, representing thousands of businesses of all sizes and within all sectors. Our Global Business Network connects exporters with nearly 40 markets around the world. For more information, visit: www.britishchambers.org.uk

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