

Committee(s): Education Board	Date: 22 January 2026
Subject: Apprenticeship Levy Spend Update	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	Providing excellent services.
Does this proposal require extra revenue and/or capital spending?	N/A
If so, how much?	N/A
What is the source of funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Cliff Morton Chief People Officer, People & HR	For information
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Summary

This report provides a comprehensive overview of the organisation's approach to maximising the benefits of the apprenticeship levy, with a particular focus on how it supports both new talent and the ongoing development of current employees.

For the City of London Corporation, the apprenticeship levy represents a significant opportunity to invest in workforce development and to address skills gaps within the organisation. The funds accrued through the levy are dedicated exclusively to covering the costs associated with apprenticeship training, ensuring that both new recruits and existing staff can access high-quality development opportunities without additional financial strain on departmental budgets. This approach not only aligns with government objectives to enhance vocational skills across the UK, but also supports the Corporation's commitment to nurturing talent and fostering a culture of continuous professional growth.

Recommendation

Members are asked to note the report.

Main Report

Background

Since the UK Government's introduction of the apprenticeship levy in May 2017, there has been a statutory requirement for all employers with an annual pay bill exceeding £3 million to contribute 0.5% of their total pay bill into the levy. This is then ringfenced specifically for funding apprenticeship training programmes delivered by approved training providers. If the levy is not utilised within 24 months, unspent funds are returned to HMRC. This will reduce to 12 months as of August 2026.

Currently, the organisation is utilising the apprenticeship levy to train 100 new apprentices on a rotational basis, while also facilitating the upskilling of 220 existing employees across various department.

Apprenticeship training is accessible to all City of London contracted employees regardless of department, role, or specialism. Existing staff continue under their current contracts, with the apprenticeship levy covering training expenses. Apprenticeships are offered from Level 3 to Level 7, providing recognised qualifications upon completion. However, following the government's withdrawal of funding for Level 7 degrees from December 2025, our emphasis will shift. We will now prioritise supporting managers through the Level 6 Improvement Leader apprenticeship which will replace the Senior Leader Level 7 programme, ensuring continued professional development opportunities for our workforce.

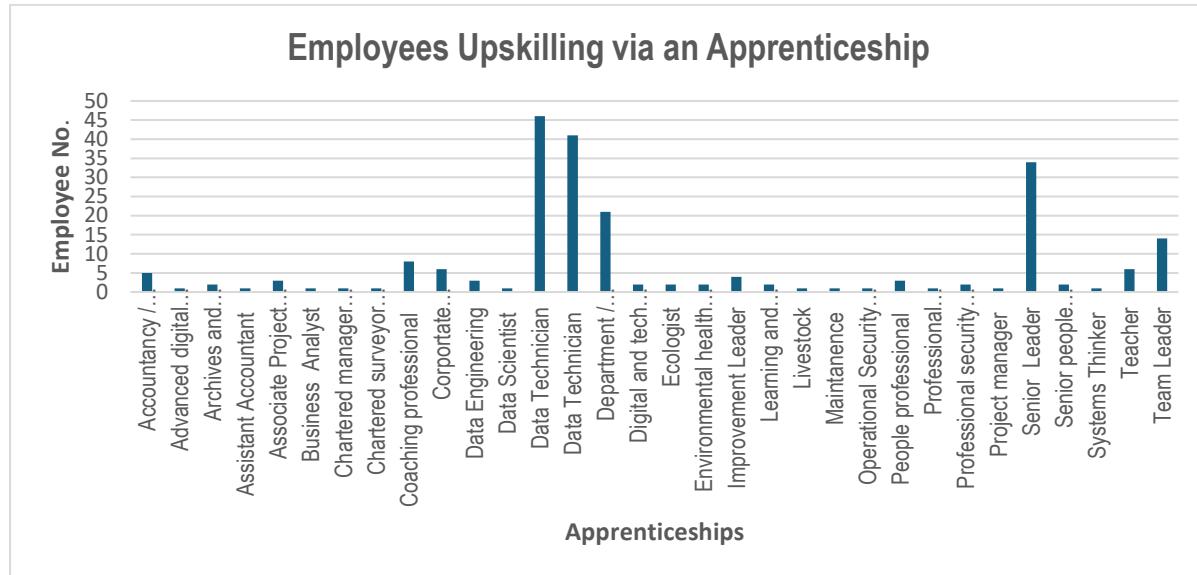
Leveraging apprenticeships to upskill employees supports ongoing professional development, addresses workforce skills gaps particularly in data, leadership, and management and cultivates a culture of growth. This approach motivates team members to participate, strengthens team cohesion, and enhances overall organisational productivity and capability.

