

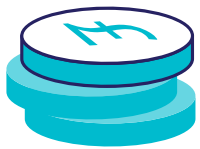
# APPRENTICE LEVY - 5TH ANNIVERSARY SURVEY

The Apprenticeship Levy is a tax paid by large businesses and used to fund apprenticeship training. The money sits in each business's pot for 24 months, after which any unused funds expire and return to the government.

Ahead of the Levy's fifth anniversary in May 2022, the British Retail Consortium has surveyed members to get a picture of their attitudes towards it, how much Levy funds they utilise, and their ideas for reforms to improve the apprenticeship system.

Skills and training are incredibly important to the future of retail and businesses invest in a range of programmes and opportunities to help develop their staff's skills. However, the overwhelming majority of those surveyed – upwards of 95% - agreed the system needs change, finding that the current approach is too restrictive and counter-productive for upskilling their workforce.

Apprentices are highly valued colleagues, and our members want to be able to provide more of these opportunities, while at the same time expanding their wider investment in skills and development, but too often find that the existing Levy system acts as a barrier.



**65%** - Almost two thirds of retailers say more than 40% of their Levy funds go unspent

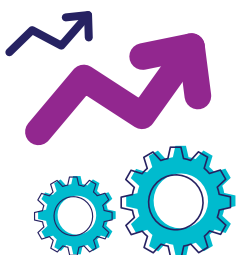
**£12 million** Lost for a single company – Retailers estimate hundreds of thousands of pounds expire from their Levy pots each month, money they want to spend on apprenticeships and other training. One retailer reported £12 million has expired since the current system began in 2017!



**2.7/5** - Respondents' average rating of the apprenticeship funding system



**38%** - Over one third of retailers increased apprenticeship places in 2021/22 compared to 2019/20, despite the pandemic



**Time for change**

90%-95% of retailers surveyed believe the system needs to be improved



Most retailers agree changes in the system would mean more apprentices in their businesses. Some believe they could create

**1,000 new places!**

**1/3** - A third of respondents share their apprenticeship funds with businesses in their supply chain or their local communities, creating apprenticeship opportunities in a wide range of organisations – and others are keen to do so.

## We asked retailers about the biggest barriers to hiring more apprentices. They said:



20% off the job training time



Additional costs of hiring an apprentice



Length of programmes



Lack of functional skills in applicants



Funding differences in devolved nations



Complexity of the system



Suitability of courses

## BRC recommendations:

On behalf of members, the BRC is asking for additional flexibility to be introduced into the apprenticeship funding system. The additional flexibility should be targeted and allow employers to use a portion of funds to:

- Help young people into work: by supporting more young people in high quality pre-employment and pre-apprenticeship programmes.
- Help people back into work: by allowing funds to be spent on a defined list of high-quality shorter courses, including functional and digital skills, where a full apprenticeship is not necessary, which can relatively quickly upskill learners.
- Promote productivity gains: by allowing funds to cover a portion of apprenticeship costs outside of training, which limit the ability of employers to take on more apprentices, particularly in smaller, Northern urban stores where these costs can have a disproportionate impact.