

CBI/CEF

Wednesday 7th December 2016

THE APPRENTICESHIP LEVY

This Briefing

- ▶ Background to the Apprenticeship Levy
 - ▶ Financial impact to Northern Ireland
 - ▶ Apprenticeships across the UK
 - ▶ Apprenticeship Levy response across the UK
 - ▶ Northern Ireland Employment skills offering
 - ▶ Northern Ireland Consultation
- 

Background To The Apprenticeship Levy

- ▶ HMT & BIS – Summer 2015
- ▶ Aim to increase productivity and reduce youth unemployment through expansion of apprenticeships
- ▶ Evidence from `Dual System` Countries
- ▶ Research shows apprentices earn more, more loyal, etc
- ▶ England aiming for 3 million apprenticeship starts by 2020

Collection of the Levy

- ▶ Collection by HMRC on monthly paybill (PAYE): April– May 2017
- ▶ Levy on annual paybill rate set at 0.5% of total
- ▶ Allowances of £15K results in those with paybills in excess of £3M per year will contribute
- ▶ No exceptions. All employees private and public sector will pay
- ▶ `Reserved Matter` for UK Government
 - Impacts on devolved policies in Scotland, Wales and Northern Ireland

Financial Impact to NI as a result of the Levy

Apprenticeship Levy no benefit to the Executive
“it is bad news for Northern Ireland public and private sector organisations with a pay bill over £3 million”

£million	2017-18	2018-19	2019-20
HM Treasury Announcement	76	79	82
SR 2015 Consequential – Other Apprenticeships	-52	-52	-52
Impact of Apprenticeship Levy policy changes	24	27	30
Estimated Cost to Public Sector	-29	-29	-29
Net impact on NI Resource DEL	-5	-2	1

England and Devolved Administrations

- ▶ Despite the Levy Skills Policy is devolved to Scottish Government and Assemblies' in Wales and Northern Ireland
- ▶ Each country has developed their own and different system to suit their regional economy
- ▶ Liaison with Scotland and Wales
- ▶ Likely four different systems will continue for foreseeable future

Apprenticeships across the UK

England

- ▶ L2 – L7
- ▶ Existing/new employee
- ▶ Any age
- ▶ 12 months at least
- ▶ Includes public sector

Northern Ireland

- ▶ L2/L3 – L8
- ▶ New employee/role
- ▶ 2 years at least
- ▶ On and off the job training
- ▶ Progression
- ▶ Focus on 16–24 year olds

Scotland

- ▶ L3
- ▶ Focus 16–24 year olds
- ▶ Over 24 limitations on support
- ▶ New /existing employee
- ▶ Includes public sector

Wales

- ▶ L2–L3
- ▶ 16 + year olds
- ▶ New/existing employee

Apprenticeship Levy response in each Nation

England

- ▶ Digital accounts for Levy payers only
- ▶ Employers negotiate with Registered Training Provider
- ▶ Funding rates set for occupations and levels
+ 10% government `Top Up` and additional incentives
- ▶ 24 month `shelf life` – use or lose
- ▶ Transfers along supply chain permitted
- ▶ Institute of Apprenticeships

Apprenticeship Levy response in each Nation

▶ Scotland

- Consultation with business summer 2016

▶ Responses

- Target of 30,000 Modern Apprenticeship starts by 2020
- Funding should support growth of Graduate Level Apprenticeships
- Funding should support expansion of Foundation Apprenticeships
- Funding should support the establishment of a flexible skills fund
- Funding should be used to help unemployed move into employment

Apprenticeship Levy response in each Nation

- ▶ Wales
- ▶ No formal consultation – meetings with business
- ▶ Target of 100,000 high quality apprenticeships over government term
- ▶ Three types of apprenticeships
 - Foundation Apprenticeships (L2)
 - Apprenticeships (L3)
 - Higher Apprenticeships (L4)
 - 150 occupational areas

Employment Skills offering

Northern Ireland – current offer to business:

- ▶ Training for Success skills for: Life/work L1 /L2
- ▶ 3 levels of Apprenticeships at L2,L2/L3, L3; 170 occupational areas; 7,500 young people in work
- ▶ Higher Level Apprenticeships (L4 – L8) 630 new jobs in past two years
- ▶ New sectors – ICT, Financial Services, Mechatronics, Renewables, Nursing, Account Technicians

Numbers enrolled in Northern Ireland

- ▶ Training for success 5368 (April 2016)
- ▶ ApprenticeshipsNI L2/L3 7359 (April 2016)
- ▶ Higher Level Apprenticeships 630

Northern Ireland – current offer continued

▶ DfE Upskilling Programmes

- Assured skills
- Bridge to Employment
- Skills Focus
- Innovate Us
- INTRO

▶ Invest NI Programmes

- Skills Growth
- Skills Accelerator
- Mentoring
- Non-Executive Director
- Leadership Programme
- Team Leadership Programme
- Interim Manager
- Collaborative Network

Funding for Employment Skills for Northern Ireland

	£
▶ Training for Success L2	42.1m
▶ ApprenticeshipNI L2/L3	10.7m
▶ ApprenticeshipNI L3	9.1m
▶ Higher Level Apprenticeships L4-L6	1.1m
▶ DfE non apprenticeships employed skills programmes	3.1m
▶ InvestNI non apprenticeships employed skills programmes	3.9m
Total	70m

Apprenticeship Levy response in Northern Ireland

- ▶ Consultation – formal and business meetings
 - ▶ Strong portfolio of current provision from Department and Invest NI
 - ▶ Meets Programme for Government objectives, strategic fit with new Economic Strategy, new apprenticeship reforms
- 

Northern Ireland Apprenticeship Levy Consultation

Questions:

- A. What do you think are the main issues for Northern Ireland employers from the introduction of the Levy?
 - B. As a result of the Levy, what factors should the Department take into account to ensure appropriate training support is available in Northern Ireland?
- 

Consultation continued

- C. Will the Levy have an impact on your recruitment of apprentices? In what way?
 - D. As a result of the Levy would you be more likely to use the current training programmes offered by the Department and Invest NI?
 - E. Do you have any further comments on the Northern Ireland response to the UK wide Levy?
- 

- ▶ Any Questions?
- ▶ Thank you for listening

- ▶ jim.wilkinson@economy-ni.gov.uk
- ▶ <https://consultations.nidirect.gov.uk/dfe/apprenticeship-levy>
- ▶ apprenticeshiplevyni@economy-ni.gov.uk