

# The Impacts of the Apprenticeship Levy: Findings from the employer survey

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# Project aims and key questions

- Broad trends and direction of travel:
  - Overall numbers;
  - Frameworks/Standards;
  - Age and Levels
- Short- and medium-term impacts and plans:
  - Take up by employment size, sector and levy/non-levy payer;
  - Other drivers and barriers

# Project aims focused on trends and impacts:

- Short-term:
  - Changes to apprenticeship recruitment 7 months pre-Levy with 7 months post-Levy
  - Impacts of apprenticeship reforms, business and wider economic performance and Brexit
- Medium term:
  - Changes to annual apprenticeship recruitment post-October 17 with usual annual recruitment plans
  - Impacts of apprenticeship reforms, business and wider economic performance and Brexit

# Employer survey methodology

- 200 employer telephone interviews undertaken late April/early May 2017
- Sampling frame (1,600 apprenticeship employers) from previous apprenticeship study<sup>1</sup>
- Interviews with those who agreed to participate in further research, had apprentices in 2015 and made decisions about apprentices at that site
- Stratified by Framework/Standard

# Employer survey: summary

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## Levy awareness:

- High levels of awareness – 90% heard of levy
- But not of how much employers will pay – 25% don't know
- Expected payment not consistent with employment numbers

## Short-term impacts:

- 46% employers plan to recruit same number
- 35% plan to reduce, 17% plan to increase
- Estimated net reduction in apprenticeship numbers of -17%

- Levy will impact negatively on levy payers' recruitment plans (-20% net effect)
- Other factors little difference in the impact on levy and non-levy payers

## Medium term impacts:

- Most (52%) employers plan to maintain recruitment levels
- Levy payers likely to increase recruitment (+18% net effect) driven by the need to spend the Levy

- Concerns over SME recruitment (net effect -11%) and non-levy payers (net effect -14%)
- Small changes by age (small net decrease 16-18, increase 19-24)
- Small changes by Level (small net decrease Level 2, increase Level 3+)

# Employer Awareness of the Apprenticeship Levy<sup>2</sup>

# Heard of the apprenticeship levy

- 90% of employers have heard of the Levy
- Of those who hadn't heard all employ <50 therefore unlikely to pay it
- Of those who had heard of the Levy (Fig. 1):
  - 40% expect to pay it
  - 46% expect not to

# How much levy expect to pay?

- 25% don't know how much Levy they will pay (Fig 1):
  - 80% of these employ <50 and therefore unlikely to pay
- Of those who expect to pay the Levy (Fig. 2):
  - 29% expect to pay <£5,000
  - 11% expect to pay >£100k
  - But expectations unrelated to employment size
- Of those who expect to pay it, 30 employ <100 therefore many of these unlikely to pay<sup>3</sup>



