



Department for the
Economy
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Apprenticeship Levy

Employer Engagement Consultation Paper

November 2016

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Apprenticeship Levy Employer Engagement Consultation Paper November 2016

Minister's Foreword

The introduction of the UK wide Apprenticeship Levy was announced by the UK Government in summer 2015 and will be introduced in April 2017. It will apply to all employers in Northern Ireland. Those with a pay bill of over £3 million, will be net contributors to the Levy.



Whilst the collection of the Levy from employers by HM Revenue and Customs is a matter solely for the Westminster Government, I am committed, as Minister for the Economy, to work with employers and other interested parties to shape the Northern Ireland response to the introduction of the Levy and how workforce training, in particular apprenticeships, can continue to be taken forward with the best outcome for the Northern Ireland economy.

A skilled workforce is essential to rebuilding and maintaining a modern, knowledge intensive, export-driven economy to help employers compete successfully in global markets, support economic growth and enhanced productivity.

To realise this ambition it is important that Northern Ireland has in place a strong and efficient route for the delivery of skills, including those associated with high level professional and technical skills. Consequently, my Department is in the process of implementing major reforms of Northern Ireland's professional and technical education and training through a new system of apprenticeships and youth training which are articulated in 'Securing our Success', the Northern Ireland Strategy on Apprenticeships and 'Generating our Success,' the Northern Ireland Strategy for Youth Training.

Whilst ultimately my decisions on the provision of training and apprenticeship support will be predicated on budget availability, the views of employers and other interested parties will help to inform our response to the implications of the Levy in Northern Ireland. Therefore I would encourage you to respond to this consultation and help to inform the approach going forward.

Introduction

1. The Apprenticeship Levy will be introduced across the UK in April 2017 and the Department want to take your views on the potential implications of the Apprenticeship Levy in Northern Ireland. This document, over the next three sections, explains what the Apprenticeship Levy is; summarises the current training support programmes available for employers; and seeks your views on the potential impact for your organisation, particularly in relation to your workforce skills development.

The Apprenticeship Levy

2. The introduction of a UK wide Apprenticeship Levy was first announced by the Chancellor in the summer 2015 Budget Statement.
3. The collection of the Levy from all employers with a pay bill in excess of £3 million per annum, is a matter for the UK Government and will apply across the UK in both the public and private sectors. Those organisations with a pay bill of more than £3 million per annum will be net contributors to the Levy funds. Those organisations with a pay bill of £3 million per annum or less will not contribute to the Levy funds.
4. The Levy, which is set at a rate of 0.5% of an employer's pay bill, will be collected by HM Revenue and Customs through the PAYE system on a monthly basis.
5. The UK Government intend to use the funding raised through the Levy to support their commitment to increase the quantity and quality of apprenticeships in England, to reach three million starts by 2020.
6. Northern Ireland, along with Scotland and Wales, will receive a Barnett consequential of apprenticeship expenditure in England funded by the Apprenticeship Levy. For 2017/18 and 2018/19 this does not represent a population share of the forecast levy and in recognition of this the Treasury has provided a small amount of additional funding in these years. However, even with that adjustment, this additional funding has been largely offset by negative Barnett consequentials arising from the cessation of spending on apprenticeship programmes elsewhere in the relevant Whitehall departments. This, combined with the additional financial burden the Levy will place on public sector employers, means in reality the Levy will not result in any noticeable additional funding being made available to Northern Ireland Block. The level of Departmental funding available for apprenticeships and training in 2017/18 will be determined as part of the Budget process.
7. Skills policy, including responsibility for apprenticeships, is a fully devolved matter, so each administration across the UK has developed an apprenticeship policy tailored to meet the needs of their own skills priorities. Notwithstanding the introduction of the Levy, each administration will continue to set their own policies and priorities in relation to skills and apprenticeships.

8. Therefore, it is important that all interested parties, are given the opportunity to express their views in response to the provision of training, particularly apprenticeships, for their organisations. These views will be used by the Department to inform and shape the policy on how employers might be supported for apprenticeships and wider skills development in Northern Ireland.

