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## Northern Ireland Executive Apprenticeship Levy Consultation: BSA Response

### What do you think are the main issues for Northern Ireland employers from the introduction of the Levy?

The BSA welcomes the opportunity to provide evidence to the Northern Ireland Executive on the implementation of the UK Apprenticeship Levy.

The BSA - the Business Services Association - is a policy and research organisation. It brings together all those who are interested in delivering efficient, flexible and cost-effective service and infrastructure projects across the private and public sectors.

The business services sector comprises five strands: ICT and digital services, business process outsourcing (BPO), facilities management (FM), construction and infrastructure services and managed public services. 70,000 jobs in Northern Ireland are supported by the sector<sup>1</sup>. It therefore has a crucial role to play as an engine of inclusive growth and prosperity.

Business services employers are 'people businesses'. Across the UK BSA members are estimated to employ over 17,000 apprentices and provide around 845,000 days of training each year. The business services sector considers apprentices to be a key part of the workforce and provides schemes across a wide range of services and skills areas, from engineering, construction and security to facilities management, cleaning and food services; from customer service, ICT and business development to finance, human resources and administration. The BSA is itself developing a cleaning trailblazer in England.

It is against this backdrop that the Apprenticeship Levy should be considered.

The BSA believes Levy funds should be directly linked to apprenticeships or other employer-led training routes, in keeping with its rationale. It is also important that resources for training can be used by employers as flexibly as possible, as training needs - and the age profile of those who require training - will vary from area to area.

The Levy has the potential to provide clarity for employers as they work to improve, grow and deliver high-quality vocational training. However, its success is dependent on effective and timely implementation across the UK. The BSA called on the UK Government to establish a better flow of information to, and engagement with, the devolved governments, and we continue to urge Whitehall to make all effort to ensure the smooth operation of the Levy including for employers who operate between UK jurisdictions.

An implementation timetable is key. Employers will start paying the Levy from April 2017 and it is vital they are able to access Levy funds immediately so a cohort of employees and potential employees does not lose out.

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<sup>1</sup> Oxford Economics report: [http://www.bsa-org.com/uploads/publication/file/162/OE\\_BSA\\_report.pdf](http://www.bsa-org.com/uploads/publication/file/162/OE_BSA_report.pdf) page 47



Many employers paying the Levy operate across the UK. Therefore, while supporting efforts to match training with local need, BSA members would also welcome greater consistency where possible in standards and frameworks across borders, including in areas where there are gaps in availability.

**As a result of the Levy, what factors should the Department take into account to ensure appropriate training support is available in Northern Ireland?**

The most important factors are the needs and requirements of the workforce, and the businesses and VCSE and public sector bodies which employ them, so people can develop rewarding careers in which they can progress.

The BSA therefore welcomes the Executive's strategy on apprenticeships<sup>2</sup>, and in particular moves to a more employer-led system and the major commitment to Level 3 and higher level apprenticeships. One of the themes of the reform is the partnership with key stakeholders, including through a strategic advisory forum and sectoral partnerships, and it is vital that employers are in the lead in making sure apprenticeships provision meets their needs.

We also welcome the complementary strategy for youth training<sup>3</sup>, including a new central service to help connect young people with relevant employers and a new register for employers.

We acknowledge the role of Sector Skills Councils in Northern Ireland in ensuring that apprenticeships provision meets the needs of industry. It is vital that these reflect both the full range of skills required and the full range of businesses in Northern Ireland - including in the business services sector, responsible for almost one in ten jobs.

Provision should also reflect the importance of Level 2 training, as part of the new structure of training provision and as a stepping stone to apprenticeships from Level 3, and the needs of those of all age groups, including those above the age of 24. As the consultation paper notes, for those apprentices aged under 25 years the full costs of the 'off-the-job' training for the duration of the apprenticeship is paid, while only 50 per cent of funding is paid in respect of those aged 25 years and over and only in certain specified sectors.

It is also vital that a lack of funding support does not limit employers who are engaging with those who are long-term unemployed, disabled, or from disadvantaged groups.

In England companies which pay the Levy will be able to access these funds to spend on apprenticeships through a new digital apprenticeship service account and, for every £1 that enters a digital account to spend in England on apprenticeship training, businesses receive £1.10. The BSA supports the principle of a link between Levy paid and funding received for training, even if not through a digital account.

It is important that account is taken of the full costs of an apprentice, including administrative costs such as recruitment, support and related resources, as well as training. Funding for apprenticeship outreach programmes which raise awareness and promote access to schemes would also be valuable and could help raise the profile of vocational routes as uptake increases across Northern Ireland and the rest of the UK.

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<sup>2</sup> <https://www.economy-ni.gov.uk/sites/default/files/publications/del/Securing%20our%20Success%20The%20NI%20Strategy%20on%20Apprenticeships.pdf>

<sup>3</sup> <https://www.economy-ni.gov.uk/sites/default/files/publications/del/youth-training-strategy.pdf>



**Will the Levy have an impact on your recruitment of apprenticeships? In what way?**

BSA members participate in the ApprenticeshipsNI programme and would look to increase this further following the introduction of the Levy.

We note the reference in the Department's consultation document to the level of Departmental funding available for apprenticeships and training in 2017-18 being determined as part of the Budget process. We would be concerned if this implies that the additional Levy sums paid by companies employing workers in Northern Ireland may not in fact be earmarked for training and apprenticeships provision at all.

We acknowledge the effects on Barnett of a cessation of spending on other apprenticeship programmes, but there is also reference in the consultation document to the "additional financial burden the Levy will place on public sector employers". This fails to acknowledge an equivalent financial burden on private sector employers and the need for both sectors alike to demonstrate that these additional funds are being spent on the purpose for which they were levied. If businesses operating in Northern Ireland are being asked simply to subsidise additional costs on the public sector, this would in effect be a new tax. It is vital that this measure does not merely amount to an additional tax on employers but provides real value and benefit for businesses and their employees.

As the paper states, Northern Ireland needs a highly skilled workforce, with apprenticeships playing a central role in this. Therefore it is vital that any additional funds available through the Levy are channelled to training and apprenticeships provision in Northern Ireland.

**As a result of the Levy would you be more likely to use the programmes described in Annex B? In what way?**

BSA members participate in the full range of programmes and would look to increase this further following the introduction of the Levy.

Annex B lists some of the programmes available. However there is still some confusion as to what is on offer, and how the full range of businesses can both access training provision which meets their needs and also help drive future provision. There is room to improve further the interface between business and the Department, perhaps with a central one-stop shop / Brokerage and Advisory Service for employers. The need for this is especially great at a time of rapid and multiple reform of training structures.

**Do you have any further comments on the introduction of the UK wide Apprenticeships Levy?**

The BSA believes the Levy should be seen as part of a wider training strategy encompassing young people and employers alike.

For young people we believe there is further work to do to break down social and cultural perceptions which undervalue vocational routes, including in the way in which careers advice is offered. The Levy is one way in which vocational training can be encouraged. Another would be to address the divide between careers advice and the labour market. We recognise the need for employers themselves to participate fully in this work.

On the employer side, one way in which the public sector can help encourage training is by setting out a clear pipeline of work so infrastructure providers and others can plan ahead and employ apprentices in fields of work where there is a clear long-term career horizon.