Apprenticeship Levy, United Kingdom

Introduction:

The lack of incentives offered to employers to recruit apprentices results in low take off in number of apprentices. To provide incentives to employers and to develop vocational skills among UK residents, and increase the quantity and quality of apprenticeships, the GoUK has levies apprenticeship tax on employers which can be used to fund apprenticeship training. This levy aims to support new apprenticeships and support quality training by putting employers at the centre of the system. Employers who are committed to training will be able to get back more than they put in by training sufficient numbers of apprentices

Intervention:

Employers in UK have been segregated into one of two groups: levy payers and non-levy payers.

- **Employers with a pay bill of more than £3 million are required to pay the levy** - whether they employ an apprentice or not.

  The levy amount payable is calculated at 0.5% of the employer's playbill. All employers get a £15,000 allowance to offset against the amount they have to pay.

  The levy payments go into the new online Apprenticeship Service, which enables employers to manage apprenticeship funding and delivery through a virtual account. Employers are able to see how much is in their account and allocate payments to providers of government-approved apprenticeships.

- **Employers whose pay bill is under £3 million, do not have to pay the levy –** Such employers will contribute 10% towards the cost of the required apprenticeship and the government will pay the remaining 90%.

  All category of employers' work with training providers to agree on an apprenticeship programme suitable for their business. The levy can be used to pay for the End Point Assessments, but not the registration or certification of non-mandatory qualifications.

Impact/ Learnings:

As per study conducted on 'Assessing the early impact of the apprenticeship levy – employer's perspective', 2018, the levy will help to meet Government's objective of driving up the number of apprenticeships in levy paying organisations at least, however it is difficult to comment on non-levy paying organisations. In terms of quality of training and the impact on access to apprenticeships for different groups, there were concerns and the long term impact is difficult to comment on.

Government of India offers employers with a provision to apply for NAPS. Those who are associated with NAPS get 15 per cent of the amount of stipend reimbursed, up to a maximum of INR 1500. However, the Government of India can further segregate and categorize industries in a similar model. The UK model will be helpful in adequately incentivizing big and small industries in the Indian context and it can result in high return on investment.

Sources: Costs and the apprenticeship levy, AAT. (2020). Accessed at: https://www.aat.org.uk/apprenticeships/employers/apprenticeship-levy and Assessing the early impact of the apprenticeship levy – employer's perspective, (2018), CIPD