Key Apprenticeships completed and enrolled on over the last 30 months

Leadership and Management	Level
Team Leader Level 3	15
Operations department manager Level 4	13
Senior Leader Level 7	65
Data Apprenticeships	
Data technician level 3	120
Data Analyst Level 4	16
Business Analyst level 4	8

This dual strategy ensures that the Corporation remains agile and responsive to evolving workforce needs, whilst maintaining a pipeline of skilled professionals ready to meet future challenges. The report will explore the impact of this approach, analyse

recent and forecasted levy expenditure, and provide recommendations for further optimising apprenticeship and upskilling initiatives



Centrally funded apprenticeships

The City of London Corporation has established a robust contingency fund to support the salaries of 100 apprentices at Level 2 and Level 3. While the apprenticeship levy funds the training, the contingency fund operates on a continuous rolling basis guaranteeing that each apprenticeship position is promptly backfilled upon completion. Such an approach ensures a sustained pipeline of new talent, fostering a dynamic and adaptable workforce across the organisation.

Apprentices are placed within various departments, enabling a rotation system that provides broad organisational exposure and diverse development opportunities across all service areas. All costs associated with apprenticeship training are met through the apprenticeship levy fund, ensuring that financial resources are effectively utilised to support workforce development.

Currently, there are 100 apprentices actively engaged in programmes. Of these, 21% are undertaking Level 2 apprenticeships, and 79% are enrolled in Level 3 programmes. Business Administration Level 3 remains the most popular pathway, with 34% apprentices currently participating. The level 2 & 3 apprentices are new apprentices into the organisation embarking on a new career after leaving school

The Corporation offers both Level 2 and Level 3 apprenticeships and actively encourages progression for those completing Level 2 qualifications. Where appropriate, apprentices are supported to advance to Level 3 or to explore alternative pathways, thereby broadening their skills and professional prospects. For instance, business administration apprentices are guided to transition into finance or data

apprenticeship routes, enhancing their career opportunities and organisational value. As the central fund only covers level 2 & 3 apprenticeships salaries, we focus on supporting apprentices into permanent roles on completion of their apprenticeship.

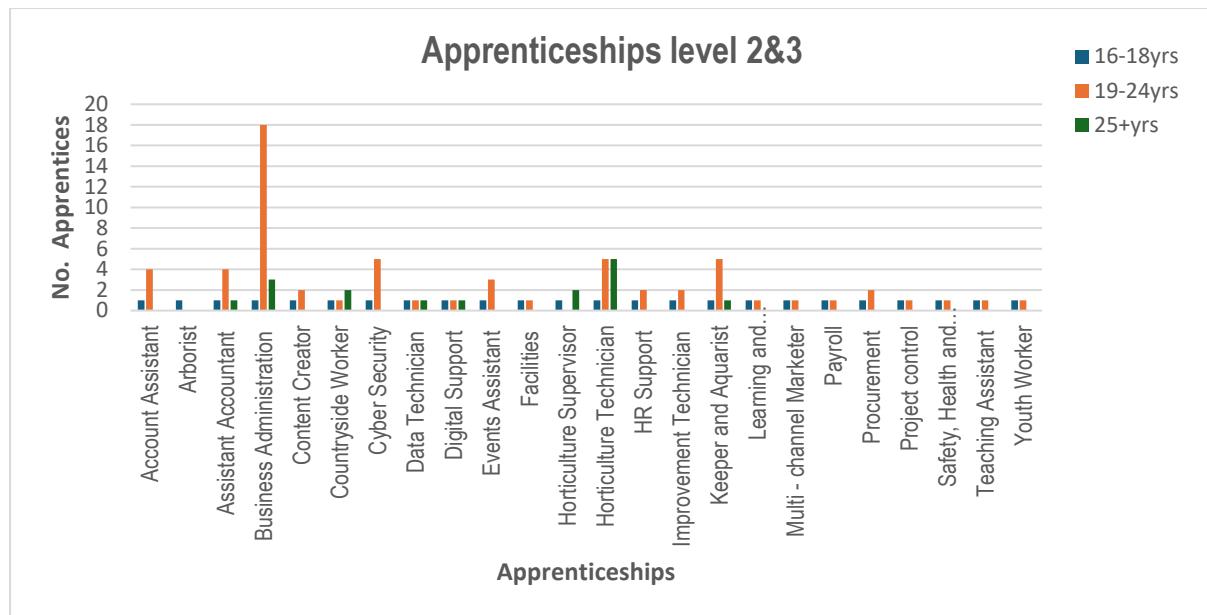
Remuneration for apprentices is aligned with the London living wage for Level 2 and London living wage plus 2% for Level 3, reflecting the Corporation's commitment to fair pay and recognition of professional development. This initiative is designed not only to cultivate a skilled and capable workforce but also to promote social mobility and inclusivity within the organisation.

