

Press release: New levy to double annual investment in home-grown skills

The government is officially launching its apprenticeship levy today (6 April 2017) as part of the biggest shake-up of skills for a generation.

The levy will require all employers in the UK with an annual wage bill of over £3 million to pay 0.5% of it towards funding apprenticeships.

The money will be invested in quality training for apprentices and double the annual investment in apprenticeships in England to £2.5 billion by 2019 to 2020, compared with 2010 to 2011 levels.

Employers in England can set up an online account to manage their funds and invest in training for apprentices working for them – currently around 100 accounts are being set up every day. The government will then provide a further 10% top up to levy contributions each month into employers' accounts.

The levy will encourage employers to invest in high-quality apprenticeships ensuring even more people have a chance to reach their full potential.

Generous support will also be provided for smaller employers with an annual pay bill below £3 million and therefore not required to pay the levy. The government will pay 90% of the costs of training and assessing their apprentices.

In addition, companies with fewer than 50 employees that take on apprentices aged between 16 and 18 will have 100% of their training costs paid for.

This is on top of a range of support for apprentices who have additional needs, including around £60 million of funds towards training those from the poorest parts of England

Skills Minister Robert Halfon said:

There has never been a more important time for Britain to invest in the skills of our people and businesses. To make Britain stronger and fairer, we need to make sure that everyone gets the chance to climb the ladder of opportunity to gain the education and skills they need to be successful in life.

Our apprenticeship levy is a massive part of this. More than 90% of apprentices go into work or further training, and the quality on-the-job training on offer will make sure we have the people with the skills, knowledge and technical excellence to drive our country forward.

Building an apprenticeship and skills nation is essential in ensuring that we have the home-grown workforce we need in post-

Brexit Britain to address the skills shortages facing industry and give everyone the chance to succeed.

The introduction of the levy is the biggest shake-up of skills for a generation and further supports the government's commitment to deliver 3 million apprenticeships by 2020 – there were a record 900,000 apprentices last year.

In addition to the levy, the [Institute for Apprenticeships was also launched this week](#) (Saturday 1 April). Independent from government, the institute, which is to be chaired by Antony Jenkins, has been launched to ensure that all apprenticeships are top quality and deliver the skills that employers need.

1. In October 2016, the government published [its final funding policy for the apprenticeship levy](#), which sets out in detail how the levy will work.
2. In March 2016 the government published [an apprenticeship guide for employers](#) on how they will pay the levy, access the apprenticeship service and pay for apprenticeships in future.
3. [An online apprenticeship service](#) has been developed to enable levy paying employers to manage their apprenticeship funds, help them to estimate their spend and recruit apprentices through their training providers.
4. To help employers see how the levy and funding system will work for them, the government has created an [online calculator: estimate my apprenticeship funding](#) . The simple-to-use tool will enable employers to understand how much levy they will pay and how they could use their funds to pay for training in future.
5. The Department for Education, Education & Skills Funding Agency and HM Revenue & Customs have been working with large- and mid-sized organisations, as well as representative bodies, to ensure they are aware of their responsibilities under the new levy, and that their payroll teams have the information to report their contribution and pay it.
6. Individual apprenticeships will be placed in 1 of 15 bands, each with an upper limit ranging from £1,500 to £27,000 which limits the amount government will pay.
7. In January 2017 the government launched an [industrial strategy green paper: 'Building our industrial strategy'](#). Skills are a big part of the green paper, which aims to deliver an economy that delivers good, skilled, well-paid jobs and creates the conditions for competitive, world-leading businesses to prosper and grow right across the UK. The green paper is currently out for consultation and closes on 17 April.

Colleges, employers and other organisations have been lending their support to the apprenticeship levy:

TUC General Secretary Frances O'Grady:

The apprenticeship levy is good news for workers, who will have more opportunities to gain the skills needed for better paid jobs.

Unionlearn, the TUC and trade unions across the UK are looking forward to working with employers to make the expansion of good quality apprenticeships a success.

Petra Wilton, director of strategy for the Chartered Management Institute:

The new apprenticeship landscape provides much needed changes, which put employers in the driving seat for developing new apprenticeships standards to meet the skills they need. And with poor management capabilities a key reason for UK's poor productivity, it's hardly surprising that the chartered manager, along with digital and engineering, is one of the fastest growing of degree apprenticeships.

