



# Training for temps

Broadening the apprenticeship  
levy to benefit flexible workers

July 2019

The Recruitment & Employment Confederation

[www.rec.uk.com](http://www.rec.uk.com)

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## FOREWORD



It is difficult not to feel ambivalent about our apprenticeship system. On the one hand, it is an important part of the vital and long overdue shift of emphasis from a focus on purely academic learning to vocational skills and employment readiness – a shift that is also one of the objectives of the recent Augar Review. The evidence suggests that well-designed and well-managed apprenticeships deliver productivity gains for employers and a significant uplift in potential earnings for apprentices.

On the other hand, there continue to be many problems with the system. Not only are overall numbers well below target, but a high proportion of apprenticeships are taken by employees over 25, many of whom appear to be taking courses that have been rebadged as apprenticeships to access levy funds. Moreover, in many sectors such as retail, the apprenticeship model simply doesn't seem to fit business realities.

This carefully researched and persuasive report identifies another weakness of apprenticeships as they are currently structured, namely that they cannot be accessed by employment agencies and the employees they place. As the report argues, this is particularly frustrating given these employees are among those who would most benefit from additional training.

As someone with long experience in policy-making and an awareness of the complexity of employment, which I gained when chairing the Good Work Commission for the government, I know there are no easy answers to having a robust national system which also caters for all sectors and for non-standard workers. But as the government continues to evaluate and review the apprenticeship system, I hope it will give proper consideration to the well-made argument in this timely report.

### **Matthew Taylor**

Chief Executive of the Royal Society for the Encouragement of Arts, Manufactures and Commerce (RSA)

## AN OVERVIEW: TRAINING FOR TEMPS

**The world of work is changing. The end of the era where 9–5 working is the norm is challenging for policy-makers and government as they struggle to keep up with the evolving jobs landscape and the advent of the gig economy, automation and AI. For workers, having multiple careers is on the rise and working for one employer for the whole of one's career is now almost unimaginable.**

In this challenging and complex jobs landscape, the rise in importance of the Good Work Agenda is to be welcomed; however, one area that the UK risks falling behind on globally is ensuring that people have access to training throughout their working lives.

There have been significant recent changes in the skills and training agenda, including the introduction of the apprenticeship levy – a contribution by employers to encourage the provision of apprenticeship training. However, two years since its implementation, it is clear that reform is needed to make the policy work properly for employers and employees in this changing jobs landscape.

One area of reform to the apprenticeship levy that would make a good and positive contribution to the economy is making it work for those not on permanent contracts. There are currently limited training possibilities for workers on more flexible and temporary contracts. This is not about a solution for the recruitment sector – it is about allowing the money paid on behalf of the temporary workforce to be accessed by them. If implemented properly, this could have a positive impact across the economy in sectors with thousands of temporary workers.

Numerous REC members provide training opportunities to the workers they place into short-term roles; however, if there were more training opportunities available to these workers, at no additional cost to the employer, it would most importantly benefit the worker but also the recruitment agency, the employer, and the economy more generally.

On average, there were 1.02 million temporary and contract workers on assignment on any given day across the financial year 2017/18.<sup>1</sup> These are workers who would greatly benefit from improved access to training programmes and are very eager to take up training opportunities. Indeed, the REC report *Getting On* revealed that what temporary workers in key sectors wanted most is access to training that enables them to *get on* and progress.

The apprenticeships programme in England is intended to allow people to develop the knowledge and skills required for their occupation, and help boost productivity. But the way the current apprenticeship levy scheme operates means that a disproportionately high number of REC members pay the levy without being able to use funds in their account on training for agency workers.<sup>2</sup> The case study on page 5 is a prevailing case amongst recruitment businesses. This means temporary workers – a significant and growing segment of the workforce – are unable to upskill and progress. In turn, this hinders social mobility, productivity and prosperity.

There is a solution that would help over a million temporary agency workers gain access to more training opportunities: the government enabling recruitment businesses to use the large amount of unspent funding in their apprenticeship levy accounts on Ofqual regulated training courses for their temporary workforce.

<sup>1</sup> REC. (2018) *Recruitment industry trends 2017/18*. Available at: [www.rec.uk.com](http://www.rec.uk.com)

<sup>2</sup> Agency worker is any worker who has a contract with a recruitment agency or employment business but is supplied to work temporarily for another business/a hiring client. The worker is paid by the recruitment agency or employment business.





## CASE STUDY

A small recruitment business with **20 directly employed staff** has a pay bill exceeding **£3 million** because it supplies on average **400 agency workers per week** to a number of clients in the industrial sector. As a result, it pays the apprenticeship levy. The recruitment business identifies skills shortages in this sector and wants agency workers to go on shorter training courses to help them upskill and progress. However, it is unable to use any of the levy funds on its temporary agency workers because of current funding regulations.

The contribution the recruitment industry could make on skills and progression would be amplified if the government broadened the apprenticeship levy into a more flexible and inclusive training levy. REC members believe broadening the levy would result in their businesses being able to ensure more training opportunities for workers on short-term and temporary contracts. Good quality training for temporary workers is beneficial not only for those who want to upskill, but also for employers who struggle to fill shortage occupations and are affected by poor productivity. A forward-looking and dynamic training scheme should focus on developing those skills that will define the future labour market and help promote social mobility and economic growth.

## THE IMPACT OF LEVY REGULATIONS ON THE INDUSTRY AND AGENCY WORKERS

At present, a 0.5 per cent apprenticeship levy is collected by HM Revenue & Customs from all UK employers with a pay bill in excess of £3 million. This includes the pay for agency workers. In practice, this means that small recruitment businesses alongside larger recruitment agencies with temporary staff on their books are currently paying the levy. Of the 3,000 REC members based in England, more than one in five (22 per cent) currently pay the levy. More than 90 per cent of these levy-payers are SMEs, with 72 per cent directly employing fewer than 50 people. The Department for Education estimates that around 19,000 employers paid the levy in 2017/18; that is 1.3 per cent of all employers. This means that of all the employers that pay into the levy, 1 in 25 are REC members, making the recruitment industry a significant contributor to the apprenticeship levy.

### AT A GLANCE: REC LEVY-PAYING MEMBERS<sup>3</sup>

SIZE OF BUSINESS (BY NUMBER OF EMPLOYEES)	PLACEMENTS OF AGENCY WORKERS	LEVY FUNDS USED	LEVY FUNDS EXPECTED TO BE SPENT IN FY 2019/20
Micro (0–9): 14% Small (10–49): 58% Medium (50–249): 21% Large (250+): 7%	At least 94 per cent of levy-paying REC members place agency workers.  When asked to report the percentage of agency workers – as opposed to permanent workers – they place, three in five (64 per cent) indicated this to be 75–100 per cent.	Almost half (47 per cent) of survey respondents have been unable to use any of the funds paid into their account.  Only one in ten (10 per cent) respondents have been able to use more than half of the funds in their account.  Almost all respondents (95 per cent) have been unable to use funds on apprenticeship programmes for agency workers because of current restrictions.	More than a third (37 per cent) of survey respondents anticipate they will not be able to spend any of the funds in their account.  Almost four in ten (38 per cent) respondents expect to spend only up to a quarter of funds available.

<sup>3</sup> Based on REC data of members and a survey of members conducted in March–April 2019.