Workforce training in Northern Ireland

Apprenticeships

9. ¹Apprenticeships can deliver substantial wage and employment benefits over a learner's lifetime, comparing favourably with other vocational qualifications. ²Evidence suggests that apprenticeships deliver strong earnings and employment returns in the following seven years post completion. Learners report³ a range of benefits from apprenticeships, in terms of improvements to their skills and abilities as well as to their career prospects. Employers report⁴ a range of benefits from investing in apprenticeships, including increased productivity and improved product quality. Additional to benefits to learners and employers there are also benefits to the economy such as increased levels of knowledge transfer, greater levels of research and development and the creation of a skilled workforce from which employers can recruit.
10. To compete in the global economy, it is vital that Northern Ireland has a highly skilled workforce and apprenticeships present a route to providing skills for the workplace. An apprenticeship offers a job with work-based and off-the-job training leading to a nationally recognised qualification.

ApprenticeshipsNI

11. In Northern Ireland apprenticeship training is currently delivered through the ApprenticeshipsNI programme. Programme guidelines can be accessed at the following link:
<https://www.economy-ni.gov.uk/publications/apprenticeship-guidelines>
12. The aim of the ApprenticeshipsNI programme is to assist in the development of a highly skilled and innovative workforce that will contribute to the twin goals of economic success and social inclusion for Northern Ireland.
13. This is achieved by:-
 - providing participants with the knowledge, understanding, and competence to work at a high level in their chosen occupation;
 - the offer of quality training to fulfil the requirements of an appropriate apprenticeship framework;

¹ London Economics 2011b

² London Economics 2011a

³ IFF Research 2012a

⁴ IFF Research 2012b

- contribution to raising the skills level of the Northern Ireland workforce;
 - provision of opportunities for progression to further and higher education and training; and
 - support for the direct involvement of employers in training key personnel.
14. There are 177 apprenticeship frameworks available which have been developed by industry bodies together with the relevant Sector Skills Councils and are therefore tailored to ensure they meet the needs of industry.
15. The most recently published statistics (relating to 31 October 2015) show a total of 7,848 apprentices registered for ApprenticeshipsNI funded training. <https://www.economy-ni.gov.uk/articles/apprenticeshipsni-statistics>

ApprenticeshipsNI Funding Support

16. The Department for the Economy (DfE) currently meets the full cost of off-the-job training for those aged 16-24 years, under the ApprenticeshipsNI programme. Contracted training suppliers are funded by the Department to deliver apprenticeship training. Funding is paid at 50% of the cost of off-the-job training in respect of those aged 25 years and over and focused on specific frameworks in priority economic sectors. An incentive payment is available for employers whose employees successfully complete the ApprenticeshipsNI programme to gain qualifications at Level 2 and Level 3. (A glossary of skills levels can be accessed at **Annex C**).

Reform of Apprenticeships and Youth Training

17. In order to ensure that the apprenticeship offering continues to remain relevant in the future, the Department is in the process of implementing major reforms of Northern Ireland's professional and technical education and training. The new system of apprenticeships, at Level 3 and above, and youth training, in the form of traineeships at Level 2, will build on the existing model under ApprenticeshipsNI whilst moving to that of a more employer-led system.
18. Details of the reforms are set out in '*Securing our Success: the Northern Ireland Apprenticeship Strategy*' published in June 2014, and '*Generating our Success: Strategy for Youth Training*' published in June 2015. Both of these strategies are strongly evidence based, informed by consultation and are widely endorsed. <https://www.economy-ni.gov.uk/publications/securing-our-success-northern-ireland-strategy-apprenticeships>
<https://www.economy-ni.gov.uk/publications/generating-our-success-northern-ireland-strategy-youth-training>
19. Under the reformed systems **an apprenticeship** will be recognised through a series of core components, as follows:

- i. An apprenticeship will be for a new employee, or in the case of an existing employee, a new job role that requires substantial learning and skills development.
 - ii. An apprenticeship will be available in professional and technical occupations commencing from Level 3 up to Level 8.
 - iii. The completion of an apprenticeship will take at least two years.
 - iv. Apprenticeships will enable mobility within a sector and across the wider economy by including a breadth of training beyond the specific needs of a job through both on and off-the-job training.
 - v. An apprenticeship will be designed to facilitate the progression of participants to higher professional or technical training or on to a higher academic pathway.
20. Under the reformed systems a **traineeship** will be recognised through a series of core features, as follows:
- i. All young people aged 16–24 who require training at Level 2 will have the opportunity to participate. It will be open to those starting a new job, those in existing roles, and those not yet in employment.
 - ii. Upon entry, young people will progress through two routes: an employed and a non-employed route. A common curriculum will allow young people to pursue both routes to accommodate changes in employment status.
 - iii. The youth training system will provide a new broad-based baccalaureate-style professional and technical award at Level 2, equating to a minimum of five GCSEs at grades A*–C. It will include English and mathematics qualifications at Level 2 and additional qualifications deemed relevant to the needs of individual sectors.
 - iv. Structured work-based learning will be integral to the technologies to be used to prepare young people for the workplace and facilitate international knowledge exchange. Work inspiration activities will be offered to those, not in employment to inform their choice of occupational area.
 - v. Young people will be supported to reach a full standard of achievement at Level 1 (defined as four GCSEs at grades D–G including English and mathematics or equivalent), before commencing youth training.
 - vi. The youth training system will normally be designed to take two years to complete.
21. Since 2012, the concept of **Higher Level Apprenticeships** (Level 4 and above) has been developed in numbers and new business areas, such as ICT, Professional Services, Engineering, Life Sciences and Accountancy. In total there are 257 apprentices and 172 employers participating in the Higher Level Apprenticeships undertaking their off-the-job learning across all six further education colleges and the Ulster University.

22. The Department is now working through the implementation process which will allow the new system of professional and technical training to be introduced. However, it will take time to fully deliver the changes, and the new system will evolve and grow over the coming years.

Wider Workforce Training

23. Wider skills development in the workforce is currently supported by training programmes funded by the Department and Invest NI. These programmes are available to employers, provided they meet the programme criteria.

Department for the Economy Programmes

24. In addition to the Apprenticeships and Youth Training programmes outlined above, employer focused support is also available for;
- recruitment training,
 - pre-employment training,
 - research, development and innovation training,
 - management and leadership training, and
 - knowledge exchange activities.
25. Further Information regarding the criteria to avail of these programmes can be accessed at: <https://www.economy-ni.gov.uk/articles/dfeprogrammes#toc-1>

Invest NI Programmes

26. Currently, InvestNI provide ten specifically employer focused programmes.
27. These programmes, which are available to InvestNI client companies, provide support for:
- training and development opportunities;
 - business performance, competitiveness and growth;
 - leadership development;
 - management skills;
 - access to knowledge and skills;
 - mentoring;
 - accessing best practice; and
 - collaboration.
28. Further Information regarding the criteria to avail of these programmes can be accessed at: <http://www.investni.com/support-for-business/funding-for-business/funding-for-capability-development.html>
29. Details of all programmes supported by the Department are provided at **Annex B**.

Your Response.

30. The purpose of this consultation paper is to seek employer views on how best the Department can support them to avail of skills development training, particularly apprenticeships relevant to the needs of their organisation.
31. Therefore the Department want to take your views on:
- A. What do you think are the main issues for Northern Ireland employers from the introduction of the Levy?
 - B. As a result of the Levy, what factors should the Department take into account to ensure appropriate training support is available in Northern Ireland?
 - C. Will the Levy have an impact on your recruitment of apprenticeships? In what way?
 - D. As a result of the Levy would you be more likely to use the programmes described in Annex B? In what way?
 - E. Do you have any further comments on the Northern Ireland response to the UK wide Levy?

Audience:

32. This consultation paper applies to all employers, operating in Northern Ireland, whether you will pay the Levy or not. Training providers and other interested parties may also wish to respond.

