MAKE uk
The Manufacturers' Organisation

A LEVY PRICE TO PAY?

THE APPRENTICESHIP LEVY ONE YEAR ON

RECAP: HOW THE APPRENTICESHIP LEVY CAME INTO FRUITION

Nov 2010
Skills for Sustainable Growth strategy
The coalition Government launched a new strategy for skills, which aimed to transform the image of vocational skills and apprenticeships. The strategy outlined plans to expand and improve apprenticeship provision at all levels and ages.

Nov 2011
Education Act (2011)
Placed a new duty on the Government to fund apprenticeships for young people who have already secured a place.

June 2012
Richard Review of Apprenticeships
Government launched the Richard Review of Apprenticeships. The purpose of the review was to ask fundamental questions about the future direction of apprenticeships.

…The review recommended employer-led standards; independent assessments; core English and Maths; and employers having control of funds preferably via the tax system.

Mar 2013 – May 2013
The Future of Apprenticeships in England: Next Steps from the Richard Review
Government consults on elements of the Richard Review but purposefully leaves out consulting on the future funding model.

July 2013 – Oct 2013
Apprenticeship funding reform in England
Government consults on funding reform proposing three possible options:

1. a new online system for apprenticeships with payments to employers made directly from the system
2. using the PAYE system
3. reforming the existing funding arrangements

Oct 2013
Future of apprenticeships in England: implementation plan
The Government published its response to the Richard Review, pledging to improve the quality of apprenticeships by introducing:

- higher expectations on English and Maths
- grading
- emphasis on assessment at the end of an apprenticeship

…'Trailblazer' standards, new employer led standards and assessments, start.

Initial Trailblazer standards funded one third by the employer, two-thirds by Government.

Mar 2014
Funding reform technical consultation
Government launched a consultation on how funding for apprenticeships would be issued directly to employers. The consultation proposed two models:

1. PAYE model
2. Apprenticeship Credit model

May 2015
3 million apprenticeship starts
During the general election the Conservative government made the manifesto commitment to deliver "3 million high quality apprenticeship" starts by 2020.

Jul 2015
Apprenticeship Levy announced
The Apprenticeship Levy was announced during the Summer Budget 2015, as a means to increase the quantity and quality of apprenticeships in England.

August- October 2015
Apprenticeship Levy: Employer owned training consultation
Government launched a consultation on how the Levy would operate including key principles.

Nov 2015
Spending review
During the Government's Autumn spending review it was announced that employers with a pay bill of more than £3 million would pay 0.5 % towards the Levy.

Simultaneously the Government published its response to the consultation on employer owner training.

…Institute for Apprenticeships (IFA) announced as employer-led body to set standards, ensure quality and advise on funding caps.

Dec 2015
Apprenticeships: 2020 vision
This report set out how the Government planned to:

- increase the quality and quantity of apprenticeships; and
- achieve 3 million starts by 2020

Oct 2016
Funding rules changed
The Education Skills Funding Agency (ESFA) announced changes to the funding rules including an extension in expiration date of funds from 18 to 24 months.

Apr 2017
Employers to pay Apprenticeship Levy
The Apprenticeship Levy went live, with employers having to make their first payment in April 2017.

…employers could then train apprentices from May 2017 using their online digital funds.

Apr 2018
Transfer of funds
From April 2018, levy-payers could transfer funds to other employers of up to 10 % of the annual value of funds in their online account.

LEARNING ABOUT THE LEVY: THE KEY FACTS

SINCE APRIL 2017
EMPLOYERS HAVE HAD TO PAY
0.5% **OF THEIR PAY BILL TOWARDS A NEW APPRENTICESHIP LEVY**

PAYBILL **IS BASED ON TOTAL EMPLOYEE EARNINGS SUBJECT TO CLASS 1 SECONDARY NICs**

NI

EMPLOYERS HAVE AN ALLOWANCE OF
£15,000 **PER** YEAR
WHICH MEANS SINGLE EMPLOYERS WITH A **PAY BILL OF OVER £3M PAY THE LEVY**

EMPLOYERS HAVE BEEN RECEIVING FUNDS IN THEIR **NEW DIGITAL ACCOUNTS** SINCE

MAY 2017

EMPLOYERS HAVE 24 MONTHS TO SPEND THEIR LEVY FUNDS. AFTER THEN, **FUNDS WILL EXPIRE**

EMPLOYERS ONLY RECEIVE ££ FUNDS **FOR THE PROPORTION OF THEIR PAY BILL THAT EQUATES TO EMPLOYEES WITH AN ENGLISH HOME POSTCODE**

