

The Chartered Institute of Building

submission to the

Department for Business
Innovation & Skills

on the consultation

Apprenticeships levy: employer
owned apprenticeships training

2nd October 2015

What is your name?

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What is your e-mail address?

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What is your job title?

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When responding please state whether you are responding as an individual or representing the views of an organisation.

I am responding as an individual

I am responding on behalf of an organisation

If you are responding on behalf of an organisation, please make it clear who the organisation represents by selecting the appropriate interest group on the consultation form and, where applicable, how the views of members were assembled.

What is the name of your organisation?

The Chartered Institute of Building (CIOB)

	Business representative organisation/trade body
	Central government
	Charity or social enterprise
	Individual
	Employer (over 250 staff)
	Employer (50 to 250 staff)
	Employer (10 to 49 staff)
	Employer (up to 9 staff)
	Legal representative
	Local Government
	Trade union or staff association
	Further Education college
	Private training provider
	University
x	Professional body
	Awarding organisation
	Other (please describe)

Where are you based?

England Wales Scotland Northern Ireland

UK wide

If you are responding as an employer, which sector of the economy are you in?

	Agriculture, forestry & fishing
	Energy & water
	Manufacturing
x	Construction
	Distribution, hotels & restaurants
	Transport & communication
	Banking, finance & insurance etc
	Public admin, education & health
	Other services

Introduction

The Chartered Institute of Building (CIOB) is at the heart of a management career in construction.

We are the world's largest and most influential professional body for construction management and leadership. We have a Royal Charter to promote the science and practice of building and construction for the benefit of society, which we have been doing since 1834. Our members work worldwide in the development, conservation and improvement of the built environment.

We accredit university degrees, educational courses and training. Our professional and vocational qualifications are a mark of the highest levels of competence and professionalism, providing assurance to clients and other professionals procuring built assets.

Full Response

Paying the levy

- 1. Should a proportion of the apprenticeship funding raised from larger companies be used to support apprenticeship training by smaller companies that have not paid the levy?**

Yes No

In the construction industry it is vital that apprenticeship funding is filtered down the supply chain to reach SME organisations that do not pay the levy. It is in the interest of larger contractors to have a highly skilled supply chain that is flexible and also assists SMEs that are often operating with much smaller profit margins. On the basis the money is simply transferred we cannot see why there would be much issue if the new levy does come into force.

However, we still believe that a number of large construction firms will object to paying the new apprenticeship levy on top of the existing Construction Industry Training Board (CITB) levy; this is also likely the case across the engineering profession and then Engineering Construction Industry Training Board (ECITB).

This requires clarity before the construction and engineering industries can support a new funding mechanism for apprenticeships. Government must decide whether construction and engineering industries need to pay for both levies or if an alternative arrangement with the removal of the statutory industry levy arrangement is made. Doing so would represent a significant change for both the construction and engineering industries training arrangements and further research is required to understand what effects this would have on the skills capabilities across these sectors.

- 2. Do you have any comments on the proposed mechanism for collecting the levy via PAYE?**

Yes No

No comments.

3. In your opinion, how should the size of firm paying the levy be calculated?

We do not have any specific comments on how the size of firm paying the levy be calculated but echo the comments made by the Confederation of British Industry (CBI), in that there needs to be more detail on the rate, remit and definition of larger important and that it needs to be discussed with employers across all the major sectors that the levy will have an impact on.

4. Should employers be able to spend their apprenticeship funding on training for apprentices that are not their employees?

Yes No

Yes, as mentioned in our response to question 1, employers should be able to fund apprentices that work within their supply chain.

Employers operating across the UK

5. How should the England operations of employers operating across the UK be identified?

No comments.

Allowing employers to get back more than they put in

6. How long should employers have to use their levy funding before it expires?

1 year 2 years Other (please state in comments below)

The length of time that employers have to use their levy funding should be linked to the type of industry it rests in. For example, some industries naturally have high levels of staff turnover and poor rates of retention. Other industries are also more vulnerable to the early effects of recession and may experience a fall in demand for training in such circumstances. Therefore, the length of time that employers have should be decided on these market conditions and a cross-sector approach should not be used.

7. Do you have any other view on how this part of the system should work?

No comments.

8. Do you agree that there should be a limit on the amount that individual employer's voucher accounts can be topped up?

Yes No

No comments.

9. How do you think this limit should be calculated?

We do not believe that there should be a limit to the amount that individual employer's voucher accounts can be topped up. We believe that the limit should be calculated through the number of apprenticeship completions that each employer achieves.

10. What should we do to support employers who want to take on more apprentices than their levy funding plus any top ups will pay for?

In such circumstances, companies should be rewarded by removing them from the levy as they are fully supporting the development of new talent into their industry.

The levy is fair

11. How can we ensure that the levy supports the development of high-quality apprenticeship provision?

The levy should seek to cover higher level qualifications that are accredited by a national qualifications system such as the National Qualifications Framework, the Higher Education Framework for England or equivalent. They should, in short be based on regulated qualifications delivered by providers who collect and monitor quality assurance information on completions, progression and graduate destinations.