# Awareness of the levy

Figure 1: Percent of employers expecting to pay the Levy

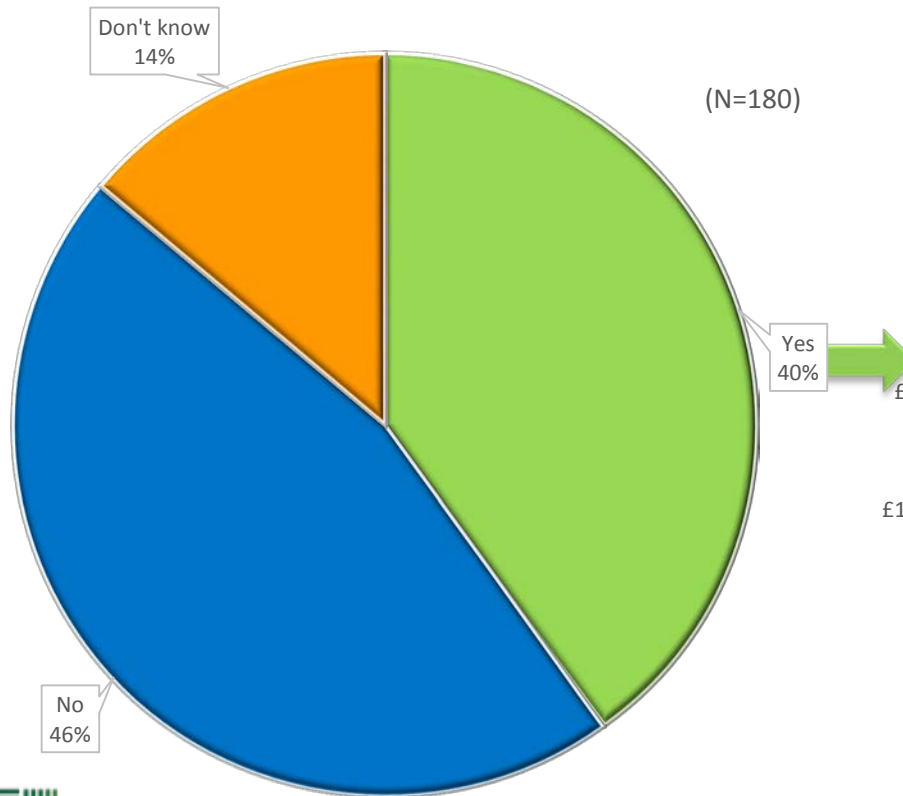
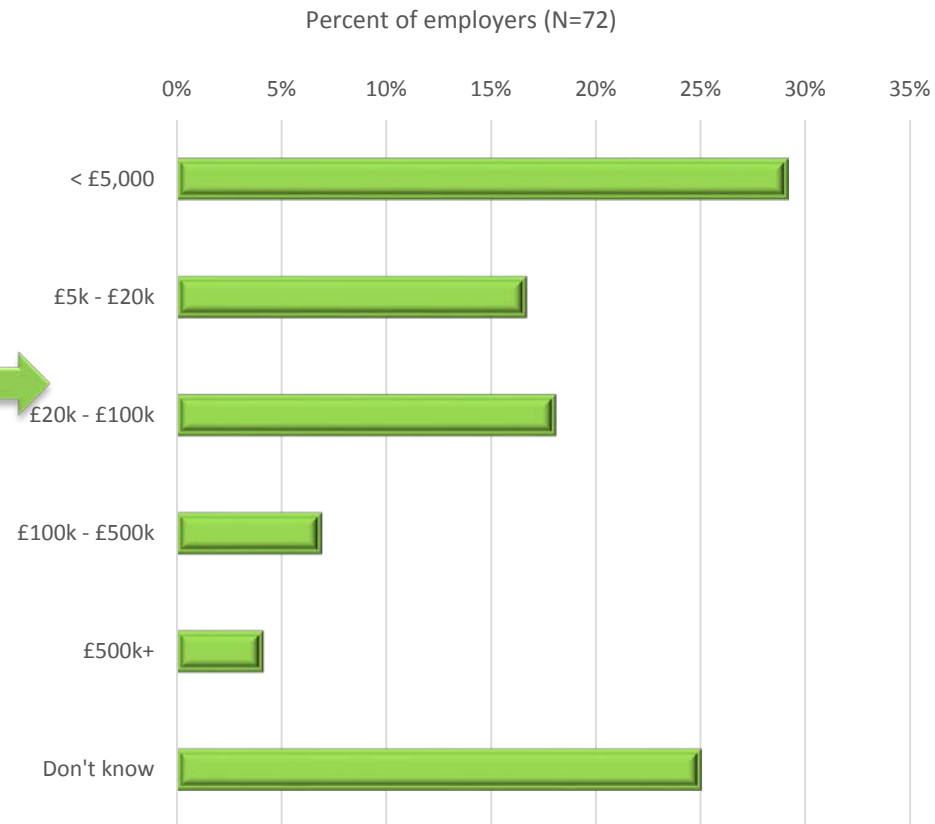


Figure 2: Expected Levy amount



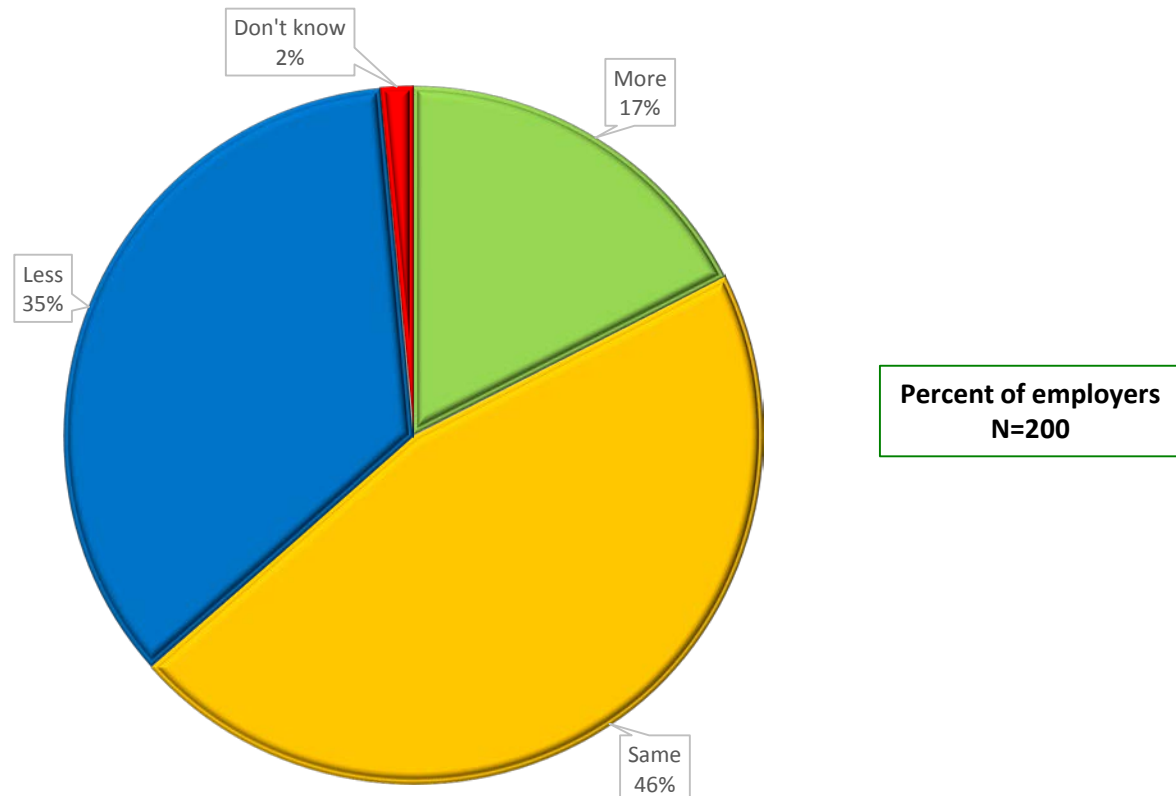
# Short-term<sup>4</sup> Impacts of the Apprenticeship Levy

