The Impacts of the Apprenticeship Levy: Findings from the employer survey
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 study¹
- 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

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%

Medium term impacts:
- 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

2 Late April/early May 2017
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\(^3\)

\(^3\) Based on average employee income of £26.6k per annum
Awareness of the levy

Figure 1: Percent of employers expecting to pay the Levy

- Don't know: 14%
- Yes: 40%
- No: 46%

(N=180)

Figure 2: Expected Levy amount

Percent of employers (N=72)

- < £5,000
- £5k - £20k
- £20k - £100k
- £100k - £500k
- £500k+
- Don't know
Short-term\textsuperscript{4} Impacts of the Apprenticeship Levy

\textsuperscript{4} Sept 16/Interview date – Interview date/Oct 17
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?

Don't know 2%
More 17%
Less 35%
Same 46%

Percent of employers
N=200
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%\(^5\)

<table>
<thead>
<tr>
<th></th>
<th>No. of employers</th>
<th>No. of starts Sept 16-Apr 17</th>
<th>Change in apprentice starts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fall</td>
<td>89</td>
<td>556</td>
<td>-350</td>
</tr>
<tr>
<td>Rise</td>
<td>43</td>
<td>190</td>
<td>190</td>
</tr>
<tr>
<td>Same</td>
<td>45</td>
<td>213</td>
<td>0</td>
</tr>
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</table>

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

\(^5\) 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

- The apprenticeship levy?
- Other apprenticeships reforms
- Growth or contraction of your business?
- Wider economic growth or contraction?
- The impact of Brexit on your business?
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

<table>
<thead>
<tr>
<th>Factor</th>
<th>Levy (N=151)</th>
<th>Non (N=146)</th>
<th>Levy (N=147)</th>
<th>Non (N=145)</th>
<th>Levy (N=126)</th>
<th>Non (N=126)</th>
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</thead>
<tbody>
<tr>
<td>Levy</td>
<td>40%</td>
<td>60%</td>
<td>60%</td>
<td>40%</td>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>Non</td>
<td>60%</td>
<td>40%</td>
<td>40%</td>
<td>60%</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>Other apprenticeship reforms</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Own business growth/contraction</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Economy growth/contraction</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
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<tr>
<td>Brexit</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
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<td>50%</td>
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</tbody>
</table>
Medium-term\textsuperscript{6} Impacts of the Apprenticeship Levy

\textsuperscript{6} Annual recruitment Pre- and Post-October 2017
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...

- Increase by more than 10 percent: 6%
- Increase less than 10 percent: 16%
- Same level: 52%
- Decrease less than 10 percent: 11%
- Decrease by more than 10 percent: 11%
- Don't know / too early: 4%

Percent of employers N=200
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 (Fig 11)
- Of those planning changes, survey suggests (Fig 11):
  - ‘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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