

## News

## Fifth of apprenticeship levy payers still don't understand the scheme

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By **Annie Makoff**

Experts warn there is a 'big job to do' in educating businesses about the benefits

A fifth (18 per cent) of apprenticeship levy-paying employers still don't understand how the scheme works, three months after it was introduced.

Research published today by The Open University also revealed that a further 2 per cent of the 200 senior managers questioned knew nothing about the levy at all.

However, 85 per cent believe the levy will have a positive impact on their organisation and 87 per cent were confident it would benefit UK productivity and the economy. More than half (54 per cent) were already making use of the levy and a further 25 per cent said they had plans to – but 18 per cent had no current plans to use the levy.

"While it's relatively encouraging that half of businesses are already making use of the levy, it's concerning that there is still a substantial proportion of employers that have no current plans to use it at all," said Lizzie Crowley, skills adviser at the CIPD. "There's evidence that these employers will therefore write it off as tax and not use it to fund apprenticeships, while others use it to rebadge existing training provision."

Mark Dawe, chief executive of the Association of Employment and Learning Providers (AELP), pointed to official **government data** that showed an "encouraging jump" in the number of high-level apprenticeship starts during 2016-17, with this trend expected to continue under the levy. He acknowledged, however, that there was still a "big job to do" in explaining to a significant number of employers the benefits of using the levy funding.

Meanwhile, Angela Middleton, chairman of apprenticeship levy consultancy and training provider MiddletonMurray, urged businesses to use their funds "sooner rather than later" as the funding expires after 24 months.

The levy, which came into effect in April, is paid by businesses with a payroll of more than £3m per annum. These organisations are charged 0.5 per cent of their total wage bill and, in return, the government adds 10p for every £1 paid by businesses to put towards training apprentices.

The levy has so far been met with mixed reactions. The Institute for Fiscal Studies described it as a "stealth tax" that was "poor value for money" in a report published in January. Meanwhile, a report published in April by AELP warned that employers were being deterred from apprenticeship schemes delivered under the levy because of

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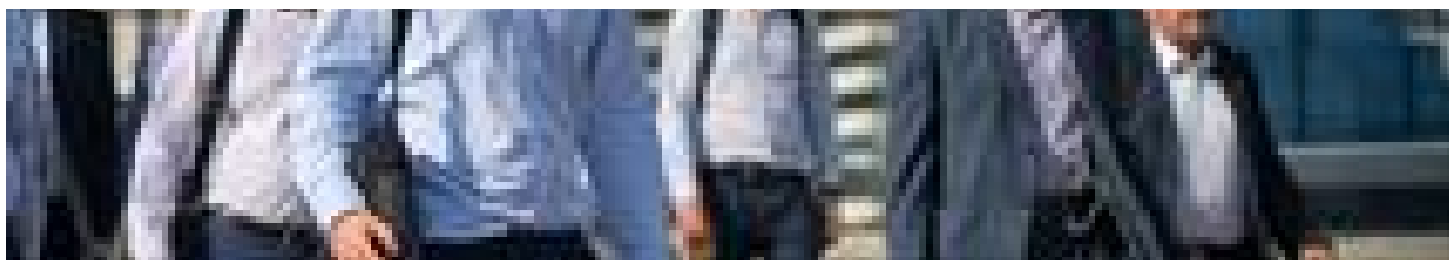
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