Responding to this Consultation Paper:

33. You can respond to this consultation on-line at the Northern Ireland Hub – Citizen Space
<https://consultations.nidirect.gov.uk/df/e/apprenticeship-levy>

Alternatively please send your response, by completing the associated respondent booklet and forward to: apprenticeshiplevyni@economy-ni.gov.uk

Or by post to

Apprenticeship Levy Team
Policy and Divisional Support Branch
Youth Policy Division
Department for the Economy
4th Floor
Adelaide House
39-49 Adelaide Street
Belfast
BT2 8FD

Your response to this consultation should reach us by **23rd December 2016.**

34. Please remember to indicate on the Respondent Information Form, attached at **Annex A**, whether you wish for your response to remain confidential.
35. If you have any questions regarding this communication document please send an email to: apprenticeshiplevyni@economy-ni.gov.uk

Handling your response:

36. Where respondents have given permission for their response to be made public and after we have checked that they contain no potentially defamatory material responses will be made available to the public.
37. All respondents should be aware that responses to this consultation paper are subject to the Freedom of Information Act and we would therefore have to consider any request made under the Act for information relating to the responses made to this consultation exercise.
38. After the closing date we will consider the responses to this consultation paper along with views from engagement carried out with interested parties during the consultation period. This information will be used as part of the evidence base to inform how Northern Ireland employers will access skills training and in particular apprenticeship training for their organisation.

Annex A

Consultation on Northern Ireland response to the Apprenticeship Levy

RESPONDENT INFORMATION FORM AND RESPONSE

Please note this form must be returned with your response

1. Are you responding as an:

Employer likely to pay the Levy
Employer unlikely to pay the Levy
Training Provider
Other (please state)

1. Full name or Organisation name
2. Do you employ;
Fewer than 10 employees
Fewer than 50 employees
Fewer than 250 employees
Greater than 250 employees
3. Phone Number
4. Address
5. Postcode
6. Email

The Department for the Economy would like your permission to publish your consultation response. Please indicate your publishing preference:

Publish response with name;
Publish response only (anonymous);
Do not publish response.

We will share your response internally with other Northern Ireland Government officials who may be addressing the issues you discuss. We may wish to contact you again in the future but we require your permission to do so. Are you content for the Department to contact you again in relation to this consultation exercise?