# Short-term apprentice recruitment plans

- Largest percent of employers (46%) plan to recruit same numbers (Fig 3)
- 35% of employers plan to reduce and 17% plan to increase numbers (Fig 3)
- Therefore net deficit of -18%
- 71% of plans are 'definite' or 'highly likely'

# Short-term plans

Figure 3: Do you anticipate the overall number of apprentice starts from now to the end of Oct 2017 to be more/same/less than from Sept 2016 to now?



## Short-term impacts

- Levy payers (30%) more likely than non-levy payers (8%) to increase recruitment (Fig 4)
- Among levy payers roughly equal proportions predict a fall as an increase (Fig 4)
- Larger recruiters more likely to plan to increase numbers (Fig 5)

# Short-term impacts

Figure 4: Plans for apprentice numbers by whether employer expects to pay the levy

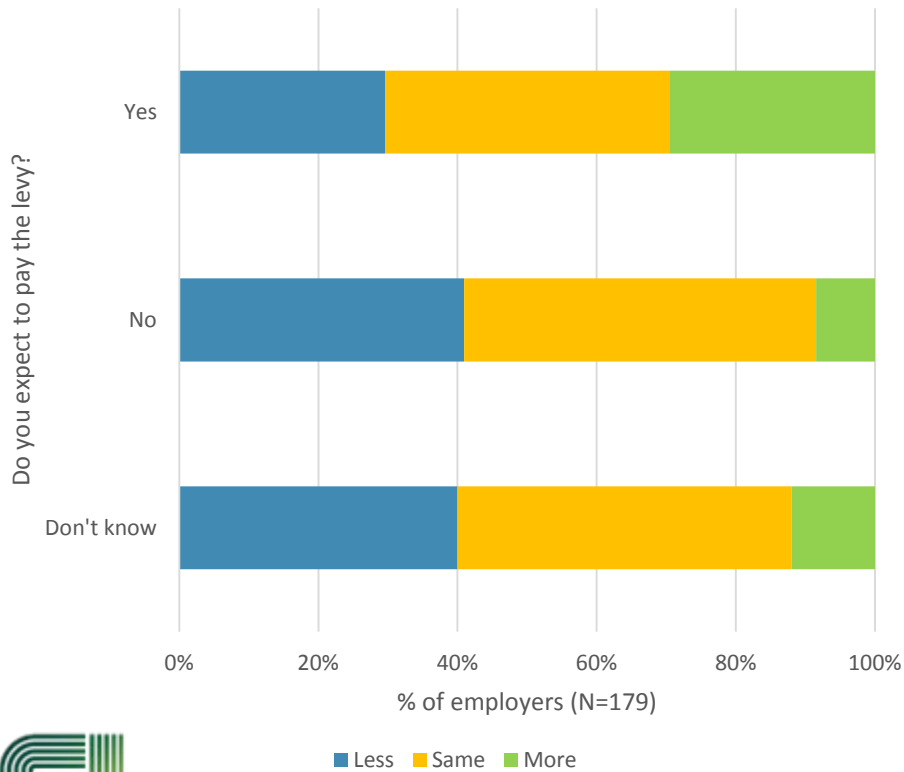
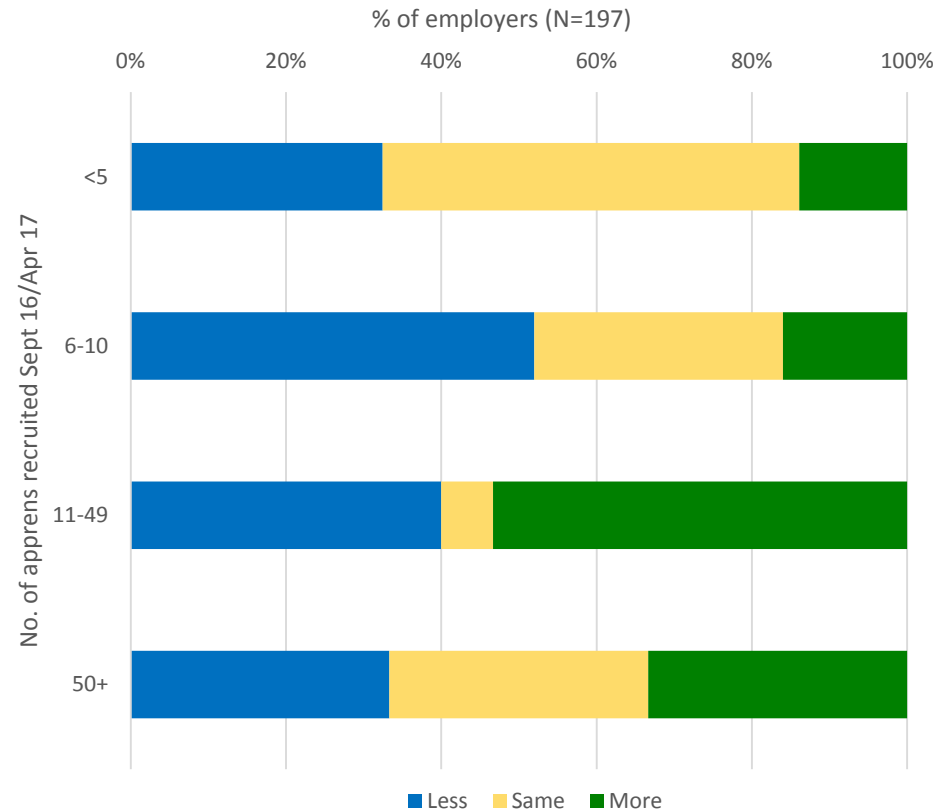