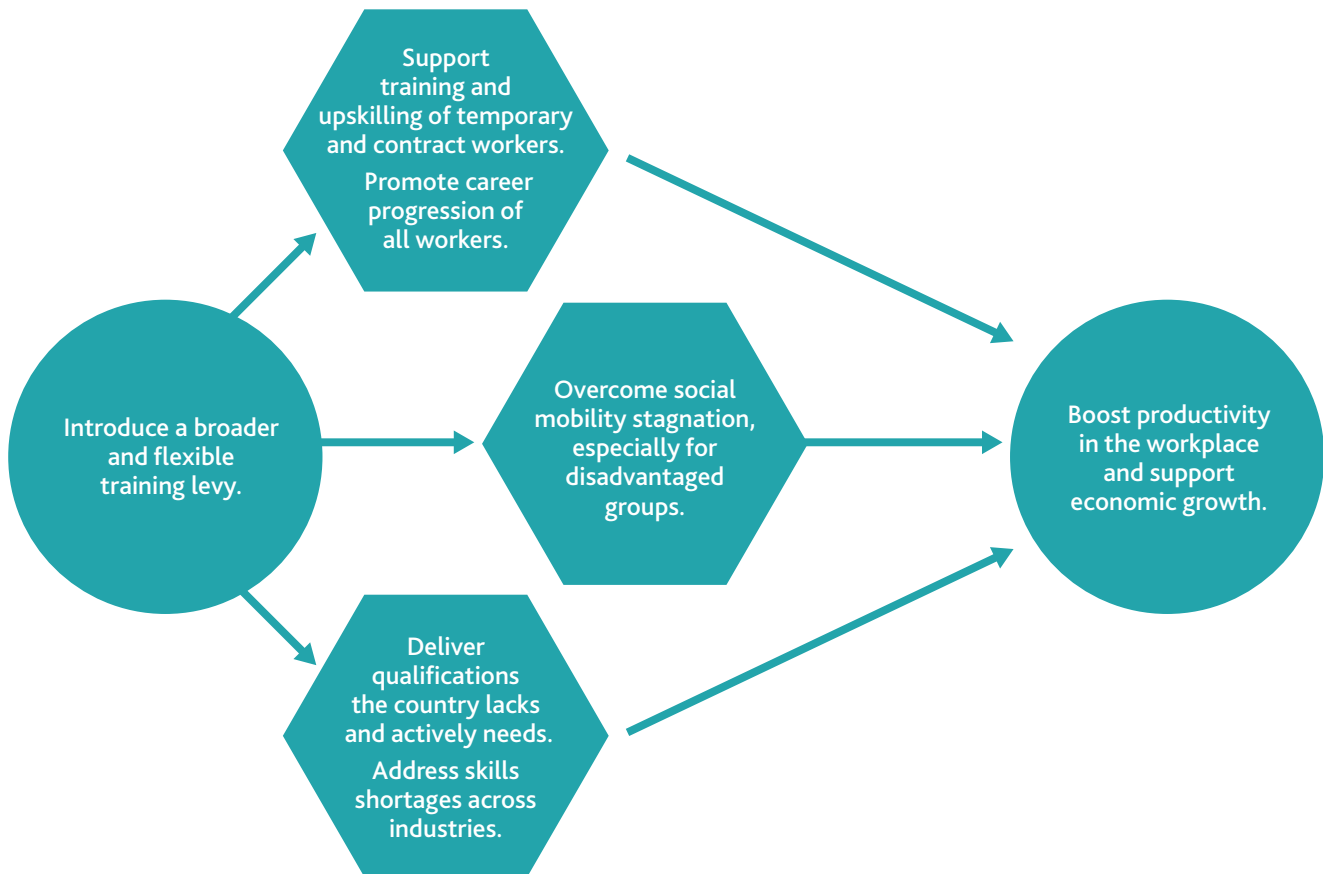
The frustration is that this funding is only able to be used for apprenticeships, which, by their very nature and structure, do not lend themselves to short-term contracts. As such, the recruitment industry continues to pay a disproportionate share of the levy while thousands of agency workers miss out on training and development opportunities. It is estimated that there are approximately £104 million of combined unused funds left in the pot of REC levy-paying members. These funds could have been used to train more than half of all agency workers currently on the payroll.

## A PRESSING NEED TO PROMOTE A LEVY SCHEME THAT IS BENEFICIAL TO ALL

The Chancellor’s announcement at the 2018 Autumn Budget of a review of the apprenticeship levy post-2020 is a welcome opportunity to reshape and reset the levy so that it works better for workers, businesses and the wider economy.

There is a clear need to boost progression opportunities for all workers irrespective of what type of contract they are on. This was highlighted in the Matthew Taylor Review into modern working practices, which also called for the broadening of the apprenticeship levy.

### ROAD MAP: FROM WORKFORCE TRAINING TO ECONOMIC PRODUCTIVITY





## MAKING A BUSINESS CASE FOR A FLEXIBLE TRAINING LEVY

It has become evident that the training and upskilling of an organisation's workforce is conducive to increasing productivity and, in turn, supporting the growth of the wider economy. However, because of current restrictions, recruitment businesses are unable to use levy funds on agency workers who work on contracts with employers across the labour market.

### Rethinking prohibitive funding rules

It is estimated that there are over a million temporary and contract workers on assignment on any given day across the year. Although the split of assignment length shows a healthy balance of placements fulfilling short-term and longer-term needs, only 2 per cent of temporary assignments and just 9 per cent of contract assignments were for 12 months or more.<sup>4</sup> This means that approximately 960,000 temporary and contract workers on assignment on any given day are automatically cut off from training opportunities through the apprenticeship levy.

According to REC members, those agency workers who remain in post for over a year are then confronted with the off-the-job training funding rule. The rule, introduced in May 2017, requires a minimum of 20 per cent off-the-job training for all apprentices. End-hirers/employers use temporary and contract workers primarily to meet peaks in demand, cover leave or absences, and to access key skills in the short term.<sup>5</sup> If agency workers are away on training at least a fifth of the time for a minimum of 12 months, this is at odds with the very reasons for using agency workers.

4 According to the REC's Recruitment industry trends 2017/18, there were 1,020,000 temporary/contract workers on assignment on any given day. Eight in ten temporary workers and almost six in ten contractors were in post for up to 25 weeks. Available at: [www.rec.uk.com](http://www.rec.uk.com)

### Addressing mounting skill shortages

Employers and recruiters participating in our monthly surveys have reported persistent skill shortages as a major concern. The REC's *Report on Jobs*<sup>6</sup> highlights a growing list of skills in short supply for both permanent and temporary staff. It is noteworthy that occupations across an array of industries, including accounting/financial, blue collar, construction, hotel/catering, engineering, IT/computing and nursing/medical/care, are listed repeatedly as being in short supply in relation to temporary staff.

Amidst the rising demand for skills, it is encouraging that eight in ten (82 per cent) employers surveyed highlight the importance of offering training and upskilling opportunities to staff in order to increase productivity.<sup>7</sup>

### Introducing inclusive training programmes to benefit all workers

Apprenticeships by their very nature and structure do not lend themselves to short-term contracts, but there are a number of shorter-term training options that would be beneficial to temporary staff and which a more flexible training levy could support. Such programmes can address skill gaps across industries, and help people access new jobs. Broadening the levy would also help a significant number of workers on temporary contracts to progress.

5 REC *JobsOutlook* monthly data available at: [www.rec.uk.com](http://www.rec.uk.com)

6 REC. (2019) *Report on Jobs*. Monthly reports are produced in association with KPMG and IHS Markit.

7 Based on an REC *JobsOutlook* survey of 400 HR decision-makers/employers conducted in February–March 2019.





APPROXIMATELY **960,000** TEMPORARY AND CONTRACT WORKERS ON ASSIGNMENT ON ANY GIVEN DAY ARE AUTOMATICALLY CUT OFF FROM TRAINING OPPORTUNITIES THROUGH THE APPRENTICESHIP LEVY

**95%** HAVE BEEN UNABLE TO USE FUNDS ON APPRENTICESHIP PROGRAMMES FOR AGENCY WORKERS BECAUSE OF CURRENT RESTRICTIONS

**8 IN 10** EMPLOYERS HIGHLIGHT THE IMPORTANCE OF OFFERING TRAINING AND UPSKILLING OPPORTUNITIES TO STAFF TO BOOST PRODUCTIVITY

**47%** OF LEVY-PAYING REC MEMBERS HAVE BEEN UNABLE TO USE ANY OF THE FUNDS PAID INTO THEIR ACCOUNT SO FAR

According to REC estimates, over 670 levy-paying members – the vast majority of which are SMEs that supply agency workers – pay over £110 million into the apprenticeship levy every year. It is noteworthy that almost half (47 per cent) of survey respondents have been unable to use any of the funds paid into their account so far.

Crucially, survey data reveals that 95 per cent have been unable to use funds on apprenticeship programmes for temporary agency workers despite members identifying a range of skills and relevant qualifications required to meet demand of temporary staff. For instance, a flexible training levy could support the provision of shorter training courses, including:

- ▶ teaching assistant training courses and supply teacher qualifications
- ▶ healthcare assistant training courses
- ▶ training for HGV and forklift truck drivers in logistics
- ▶ catering courses in hospitality
- ▶ health and safety courses for those who work in transport
- ▶ manufacturing and production management courses
- ▶ basic and intermediate digital skills courses.