Yes

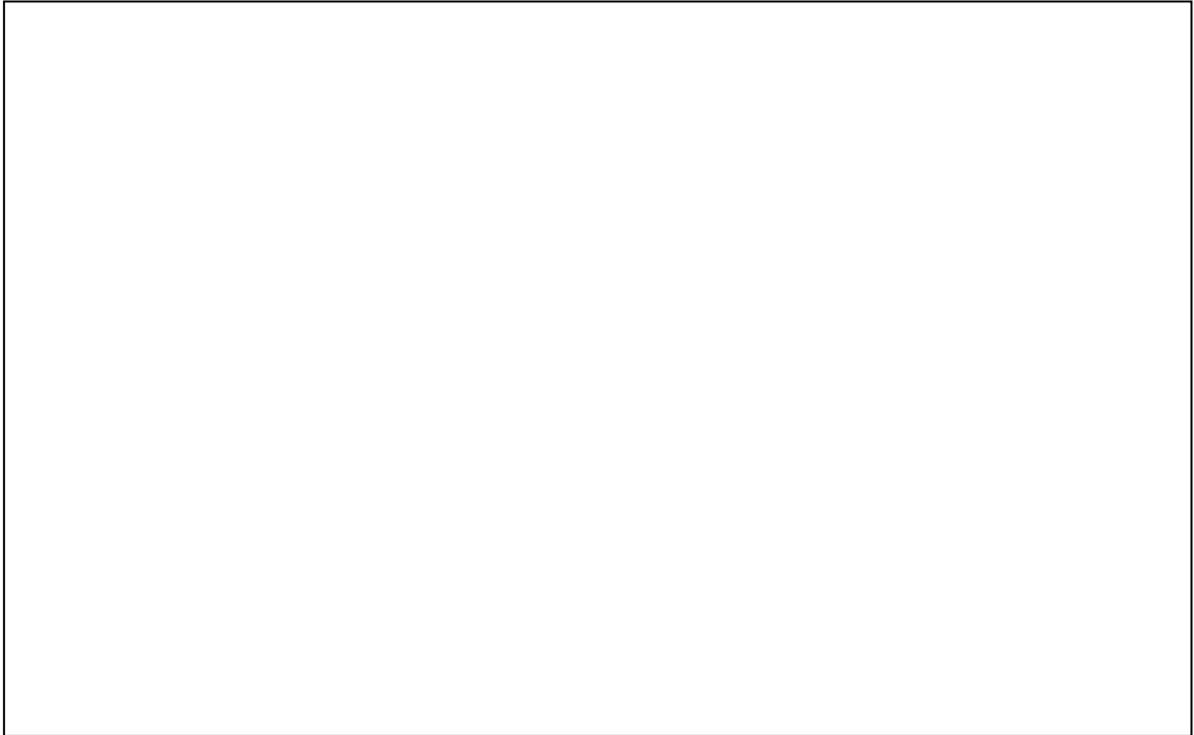
No

Consultation Response Template

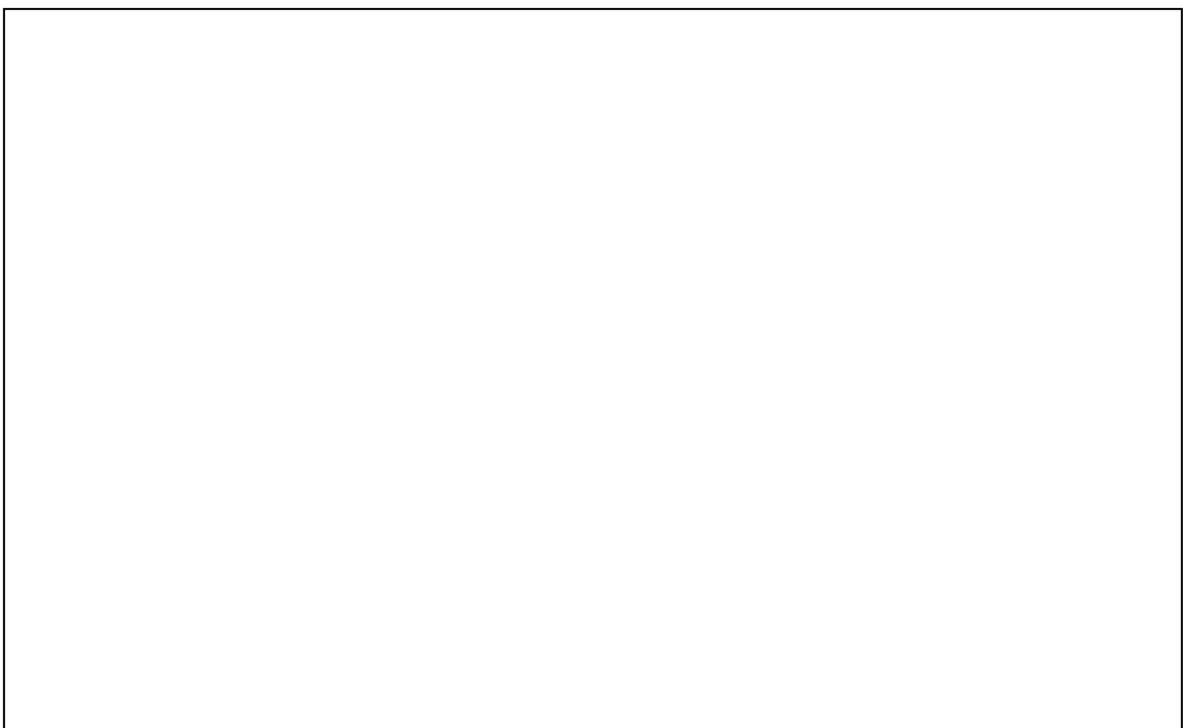
QA. What do you think are the main issues for Northern Ireland employers from the introduction of the Levy?