THESE DIGITAL FUNDS CAN BE USED TO BUY APPRENTICESHIP TRAINING

LEVY PAYING EMPLOYERS RECEIVE A 10% TOP-UP ON THEIR DIGITAL FUNDS

THE FUNDS CAN ONLY BE SPENT ON TRAINING FOR AN APPROVED APPRENTICESHIP STANDARD OR FRAMEWORK WITH AN APPROVED TRAINING PROVIDER

THE FUNDS CAN ONLY BE SPENT ON AN APPRENTICE WHOSE MAIN PLACE OF WORK IS IN ENGLAND

ANY APPRENTICESHIP THAT STARTED ON OR AFTER **1ST MAY 2017** **HAS BEEN FUNDED UNDER THE LEVY**

THERE IS A MAXIMUM PRICE AN EMPLOYER CAN SPEND ON AN APPRENTICESHIP FROM THE LEVY. THIS RANGES FROM **£1,500 TO £27,000**

20% OF FUNDS ARE HELD BACK UNTIL THE **APPRENTICESHIP HAS BEEN COMPLETED**

PAYMENTS FOR TRAINING LEAVE DIGITAL ACCOUNTS ON A MONTHLY BASIS

NON-LEVY PAYERS ARE REQUIRED TO CO-INVEST **10%** **TOWARDS THE COST OF TRAINING**

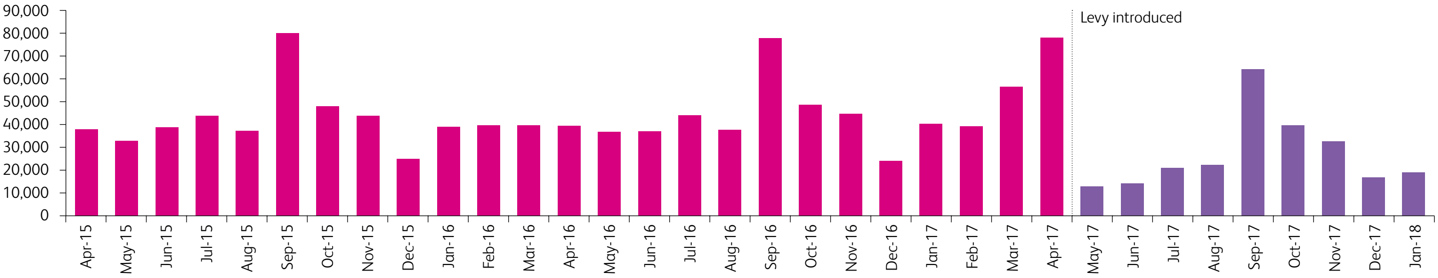
THERE ARE **INCENTIVE PAYMENTS** TO ENCOURAGE EMPLOYERS TO **RECRUIT YOUNGER APPRENTICES**

APPRENTICESHIP DATA
WHAT DO THE NUMBERS SAY?

ALL APPRENTICESHIP STARTS

Prior to the introduction of the Apprenticeship Levy, apprenticeship starts followed a similar pattern with steady months followed by a spike in starts in September, due to most apprentices being recruited on an academic cycle. In the month immediately after the Levy, starts fell by 83%. Since then starts have continuously been down compared to pre-Levy years, and as of yet have failed to return to pre-Levy levels.

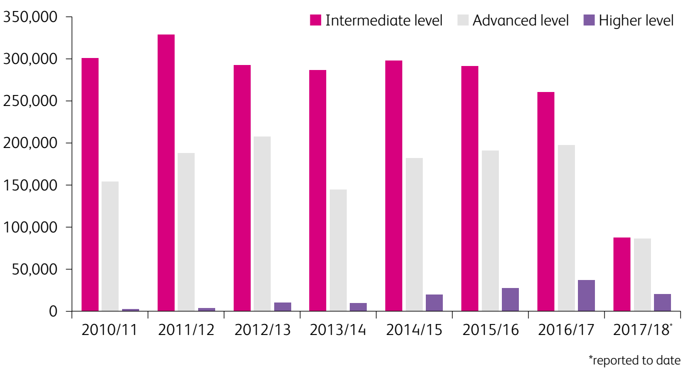
Chart 1: All apprenticeship starts, by month



ARE WE CREATING MORE HIGH QUALITY STARTS?