To further support social mobility, the Corporation prioritises Level 2 and Level 3 apprenticeship opportunities for applicants with limited formal education, focusing primarily on those holding GCSEs. A Levels are considered only when there is a shortage of suitable applicants with GCSEs - and these apprenticeship routes are not available to graduates, thereby targeting those who would benefit most from entry-level vocational training.

Key steps undertaken to support these objectives include:

- Engagement with key stakeholders such as The King's Trust, alongside collaborative initiatives with Children & Community Services to support care leavers;
- Provision of centrally funded apprenticeship opportunities specifically for care leaver apprentices;
- Offering Information, Advice & Guidance (IAG) sessions, CV and application writing support, and interview technique workshops for young people;
- Promotion of apprenticeship opportunities at local school career events to raise awareness and encourage participation;
- Attendance at departmental meetings to highlight the two apprenticeship workstreams and their benefits;
- Active promotion of vacancies during National Apprenticeship Week to maximise visibility and uptake; and
- Quarterly apprenticeship development days, designed to enhance apprentices' skill sets and foster networking opportunities across the organisation.

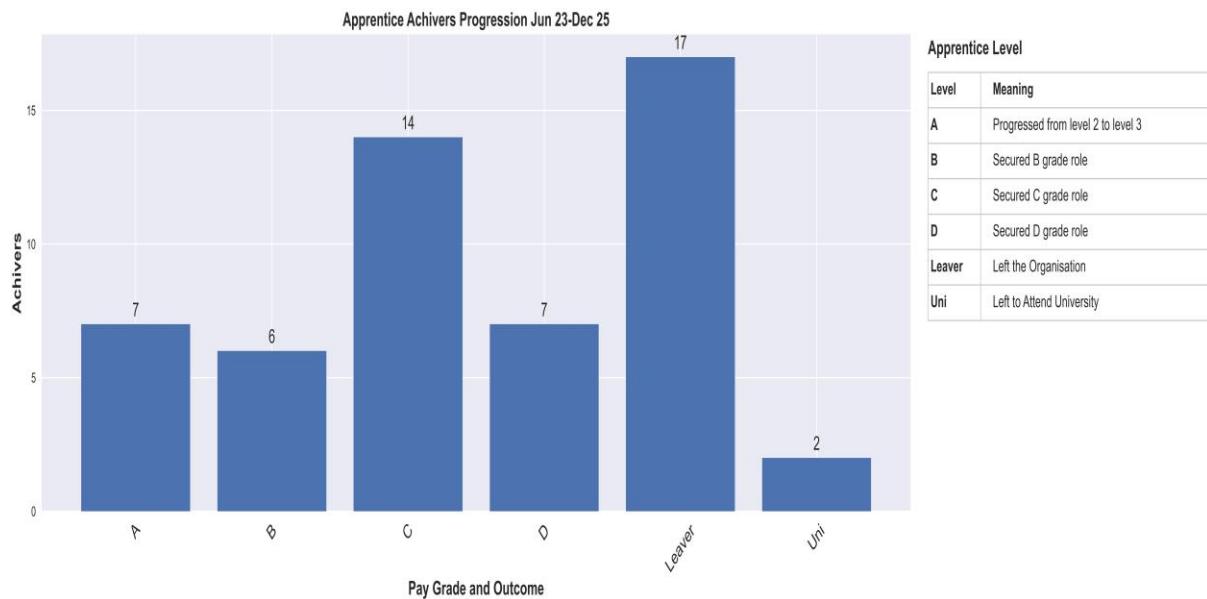
Through these strategic actions, the City of London Corporation continues to demonstrate its dedication to nurturing talent, promoting social mobility, and building an inclusive workforce equipped to meet future organisational challenges.



Progression of centrally funded apprentices after completion of their apprenticeship.

In the past 18 months, 67% of apprentices have chosen to remain with the organisation. It is worth noting that the highest rates of attrition are observed within the animal care and horticulture sectors, primarily due to limited internal opportunities. Nevertheless, apprentices in these areas acquire recognised qualifications and valuable experience, enabling them to secure positions with larger organisations where such credentials are in demand.

Progression after apprenticeship	%
Progression to level 3 from level 2	15%
Progressed from level 3- level 4	2%
Pay grade B	11%
Pay grade C	27%
Pay grade D	15%
Leaver - To higher education	4%
Leaver new role	26%



Apprenticeship Levy Overview

The City of London Corporation currently holds an apprenticeship levy fund of £1,821,490. Over the past twelve months, a total of £1,393,935 has been spent on apprenticeship training. The levy is accumulated monthly in line with the Corporation's pay bill, and corresponding training costs are claimed monthly from approved training providers to cover the delivery of apprenticeship programmes.