Figure 5: Apprentice recruitment plans by numbers recruited Sept 16/April 17



# Short-term change in number of apprentice recruits

- Where employers could provide apprentice recruitment figures for both periods suggests a net fall in apprentice numbers of 17%<sup>5</sup>

	No. of employers	No. of starts Sept 16-Apr 17	Change in apprentice starts
Fall	89	556	-350
Rise	43	190	190
Same	45	213	0

- Net change in apprentice starts (-160) as a percent of starts (959) = 17%

<sup>5</sup> Where employers could provide figures for both periods (N=177)

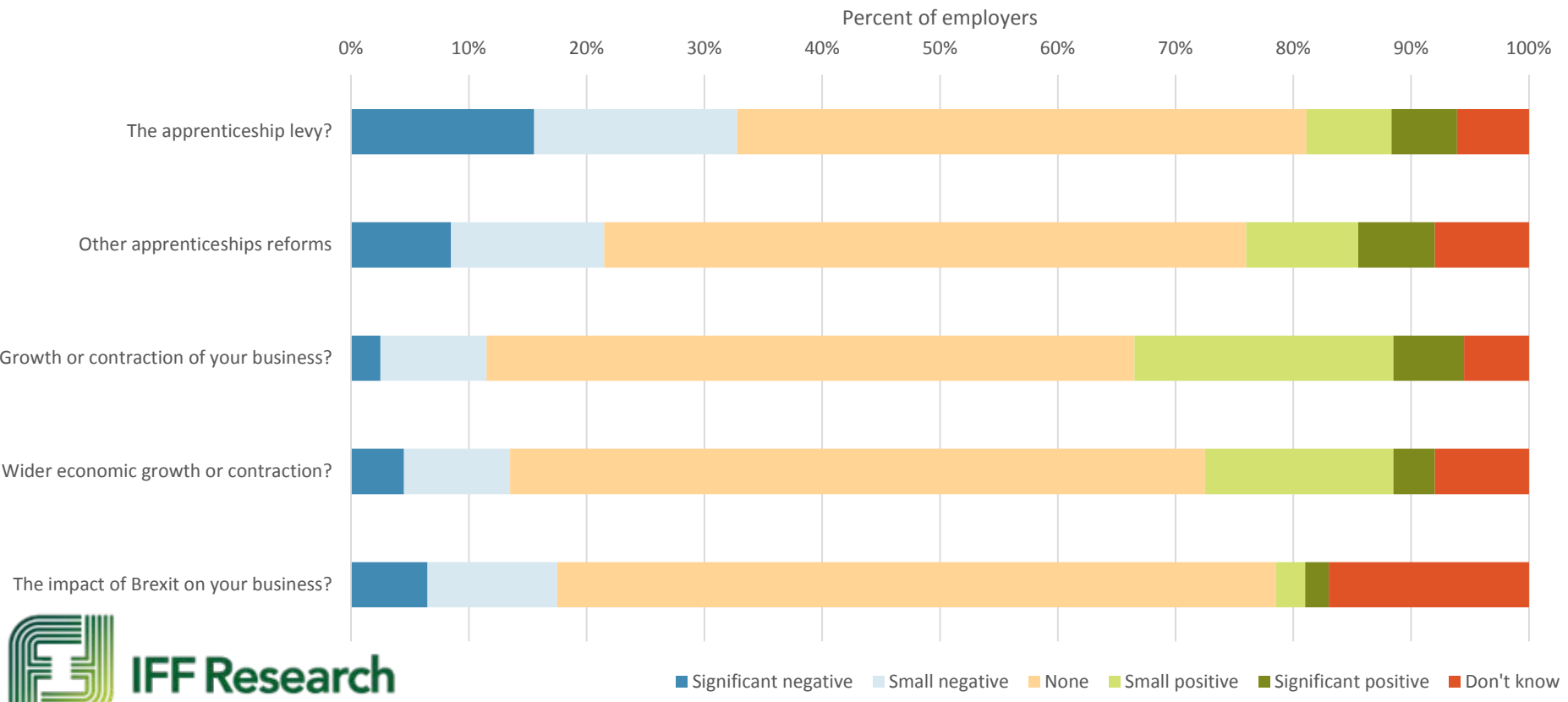
# Short-term impacts of apprenticeship reforms and other factors