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

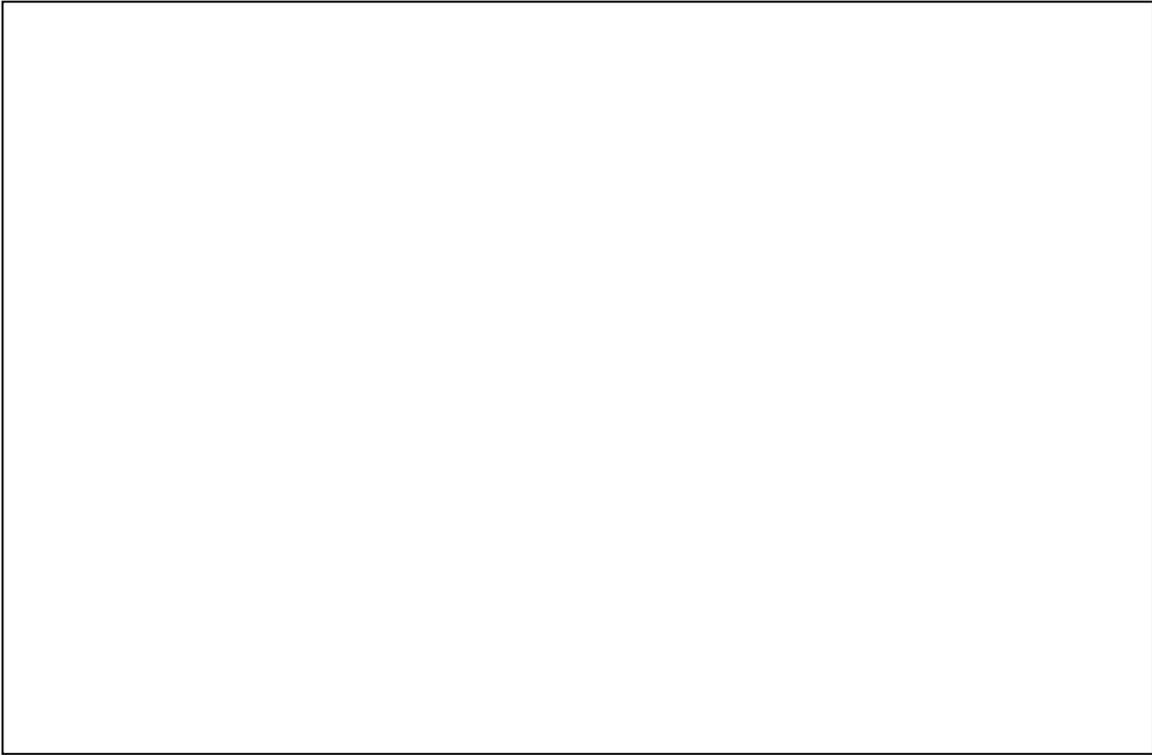
QC. Will the Levy have an impact on your recruitment of apprenticeships? In what way?



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



QE. Do you have any further comments on the introduction of the UK wide Apprenticeship Levy?

A large, empty rectangular box with a thin black border, intended for the respondent to provide further comments on the introduction of the UK wide Apprenticeship Levy.