Despite all apprenticeship starts falling, the data is beginning to show a shift towards more apprenticeships at the advanced and higher levels being started. Whilst this trend began before the introduction of the Apprenticeship Levy, there was a 25% increase in higher-level starts in the first two quarters of 2017/18. On the surface this is positive as for manufacturers apprenticeships are a credible means to filling high quality, skilled roles. However, there is not sufficient data yet to see which sectors these higher apprenticeships have been created in.

Chart 2: All apprenticeship starts, by level and year



IS THE PICTURE ANY DIFFERENT IN ENGINEERING AND MANUFACTURING?

From what we know so far, the fall in starts has not been as acute for manufacturing and engineering apprenticeships, with manufacturers ploughing through the myriad of challenges to recruit apprentices.

2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
69,730	66,410	64,830	74,060	78,480	74,010

WHAT ABOUT THE 3 MILLION TARGET?

The Government committed to creating 3 million starts by April 2020 through the Apprenticeship Levy however, the Government remains some way off meeting this target:

1.7 million apprenticeship starts are needed between February 2018 and April 2020 – that works out to approximately 56,000 starts each month, versus the current average of 40,067 each month.

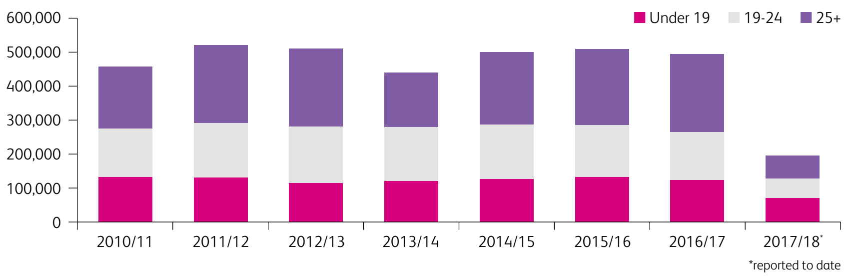
FRAMEWORKS TO STANDARDS

There have now been **101,000** starts on apprenticeship standards since their introduction in September 2014.

APPRENTICESHIP STARTS BY AGE VARIES

Apprenticeship starts for those under 19 have remained relatively stable, but for those aged 19-24, starts have fallen year on year since 2012/13 – 165,400 in 12/13, 142,200 in 16/17. All apprenticeship starts for those aged 25 + have been more volatile, with starts falling to 161,600 in 2013/14 but peaking post-levy in 2016/17 at 229,900 starts.

Chart 3: All apprenticeship starts, by age and year



Charts 1, 2 & 3: *Source: DfE, Further Education and Skills data release, 2018*

BROKEN PROMISES – MANUFACTURERS KEPT UP THEIR END OF THE BARGAIN BUT HAS GOVERNMENT?

Before the numbers of apprenticeship starts began hitting the headlines, there was a time when manufacturers could see some benefits from the Apprenticeship Levy. Whilst our 2017 survey did find that a third of manufacturers (34%) saw no benefits from the Levy, when we dug a little deeper we did find some potential to its implementation:

29% of manufacturers thought the Levy could give them greater purchasing power to buy the training provision they need.

26% of manufacturers said the Levy could lead to an increase in responsiveness from providers to deliver relevant training.

29% of manufacturers said the Levy could lead to their business increasing the number of apprentices.[1]

Employers had good reason to see some potential of the Levy given what the Government had promised during its consultation phase. In November 2015, some 8 months after the then Chancellor pulled the Levy out the bag at the budget, the Government published its response to its consultation aptly titled "Employer-owned Apprenticeship Training". It had consulted on some of the main principles of the Levy, which from an employers' perspective were what was needed: (see below)

EEF'S 6 RED LINES
(MARCH 2016 – ONE YEAR TO GO)

1. The Levy must allow manufacturers to draw down sufficient funding to cover the true cost of training
2. We need to make voucher transferability work for employers
3. Basic English and maths must be funded by the state
4. Maintenance and administration must not be funded by the Levy pot
5. The Levy and digital system must be frictionless and easy to use
6. Manufacturers must have certainty of funding over time

APPRENTICESHIP LEVY: EMPLOYER OWNED APPRENTICESHIP TRAINING

THE VISION FROM GOVERNMENT

Allowing employers to get back more than they put in	The Levy is fair	Giving employers real control	The Levy is simple

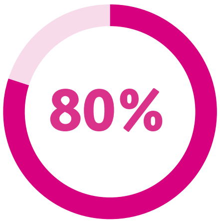
THE REALITY...