# 1. SPOTLIGHT ON SOCIAL MOBILITY FOR ALL WORKERS

**The need to boost progression opportunities for all workers, irrespective of what type of contract they are on, was a key message within the Matthew Taylor Review into modern working practices. The review also called for the broadening of the apprenticeship levy once it reached 3 million apprenticeship starts to ensure the policy works for atypical workers, including those working through employment businesses.**

Similarly, the House of Commons Education Committee has called on the government to explore the effect of introducing greater flexibility in the amount of off-the-job training required by each apprenticeship standard. The introduction of greater flexibility across the system could further support the objective of helping workers gain skills and climb the ladder of opportunity.<sup>8</sup>

## SOCIAL MOBILITY STAGNATION

Social mobility is about ensuring that a person's occupation and income are not tied to where they started in life, and that people of all backgrounds get equal opportunities. In order to accomplish social mobility, relevant policies should focus on supporting those groups that are already disadvantaged, those that are the least connected and have the most to gain.

## PERPETUATING INEQUALITIES IN THE WORKPLACE

As the Social Mobility Commission warns, at a time when the country needs to be highly productive, progress is impeded by failing to maximise the talent of all citizens – especially those that start the furthest behind.

Evidence has shown that, once in the workplace, the inequality continues:

- ▶ The better off are still 80 per cent more likely to make it into professional jobs than those from working-class backgrounds.
- ▶ The lowest-skilled are the least likely to get training.
- ▶ Those from working-class backgrounds are more likely to be paid less than the voluntary Living Wage.
- ▶ Adult training is often only available for workers who are already highly paid or highly skilled; those who are low-paid and low-skilled are least likely to receive adult training.<sup>9</sup>

**'ADULT LEARNING SYSTEMS WILL NEED TO BE STRENGTHENED AND ADAPTED TO PROVIDE ALL WORKERS, AND IN PARTICULAR THOSE MOST VULNERABLE TO THE CHANGES THAT LIE AHEAD, WITH ADEQUATE OPPORTUNITIES FOR RETRAINING THROUGHOUT THEIR CAREERS.'**

*OECD Employment Outlook 2019*

8 House of Commons Education Committee. (2018) *The apprenticeships ladder of opportunity: quality not quantity*.

9 Social Mobility Commission. (2019) *State of the nation 2018–19: social mobility in Great Britain*. Available at: [www.gov.uk/government/publications/social-mobility-in-great-britain-state-of-the-nation-2018-to-2019](http://www.gov.uk/government/publications/social-mobility-in-great-britain-state-of-the-nation-2018-to-2019). See also, Social Mobility Commission's report, *The adult skills gap: is falling investment in UK adults stalling social mobility?* Available at: [www.gov.uk/government/news/adults-skills-gap](http://www.gov.uk/government/news/adults-skills-gap)



**'THOSE FROM LOWER SOCIO-ECONOMIC BACKGROUNDS ARE CLUSTERED IN LOWER-RETURNING AND LOWER-LEVEL APPRENTICESHIPS, AND ARE THUS NOT BENEFITTING AS MUCH FROM APPRENTICESHIPS AS THEIR MORE AFFLUENT PEERS.'**

*Social Mobility Commission*



## APPRENTICESHIP LEVY REFORM – A POTENTIAL TO PROMOTE SOCIAL MOBILITY

According to the Social Mobility Commission, apprenticeships have the potential to be a powerful vehicle for social mobility by offering the means to 'earn and learn', routes into work for those with no or low qualifications, as well as offering workers trapped in low pay a means of upskilling. However, the current apprenticeship system in England is not fulfilling this potential.<sup>10</sup>

Crucially, higher- and degree-level apprenticeships cost more to deliver than Level 2 and 3 provisions. As we have more higher- and degree-level apprenticeships on offer, more government money is then spent to benefit so-called 'highly skilled' employees.

It is clear a one-size-fits-all approach does not work for all workers and there are valuable skills that would not work as apprenticeships. For instance, the HGV training or a forklift truck licence do not need to be a year in length; however, the positive impact to pay for a worker in an area of high demand to employers would be beneficial to both.

If the government were to allow the broadening of what the apprenticeship levy could fund, it could make a real difference to workers who at present are least likely to have the opportunities to access training.

## TRAINING OPPORTUNITIES FOR TEMPORARY WORKERS

The number of atypical workers has increased significantly in the last decade, and working in a temporary role or contract role is an integral part of many people's career paths. In the OECD, one in three workers is now in non-standard employment, including one in nine who are on a temporary contract.<sup>11</sup>

### ACCESS TO TRAINING AS A CAREER PATHWAY

There is an irrefutable link between low pay and low skills. A previous report by the Social Mobility Commission identified that progression from low-paid jobs was limited to just one in six low-paid workers in the last decade.<sup>12</sup> This means many of those with little or no qualifications are stuck in low-paid work.

Conversations with workers in low-paid positions in key sectors including care, industrial and hospitality revealed that training is of utmost importance to them. Training will not only enable them to meet the demands of their jobs efficiently and effectively, but also enable them to progress on to higher-level jobs. It is noteworthy that a lack of training is also seen by interviewees to hamper workers' productivity levels.<sup>13</sup> Likewise, recruiters supplying agency workers have highlighted the importance of training in helping temporary workers to upskill and progress.

In fact, a lack of training opportunities is identified by many as the single biggest factor in limiting career progression for low-skilled and temporary workers. This is especially true in sectors such as logistics, which has high barriers to entry and immediate labour and skills shortages. For example, a worker in a warehouse wanting to transition to become an HGV driver would currently have to bear the training cost themselves.

In the UK we have been slow to put in place pathways that allow for in-work career progression in this changing landscape. While work experience as a result of short-term contracts can in itself aid progression for workers, the UK government has the opportunity to do more by reforming the apprenticeship levy to ensure more training and skills development opportunities can help career progression, especially for so-called low-skilled workers.

<sup>10</sup> Ibid.

<sup>11</sup> OECD. (2019) *Employment Outlook 2019*.

<sup>12</sup> Social Mobility Commission. (2017) *The great escape? Low pay and progression in the UK's labour market*.

<sup>13</sup> See also, REC report, *Getting on: what progression looks like for low-paid workers today*. Available at: [www.rec.uk.com/research](http://www.rec.uk.com/research)

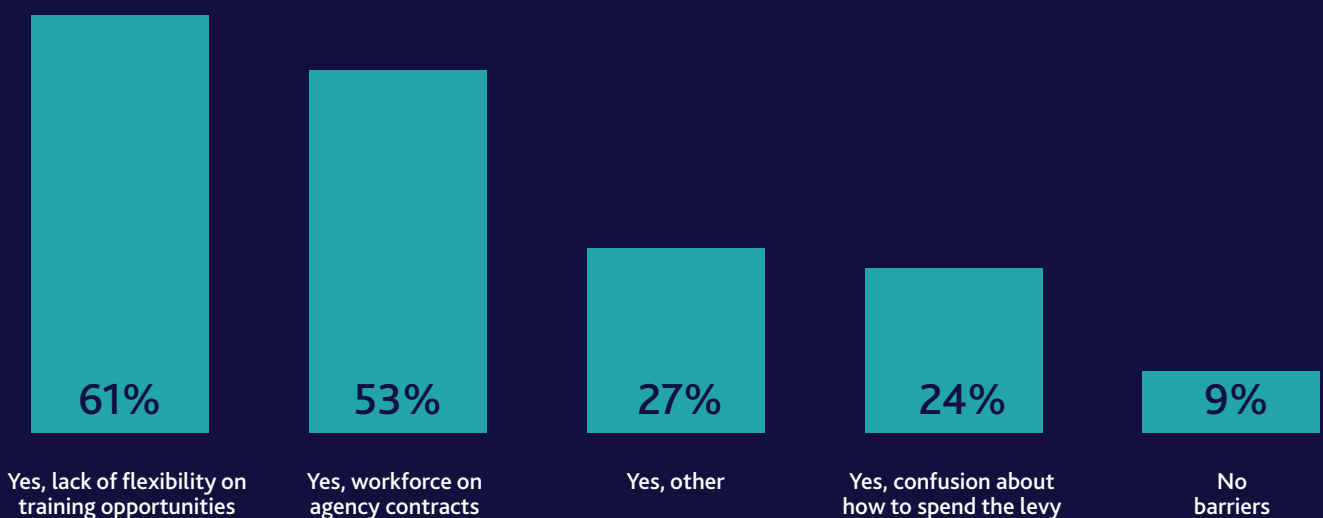
## 2. THE CURRENT SYSTEM AND ITS SHORTFALLS

An individual's contract should not be a barrier to them being able to upskill and progress. Apprenticeships are an important progression opportunity for many, but for the vast majority of workers on flexible or temporary contracts an apprenticeship is not something they can access. In practice, the way the apprenticeship levy is currently structured is a missed opportunity to support the training and upskilling of hundreds of thousands of agency workers.

