10 reflections from ‘future proofing apprenticeship funding in England for the 2020s’

A white paper commissioned by NCFE and Campaign for Learning featuring articles from the Association of Colleges, the Resolution Foundation, Confederation of British Industry, British Chambers of Commerce, the TUC, University Vocational Awards Council, the Association of Learning and Employment Providers, London First and University of Manchester. #apprenticeshipfunding2020s

**Greater funding transparency**
Greater funding transparency is required from the Treasury on how much levy is collected in England and how the levy is being used to fund the Apprenticeship Programme Budget.

**16-18 year olds: The first call**
A consensus is emerging over the first call on where any limited additional spending for apprenticeships should be directed – every 16-18 year old would be entitled to fully funded apprenticeships.

**A new settlement for Small and Medium Sized Enterprises**
As most SMEs are non-levy payers and some recruit 16-18 year old apprentices, these organisations would benefit from fully funded apprenticeships for this age group but the government does not have yet have a comprehensive strategy to boost the productivity of SMEs through apprenticeships.

**Full devolution of Apprenticeship funding: The start of the debate**
With a potential election approaching, the debate on devolving the full amount of levy in England collected regionally or on a share of population basis is starting. In the interim, elected mayors are adding regional value in a number of ways.

**Funding pressures from a no-deal, no transition Brexit**
On the basis of a managed Brexit, the apprenticeship levy is forecast to raise £9.3bn between 2020 and 2023, driven by higher employment levels and growth in nominal wages. This £1.1bn is higher than the revenue raised by the levy 2017/18 and 2019/20. In the short-term at least, the economy will face a supply-shock if the UK leaves the European Union with a no-deal, no-transition Brexit.

**From an Apprenticeship Levy to a Skills Levy**
There are calls for 10% of levy payments to be used by employers to contribute towards administration costs and to transform the apprenticeship levy into a wider skills levy – this would represent a radical reform of the levy.

**A clearer purpose of the Apprenticeship Levy in England**
The Treasury and DfE should be much clearer about the central purpose of the Apprenticeship Levy in England: Boosting the productivity of organisations? Meeting the skills needs of SMEs? Providing access to upskilling and reskilling opportunities across the board? What takes precedence?

**Funding pressures beyond the Apprenticeship Levy in England**
Early signs show that unused levy lost to employers could be running high and as a consequence, funding pressures to meet apprenticeship needs could grow in the 2020s. How do we make this sustainable?

**Rationing and prioritisation**
Suggestions relating to the rationing and prioritisation of the Apprenticeship Programme Budget to avoid anticipated overspends from 2020/21 raises questions about the purpose of the levy and apprenticeships – an organisation-based productivity measure? Social inclusion and progression in the workplace? A pathway to a career for young people?

**An injection of funding into the Apprenticeship programme budget**
If the government places onerous restrictions on how levy payers use their levy, employers will rightly view the Apprenticeship Levy as a form of general taxation. If, on the other hand, the government wishes to continue with the principle of employer control, additional public spending outside of the levy will be required.