Allowing employers to get back more than they put in	The Levy is fair	Giving employers real control	The Levy is simple
– Companies operating across the UK saw funds immediately top-sliced with those operating at the borders typically worse hit. – Manufacturers unable to spend all their funds due to rules and restrictions put in place.	– Funding bands do not reflect the true cost of training manufacturing apprentices. – Employers that do not recruit apprentices annually are penalised as they have just 24 months to spend their funds. – The new payment profiles disincentivise providers from delivering high cost apprenticeships e.g. in STEM.	– There is limited, if any, negotiation between employers and providers on price. – Government gives no legal guarantee as to future funding. – Employers remain unable to demand the training provision they want. – Employers continue to face barriers in designing standards – debates over qualifications, grading and funding bands.	– It's not as simple as companies with over £3m pay bill pay into the Levy because of the connected companies rule. – There are a myriad of funding rules and contracts restricting on what, on who and when funds can be spent, with government having the right to reverse funding if they wish.

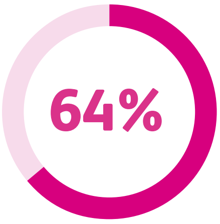
[1] EEF, Apprenticeship Levy Survey 2017

MANUFACTURERS CAN'T AFFORD TO STOP TRAINING....

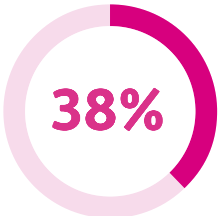
With a ticking time bomb of an ageing workforce, a skills gap (arguably now a gulf) and the UK's impending exit from the EU, manufacturers did not, and do not have the option of stopping apprenticeships altogether. As such, manufacturers have continued delivering apprenticeships since the introduction of the Levy:



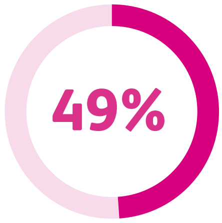
of manufacturers have started an engineering apprenticeship for a new employee since the Levy was introduced



of manufacturers have started an apprenticeship in other parts of the business since the Levy was introduced



of manufacturers have started an engineering apprenticeship for an existing employee since the Levy was introduced

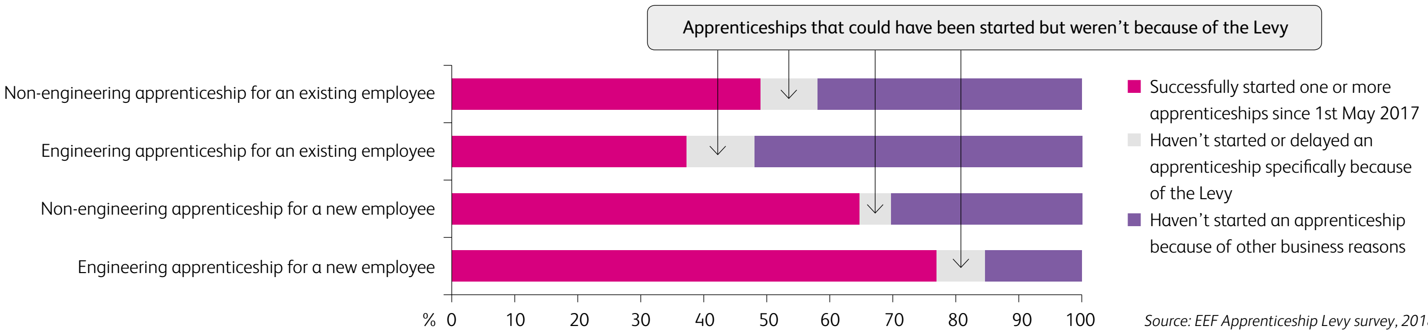


of manufacturers have started an apprenticeship in other parts of the business for an existing employee since the Levy was introduced

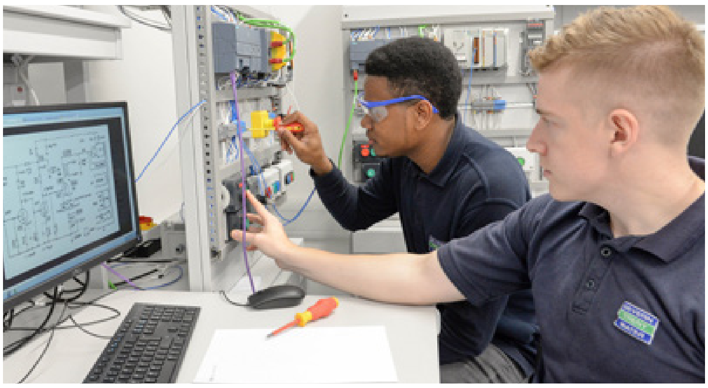
...BUT THE LEVY HAS NOT CREATED MORE APPRENTICESHIPS, IN FACT, IT HAS SCALED SOME PLANS BACK

