

Apprenticeships that work: How to make apprenticeships an attractive proposition

Employment

Summit 2016

Objective: Explain how the new apprenticeship levy will affect businesses and identify how to design a high-quality apprenticeship scheme that benefits all parties.

Host: Grace Mehanna, Campaign Director, Talent & Skills

Speakers: Sue Husband, Director, Apprenticeships and Delivery Service, Skills Funding Agency Mike Thompson, Head of Barclays Apprenticeship Programme, Barclays Jonny Bevan, New Talent Manager, EE

Key points about the Levy:

What is the levy?

- The levy will be introduced in April 2017, and will be charged at a rate of 0.5% on businesses' payrolls above the first £3 million. The levy will be paid through normal PAYE arrangements, and the payroll figure includes all expenses that are usually processed each month such as salaries and allowances.
- The levy is a UK wide tax, so will be calculated on and deducted from employers' UK-wide payrolls. However, as apprenticeships are a devolved issue, how the levy will be distributed in Scotland, Wales and Northern Ireland is still to be confirmed.

How will it be used?

- Businesses who pay the levy can draw down the same amount as they pay as digital vouchers to spend on apprenticeship training via the Digital Apprenticeship Service. Unused vouchers will expire after a period of time, currently expected to be two years. Companies which do not pay the levy will have their apprenticeship training funded by government and any funding from the levy that has not been spent by the companies paying it.
- Companies who deliver their own in-house apprenticeship training will be able to use the levy to fund this training, but they need to be registered with Ofsted to qualify for funding.
- The government is also considering offering additional incentives to encourage employers to take on apprentices from particular groups such as BAME and disabled candidates.

What can companies spend it on?

- Traineeships will not be funded by the levy, which can only be spent on things related to apprenticeship training, certification or assessment. The levy does not cover apprentice wages or licences that some companies require such as HGV licences.
- Funding will not be ring-fenced for particular industries, but the government is currently considering whether companies can distribute their levy draw down through their supply chains. There is currently no formal option available for employers to pool their levy funding to create joint programmes, but the SFA would be open to supporting this informally.

How can companies go about hiring apprentices?

- Apprenticeships do not have to be new roles within a company – companies can change their entry routes, perhaps by replacing some graduate recruitment. They can also be used to upskill and progress existing employees, and can be embedded into personal development plans.
- Employers who are interested in hiring apprentices can get support from the National Apprenticeship Service (NAS), which can also help to connect them with other employers who are already taking on apprentices. NAS can also provide more intensive support for larger employers. There are also a range of resources about apprenticeships available for employers on Business in the Community's [Future Proof](#) website.

Case Study – Barclays

Barclays' successful apprenticeship scheme is focused around three areas: Population – attracting diverse talent, Product – the way the scheme itself runs, and Progression – retaining and progressing people who have successfully completed the scheme.

Key learnings:

- It is important to think about the design of the product you are offering – professional qualifications are attractive to young people, but it is also important to think about how this will support young people's wellbeing and help them gain financial skills.
- It is also important to think about which style of delivery will have maximum impact; for example, Barclays found that traditional classroom learning was not helping apprentices to gain digital skills, so they changed training providers and the format of training to global WebExs.

Case Study – EE

The levy offers an excellent opportunity to employers as it provides a huge dedicated talent development budget so will be ideal for addressing the skills gap, which is particularly wide in the technology sector.

Key learnings:

- A big challenge is how to create a sustainable range of meaningful follow-on opportunities for apprenticeships. The levy has now given EE the opportunity to consider providing Level 3 to 5 apprenticeships and offer existing staff the chance to develop further. This will help to reduce recruitment costs and enable young people to develop the kind of leadership skills that will be highly valuable for EE further down the line.
- Another challenge is to keep apprenticeships fresh and innovative once they have become part of business as usual. EE's apprenticeship team have spent time working with managers across the business to create a clear vision around where they want their future talent to be in 5 years' time, not just after their apprenticeship.

Further reading:

Business in the Community's [resources on apprenticeships](#)