- For most, the Levy and other reforms, their own and wider economic performance, and Brexit will have little impact on recruitment (Fig 6)
- For the minority of employers expecting an impact (Fig 6):
  - Apprenticeship Levy, other reforms and Brexit expected to have a net negative impact
  - Own business, and wider economic growth/contraction expected to have a net positive impact



# Short-term impacts: Apprentice reforms and other factors

Figure 6: Impacts of factors on apprenticeship recruitment

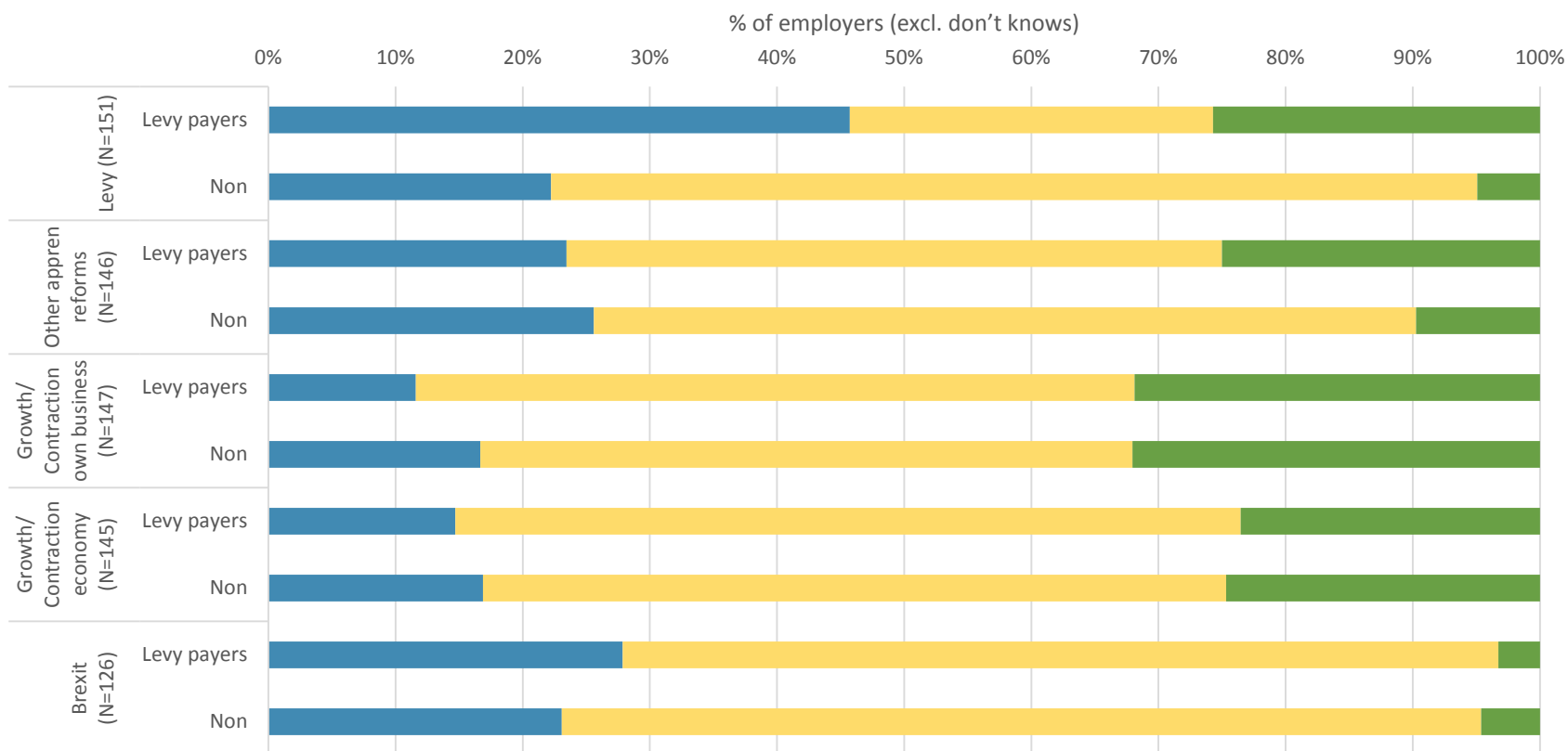


# Short-term impacts: Levy and non-Levy payers

- For all factors, there will be little impact on apprentice recruitment for most levy and non-levy payers (Fig 7)
- The exception is the impact of the Levy on levy payers which is expected to have a mostly negative impact on recruitment (Fig 7)
- Other impacts are similar for both groups (Fig 7)

