

South London Partnership Leaders call on Government for Apprenticeship Levy changes due to sharp drop in Apprenticeship numbers

The number of residents from South London Partnership (SLP) boroughs starting an apprenticeship has fallen by over a quarter in the last year.

7,390 people from Croydon, Sutton, Merton, Kingston and Richmond signed up for apprenticeships in 2017/18, compared to 10,030 in 2016/17.

A major change to the funding of apprenticeships was introduced in April 2017 with the start of the government’s Apprenticeship Levy. This put skills development in the hands of employers to address skills shortages within their business and to help achieve the Government’s target of 3 million apprenticeship starts by 2020.

A recent London-wide survey showed that 42 per cent of levy-paying businesses in London did not expect to use any of their levy funds in the next year and a further 4 per cent expected to spend less than half of the funds.

At the first meeting of the **South London Skills and Employment Board** in November, employer members talked about the challenges of the Apprenticeship Levy system and how various requirements were impeding the effective use of the funds.

London’s skills shortages and productivity challenges cannot be overcome without reform to this key plank of the training and learning offer.

So, the South London Partnership has joined with other London boroughs, the Deputy Mayor of London and employer representatives to press government to reform the Apprenticeship Levy. Writing to the Chancellor, Philip Hammond, and Skills Minister, Anne Milton, the London partners have raised concerns about the impacts on the capital’s skills shortages and productivity challenges, and have jointly proposed ways to improve how the levy works.

Cllr Ruth Dombey, Leader of Sutton Council and SLP Skills Lead, said:

“Apprenticeships are a key route for people to develop the skills they need to move into work or progress in their careers. They also have a critical role in helping provide the skilled workers that our businesses need to survive and thrive.

We want to see more of our residents accessing these opportunities. But these figures show that things are going in the wrong direction.

We support the Apprenticeship Levy in principal – but it must be reformed so that it works to achieve the outcomes we need for our residents and to provide the skills

and experience to support productivity and growth in our businesses and service providers.

We want to work with government to address a range of current problems, so that the Apprenticeship Levy can work for South London’s employers and residents.”

Darren Hockaday, SLP Skills & Employment Board member and HR Director Gatwick Airport, said:

With an ever increasingly competitive market for employers, there has never been such a burning platform to have all routes to employment operating as effectively as they can. Apprentices play a key role as one of many varied routes into a career. Employers need certainty of this supply of labour as with all others, at a time when the source of labour faces so many challenges. Our apprentices at Gatwick Airport provide a vital role in delivering engineering solutions to service the needs of the airport and our customers.

Notes to Editors:

South London Partnership (SLP) is a voluntary partnership of five London boroughs: Croydon, Kingston upon Thames, Merton, Richmond upon Thames, and Sutton. More information on SLP’s work can be found at www.southlondonpartnership.co.uk.

SLP published its [Skills for South Londoners Strategy](#) in February 2018. It identified the need to support more people to access good apprenticeships as one of our priorities for action.

SLP has established a South London Skills and Employment Board, that met for the first time in November 2018. More information about the Board can be found [here](#).

Government statistics on Apprenticeship Starts and Achievements can be found [here](#). The total starts for the five SLP boroughs over the last four years from this are:

	APPRENTICESHIP STARTS			
	2014/15	2015/16	2016/17	2017/18
Intermediate Apprenticeship	6,190	6,050	5,310	3,200
Advanced Apprenticeship	3,800	3,940	3,920	3,250
Higher Apprenticeship	380	590	790	960
Totals	10,350	10,580	10,030	7,390

The drop in starts in South London matches the pattern of a 25% drop across England.

The Government's Apprenticeship Levy took effect from April 2017. It requires employers with a pay bill of over £3m a year to put aside 0.5% of their pay bill that they can use to fund apprenticeships. Any funds unused after 24 months go to the government.

Please see attached for the letter and joint paper, titled "*Improving apprenticeship delivery in London: a submission by London local government and business.*"

The joint paper calls for a mixture of short term and longer term changes.

Short term changes:

- Allowing for pooling and joint purchasing of transferred apprenticeships.
- Allowing some levy funding to be used for pre-employment training to get people ready for an apprenticeship.
- Allowing up to 10% of levy funding to cover administration costs, banded so that the smallest businesses and levy payers benefit the most.
- Additional support to SMEs including administration costs.
- Working with employers and providers to explore ways to increase the number of more flexible or part time apprenticeships.
- Simplifying the system as business is facing difficulty with bureaucracy at several points in the process.

In the longer term, the government should:

- Ring-fence unspent levy funds in London after April 2019, so that London government can support London businesses to use the levy fully and effectively.
- Devolve the apprenticeship levy to London government, should it remain unreformed.