There are instances where manufacturers were prepared to increase the number of apprenticeships they offered, but instead have either not done so, or had to delay or cancel those apprenticeships specifically because of the Apprenticeship Levy. These are opportunities that employers were willing to offer, but as a result of the way the Levy operates, have been unable to follow through. The cost of this is young people having their training pushed back and delayed. It is therefore clear that leaving the Levy in its current form is leading to missed opportunities for manufacturers to expand the number apprenticeships they offer as a direct result of the implementation of the Apprenticeship Levy.

Chart 4: Manufacturers reporting whether they have started, not started, or delayed apprenticeships because of the Levy



Source: EEF Apprenticeship Levy survey, 2018



WHEN THE LEVY BREAKS: **THE CHALLENGES**

Only 7% of manufacturers surveyed have faced no challenges at all with the Apprenticeship Levy. The majority either battled through, scaled back plans or in some cases abandoned plans altogether. Almost all faced some challenges along the way:

1) Determining whether an employer is a Apprenticeship Levy payer

1 in 5 manufacturers found it difficult determining whether they were a Levy paying firm because of the connected companies rule.

"(Our challenge was) multiple 'pots' of Levy funding across multiple payrolls within the same organisation."

"(There is a need to) improve the accessibility of the DAS platform, specifically the financials."

2) Registering on the Digital Account Service (DAS)

20% of manufacturers said signing the employer agreement ahead of registering for the DAS was a challenge.

1 in 5 manufacturers said they struggled to add multiple PAYE schemes onto their online digital accounts.

3) Finding an apprenticeship funded through the new Levy

Finding an apprenticeship standard that met the needs of their business was a challenge for **43%** of manufacturers.

"Training Providers are refusing to deliver apprenticeships to small numbers of apprentices (3 or less)"

"The system does not support skills training for businesses that employ smaller numbers of employees in niche sectors"

41% said colleges / providers were not willing to deliver the apprenticeship standard they wanted.

4) Negotiating price and delivery

34% of manufacturers said negotiating the cost of an apprenticeship with a college / provider was a challenge.

Getting colleges / providers to deliver high cost apprenticeship because of the way payments are taken was a challenge for **12%** of firms.

54% of manufacturers said the apprenticeship standard was not ready for delivery.

"Local providers are presenting the costs of the Apprenticeship as being 'set by Government' and always using the highest point on the relevant band…there is no negotiations entered into even when challenged about their stance/ approach."

"Level 3 Mechatronics Apprenticeship costs more to deliver than the funding cap (£27k), was only able to get the college to deliver the apprenticeship because of the large number we would put through - otherwise it wouldn't have been viable."

Other business reasons: Long standing challenges to increasing apprenticeship numbers

When it comes to offering more apprenticeships, it is not just about the mechanics of the Levy but the wider apprenticeship reform programme and wider policy issues that need tackling. Previous EEF research found that:

- Over a third (36%) of manufacturers cite a lack of good quality candidates as a barrier to recruiting apprentices;
- One in three say that jobs need to be filled immediately (we must remember that an apprenticeship is training that leads to a genuine job); and
- A quarter of manufacturers cite the abolition of the default retirement age as a barrier to recruiting more apprentices.

The Levy itself provides no fixes to these challenges, but it stresses the importance of Government looking at the apprenticeship reform programme as a whole and across other areas of Government policy.

Retaining quality measures whilst giving employers flexibility

- **Two in five** manufacturers said they have struggled to meet the requirement for 20% of the apprenticeship to be "off-the-job"
- **One in ten** said they struggled to meet the requirements for the apprenticeship to be a minimum of 12 months.

Before the Levy was introduced meeting the "off-the-job" requirement was not something that would have concerned manufacturers who have traditionally offered engineering apprenticeships of on average four years. What the Levy has led to however is companies thinking about how else they can utilise their Levy monies for example on existing employees. Indeed our data points towards companies looking to offer apprenticeships outside of engineering for their existing employees, and this is where this challenges have arisen. The Levy is driving them to think about apprenticeships a little bit differently.

