

New research highlights need to 'reclaim' apprenticeships for young people and for skills levy to boost training across the economy

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New evidence and analysis by the [CIPD](#), working with Youth Futures Foundation, reveals worrying unintended consequences of the Apprenticeship Levy on apprenticeship provision and skills development since its introduction.

The new report '*Balancing act: Youth apprenticeships and the case for a flexible skills levy*' includes a survey of more than 2,000 organisations. It finds most employers believe that apprenticeships should be primarily used to support young people entering the workforce. However, the survey evidence reveals that the current levy system is undermining this ambition and is instead incentivising employers to rebrand training for existing staff as apprenticeships so they can claim back funding.

In response, the report calls for an Apprenticeship Guarantee for young people and for the levy to be transformed into a flexible skills levy, with at least 50% of funds going towards apprenticeships, primarily for young people, and the remainder going towards other forms of accredited training. These reforms would help provide the right balance in structurally restoring and ringfencing opportunities for young talent, whilst also enabling businesses to meaningfully invest in and upskill their existing workforce.

The report's analysis highlights a significant fall in overall apprenticeship starts since the Apprenticeship Levy came into force in 2017 and finds that the policy has failed to reverse the long-term decline in employer investment in skills, a key intended outcome for its introduction. It shows that:

Employer support for helping young people through apprenticeships is strong

The employer survey cited in the report shows strong support for apprenticeships to have a much stronger focus on young people:

- More than half of employers (60%) think that the primary purpose of apprenticeships should be supporting young people to enter the workplace, with just 15% saying it should be used to develop existing staff.
- Nine in ten* (89%) employers back the recommendation of an Apprenticeship Guarantee for young people up to the age of 24, ensuring that a Level 2 or Level 3 apprenticeship place is available for every young person who wants one and meets the minimum entry requirements.

However, it also includes analysis showing unintended negative consequences of the Apprenticeship Levy:

- 54% of organisations paying the levy admitted they had converted existing training activity into apprenticeships programmes to claim back their allowance.
- A 41% fall in apprenticeship starts for the under 19s and a 36% decline for those aged 19-24 years old between 2015/16 and 2022/23, further to the levy's introduction in 2017.**
- Very low apprenticeship achievements rates of 54.6%, with £620m spent on training for apprenticeships that weren't completed for year 21/22 alone. The report suggests this is, in part, due to so much training being rebadged and therefore not being appropriate for people's needs.**

Worryingly, the data shows the introduction of the Levy coincides with the number of people undertaking apprenticeships from the most deprived areas of England falling from 250,000 to 150,000 between 2015/16 and 2022/23.

To address these failings, the report calls for policy makers to:

- Introduce an Apprenticeship Guarantee for young people aged up to 24 to ensure a Level 2 or Level 3 apprenticeship is available for every qualified candidate. This is backed by nine in ten employers surveyed by the CIPD.
- Reform the Apprenticeship Levy into a more flexible skills levy, with at least 50% of funding ringfenced for apprenticeships for young people and the remainder for other forms of accredited training.
- Reintroduce a pre-apprenticeship programme, to support people in getting the right skills to be able to access and succeed within apprenticeships (the traineeship programme was withdrawn in 2023).
- Strengthen sector bodies and local partnerships to catalyse collective employer action in identifying and addressing skills challenges at an industry level as part of a new industrial strategy.

Peter Cheese, Chief Executive of the CIPD, the professional body for HR and people development said: "The evidence in this report shows clearly that young people most need and benefit from apprenticeships, and that the erosion of this pathway has had a negative impact on social mobility for the most disadvantaged. The introduction of an Apprenticeship Guarantee would help reclaim apprenticeships primarily for young people and reverse the decline in opportunities for them.

"At the same time, a more flexible skills levy would enable organisations to invest much more effectively in wider workforce development. For example, to adapt to and optimise the use of AI and other

technology, support green transition, as well tackle skills gaps and shortages more broadly. Increasingly, employers are looking to modular forms of training and the use of 'micro-credentials' to develop employees, approaches which can be more flexible, cheaper and more effective ways of developing existing staff than relying on apprenticeships."

Barry Fletcher, Chief Executive of Youth Futures Foundation, the What Works Centre for youth employment said: "International evidence shows apprenticeships are an important and impactful way to support young people prepare for and access jobs, yet apprenticeship participation has fallen significantly for young people, especially those most marginalised in recent years. If we want to reverse this trend, we need to ensure that increasing the participation of young people in Apprenticeships is at the centre of future policy development which is why it's encouraging to see strong appetite from businesses for embracing proposals which would prioritise apprenticeships for young people."

- All figures, unless otherwise stated, are from YouGov Plc. The total sample size was 2,006 senior HR professionals and decision-makers in the UK. Please note, some questions have been rebased to remove those who said don't know. Fieldwork was undertaken between 2 and 22 January 2024. The survey was conducted online. The figures have been weighted and are representative of UK employment by organisation size, sector and industry.
- * - this data point excludes those who stated that they didn't know
- ** - CIPD analysis of Apprenticeship statistics, DfE
<https://explore-education-statistics.service.gov.uk/find-statistics/apprenticeships>