

response

Ukie response to Apprenticeship Levy Funding Consultation

09|2016

ukie
THE ASSOCIATION FOR UK INTERACTIVE ENTERTAINMENT

Apprenticeship Levy and the Games Industry

The games industry recognises that apprenticeships are a critical tool in driving skills and entry-level jobs. Together with others in the creative industries we are keen to work with the government to ensure that the levy is effective to the objectives it hopes to achieve.

The ultimate aim should be to create a fund which supports the specific talent needs of games companies of all sizes. In order to achieve this, the apprenticeship levy must be flexible enough to respond to the factors specific to our high-skilled industry, such as specialist occupations and the desire to develop more degree apprenticeships.

Ensuring the design of the Apprenticeship Levy works for the games industry has gained increasing significance in the wake of the result of the Referendum on Membership of the European Union, as we are likely to face further skills shortages as a result of changes to free movement of labour laws. With the right flexibilities in the new levy arrangements, apprenticeships could play a vital role in tackling our industry's growing skills challenge as well as increasing productivity, growth and social inclusion. However, if the levy model is not designed with the games and other creative industries' needs in mind, it will result in significant skills investment being diverted away from these industries and harming their future growth.

Proposals for Apprenticeship Funding

We consider that there are a number of issues raised by the Paper on Funding, published on 12 August 2016, that we have specific views on:

- **Funding bands**

As an industry that relies heavily on highly skilled STEM subjects, we very much support the proposal to increase funding bands for STEM frameworks to reflect that employers of these apprentices are disproportionately likely to be paying extra to providers.

However, we are concerned that the definition of STEM must recognise the games industry and wider creative sector.

Games businesses employ people with the very best maths, physics and computer science skills, combining them with art and creativity to make cutting edge digital content. These are skills increasingly in demand across a range of sectors. It is therefore vital that the broad range of STEM skills required by the games industry, and the wider creative sector, are recognised and that the definition of what would qualify for the increased funding bands includes relevant roles within the games industry and other related creative digital sectors.

- **Co-investment**

We welcome the Government's proposal to 'top-up' levy-paying employers' digital vouchers by 10% in order for all employers to have the chance to get back more than they put in, as well as the Government paying 90% of non-levy-paying employers' training costs.

- **Additional Payments**

We enthusiastically support the measures proposed to provide additional payments for certain apprentices such as those aged between 16-18 years of age, those leaving care, and those with physical disabilities. We consider that these are important measures that will have a positive impact on social inclusion and diversity.

- **Directing funds in a digital account to another employer**

We are disappointed to learn that there is no scope to spend vouchers on developing standards. We believe that it is vital for employers to have the option of using digital vouchers to develop new standards applicable to the games industry.

Unless funding is used for developing new standards, employers in games, VFX and post-production companies would not be able to spend their digital vouchers effectively. They would be unable to employ apprentices and, at the same time, there could be less money available to achieve their wider training plans if they are paying for apprenticeships in other industries at the expense of training in their own sectors. Instead they may have to rely on apprenticeships in 'back-office' or sales roles to benefit from the investment.

We are equally dissatisfied that employers will only be able to transfer up to 10% of their digital vouchers to other employers and Apprenticeship Training Agencies (ATAs) and that this scheme will only commence in 2018. We believe that this is particularly detrimental to the games industry where employers often want to support their supply chain and other employers in their sector. For instance, a large publisher may want to transfer their digital vouchers to a promising micro studio that they are working with.

Further, the inability for employers to transfer vouchers to ATAs until 2018 and the limit that ATAs cannot receive more than €200,000 in total transfers over three fiscal years is extremely restrictive and undermines the ability of ATAs to deliver training at scale.

We understand that this limit has been determined due to concerns over potential for fraud. However, since there are already robust measures in place to minimise fraud through the Government's proposals for a register of providers, we posit that employers should be able to transfer a higher percentage – at least 50% – of their digital vouchers.

Additionally, we request that the transfer of vouchers be possible from 2017, and support the Creative Industries Council Skills and Education Group's

proposal to see a pilot enabling the transfer of vouchers to other employers and to ATAs in the creative industries in year one of levy implementation.

Nevertheless, we support the proposal for employers to be able to use their digital vouchers to pay for training apprentices whose main place of work is in England, wherever they live in the UK; as well as the principle that employers can use their digital vouchers to re-train individuals even where they already have a prior qualification at the same or a higher level.

Conclusion

The best way to enable the Government to reach its ambitious target of 3 million new apprenticeships over the next Parliament would be to make the levy as flexible as possible. In particular, the design of the levy should incorporate the needs of the large numbers of SMEs in the games industry. In sectors where apprenticeships have not been a traditional entry route, like games, sufficient standards are not yet in place and employers must thus be able use their digital vouchers in the most effective way possible. We propose that:

- The broad range of STEM skills required by the games industry and wider creative sector are recognised and that the definition of what would qualify for the increased funding bands includes relevant roles within the games industry and other creative digital sectors.
- Levy-paying employers be able to transfer at least 50% of their vouchers to other employers and Apprenticeship Training Agencies in year one of levy implementation.
- Levy-paying employers be able to use their digital vouchers to invest in standards-development for specific industries.