It may be tempting to water down some of these measures, but they are there for a reason – to retain quality. As a sector we would not want to see further devaluation of the apprenticeship brand after so many years of promoting Apprenticeships to young people, their parents, schools and wider stakeholders.

However, speaking to companies there is clearly some further communications work to be done. Manufacturers are being sold 20% off the job training in often crude terms as someone being off the shop floor one day a week. Really, there is greater flexibility around this area. With better communication, employers may get the flexibility they are after, and we can retain the quality measures. This topic is one to watch.

What counts as off-the-job training – the rules

Off-the-job training is defined as learning which is undertaken outside of the normal day to-day working environment and leads towards the achievement of an apprenticeship.

This can include training that is delivered at the apprentice's normal place of work (therefore must be inside normal working hours). The off-the-job training must be directly relevant to the apprenticeship framework or standard and could include the following:

- The teaching of theory (for example: lectures, role playing, simulation exercises, online learning or manufacturer training)
- Practical training: shadowing, mentoring, industry visits and attendance at competitions
- Learning support and time spent writing assessments/assignments

Off-the-job training does not include:

- English and maths (up to level 2) which is funded separately
- Progress reviews or on-programme assessment needed for an apprenticeship framework or standard
- Training which takes place outside the apprentice's paid working hours

This 20% off-the-job training requirement is measured over the course of an apprenticeship, as opposed to over an academic year. It is up to the employer and provider to decide at what point during the apprenticeship the training is best delivered. For example, a proportion of every day, one day a week throughout, one week out of every five, a proportion at the beginning, middle or end.

More information on the rules can be found here:
www.gov.uk/government/publications/apprenticeships-off-the-job-training

A LEVY BURDEN TO BEAR? MANUFACTURERS' VIEWS

"The introduction of the Levy in 2017 was not initially seen as a problem as we believed that we would be diverting funds from one 'training pot' to another. Unfortunately that was not the case. The level of red tape and hoop jumping increased significantly; for us this diverted resources away from apprenticeship delivery to admin which is non-value adding."

"The idea of 24 months to use the Levy on a first-in-first-out basis is flawed and should be reviewed. Most of our Engineering Apprenticeships take 4 – 5 years to complete. Also, the Levy commenced in May 2017, however our first apprentices did not commence that year until September, with their first payments going out in October or November. This has created a significant amount of Levy funds that we will not be able to utilise effectively. Our request would be for the time limit to be lifted significantly from 24 months to mirror the length of our apprenticeships (48 months)"

"We've been faced with paying the Levy whilst no apprenticeship standards exist so have had to lead the government trailblazer to create the standards for our sector."

"The funding goes nowhere near meeting the full costs of employing and training youngsters for a robust and good quality apprenticeship."

"Visibility of information from the government was so late we were on the back foot from the off with suppliers. This caused us problems when negotiating contracts."

"We are still not in the driving seat, we are still struggling to find providers for all the training we require under the apprenticeship banner (due to the fact we have specialised needs and small numbers) providers are still loath to set up a new apprenticeship without big intake numbers"

"The introduction of the Levy was ok, but it was a shock to our financial team who had no idea it was coming."

"We are not going to spend our Levy money. I'm trying to but can't yet. I shouldn't be penalised for not spending it quick enough."

"There are a larger proportion of up-front costs, as well as capital investment requirements, to effectively deliver engineering apprenticeships at colleges. My recent experiences have led me to believe that these are gradually being phased out locally and only a smaller number of relatively large providers will exist in the future. This is not good for those employers that are not based close to these larger providers. We would ask that the funding bands are reviewed and are significantly increased to take account of the real costs of delivering Engineering Apprenticeships. If we want quality, there is a price to pay which most reputable companies accept."

"Very concerned that the Institute for Apprenticeships appear to be in "transmit" mode simply peddling the Government line rather than being in "receive" mode and listening to business and trying to influence Government to change the system into a workable model."

"The infrastructure to support the new Apprenticeship Standards has been woeful. The Institute for Apprenticeships appears to be making no progress in signing-off the newly created Standards or the supporting Assessment Plans. I am also concerned that in a few years we may not have sufficient numbers and quality of End Point Assessment Organisations. There is limited faith in this organisation as very little appears to be happening, and that which is happening is taking an inordinate length of time. Our advice would be to streamline these activities and ensure that there is an agreed turn-around time at each stage with appropriate measures in place to hold their feet to the fire."