### RESTRICTIVE FUNDING RULES

Crucially, in a survey of REC members in March–April 2019, three in five (61 per cent) respondents identified a lack of flexibility on training opportunities as a barrier to using the apprenticeship levy funds. Meanwhile, more than half (53 per cent) stressed that the reason why they have been unable to use funds in their levy account is because their workforce is on agency contracts. In their comments, respondents explained how the 20 per cent off-the-job training requirement and the length of apprenticeships are particularly prohibitive.

**FIGURE 1** ARE THERE ANY BARRIERS TO YOU USING THE APPRENTICESHIP LEVY FUNDS? *TICK ALL THAT APPLY.*



Base: REC members who pay the apprenticeship levy (n=75)

## LENGTH OF APPRENTICESHIP

According to funding rules, an apprenticeship lasts a minimum of 12 months without exception, with some lasting up to four years. Yet, the average longevity of temporary and contract assignments falls below the requirement for the completion of the training programmes. In fact, in 2017/18, only 2 per cent of temporary assignments were for 12 months or more.<sup>14</sup> The remaining 98 per cent of workers on temporary assignments were automatically excluded from taking up apprenticeships. Even the 2 per cent of workers on contracts for 12 months or more would only be able to undertake an apprenticeship if they knew the length of their contract at the outset and, because of the nature of temporary work, this is rarely the case.

## OFF-THE-JOB TRAINING

The requirement for a minimum of 20 per cent off-the-job training was introduced to the funding rules in May 2017. In practice this means that an apprentice must spend at least 20 per cent of their paid hours doing training; in the case of a full-time employee undertaking an apprenticeship, this means that the person is out of the office for at least one day a week for a minimum of 12 months. This, however, involves a significant cost to the employer and impacts on productivity for that period.

For workers on temporary assignments there is an additional impediment. As the REC monthly *JobsOutlook* surveys demonstrate, the biggest driver of agency worker hiring by end-users/employers continues to be for meeting peaks in demand at certain times of the year. A significant proportion of end-hirers have also consistently highlighted the importance of agency workers for covering leave or absences and for providing short-term access to key strategic skills.<sup>15</sup> Having agency workers who are away on training at least a fifth of the time for a minimum of 12 months is emphatically at odds with the very reasons for using agency workers. As a result, REC members are unable to use their apprenticeship levy funds and agency workers struggle to access training and to progress in their career.

## TRANSFER OF FUNDS

Levy-payers can support apprenticeships in other organisations by transferring a percentage of their apprenticeship funds to other employers.<sup>16</sup> From April 2019 the rate available to transfer has increased from 10 per cent to 25 per cent of the annual value of funds entering the apprenticeship service account. Nonetheless, the same restrictive regulations continue to apply, and REC members and survey respondents emphasise that the existing process is too complex, not set up for SMEs, and businesses are, in practice, discouraged from transferring their funds.



## PROHIBITIVE RULES IMPEDE WORKFORCE DEVELOPMENT

### Recruiters' insights

*'For the levy to work, it needs to be more flexible to support our workforce. If it could provide a range of qualifications and learning interventions – not just apprenticeships – this would allow us to utilise the funds in our account and support the development of our workforce.'*

*'We have a £4.8 million levy pot that has been accrued on the payroll for a significant agency workforce, who it has been virtually impossible to support via the levy. Key barriers are the longevity of assignment and the off-the-job training rule, both in terms of time and cost.'*

*'We are a small business of 40 directly employed staff but supply hundreds of agency workers each week. We have a substantial amount sitting in the pot, which we are struggling to use, and it feels like we are being penalised for placing temporary workers. Clients wouldn't agree to have temporary workers for a fifth of the time off-site; they hire temp workers to do the job and not go on training. The scheme should be widened and the 20 per cent off-site and length of assignment requirements should be removed.'*

*'Because of the nature of temporary contracts for services, it's almost impossible to use the levy money on apprenticeships for temporary workers. The lack of flexibility in the way the levy can be spent just makes it impossible for recruitment agencies to use.'*

*'The diversion of funds to nominated employers is too complex to manage and highly unlikely to happen.'*

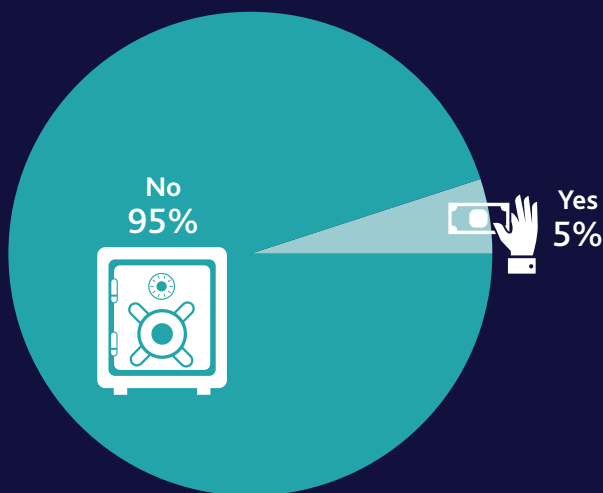
<sup>14</sup> REC. (2018) *Recruitment industry trends 2017/18*. Available at: [www.rec.uk.com](http://www.rec.uk.com)

<sup>15</sup> REC. (2019) *JobsOutlook*. According to latest data, seven in ten (69 per cent) respondents reported that agency workers are important during peaks in demand, with 64 per cent and 50 per cent stressing that agency workers are important for covering leave or absences and providing short-term access to key strategic skills, respectively. Available at: [www.rec.uk.com](http://www.rec.uk.com)

<sup>16</sup> Funds can be transferred to any employer, including smaller employers in their supply chain, and apprenticeship training agencies (ATAs). Levy-paying employers who wish to transfer funds will have to agree the individual apprenticeships that will be funded by a transfer with the employer receiving the funds. Employers receiving transferred funds will only be able to use them to pay for training and assessment for apprenticeship standards.



**FIGURE 2 HAVE YOU BEEN ABLE TO USE THE APPRENTICESHIP LEVY TO FUND APPRENTICESHIP PROGRAMMES FOR AGENCY WORKERS?**



Base: REC members who pay the apprenticeship levy (n=73)

### LIMITED ABILITY TO USE LEVY FUNDS

With current funding rules restricting the use of funds to train temporary workers, it is unsurprising that a staggering 95 per cent of survey respondents revealed they have been unable to use the apprenticeship levy to fund training programmes for agency workers.

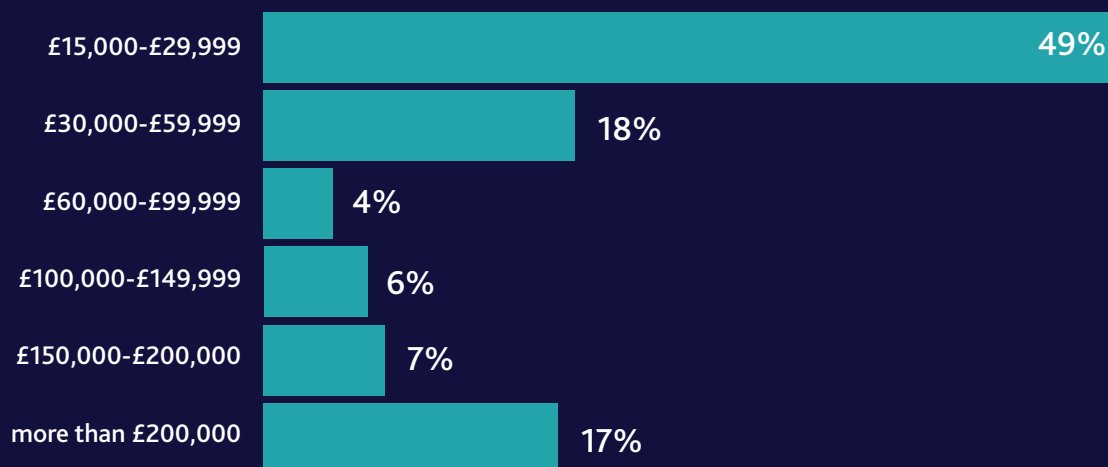
Even though the majority (67 per cent) of respondents reported paying up to £59,999 into the levy in the period April 2018 to March 2019, there is a significant portion – one in four (24 per cent) – that has paid £150,000 or more into the levy in the last financial year (Figure 3).