12. How should these ceilings be set, and reviewed over time?

No comments.

13. How best can we engage employers in the creation and wider operation of the apprenticeship levy?

It is crucial that the Government consults with relevant stakeholder bodies that oversee various sectors. For example, BuildUK (a merger between the former UK Contractors Group and The National Specialist Contractors' Council) provide a collective voice for the contracting supply chain in construction. The organisation brings together 27 of the industry's largest main contractors and 40 leading trade associations that represent over 11,500 specialist contractors.

The CIOB, amongst other professional bodies in the built environment, are crucial points of contact given the extensive network of members working across the supply chain.

Giving employers real control

14. Does the potential model enable employers to easily and simply access their funding for apprenticeship training?

Yes No

We do not think that there is enough detail to comment on the ease and simplicity of the funding model. We particularly note that any such model needs to be SME friendly, as many smaller businesses – that may still use the levy – may decide against engaging with it if it becomes a burdensome process. This is something we have heard from smaller employers applying for funding through the CITB and we understand they are seeking to make more simplistic.

15. Should we maintain the arrangement of having lead providers or should employers have the option to work directly with multiple providers and take this lead role themselves if they choose to do so?

Yes No

The Richard Review of Apprenticeships made it clear that the purchasing power for training must lie firmly in the hands of employers. It also noted that employers are best placed to judge the quality and relevance of training and demand the highest possible standards from training organisations.

If the levy is to run in the spirit of the Richard Review then employers must be enabled and trusted to decide upon the best training providers for their business.

We believe that checks on the standards and levels of qualifications that apprentices gain will provide the necessary assurance to other contributing employers of the levy. These qualifications should be fully regulated and will enable greater social mobility for the apprentice should they wish to move industry late in their career.

17. Should training providers that can receive levy funding have to be registered and/or be subject to some form of approval or inspection?

Yes No

If training providers offer regulated qualifications they will be regulated already by the relevant body, e.g. Ofqual.

18. If providers aren't subject to approval and inspection, what checks should we build in to the system to give contributing employers assurance that the levy is being used to deliver high quality legitimate apprenticeship training?

We believe that an approach such as the above is necessary to build assurance and would not be able to advise on other approaches.

19. What other factors should we take into account in order to maximise value for money and prevent abuse?

The use of Key Performance Indicators (KPIs) will help maximise value for money and build the business case for the value of apprenticeships long term.

Training providers could carry out this function by monitoring statistics on the completion rates of apprenticeship courses and gather detailed data on what has happened to the apprentice past their original apprenticeship period. Both these pieces of information will help indicate whether the particular apprenticeship programme is providing value for money and relevant to the needs of the apprentice. This lesson learning function will, in the long term, maximise value. KPIs should also be developed to measure the quality of the apprenticeship.

The levy is simple

20. How should the new system best support the interests of 16-18 year olds and their employers?

Since 2011, £1.2 billion was invested into apprenticeship schemes and perceptions of the apprenticeships have begun to change. However, we believe the term 'apprenticeship' was used far too generously and many employers badged any retraining or work-experience under the name. These standards fall short of those in the Richard Review.

While it is clearly important to get 16-18 year-olds into work, there must be rigorous and high standards to ensure they lead to fully fledged careers. With short term training in jobs that do not require any extra learning badged as apprenticeships, it is no surprise that they are not as an attractive option for young people. Furthermore, as the National Minimum Wage for an apprentice was until recently £2.73 per hour (and as of 1 October 2015 is £3.30), apprenticeships may be perceived as a way of recruiting cheap labour. This must not be allowed to be the case for employers.

21. Do you agree that apprenticeship levy funding should only be used to pay for the direct costs of apprenticeship training and assessment?

Yes No

Currently, the CITB levy is used to fund a number of other functions that can be said to detract away from its original purpose. Although some of these admirable, for example, attracting young people to careers in construction, we feel that it can often over complex the funding model and mean that it becomes conflicted and is unable to deliver on its core mission.

22. If not, what else would you want vouchers to be able to be used for and how would spending be controlled or audited to ensure the overall system remains fair?

Vouchers could be used to go towards Professional Body accreditation, Higher Level apprenticeships etc.

23. Are there any other issues we should consider for the design and implementation of the levy that haven't been covered by the consultation questions we have asked you?

Yes No

Yes, as mentioned in our response to question 1, there needs to be clarity about how the industry levies (CITB/ECITB) work alongside the new apprenticeship levy, if at all.

Do you have any other comments that might aid the consultation process as a whole?

Please use this space for any general comments that you may have, comments on the layout of this consultation would also be welcomed.

No further comments.

Thank you for taking the time to let us have your views. We do not intend to acknowledge receipt of individual responses unless you tick the box below.

Please acknowledge this reply

At BIS we carry out our research on many different topics and consultations. As your views are valuable to us, would it be okay if we were to contact you again from time to time either for research or to send through consultation documents?

Yes

No