"Finding the standard was not too difficult; finding a provider who can deliver what we want has been problematic."

"We have a long standing, well developed, bespoke training programmes to develop our current staff and we do not want to turn these programmes into "apprenticeships" – it would be time consuming and add no value to our business."

"What was once a Level 4 framework is now a degree-level standard. It's not what I want but it's the only thing available."

"The online portal is fine. It adds no real value. It's just a system."

APPRENTICESHIP LEVY SOS

SCRAP OR SAVE?

52% of manufacturers want to see improvements made to the Apprenticeship Levy

26% want to see the Levy widened to a training Levy payable by all businesses

17% want to see the Levy scrapped entirely

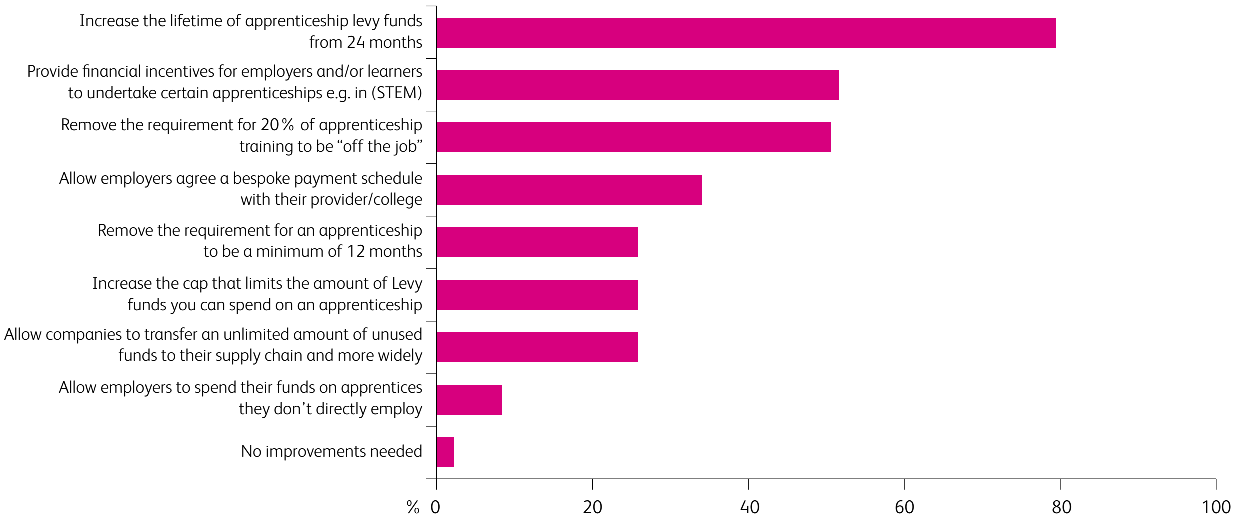
5% want to leave the Levy as it is

SAVE – BUT IMPROVEMENTS MUST BE MADE

For now, the verdict from manufacturers is to save not scrap the Apprenticeship Levy. But they want to see improvements made. Whilst they have battled through the Levy this has not been easy and has led to frustration, confusion and questions around whether the reforms have been worth it. If employers are facing the same challenges as before the Levy was introduced it invites the question – what was the point? The Government can turn it around and add value to the system and manufacturers are clear where improvements need to be made.

Only **2%** of manufacturers say no improvements are needed to the Apprenticeship Levy

Chart 5: Manufacturers want to see improvements made to the Apprenticeship Levy



Source: EEF, Apprenticeship Levy Survey, 2018

TO THE RESCUE: OUR RECOMMENDATIONS TO GET THE LEVY BACK ON TRACK

"We know the problems. We know the solutions. It's time to start fixing them."

"The Apprenticeship Levy had laudable aims…but what was once a win-win has turned into a lose-lose."

It is time to get the Levy back on track and Government must act urgently to make this happen. As a sector that has been committed to training apprentices for decades, the Levy has caused great frustrations. Manufacturers are willing to throw Government a lifeline and turn things back around but they aren't willing to take a wait and see approach. If the Government, alongside manufacturers, wants the Levy to create more quality apprenticeships, it must:

1. Move the Apprenticeship (Levy) Budget from Department Expenditure Limit (DEL) to Annually Managed Expenditure (AME)

Employers had assumed that the Levy would be theirs' to spend. It is not. It is public money. Moreover, it is not a case that the Levy money is there for Levy payers to spend as they wish. Instead the Levy is a tax. HM Treasury allocate the Department for Education a budget to spend on apprenticeships. This forces the DfE to account for every pound meaning annual restrictions must be put in place, even though many apprenticeships last more than year. Moving to Annually Managed Expenditure would mean apprenticeships are funded based on demand over a training cycle. Where there is demand from employers (and learners) for high quality apprenticeships, there would then be the supply of funds to meet this. This would allow for many of the flexibilities employers want to see in the funding system.