# Short-term impacts: Levy and non-Levy payers

Figure 7: Impacts of factors on Levy and non-Levy payers



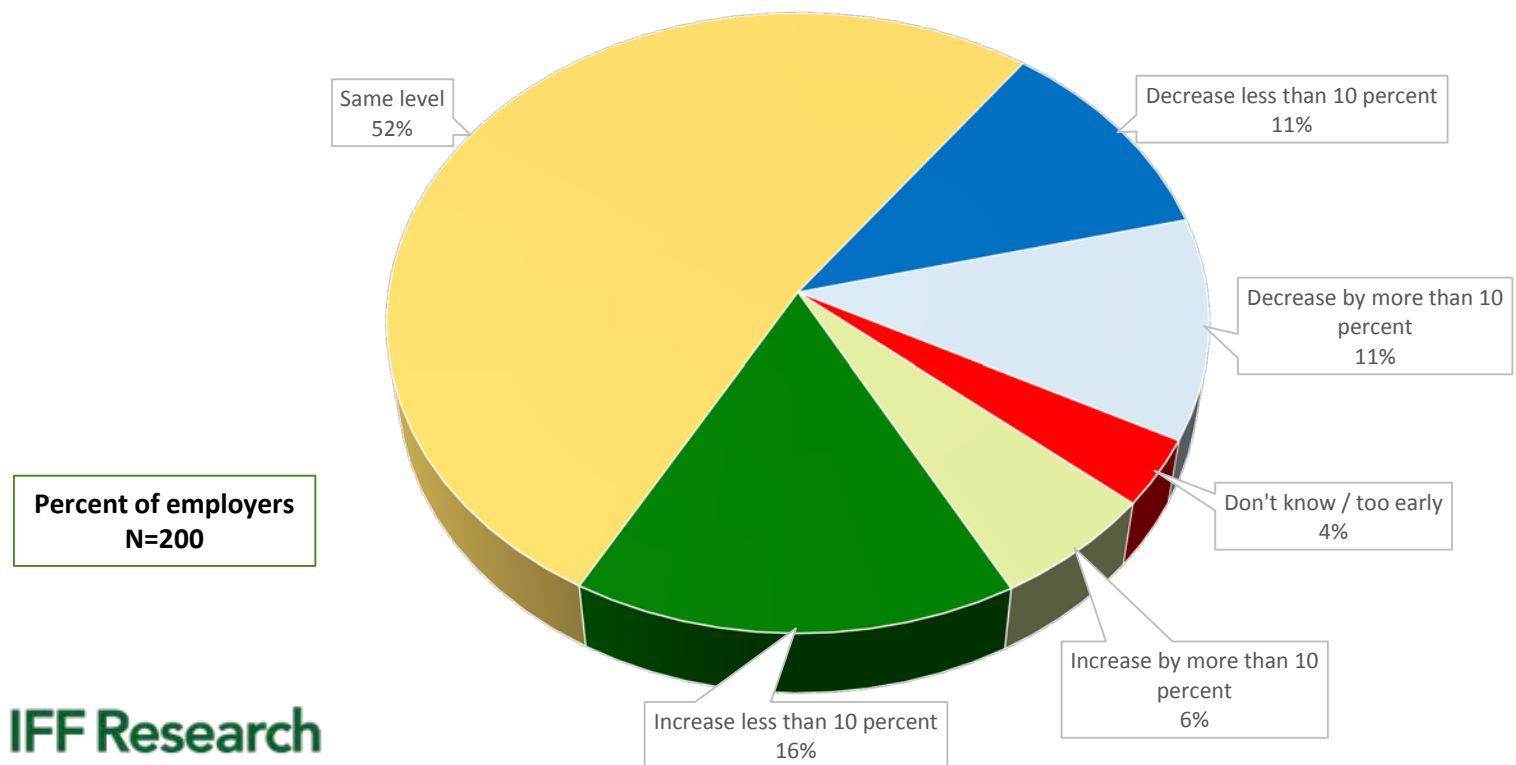
# Medium-term<sup>6</sup> Impacts of the Apprenticeship Levy

# Medium-term plans: Apprentice starts

- Just over half of employers (52%) expect apprentice recruitment to stay the same (Fig 8)
- For employers planning changes (Fig 8):
  - Same proportion (22%) expect an increase and a decrease in apprentice recruitment
  - More likely to say 'significant decrease' than 'significant increase'

# Medium-term plans: Apprentice starts

Figure 8: Looking at the period beyond October 2017, compared to your current annual apprenticeship starts, do you expect the number of apprentice starts to...