However, as a result of restrictive regulations, recruitment businesses have substantial funds remaining in their apprenticeship levy accounts. Startlingly, REC members disclosed that they have tens of thousands of pounds sitting in their levy pot, with individual members who supply a large number of agency workers reporting over £1 million of unused funds despite putting in place apprenticeships for their directly employed recruitment staff. We estimated that there is approximately £104 million in unused REC member funds; however, the total figure of unused funds within the recruitment industry, which would also include contributions by non-REC members, would be higher. Accordingly, seven in ten (69 per cent) would view their unspent apprenticeship levy funds as a tax and take no further action.

As Figure 4 illustrates, almost half (47 per cent) of respondents reported they have been unable to spend any of the funds paid into their account. In fact, only one in ten (10 per cent) have used half or more of the funds in their account, while three in ten (30 per cent) said they have so far been able to use less than a quarter (1–24 per cent) of the funds.

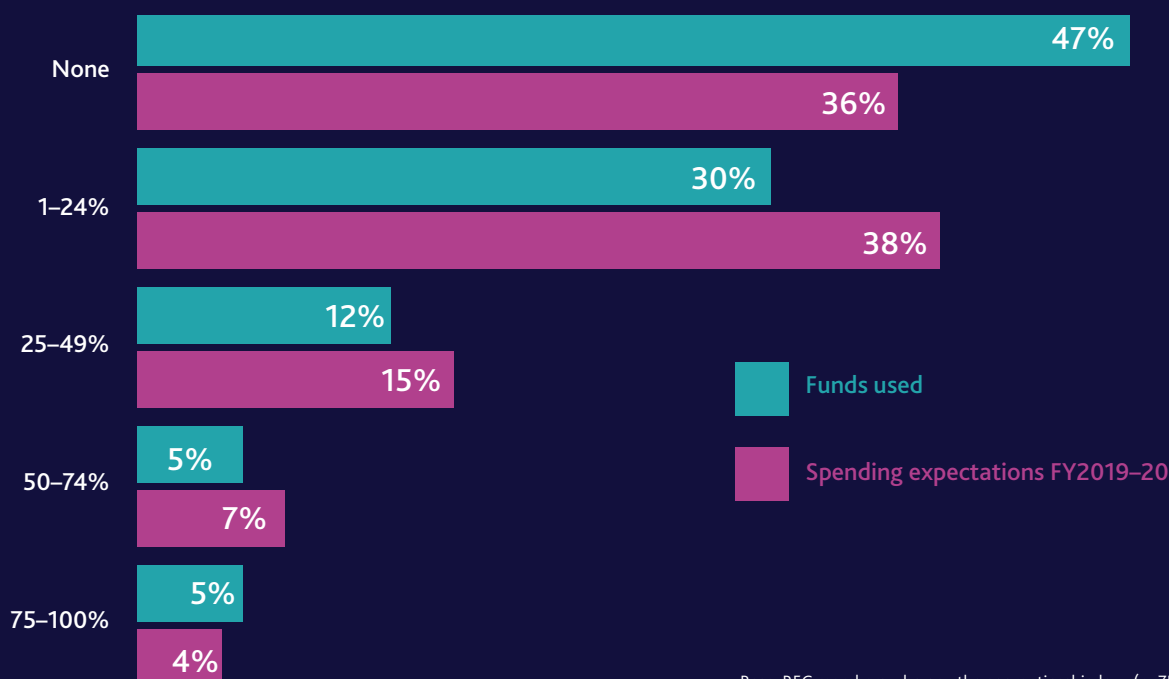
Importantly, if no regulatory changes to the apprenticeship levy are enforced, respondents revealed that they will continue to struggle to spend funds in their accounts during the financial year 2019/20. More than a third (36 per cent) anticipate they will be unable to use any of the funds in their account, while almost two in five (38 per cent) expect to use less than a quarter (1–24 per cent) of the funds. Consistent with current spending, only a fraction of respondents anticipate using half or more of the money in their levy account.

**FIGURE 3 HOW MUCH HAVE YOU PAID INTO THE LEVY IN THE LAST FINANCIAL YEAR (APRIL 2018 TO MARCH 2019)?**



Base: REC members who pay the apprenticeship levy (n=72)

**FIGURE 4 WHAT PERCENTAGE OF THE FUNDS YOU HAVE SO FAR PAID INTO YOUR ACCOUNT HAVE YOU BEEN ABLE TO USE? WITH NO CHANGES TO THE LEVY, WHAT PERCENTAGE DO YOU ESTIMATE YOU WILL BE ABLE TO SPEND DURING THE NEXT FINANCIAL YEAR (APRIL 2019 TO MARCH 2020)?**



Base: REC members who pay the apprenticeship levy (n=75)

## EXAMPLES OF RECRUITMENT BUSINESSES STRUGGLING TO USE LEVY FUNDS

### Micro business



A member of the REC with fewer than ten direct employees pays the apprenticeship levy as they supply approximately 200 agency workers per week in the blue-collar and engineering sectors. They paid between £15,000 and £29,999 over the last financial year but have been unable to spend any of these funds. The member is very frustrated that they cannot use any of the levy funds on training temporary workers.

### Medium business



An REC member recruiting for blue-collar and engineering jobs has paid over £500,000 into their apprenticeship levy account. They have not been able to spend any of that money either for their own staff or the agency workers they place because of current restrictions and a lack of flexibility on training opportunities.

### Large business



An REC member that directly employs more than 250 people, providing agency workers to multiple sectors, has spent less than a quarter of the money that they put into their apprenticeship levy account, with £4.8 million remaining. They have not spent any of this money on training agency workers, instead using it on MBAs for their own staff. If the levy was broadened they would be able to train agency staff so that they could secure longer-term sustainable employment and build their personal resilience (including technology skills, financial well-being and mental health awareness).



Levy funds can only be used to pay for training for 24 months from when they enter employers' accounts before they begin to expire on a rolling month-by-month basis. As a consequence, the first tranche of unused funds in the employers' levy pot expired in April 2019.

By enabling recruitment businesses to use the large amount of unspent funding in their apprenticeship levy accounts on training programmes for temporary agency workers, the upskilling and progression opportunities provided to these workers will be substantial. In turn, the introduction of a flexible and inclusive training levy scheme will support businesses by addressing skills shortages and helping to boost productivity.

## EQUALITY OF TRAINING OPPORTUNITIES

The promotion of equal training for all workers essentially is a means for equality of opportunities. But, while apprenticeships are frequently lauded as a ladder for opportunity, not all workers have equal access to training. The way the apprenticeship levy scheme is structured and implemented in England is in fact a missed opportunity, which, if changed, would enable hundreds of thousands of temporary agency workers to progress.

From hospitality and care to logistics, engineering and education, workers in sectors and industries across the economy would benefit from a flexible training scheme. Within the recruitment industry, the REC supports apprenticeships and encourages its members to use both the Level 3 and 4 apprenticeships in recruitment that it has developed. These are an important progression opportunity for permanent workers. However, for the vast majority of workers on flexible or temporary contracts placed by REC members for end-users across different sectors, an apprenticeship is not something they can access.

In contrast to the UK, many other European countries, including Italy, France, Switzerland and Germany, already have agency training funds in place (see page 18).

Even though so many recruitment and employment agencies who supply agency workers already pay the apprenticeship levy in England, without the necessary mechanisms in place the reality is that it is very difficult for them to use the funding in their apprenticeship levy account to provide training opportunities to agency workers.

Evolving the apprenticeship levy into a broader and flexible training levy that can benefit those working in short-term and temporary contracts would be an important step towards equality of opportunities, skills development and increased productivity.