2. Increase the lifetime of funds that employers have to spend their Levy to at least 48 months

Ultimately, employers do not want to see any sunsetting of their funds. However, as a minimum the Government should increase the lifetime of funds to at least 48 months – the average length of an engineering apprenticeship. Manufacturers are being penalised for not recruiting on a straight-line, annual basis. We know that many companies, in particular SMEs, will only recruit apprentices every 2 to 3 years to meet their skills needs. They are immediately put at a disadvantage. Moreover, the delay in standards has been in many cases outside employers' control, therefore planned starts have been pushed back – meanwhile the clock is ticking on employers' funds. Sunsetting drives employers to spend their levy in fixed periods, sometimes on training, which may ultimately bring little additional benefit. But they do this because they have to, not because they want to.

3. Review the funding band structure, removing the upper limit

The current maximum funding band is £27,000. This is for only the very top apprenticeships. This does not scratch the surface when looking at the true cost of training an engineering apprentice. It is not uncommon for manufacturers to report spending £4-5 from their own pocket for every £1 of Levy funds spent. There should be no upper limit. If employers, and providers, can together demonstrate the true cost of training to the Institute for Apprenticeships, then this should be the overall upper limit – this was Government's pledge to employers – that they would cover the true cost of training and assessment. Setting a price cap rarely leads to a negotiation. We have seen this in our survey. The funding band structure does not allow much room for negotiation, particularly for smaller firms who are unable to negotiate price on economies of scale and where the funding cap is below the real cost of training anyway.

4. Expand incentive payments to employers, providers and learners for STEM apprenticeships

Current incentives to recruit younger apprentices such as the £1,000 payment should be extended to incentivise more apprenticeships in skill-shortage areas such as STEM (Science, Technology, Engineering and Maths). This funding should be targeted at employers (who are spending far more than the current maximum), providers (who do not have unlimited capital funds to invest in STEM equipment) and learners (to incentivise them to pursue skills-shortage area careers). This aligns to the Government's ambitions to meet the ever-increasing demand for technicians and consistently reported STEM skills gaps.

5. Increase the amount of unused funds employers can transfer to over 50% and remove restrictions on transferring to a single employer

If the Government wants to create more apprenticeships in the system then it should empower employers to transfer more of their unused Levy funds. At the current 10% limit and with the current restrictions on the amount of times an employer can transfer and to just a single employer in the first instance, for many employers transfers will not be seen as worthwhile. Increasing the amount to over 50% would persuade more employers to buy into transfers and will help create more apprenticeships.

6. Allow employers to agree a payment schedule with their provider

The current mechanics of payments leaving employers digital accounts on a monthly basis acts as a disincentive for colleges and providers to deliver high cost apprenticeships such as engineering, which have a high up front cost. Allowing employers to negotiate and agree their own payment schedule with their providers would support the delivery of higher cost subjects. It would also give employers greater flexibility to determine when funds leave their accounts.

7. The process of signing off standards must become quicker and more transparent and empower the role of employers further

The move from apprenticeships frameworks to more rigorous standards and the creation of the Institute for Apprenticeships was welcomed by manufacturers. However, employers who have been involved in the design and development of standards have been left frustrated by the slow process, which has in many cases led to delays in standards being ready for delivery. Whilst the latest publication from the IfA *Faster, Better* puts forward proposals to streamline the process, it does not address the outstanding issue that employers are still putting forward their ideas (on grading, qualifications and funding bands) but feel like they do not have the ownership of standards initially promised to them. The process must become more transparent and streamlined with employers driving the new standards.

Make UK champions and celebrates British manufacturing and manufacturers.

We are a powerful voice at local, national and international level for small and medium sized businesses and corporates in the manufacturing and engineering sectors.

We're determined to create the most supportive environment for UK manufacturing growth and success. And we present the issues that are most important to our members, working hard to ensure UK manufacturing remains in the government and media spotlight.

Together, we build a platform for the evolution of UK manufacturing.

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