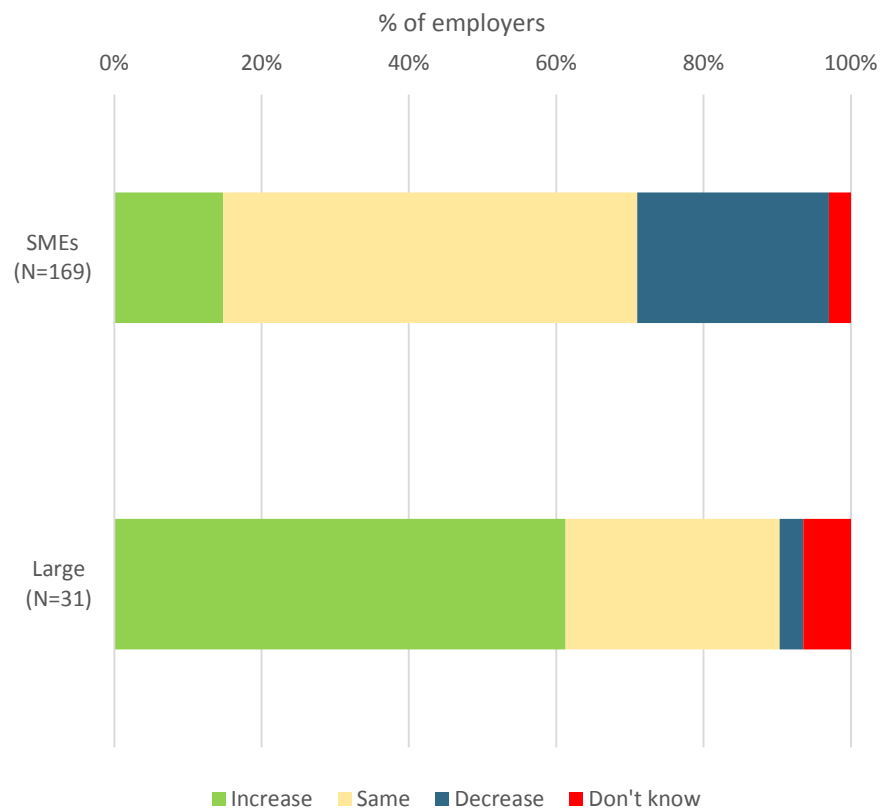
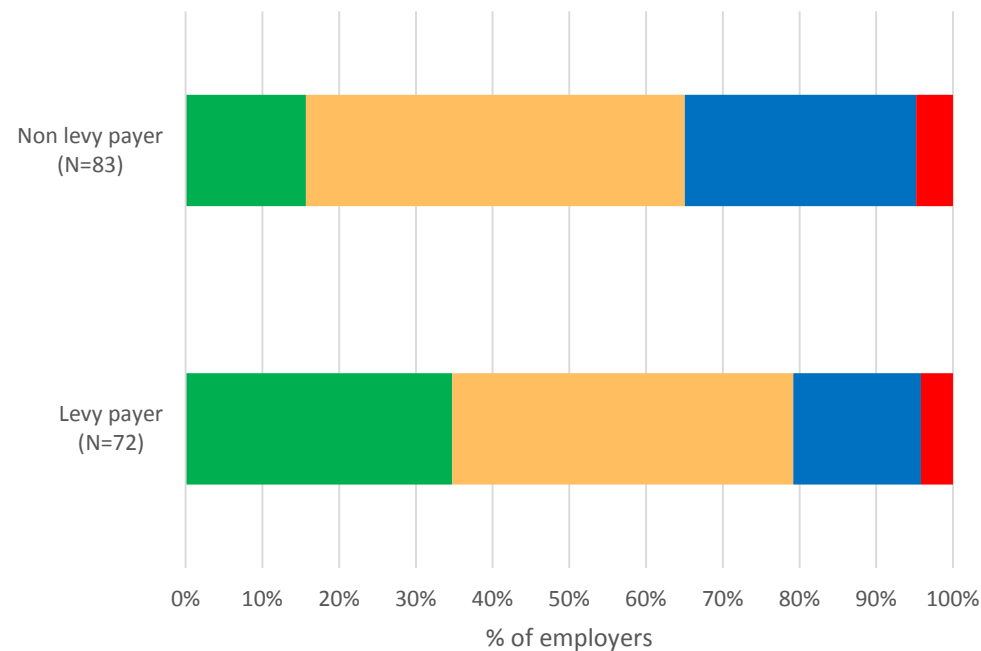
# Medium-term impacts by business size

- Most employers expect apprentice recruitment to stay the same whether they are levy or non-levy payers (Fig 9)
- For levy/non-levy payers planning changes (Fig 9):
  - Levy payers more likely to increase than decrease compared to non-levy payers
  - Levy payers driven by the need to spend the Levy
  - Large employers (250+) more likely to increase apprentice recruitment than SMEs (Fig 10)

# Medium-term impacts by business size

Figure 9: Plans for apprentice numbers by whether employer expects to pay the levy

Figure 10: Apprentice recruitment plans by employment size





# Medium-term impacts: Age and Level

- Most employers planning to recruit same ages (Fig11)
- Of those planning changes, survey suggests (Fig11):
  - ‘Significant decreasers’ slightly larger than ‘significant increasers’ for all age groups
  - Small net decrease 16-18, small net increase 19-24, same for 24+
- Most employers planning to recruit at same level (Fig 12)
- Of those planning changes (Fig 12):
  - ‘Significant decreasers’ larger than ‘significant increasers’ for all levels
  - Small net decrease Level 2, small net increase Levels 3+