Skills Support for Business

Annex B

Programmes Department for the Economy

Programme	Type of skills support	What does it cover
Apprenticeships NI Programme	ApprenticeshipsNI funding is available for the off-the-job training costs aligned to approximately 177 Frameworks at Levels 2 and 3.	Newly employed apprentices or existing employees with a new job role suitable for an apprenticeship. The Department funds the 'off-the-job' training element. An apprentice works towards the achievement of framework qualifications at Levels 2 and/or 3 that have been identified by the responsible Sector Body. https://www.economy-ni.gov.uk/publications/apprenticeship-guidelines
Reform of apprenticeships Departmental funding will be made available to support pilot opportunities at Level 3, designed to test the key element of the reformed apprenticeship system	Funding will be available for the off-the-job training costs aligned to Apprenticeships that meet the needs of employers.	DfE will fund the off-the-job training element for those who are undertaking an apprenticeship at Level 3 subject to meeting the core components as outlined in the Northern Ireland Apprenticeship Strategy.
Higher Level Apprenticeship Pilots	Funding towards higher level skills development (Level 4-8).	DfE will contribute towards the costs associated with delivery of the relevant qualification that will form the core of any higher level apprenticeship. On occasion DfE may contribute towards the development costs associated with developing an HLA in a new area. This expenditure will be examined on a case by case basis.
Reform of youth training. Departmental funding will be made available	Funding will be available for the off-the-job training costs aligned to youth training that meet the needs of employers.	DfE will fund the off-the-job training element for those who are undertaking Traineeships at Level 2 subject to meeting the core components as outlined in the

Programme	Type of skills support	What does it cover
to support pilot opportunities for traineeships at Level 2, designed to test the key element of the reformed youth training system		Northern Ireland Youth Training Strategy.
Assured Skills	<p>Assured Skills is one of the key opportunities for unemployed graduates to maximise their potential with the offer of pre-employment training through the programme.</p> <p>(i). Working with Invest NI, the Assured Skills programme is designed to help attract new foreign direct investment companies to NI by assuring them that the skills they need to be successful are available in NI.</p> <p>(ii). Assured Skills support is also available to existing companies who are considering expansion.</p> <p>(iii). Assured Skills also enhances the capability of NI to respond to the needs of potential investors/sectors.</p>	<p>(i). Working in partnership with Invest NI ensures the best possible proposition to potential investors. The programme not only delivers a boost to employment but also our local skill base.</p> <p>ii). Assured Skills supports the company's business plan by adding value to their training and development activity. This could be through facilitation of links with further education and university sectors to design bespoke training solutions, or support for recruitment and other pre-employment activities.</p> <p>(iii). By creating pools of talent with skills of interest to potential investors, for example by up-skilling unemployed graduates, through the Academy model. The Academy model is a short term intervention to help companies meet specific needs. To date, we have up-skilled unemployed graduates in software testing, cloud computing, data analytics, sales & marketing, financial and legal services and professional software skills.</p>
Bridge to Employment	Bridge to Employment is an employer led recruitment programme offering customised pre-employment training which assists unemployed people to compete for job vacancies.	Unemployed people can apply for Bridge opportunities and if successful will receive training to develop their skills specific to employer requirements.

Programme	Type of skills support	What does it cover
Employer Support Programme – InnovateUs	The Employer Support Programme is a skills development programme funded by DfE and delivered across the six FE Colleges. InnovateUs enables small businesses, with fewer than 50 employees, to acquire the skills to engage in innovation activities and research and development.	The InnovateUs strand of the programme focuses on the acquisition of skills to enable businesses to exploit innovative opportunities or undertake additional forms of innovation, which contribute to their growth and development.
Employer Support Programme – Skills Focus	The Employer Support Programme is a skills development programme funded by DfE and delivered across the six regional FE Colleges. Skills Focus enables small to medium sized businesses to meet business needs by increasing the skills levels of the existing workforce with qualifications at level 2 and above.	The Skills Focus strand of the programme focuses on skills development and the achievement of qualifications on the Qualifications and Curriculum Framework.
INTRO Graduate Programme. Programme currently unavailable with a similar programme expected to be rolled out shortly.	INTRO is an Entry to Management initiative, designed to improve the management and leadership skills of graduate managers in order to enhance their managerial competencies and help them sustain quality graduate level employment. The programme combines 3 weeks off-the-job classroom training, with a 21 week work placement where the graduates, from whatever discipline they come, have the opportunity to work on a management-level business improvement project with an employer, and to	The programme focuses on skills development in relation to Professional Development Planning; Project Management; Marketing; Communication; and Leadership and Teamwork.