### TRAINING AS A MEANS TO PROGRESSION

#### Workers' and recruiters' insights

*'Money in our levy account should be used to enable people into work, especially in those sectors where we are experiencing candidate and skills shortages such as social care and education.'* **Recruiter**

*'You get in-house training when you are on placements but you never get anything that aids your own personal development. In addition, permanent staff are more likely to get proper training – temps don't.'* **Care home support worker**

*'I think it's important to undertake training, especially to stop you from feeling like a fish out of water.'* **Retail worker**

*'We would like to be able to use levy funds on training for our low-skilled temporary workforce to upskill them and develop their career opportunities.'* **Recruiter**

*'Agency workers should be allowed to go on shorter training courses to help them upskill and progress. A general training scheme will help more people into the workforce, aid social mobility and fill specific skills shortages.'* **Recruiter**

*'As skills shortages increase, supporting good-quality skills development is imperative. We must ensure that today's agency workers are the skilled permanent employees of tomorrow.'* **Recruiter**

## TRAINING SCHEMES FOR TEMPORARY AGENCY WORKERS

### Country comparisons<sup>17</sup>

Many OECD countries have set up dedicated training funds to finance the training of temporary work agency (TWA) workers. The funds are mainly financed by compulsory contributions and more than €500 million is invested every year in the skills of TWA workers. These training funds provide specific services for TWA workers, such as training vouchers, career guidance and wage replacement schemes during training.

Examples of these training funds include:



**Forma. Temp, Italy:** Established in 2000, its main objective is the financing of training for the acquisition of new knowledge and skills, qualification and professional qualification. Forma. Temp has developed a training voucher system that provides €5,000 worth of training to TWA workers. According to 2016 data, training was provided to 231,000 agency workers, or 35 per cent of agency workers in the country. Over 119,000 people participated in 9,254 professional training programmes – 30 per cent of these found a job afterward.



**FAF-TT, France:** Set up by the French agency work federation PRISME and its social partners, it supports temporary work agencies and agency workers through training programmes. It provides training vouchers for agency workers and working-training contracts. In 2016, approximately 40,000 agency workers trained; 2,213 people were granted individual training leave, with 77 per cent leading to a job.



**Fonds de Formation pour les Intérimaires (FFI), Belgium:** This training fund supports temporary work agencies through sectoral or specialised training of temporary candidates in order to strengthen their skills and increase their chances of employment. Jobseekers who require immediate training before starting a new assignment or temporarily inactive individuals willing to reintegrate in the jobs market via agency work are eligible to apply to the Learn4Job programme. Over 1,500 training courses were delivered in 2016 with more than 7,000 agency workers trained – 87 per cent of these remained in employment afterward.



**Temptraining, Switzerland:** Established in 2012, it provides financial support to TWA workers by covering training costs and reimbursing for lost earnings during training. With a budget of approximately €15 million, 10,740 agency workers trained in 2016.



**Germany:** Short-term off-the-job training courses that are co-financed by public employment services via training vouchers are a common practice by big staffing agencies. Vouchers are issued only for certified programmes and exclusively offered by certified training institutions to avoid misuse.

<sup>17</sup> Based on the OECD *Employment Outlook 2019* and the WEC *Economic Report 2018* (reporting on 2016).

According to the WEC, in 2016 approximately 400,000 agency workers were trained via bipartite funds in six European countries. The total funding invested in training that year was €367.2 million.

# 3. THE APPRENTICESHIP LEVY AND THE OPPORTUNITIES IT COULD BRING: BENEFITS FOR WORKERS, BUSINESSES AND THE ECONOMY

**The UK continues to show a thriving jobs market, with record numbers of people in work and unemployment at a record low. But persistent challenges relating to skills, performance and productivity continue to hinder economic growth and prosperity. Introducing greater flexibility in training schemes will support workers to upskill and progress, businesses to grow and the economy to thrive.**

The Chancellor’s announcement at the 2018 Autumn Budget of a review of the apprenticeship levy is a good opportunity to assess and reshape the levy so that it works better for all workers, businesses and the wider economy.

## AT A GLANCE: BENEFITS ARISING FROM A FLEXIBLE TRAINING LEVY

WORKERS	BUSINESSES	ECONOMY
<p>Working in a temporary/contract role is integral to many people’s career paths. Enabling temporary/contract workers to participate in training programmes will:</p> <ul style="list-style-type: none"> <li>• help them to upskill and gain new qualifications</li> <li>• promote their career progression</li> <li>• help those stuck in low-paid work to climb the ladder of opportunity.</li> </ul> <p><b>Equal training prospects for all workers is a means for equality of opportunities.</b></p>	<p>Pressing labour and skills shortages hamper business activities. Offering targeted training opportunities to temporary workers will help:</p> <ul style="list-style-type: none"> <li>• address skills shortages amid a tightening labour market</li> <li>• increase productivity in the workplace</li> <li>• outperform competitors and increase profitability.</li> </ul> <p><b>Continued learning and progression addresses skills shortages and increases productivity.</b></p>	<p>Growth and prosperity are hindered by low productivity and social mobility stagnation. Providing training to temporary workers will help:</p> <ul style="list-style-type: none"> <li>• promote social mobility, especially of disadvantaged groups</li> <li>• maximise the talent and potential of all workers</li> <li>• plug skills gaps</li> <li>• increase productivity.</li> </ul> <p><b>Good-quality training leads to skills that respond to labour market needs and economic growth.</b></p>



**'WE WANT EVERY PERSON, NO MATTER THEIR BACKGROUND, TO PROGRESS IN THE WORKPLACE AND OUTPERFORM WHAT SOCIETY SAYS THEY SHOULD BE ABLE TO DO.'**

*Amber Rudd, Work and Pensions Secretary*

## BUILDING A PROGRESSION NATION

The need to boost progression opportunities for all workers regardless of what type of contract they are on has long been a core REC principle. This is a key recommendation from the REC's Future of jobs commission. Recently, in a speech to major employers in the REC offices, Work and Pensions Secretary Amber Rudd revealed that of those workers in low-paid work in 2006, just one in six had escaped that earnings bracket a decade later. Accordingly, she called for a new government focus on helping people better themselves in work, moving to higher-paid and higher-skilled roles.<sup>18</sup>

A progression nation is a vital part of generating growth and prosperity for all. Building a progression nation is all about addressing skills needs, gender gaps and regional disparities.<sup>19</sup> Importantly, it is about offering jobseekers and workers the chance of better work to build their future. This means providing people with equal opportunities for training and upskilling.

In 2019/20, over £2.5 billion will be available to the government for investment in apprenticeships in England. It is forecasted that employers will pay approximately £2.8 billion into the apprenticeship levy. However, the way the current apprenticeship levy is structured is a missed opportunity, failing to enable temporary workers to upskill and progress. For a progression nation to be built, reforms to the levy are urgently needed.

## PRODUCTIVITY GAINS THROUGH TRAINING

Labour productivity is an important factor in determining the productive potential of the economy. Businesses and countries with strong labour productivity levels tend to benefit from high rates of growth. But while the UK has a relatively strong labour market compared with the rest of the G7, the productivity of that labour remains relatively low.

There are many factors that have a detrimental impact on productivity levels, but one key issue is the UK's poor track record of investing in training and skills. The UK remains below the EU average on the proportion of GDP spent on training and education, the proportion of employees accessing training, and spending per employee on training courses.

Encouragingly, UK business leaders are increasingly recognising the importance of training and investing in their workforce as a method for boosting productivity. According to an REC survey of 400 employers in the public and private sectors across the UK, conducted by ComRes in February–March 2019, the most popular measure businesses plan to implement in 2019 in order to boost productivity is to offer training and upskilling opportunities to staff. Four in five respondents (82 per cent) reported this, a notably higher proportion than the half of respondents who were planning to invest in physical or digital infrastructure (51 per cent and 49 per cent, respectively). This highlights both the importance of training as a method for increasing productivity and the significant number of business leaders who are willing to invest in their workforce.

<sup>18</sup> See Department for Work and Pensions press release, *Record employment is not enough – jobseekers need the chance of better work*, 9 May 2019. Available at: [www.gov.uk/government/news/record-employment-is-not-enough-jobseekers-need-the-chance-of-better-work](http://www.gov.uk/government/news/record-employment-is-not-enough-jobseekers-need-the-chance-of-better-work)

<sup>19</sup> It is worth noting that the Department for Education has no targets relating to gender equality, despite the notable under-representation of women in science, technology, engineering and mathematics (STEM) apprenticeships.