# Medium-term impacts: Age and Level

Figure 11: Apprentice recruitment plans by age

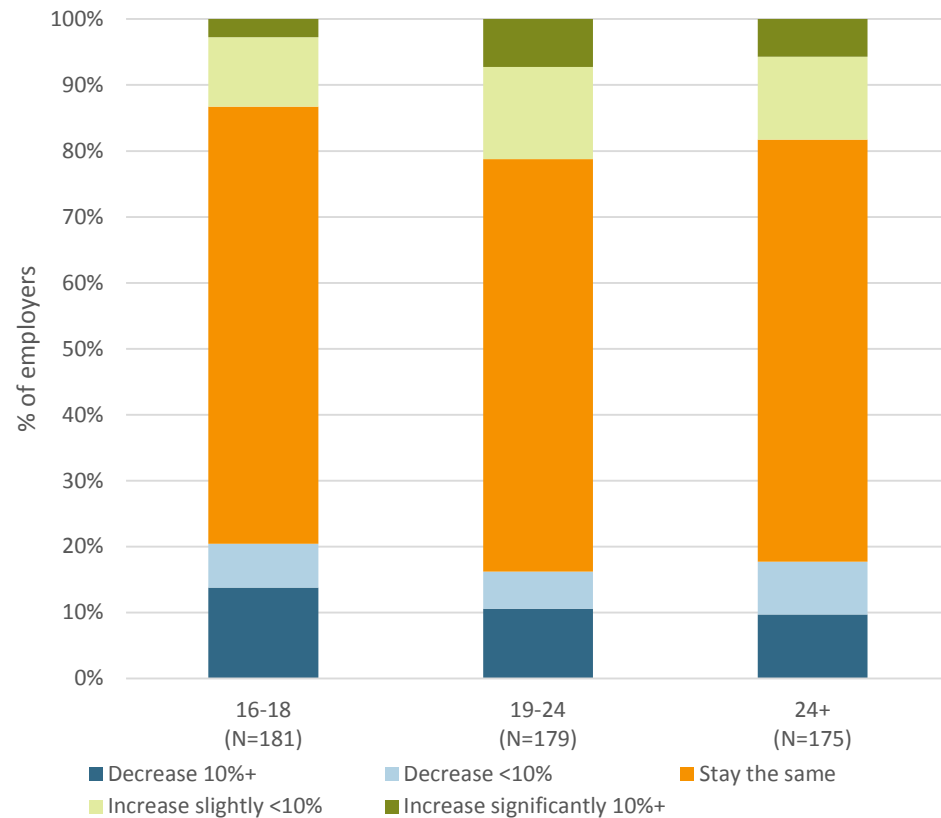
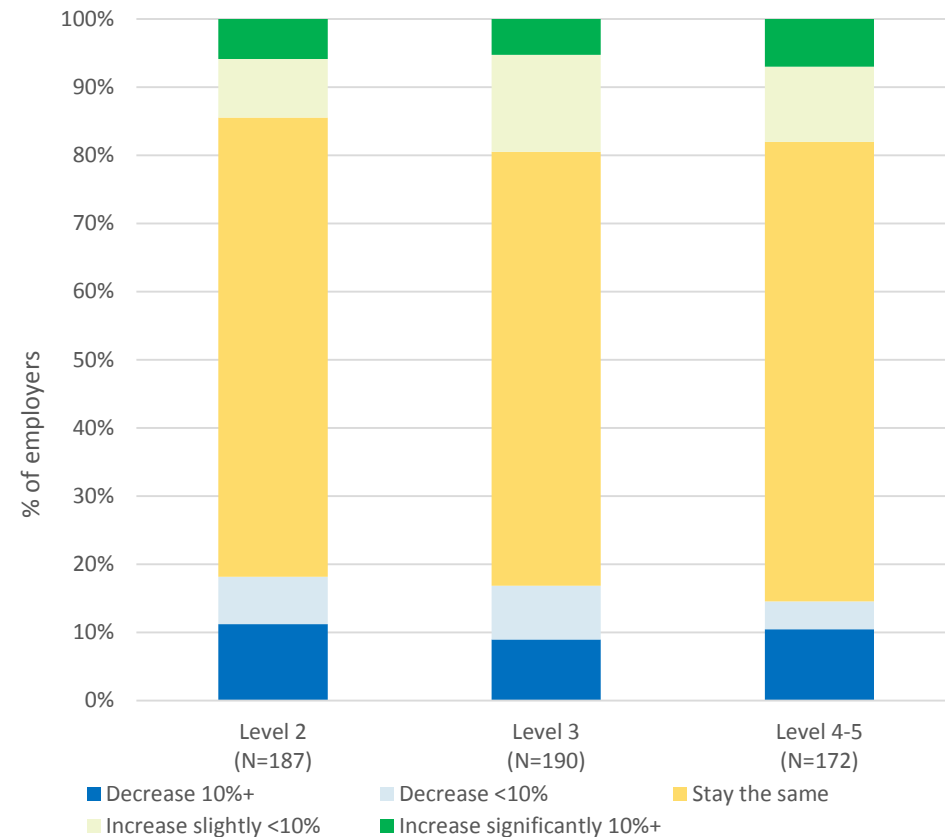


Figure 12: Apprentice recruitment plans by level



# For more information

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