Programme	Type of skills support	What does it cover
	complete a professional management diploma.	

Programmes INVESTNI

Programme	Type of Skills Support	What does it cover
Skills Growth Programme	Advisory and financial support for training and development activities aimed at improving business performance.	Upper rate of overall assistance is 50% for specific and general training towards:- <ul style="list-style-type: none"> • External Trainer costs • Travel & accommodation • Direct training materials • Internal Trainer costs • Trainee wage costs
Skills Accelerator Grant	Financial support of non-mandatory training to small companies to improve business performance, competitiveness and growth.	Support at 50% up to a maximum of £10k towards:- <ul style="list-style-type: none"> • External training costs • Travel & accommodation
The Leader Programme	To enhance the individual performance of a business leader within an SME, to enable them to realise the potential within their business.	49% of the total cost of:- <ul style="list-style-type: none"> • Business mentoring • Leadership Coaching • Shared Learning through Peer Networks
The Leadership Team Programme	A bespoke leadership for top teams within SMEs. Aimed at improving efficiency, competitiveness and innovative capability.	60% for medium sized and 70% for small companies <ul style="list-style-type: none"> • Company diagnostic assessment • Educational Learning modules • Business Coach Peer & wider networks
Interim Manager	Help SME's improve business performance by accessing the knowledge and skills of experienced managers, on a short term basis, to address specific issues which may not	The level of Invest NI support will be agreed individually for each project: <ul style="list-style-type: none"> • Projects/engagements should normally not exceed 60 days over 6 months and ideally will be completed

Programme	Type of Skills Support	What does it cover
	otherwise be addressed in a timely and effective way.	<p>within less than 6 months.</p> <ul style="list-style-type: none"> Invest NI support will not normally exceed £15,000 per project or 49% of the daily rate agreed between your business and the appointed Interim Manager, whichever is the lesser.
Consultancy	Assist companies improve business performance by short term access to external knowledge and skills to address specific issues which may not otherwise be addressed in a timely and effective way.	<ul style="list-style-type: none"> 20 days over 6 months. £7,500 or 49% of eligible costs whichever is the lesser.
Mentoring	Assist companies improve business performance by short term access to external knowledge and skills to address specific issues which may not otherwise be addressed in a timely and effective way.	<ul style="list-style-type: none"> 10 days over 3 months. £1,500 or 49% of eligible costs whichever is the lesser.
Non Executive Director	Help SME's improve business performance by accessing the knowledge and skills of experienced business people.	<ul style="list-style-type: none"> Invest NI support will not normally exceed £15,000 or 49%, whichever is the lesser, of the fees agreed between your business and the Non-Exec. Support is limited to 2 year engagements only i.e. £7,500 pa. Support is only available to limited companies registered in Northern Ireland.
Best Practice Events	To raise awareness of the impact of Leadership and LEAN on business productivity.	<ul style="list-style-type: none"> Free of charge.
Collaborative Network	To facilitate the skills demand within priority sectors.	<ul style="list-style-type: none"> Engagement with industry. Financial support for facilitators.

Glossary of Skills Levels

Annex C

Level 8	Doctorate Phd	
Level 7	Master's Degree MA, MSc, MPhil	
Level 6	University Degree BA, Bsc	Level 6 (Degree) apprenticeship: A new type of higher apprenticeship which can lead to a full undergraduate degree as part of the apprenticeship
Level 5		
Level 4		Level 4 and 5 higher apprenticeship
Level 3	A-Level A2 AS	Advanced level apprenticeship
Level 2	GCSE Grade A* - C	Intermediate level apprenticeship: Equivalent to five GCSE passes
Level 1	GCSE Grade D-G	
Entry Level	Key stage 3	



Department for the
Economy
www.economy-ni.gov.uk



THE DEPARTMENT:

Our aim is to promote learning and skills, to prepare people for work and to support the economy.

This document is available in other formats upon request.

Further information:

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email: apprenticeshiplevyni@economy-ni.gov.uk