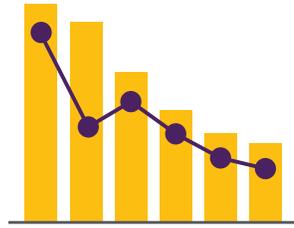


Addressing employer under-investment in training – the case for a broader training levy

The UK has seen a long-term and substantial decline in the volume of employer training and investment in training. The need for greater investment in workforce skills is clear.

There has been a 20% decline in work-related off-the-job learning between 1998 and 2018.



In a 1/3 of all businesses, 50-100% of all training that occurs is health and safety or induction based.



The current impact of the apprenticeship levy

It was due to declining investment and participation in employer training that the Government introduced the apprenticeship levy.

Since the levy's introduction, apprenticeship starts have fallen considerably. The first two quarters of 2018-19 saw a lower number of apprenticeships starts than in the same period during 2015-16 – before the introduction of the levy.



Concerns remain around the narrow occupational breadth of new apprenticeship standards, as well as the proliferation in the number of standards.

Evidence suggests there may be a considerable amount of levy funded training that would have happened anyway.



The CIPD recommendations for a broader training levy

To ensure the financial sustainability of the levy, increase the quality of apprenticeships and better coordinate skill demand and supplies, the CIPD recommends:



Widen the scope of the levy, requiring all employers with over 50 employees to contribute at a rate of 0.5% of their payroll. Larger businesses (250+ employees) to contribute at 1% of payroll.

Include other forms of accredited training, as well as apprenticeships. The training to attract funding will be allocated in-line with Industrial Strategy priorities.



The fund should be top sliced to create a £1.1 billion Regional Skills Fund. This can address general skills issues in local areas, such as demand side weaknesses.

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