**FIGURE 5 WHICH OF THE FOLLOWING MEASURES, IF ANY, DOES YOUR BUSINESS PLAN TO IMPLEMENT IN 2019 IN ORDER TO INCREASE PRODUCTIVITY?**



Base: HR decision-makers/employers (n=400)

This survey coincided with a weakening in the permanent jobs market over the corresponding months. In March 2019, the REC's *Report on Jobs* showed the number of permanent placements in the UK decreasing at the quickest rate since mid-2016, with staff shortages and vacancy numbers continuing to rise. At the same time, four in five employers (80 per cent) reported having little or no excess capacity in their workforce to deal with an increased workload. In these circumstances, upskilling workers is an effective way to fill gaps and boost productivity. If this could be extended to temporary agency workers, further gains could be made.

### PLUGGING THE SKILLS GAP

The UK has been experiencing broad-based contraction of candidate availability for the past six years. Shrinking labour supply – often linked to record low unemployment levels in the UK, hesitancy among potential candidates to move roles amid Brexit-related uncertainty, and a fall in the number of EU citizens coming to the UK for work – has put significant pressure on businesses.

In addition to fewer candidates in the market, recruiters and employers cite skills and talent shortages. Indeed, the list of skills that are in short supply for both permanent and temporary staff continues to increase. Sectors such as IT/computing, engineering, health/social care and blue collar are those most commonly reported as facing acute skills shortages. As a recent REC survey of UK employers reveals, a shortage of suitable candidates was identified as the most pressing challenge facing UK businesses. At 33 per cent, this was significantly higher than the proportion of employers (24 per cent) that identified the shortage of suitable candidates as the main challenge facing their business a year ago.<sup>20</sup>

<sup>20</sup> For latest indicators of staff availability and skills in short supply, see *Report on Jobs* and *JobsOutlook*. Monthly reports available at: [www.rec.uk.com](http://www.rec.uk.com)

**"THE EMPLOYER SKILLS SURVEY 2017 FOUND THAT SOME OF THE MOST PERSISTENT SKILLS SHORTAGES WERE IN SKILLED TRADES (SUCH AS ELECTRICIANS AND VEHICLE TECHNICIANS). QUALIFICATIONS FOR SKILLED TRADES ARE TYPICALLY 'FULL' LEVEL 3S AND REQUIRE PROLONGED PERIODS OF STUDY AND TRAINING, WHEREAS OTHER COURSES AT THIS LEVEL ARE MUCH SHORTER (AND SO NOT 'FULL'). POST-18 STUDY AT LEVEL 3 IS GENERALLY FINANCIALLY BENEFICIAL. A COMPARISON BETWEEN ADULT LEARNERS WHO DO AND DO NOT COMPLETE A 'FULL' LEVEL 3 QUALIFICATION SHOWS A 9 PERCENTAGE POINT EARNINGS RETURN AND INCREASES THEIR CHANCE OF BEING IN EMPLOYMENT BY 4 PERCENTAGE POINTS ON AVERAGE 3–5 YEARS AFTER ACHIEVEMENT... IT IS CRITICAL TO IMPROVE THE QUALITY OF PROGRAMMES AND THEIR ALIGNMENT WITH CURRENT AND FUTURE LABOUR MARKET NEEDS, AND TO EVALUATE THEIR EFFECTIVENESS ON A REGULAR BASIS."**

*Independent panel report to the Review of Post-18 Education and Fundings*

Digitalisation, globalisation and population ageing are having a profound impact on the skills needed to perform the type of jobs that are available. But the UK is one of the countries with the lowest correspondence between the skills reported as development priorities by employers and the skills targeted in training activities. Indeed, the independent panel report to the *Review of Post-18 Education and Funding* highlights a clear mismatch between the economy's strategic demands and current apprenticeship starts and employer activity. At a time when employment patterns are changing fast with shorter job cycles and longer working lives requiring many people to reskill and upskill, the government's skills and development policy must build bridges between education and work, and actively encourage flexible, lifelong learning.<sup>21</sup>

What is particularly worrying is the fact that funding gaps intensify the country's skills shortage. For instance, when looking specifically at Level 3 programmes for 16–19-year-olds, analysis by the Association of Colleges suggests that there could be £3.3 billion in lost output between 2019 and 2024 if funding issues are not addressed. £1.7 billion of this lost output relates to STEM-relevant T Level routes in engineering and manufacturing, digital, health and science.<sup>22</sup>

From maximising the talent of all citizens to mitigating against some of the decline in access to labour following Brexit, upskilling is at the forefront of ways to tackle these persistent shortages. According to the CIPD, more than two in five (43 per cent) employers are currently upskilling existing staff to help offset hard-to-fill positions.<sup>23</sup>

Ensuring businesses have access to the skills they need is of critical importance. Meanwhile, it is evident that the flexible workforce plays a fundamental role in keeping British businesses economically viable and competitive. Therefore, upskilling activities and funding should not focus only on the permanent workforce but also reach out to and support temporary workers.

Good-quality targeted training for both permanent and temporary workers leads to skills that respond to labour market needs. At the same time, forward-looking and dynamic training schemes should focus on developing those skills that will define the future labour market.

## **MOVING ONWARD: THE INTRODUCTION OF GREATER FLEXIBILITY IN WORKERS' TRAINING**

For a business to thrive, it must maximise all the resources available. And the most important asset of any organisation is its people. But as labour and skills shortages intensify, economic growth is at risk. Opportunities for upskilling and reskilling are urgently needed if UK businesses are to continue competing successfully and the economy is to grow.

21 Independent panel report to the *Review of Post-18 Education and Funding*, May 2019. Available at: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/805127/Review\\_of\\_post\\_18\\_education\\_and\\_funding.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/805127/Review_of_post_18_education_and_funding.pdf)

22 Association of Colleges. (2019) *Skills shortages and funding gaps: an analysis of the costs of under-investment in skills*. The report, published in May 2019, warns the UK's future economic success is in jeopardy if the country's skills gap is not closed. Available at: [www.aoc.co.uk](http://www.aoc.co.uk)

23 CIPD. (2019) *Labour market outlook, spring 2019*. Available at: [www.cipd.co.uk](http://www.cipd.co.uk)

**'IT IS CRITICAL TO IMPROVE THE QUALITY OF PROGRAMMES AND THEIR ALIGNMENT WITH CURRENT AND FUTURE LABOUR MARKET NEEDS, AND TO EVALUATE THEIR EFFECTIVENESS ON A REGULAR BASIS.'**

*OECD Employment Outlook 2019*

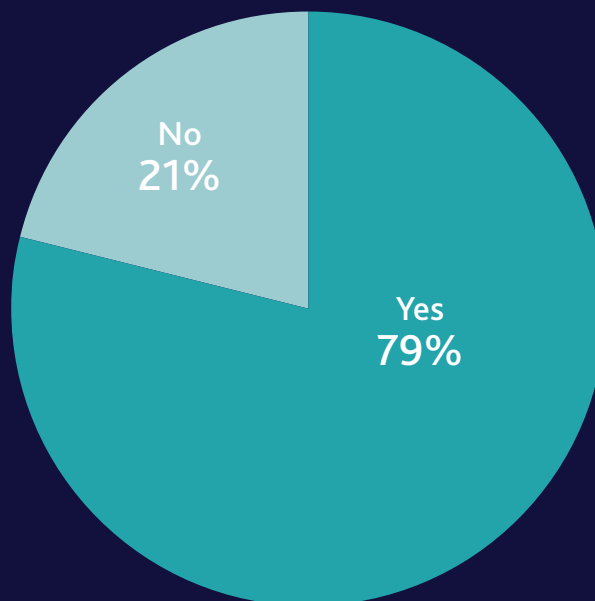
There are over a million temporary and contract workers on assignment on any given day across the year. But the current apprenticeship levy scheme by its very nature and structure does not lend itself to short-term and temporary contracts. Almost all REC survey respondents (95 per cent) have been unable to use funds on apprenticeship programmes for agency workers because of current restrictions. A number of REC members that provide training opportunities for temporary workers are using their own resources.

What temporary workers want most is access to training that will enable them to get on and progress. But the ones who are low-paid and low-skilled are currently the least likely to receive adult training. Meanwhile, employers and recruiters continue to report skills shortages that hamper productivity and growth. Promoting equal training opportunities that will benefit those working in short-term and temporary contracts is not only the right thing to do – it makes business sense.

Eight in ten REC survey respondents operating across economic sectors and who currently pay the apprenticeship levy are of the opinion that, if the apprenticeship levy was broadened to a skills and training levy, they would use this to fund training for agency workers.