A key difference is that the new apprenticeships are for all ages and at levels, meaning that not only can employers support young people, but also can support the career prospects of those already at work. Already apprenticeships are supporting the creation of better-balanced organisations, with half of apprenticeships being taken up by women, and the new degree level apprenticeships also beginning to provide development opportunities for women returners.

The wider appeal of work-based learning, enabling workers to learn and earn at the same time, promising both much greater social mobility for individuals alongside a wider talent pool for employers.

Verity O'Keefe, Senior Skills Policy Adviser at EEF:

Apprenticeships have been ingrained within manufacturing businesses for decades with apprenticeships in our sector viewed as the gold standard. With a yawning skills gap apprenticeships play a key role in ensuring manufacturers have the skills they need now and in the future. The apprenticeship levy is a fundamental reform that many employers are still struggling to get to grips with and many employers are proceeding with caution. Despite these challenges, the levy is also presenting new opportunities.

Almost half of manufacturers (46%) plan to increase their engineering apprentice numbers when the levy kicks in and over a third (35%) will look to place apprentices in other parts of the business. Employers are also looking to boost the skills of their existing workforce with almost half (47%) of manufacturers planning to use apprenticeships to up-skill and re-skill their workforce.

To be a success employers need a pipeline of learners to fill their

apprenticeship vacancies. We must continue to bang the apprenticeship drum and ensure the next generation know that apprenticeships in manufacturing and engineering offer a challenging and rewarding career.

Lizzie Crowley, Skills Advisor CIPD:

Today, there is a new appreciation of the benefits apprenticeships can bring for individuals, businesses and the economy. Apprenticeships cover a huge range of occupations and sectors, including digital media, public relations, accounting, engineering, human resources and cyber security, and are available all the way up to a degree-level qualification. For young people starting out in their career, or for those seeking to upskill or change direction, a high-quality apprenticeship pathway offers the chance to earn an income whilst building vital skills.

For employers, apprenticeships are a great way to grow your own talent. By combining on-the-job training with off-the-job learning they can help deliver the skills your business needs to succeed. The launch of the apprenticeship levy offers organisations the opportunity to refresh their businesses and workforce development strategies, and consider the role that high quality apprenticeships can play in delivering their future workforce.

Mark Dawe, chief executive of the Association of Employment and Learning Providers:

The levy will engage more employers in apprenticeships on a scale never seen before and it will undoubtedly have a positive impact on UK productivity. Training providers see it as an opportunity to attract more young people on to apprenticeships, offering them a high-quality route to a successful career, as well as transforming the skills of the existing workforce. The levy means that apprenticeships have the potential to become one of the biggest drivers of social mobility which makes it an exciting time to be a training provider.

David Hughes, Chief Executive of the Association of Colleges (AoC):

Apprenticeships are a powerful way for people to enter employment and develop a career as well as helping people progress in work to higher levels. We believe they will play a major part in filling skills gaps and shortages, supporting social mobility and helping to improve productivity.

The introduction of the levy shows how committed the government is to skills training and further education colleges will play a significant role in providing high-quality apprenticeship training.

Ulf Bengtsson, Group Head of Learning and Development at British Gas owner Centrica:

Centrica has embraced the government's ambition to create more quality apprenticeships.

Over the past 10 years we've invested more than £260 million in training 6,000 engineers and apprentices, because we recognise the positive impact this has on both our customers and business performance.

By choosing to pursue a high-quality apprenticeship that is developed by leading employers for apprentices of all ages, which also offer flexibility and transferable skills, the opportunities to reach to the top are limitless.

The Director of Public Prosecutions, Alison Saunders:

Staff development is a key priority for the Crown Prosecution Service (CPS) and our success as an organisation is based on the quality and professionalism of our people. I have seen for myself the brilliant work that apprentices can do and how they can help the CPS deliver justice across the country. We currently employ 150 apprentices in a variety of roles including supporting our casework, operational delivery and many have developed initiatives which have helped improve CPS performance. I'm delighted that many go on to secure permanent roles in the CPS.