



UK EMPLOYERS “ALARMINGLY UNPREPARED” FOR APPRENTICESHIP LEVY

- **Two thirds of UK employers report little or no knowledge of the Apprenticeship Levy**
- **Only half of large businesses expect to have to pay**
- **The businesses who are aware plan to use levy funds for more apprenticeships**

30 MARCH 2017: UK employers are failing to prepare for the impending launch of the Apprenticeship Levy, according to latest research from ManpowerGroup, the world's workforce experts. In a survey asking 1,000 UK employers about their awareness and understanding of the Apprenticeship Levy, the majority of employers reported little or no knowledge of the impending changes, while many misunderstood who would have to pay.

From 6 April 2017, all employers operating in the UK with an annual wage bill over £3 million will be required to pay a levy equivalent to 0.5% of their annual wage bill. The levy will be used to fund the training of apprentices, who are likely to play a critical role in filling the skills shortages faced by UK organisations.

With the levy taking effect from April, the survey reveals alarmingly low awareness of the levy and its impact on businesses:

- 63% of UK employers say they have little or no knowledge of the new funding system.
- 31% of large companies (250 or more employees) say they simply don't know whether they will be required to pay the levy or not.
- Just half (51%) of the large companies surveyed expect to pay the levy.
- Only 17% of large employers say they know a great deal about the changes, while half (49%) say they know little or nothing about it.
- However, of those who believe their organisations will need to contribute to the levy, 27% say they're very prepared, with a further 56% saying they're somewhat prepared. Just 12% say they are unprepared.

The levy will be paid by all employers with wage bills in excess of £3 million, so in reality nearly all large companies will be required to pay it. For example, an organisation with 250 employees would reach a wage bill of £3 million by paying each of their employees an average of just £12,000 a year.

Chris Gray, Managing Director at Manpower said “Businesses are still alarmingly unprepared for these changes, two years after they were first announced. Britain's biggest employers cannot continue to bury their heads in the sand. Large companies face paying tens of thousands of pounds into this scheme and they need to think about how they will make the most of the available funds.

“The levy does not just affect large employers – SMEs in England will also have to contribute to the training cost of apprentices over 18 – something many have never had to do previously. Based on today's survey findings, a lot of businesses will be waking up to a shock when the levy kicks in. Now is the time to find out more and to prepare for the changes.”

More positively, companies that expect to pay the levy plan to use the fund to increase the number of apprenticeship opportunities available:

- 37% of employers who expect to pay the levy believe the number of new apprenticeship hires will increase. None expect a fall in apprenticeship hiring overall.
- A quarter (27%) believe take-up of apprenticeships will increase among existing employees, with only 2% expecting uptake among this audience to decrease.
- The levy is not expected to negatively affect hiring in other areas. Just 4% say they believe hiring for non-apprenticeship positions to decrease once the levy is introduced.

Chris Gray continues: “With so many organisations reporting skills shortages, a well-considered apprenticeship programme could make a huge difference to their long term competitiveness. It’s therefore good to see that those employers who have engaged with the Apprenticeship Levy plan to make use of the available funds. Recent changes, including relaxing age and previously held qualification restrictions and the introduction of new qualifications right up to degree level, have made the apprenticeship system far more attractive. We are seeing increasing interest in apprenticeships from both employers and young jobseekers, but still some confusion around the rules and how they apply across different parts of the country.

“We would urge any business – and particularly those with a large workforce - to start preparing for how the new system will impact them and how they will use the funds. There are many resources available online and organisations who can advise on how to use them.”

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NOTES TO EDITORS

About ManpowerGroup

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About the research

The research is based on a survey of 1,000 UK employers, drawn from across sectors and UK regions. Since the Apprenticeship Levy will primarily affect larger employers, large and medium-sized employers are proportionally over-represented in this survey compared to the breakdown of UK employers by company size. Small and micro employers (1-49 staff) comprise 272 respondents; medium employers (20-249 employees) and large employers (over 250 personnel) comprise the remaining 728 of those surveyed. Fieldwork was conducted via telephone between 18 and 27 January 2017.