Recruiters are uniquely placed to help employers identify relevant skills, including soft skills, and qualifications required for the changing world of work, and to support candidates in developing these skills.<sup>24</sup> The introduction of a broader and inclusive flexible levy would not be sector-specific; it would lead to upskilling temporary workers into a range of areas of the labour market that are experiencing skills shortages and declining candidate availability.

**FIGURE 6 IF THE APPRENTICESHIP LEVY WAS BROADENED TO A SKILLS AND TRAINING LEVY THAT COULD BE USED FOR AGENCY WORKERS, WOULD THIS BE BENEFICIAL TO YOUR ORGANISATION?**



Base: REC members who pay the apprenticeship levy (n=75)

<sup>24</sup> The World Economic Forum estimated that 65 per cent of children entering primary school in 2016 will end up working in new job types that do not yet exist. World Economic Forum. (2016) *The future of jobs: employment, skills and workforce strategy for the fourth industrial revolution*.



## CASE STUDY

A small recruitment business of 40 permanent staff specialising in the warehousing, drivers and industrial sectors supplies around 1,200 temporary staff every week, pushing the pay bill over £3 million. However, they have been unable to spend any of the £80,000 paid into their levy pot in the last year on their temporary agency workforce.

*'We deal with a lot of people who are on the minimum wage and in vulnerable positions in society. If we were given an option to take a number of them and train them up as apprentice bricklayers, electricians or mechanical engineers, then that would be great. I would have no problem paying for that training through my levy. But because a lot of our workers are on short-term assignments, or assignments without a defined end date, I can't do anything with the money.'*

The recruitment business operates in sectors experiencing acute labour and skills shortages. The introduction of a flexible training levy would help mitigate these.

*'There are some sectors crying out for trained workers. We're in the driving sector and there's a shortage of LGV drivers at the moment, as the government are aware. I'd like to use some of my remaining levy pot to train another 35 LGV drivers, but right now I can't. If the government were to introduce a training levy with funds available to be spent on good-quality training, this would benefit the worker, the business and the economy.'*





## EXAMPLES OF QUALIFICATIONS REQUIRED TO MEET STAFF DEMAND AS IDENTIFIED BY REC MEMBERS

<p><b>EDUCATION</b></p>  <p>Teaching assistant Supply teacher</p>	<p><b>HEALTH AND SOCIAL CARE</b></p>  <p>Healthcare assistant Certificate in Healthcare Support Services Mental health and well-being</p>	<p><b>BLUE-COLLAR</b></p>  <p>Forklift truck drivers LGV drivers Counterbalance forklift drivers; introduction to care Manufacturing and Production Management</p>
<p><b>EXECUTIVE/PROFESSIONAL</b></p>  <p>Management training Digital skills – IT and presentation</p>	<p><b>MANUFACTURING, FOOD PRODUCTION</b></p>  <p>Food hygiene Manual handling</p>	

Above are some shorter training courses for temporary workers that recruiters have identified in order to meet staff demand and support career progression, and which a more flexible training levy could support.

Any training funded through the broadened training levy would need to be fully accredited. Ofqual already regulate training and have over 40,000 registered training courses, many of which would be beneficial to temporary staff by promoting social mobility and progression, and to employers by helping boost productivity and business growth.

Training schemes are successful when they allow people to develop the knowledge and skills required for their occupation and to address skills gaps. Introducing greater flexibility in workers' training means:

- ▶ broadening the apprenticeship levy to avoid rigid forms of training
- ▶ promoting inclusion and social mobility of all workers, including temporary workers and those from disadvantaged groups
- ▶ supporting career progression and raising living standards for all staff
- ▶ maximising the talent of all citizens
- ▶ mitigating against some of the decline in access to labour following Brexit
- ▶ leading to skills that respond to labour market needs
- ▶ developing those skills that will define the future labour market
- ▶ boosting productivity and profitability for businesses
- ▶ supporting economic growth and prosperity.

## APPENDIX 1: LEVY-PAYING REC MEMBERS

The table below is based on survey and interview responses conducted in spring 2019, and is indicative of how current apprenticeship levy restrictions impact on recruitment businesses and temporary workers. The list of alternative uses of funds arises from statements made by each REC member, taking into consideration the labour and skills shortages being encountered in the sectors they specialise in. Accordingly, the table includes indicative courses with estimated costs.

SIZE OF BUSINESS	SECTORS	LEVY FUNDS ABLE TO USE	MONEY IN THE POT	CALLING FOR ALTERNATIVE USE OF FUNDS TO TRAIN TEMPORARY AGENCY WORKERS
Large	Construction; Engineering; Health and Social Care; Technology	1–24%	£204,000	<p>Shorter training courses on:</p> <ul style="list-style-type: none"> <li>» health and safety</li> <li>» behaviour change</li> <li>» LGV (Cat C+E)</li> </ul> <hr/> <p><i>For example, money in the pot could benefit:</i></p> <p>Over 400 workers attending a Manual Handling for Assessors' course at £500, or</p> <p>170 workers completing a course on Behaviour Change: Achieving Health and Safety Culture Excellence at £1,200, or</p> <p>185 workers attending an LGV course at £1,100</p>
Large	Education	NONE	£683,000	<p>Teaching Assistant training courses</p> <p>Supply Teacher qualifications</p> <hr/> <p><i>For example, money in the pot could benefit:</i></p> <p>Almost 2,000 workers completing CACHE Level 3 Award in Supporting Teaching and Learning at £350</p>
Small	Health and Social Care; Education	1–24%	£29,000	<p>Health Care Assistant (HCA) training course</p> <hr/> <p><i>For example, money in the pot could benefit:</i></p> <p>145 workers completing a Health Care Assistant (HCA) course at £200</p>
Medium	Blue-collar; Engineering	NONE	£504,000	<p>Manufacturing and Production Management courses</p> <hr/> <p><i>For example, money in the pot could benefit:</i></p> <p>560 workers completing a Level 6 Manufacturing and Production Management course at £900</p>
Large	Health and Social Care; Education	1–24%	£276,000	<p>Health Care Assistant (HCA) training course</p> <hr/> <p><i>For example, money in the pot could benefit:</i></p> <p>1,380 workers completing a Health Care Assistant (HCA) course at £200</p>
Large	Executive/Professional	25–49%	over £500,000	<p>Driving and Management training courses</p> <hr/> <p><i>For example, money in the pot could benefit:</i></p> <p>1,250 workers completing a Management training course for contact centre at £400</p>

SIZE OF BUSINESS	SECTORS	LEVY FUNDS ABLE TO USE	MONEY IN THE POT	CALLING FOR ALTERNATIVE USE OF FUNDS TO TRAIN TEMPORARY AGENCY WORKERS
Small	Accounting/Financial; Blue-collar; Engineering; Sales and Retail; Technology	1–24%	£31,800	Shorter training courses lasting a few days
Large	All sectors	50%	£2,000,000	Shorter training courses
Small	Blue-collar; Drivers; Hospitality	NONE		Driving training courses on FLT, CPC, ADR, LGV
Small	Construction; Engineering; Sales and Retail; Technology	NONE	£20,000	Leadership and Management training Presentation and IT Skills Development courses  <i>For example, money in the pot could benefit: 24 workers achieving a Level 3 Certificate in Leadership and Management at £850</i>
Large	Agriculture; Food Production; Manufacturing	NONE		Training courses on food hygiene and manual handling
Large	Blue-collar; Education; Engineering; Health and Social Care	1–24%	£4,800,000	Courses on financial well-being, mental health awareness and IT skills  <i>For example, money in the pot could benefit: 6,600 workers attending a Mental Health Awareness course at £300, and 5,600 workers attending an Advanced IT Skills course at £500</i>
Medium	Health and Social Care	1–24%	£1,570,000	Health Care Assistant (HCA) training course  <i>For example, money in the pot could benefit: 7,850 workers completing a Health Care Assistant (HCA) course at £200</i>
Large	Executive/professional; Blue-collar; Engineering	1–24%	£502,000	Training courses for low-skilled temporary workforce in these sectors  <i>For example, money in the pot could benefit: 500 workers completing a Management training course at £400, and 400 workers completing an AutoCAD Essentials course at £500, and 510 workers attending a Health and Safety Awareness course at £200</i>

## APPENDIX 2: ACKNOWLEDGEMENTS

This report is largely based on a survey of REC members in England that have a pay bill over £3 million and pay the apprenticeship levy. We would like to thank those members who have completed the survey and shared their insights.

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