

APPRENTICESHIPS IN LONDON'S FINANCIAL AND PROFESSIONAL SERVICES SECTOR

A SURVEY OF BUSINESS USE



INTRODUCTION

Apprenticeship reforms were introduced in April 2017 to increase the quality and quantity of apprenticeships in England, with a target of three million new apprenticeship starts by 2020. As part of these reforms, the Apprenticeship Levy on employers was introduced.

The City of London Corporation launched a survey in May 2018 to understand how businesses are using their levy payments and engaging with apprenticeships and what the impact has been, one year since the levy's implementation.

The findings in this report reflect the insights gained from 129 responses from Financial and Professional Services firms located in London. These businesses collectively pay over £27.3 million in apprenticeship levy contributions and employ over 329,000 people. The findings are a temperature check of the impact of the Apprenticeship Levy on London's Financial and Professional Services businesses.



LONDON'S FINANCIAL AND PROFESSIONAL SERVICES BUSINESSES ARE USING APPRENTICESHIPS

01

62% of businesses paying over **£500,000** in levy payments hire apprentices, compared to **12% of those** paying **£101,000-£499,000** and **14% of those** paying under **£100,000**.

A diverse range of apprenticeship standards, levels and salaries are being offered by businesses.

The most common apprenticeship standards are **Accounting; Business Admin; Finance Assistant; IT Assistant; Risk & Compliance**.

Salaries offered to apprentices range from **£6,240 for Level 2 apprentices** to over **£40,000 for Level 7 apprentices**.

54%
of businesses
offer higher level
apprenticeships at
Levels 4, 5, 6 and 7

63%
of businesses do not
expect to use their full
levy payments before
they expire

BUSINESSES USE APPRENTICESHIPS FOR DIFFERENT REASONS AND THE NUMBER OF APPRENTICESHIPS IS LIKELY TO INCREASE

02

Businesses are finding apprenticeships can have different benefits – for some they support skills gaps whilst for others they are helping to diversify their workforce.

34% said apprenticeships only help address skills gaps in some areas.

54% of businesses have hired apprentices as new recruits.

18%
said apprenticeships
do address
skills gaps

59%
of businesses
said the number of
apprentices they hire
will increase
in the next
12 months

53% of levy-payers who do not currently employ apprentices expect to employ them in future.

38% expect the number of apprentices they employ will stay the same.

"Our apprenticeships are focused on providing opportunities for those from underprivileged backgrounds, rather than being viewed as a specific talent pipeline."

"There is some immediate closing of the skills gap. We are taking the view of skills needed in 2019 onwards."

APPRENTICESHIPS HAVE BROUGHT BUSINESSES SOME BENEFITS

03

50% of businesses said the levy has incentivised them to look at apprenticeships as a new recruitment and development option.

42% of businesses said the levy has made them consider new routes into the businesses.

97% of businesses expect to retain apprentices as permanent staff following their apprenticeships.

"They can help us to potentially tap into a more diverse applicant pool who are considering an apprenticeship."

"The levy is providing options and ideas for managers who struggle to recruit and retain talent and devise succession plans. It could offer a budget for an entire professional development and talent management platform."

"The levy has doubled our rolled-up L&D budget by 100%, which has elevated L&D to strategic partner."

97%
of businesses expect to retain apprentices as permanent staff

22%
said apprenticeships have made their business more attractive to a more diverse range of candidates

45% of businesses reported apprenticeships have created new options for professional development and staff training

"We are only now realising the potential the levy can offer in building training programmes for existing employees."

37%
said apprenticeships demonstrate business commitment to professional development

50%
of businesses said apprenticeships have created opportunities for training existing employees

BUSINESSES REPORTED BARRIERS TO TAKING ON APPRENTICES AND USING THEIR LEVY PAYMENTS

04

Requirement for 20% off-the-job training

52% of businesses reported the 20% off-the-job training component to be a deterrent to hiring apprentices.

Apprenticeship costs and management

23% reported that apprenticeships are more costly than other training methods.

48% of businesses who pay the levy but do not use it reported that the apprenticeship system is too complex.

Headcount

52% of businesses reported that limits on additional headcount mean they cannot hire apprentices.

"It has been very administrative, we have had to take on more people to support."

"We face a multimillion pound levy, but the constraints and nature of our business means we are unlikely to spend much of this."

"20% off-the-job doesn't fit with consulting firms."

"If it wasn't for the 20% we would be using the levy a lot more."

46%
have invested additional resources to administer apprenticeship programmes

Concerns over training and standards

28% of businesses said they had not been able to identify apprenticeship standards that would support their business needs.

29% of businesses were not satisfied with the range of standards available, 34% were satisfied.

Small and medium sized businesses have a unique set of challenges

SMEs reported reduced access to apprenticeship training. **31%** said improved training provision (courses and delivery methods) would improve usability.

Smaller businesses reported that administering apprenticeship programmes is a significant burden to their business.

"Our specialist business is based on people who have 20-30 years of high level experience."

57%
of SMEs said flexibility over course content and inclusion of professional qualifications would be beneficial

"We are simply too small to recruit apprentices."

BUSINESSES SAID THE FOLLOWING CHANGES WOULD IMPROVE THEIR ENGAGEMENT WITH APPRENTICESHIPS

05

Changes to apprenticeship policy

1. Businesses said flexibility in how they can use their levy contributions would be beneficial.

They highlighted:

- a. They would value the ability to use levy funds for other certified training, particularly in areas of skills shortages;
 - b. They want flexibility around the 20% off-the-job training requirement, and for other training to be included as part of an apprenticeship.
2. Businesses said the ability to use levy funds to develop and manage their apprenticeship scheme would support them to hire apprentices.
 3. Businesses would value the integration of industry-specific professional qualifications in non-industry specific apprenticeships.
 4. Businesses want new apprenticeship standards that meet their needs to be approved in a timely manner.

Changes to training provision

1. Businesses want an increase in open access courses so that smaller employers can engage with the apprenticeship system.
2. Businesses want training providers to bring together groups of employers to create and tailor apprenticeship training to their needs.

ABOUT THIS SURVEY

06

Apprenticeship reforms were introduced in April 2017 to increase the quality and quantity of apprenticeships in England, with a target of three million new apprenticeship starts by 2020.

The Corporation launched this survey in May 2018 – one year after the levy was introduced – to understand how businesses are using apprenticeships and what the impact has been.

Insights were gained from 129 responses from Financial and Professional Services firms located in London, who collectively pay over £27.3 million in apprenticeship levy contributions and employ over 329,000 people. The findings are a temperature check of the impact of the Levy on London's FPS businesses, one-year in.

We would like to thank the 129 businesses who completed the survey and provided us with their valuable insights.



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