	2025	2024	2023
Levy Fund	£1,821,490		
Levy Contribution	£1,291,529	£1,147,908	£1,011,933
Average Monthly Contribution (12 months)	£107,627	£95,659	£84,328
Levy Spent	£1,393,935	£1,166,832	£644,517
Average Monthly Spend (12 months)	£116,161	£97,236	£53,710
Levy Returns to HMRC	£0 (no returns for 29 months)	£0	£290,080

- There has been a consistent increase in both levy contributions and expenditure over the past three years, reflecting the Corporation's expanding investment in apprenticeship programmes.
- No levy funds have been returned to HMRC in the last 29 months, indicating efficient utilisation of available resources.

- Average monthly contributions and spending have both risen year-on-year, supporting the growth of apprenticeship opportunities and training within the organisation.
- To maximise the effective use of our apprenticeship levy, we have engaged with the City of London Academies Trust (CoLAT) to facilitate a transfer of levy funds. This initiative is designed to support the upskilling of employees across a range of roles, from teaching staff through to administration and facilities personnel, thereby promoting workforce development and capability building within the organisation.

The City of London Corporation's proactive management of its apprenticeship levy underscores its commitment to developing a skilled and inclusive workforce. Continued investment in apprenticeship training ensures that the organisation remains well-positioned to offer meaningful career development opportunities, particularly for those from less advantaged backgrounds.

Next Steps

Ongoing data collection enables us to track the number of apprentices who have advanced to the next level of their apprenticeship or secured a permanent position within the organisation upon completion of their programme.

Apprenticeship progression and outcomes for achievers over the past 18 months are summarised below.

Progression after apprenticeship	%	Apprentices
Progress to level 3 from level 2	15%	7
Progressed from level 3- level 4	2%	1
Pay grade B	11%	6
Pay grade C	27%	14
Pay grade D	15%	7
Leaver - To Higher Education	4%	2
Leaver - new organisation	26%	16

Graduates

The City of London Corporation relaunched its graduate programme in September 2024 in collaboration with IMPACT, previously National Graduate Development Programme (NGDP), under which graduates completed a comprehensive two-year training scheme focused on leadership and management.

The appointment of a new Graduate and Work Experience Coordinator has enabled the successful recruitment of 15 graduates. Of these, six who joined in 2024 have now completed their first year with the organisation, while a second cohort of nine

commenced in September 2025. The graduates participate in structured departmental rotations—comprising two six-month placements and a subsequent 12-month assignment—to support their attainment of the CIPD qualification in leadership and management. This initiative is designed to establish clearer development and career pathways, thereby enhancing the organisation's talent pipeline and promoting opportunities for professional growth.

Work Experience

Due to the absence of a centralised reporting system for work experience placements in previous years, we are unable to provide comprehensive data for that period. However, we have identified that 20 students participated in work experience opportunities. Going forward, the introduction of a new reporting process will enable us to record all work experience placements, including the departments responsible for facilitating each student.

Looking ahead, we shall further enhance the support and guidance for work experience students: 45 students attended work-based placements, with 70 students attending one day insight days during 2025. We will continue to expand opportunities for placements, ensuring that participants not only develop practical, workplace-based skills but also benefit from tailored training in core employment competencies. This will include CV and personal skills workshops, interview preparation sessions, and structured activities to help students document their skills and achievements for use in personal statements and CVs. Additionally, the planned introduction of work insight days will provide students with valuable exposure to the working environment and greater understanding of apprenticeship pathways, equipping them with the clarity and direction needed to make informed decisions about their future careers.

Corporate and Strategic Implications

Strategic implications – The Apprenticeship programmes will be an integral part of the People Strategy and provide a structured pathway for talent development, enabling the cultivation of a skilled workforce, which in turn will enhance employee retention and facilitate succession planning by nurturing talent. Help bridge the skills gaps by providing hands-on-training and practical experience, demonstrating the organisations commitment to workforce development and corporate social responsibility.

Financial and Resource implications – Maintaining the cost of the contingency fund put aside for the salaries of the 100 centrally funded apprentices. Level 2 paid at London Living wage, level 3 at London Living wage plus 2%.

Legal implications – Apprenticeships are governed by Skill England, Funding. By adhering to these regulations and ensuring programme compliance will mitigate the organisational risk

Risk implications – Investing in apprenticeships demonstrates commitment to workforce development and social responsibility however could lead to employer brand or reputational risk if programmes are not run in an ethical and inclusive manner.

Equalities implications - Equality, Diversity and Inclusion are critical to the success of apprenticeship programmes. Offering opportunities for individuals from diverse backgrounds to enter and thrive in the workforce, will ensure that the organisation meets their socioeconomic and social mobility agenda.

Climate implications – There are no specific climate implications although communications about and employee engagement in sustainability and climate justice activity will be important to realise the ambitions and aspirations of City Corporation's workforce.

Security implications – There are no direct security implications.

Conclusion – The work undertaken has significantly improved numbers of both centrally funded and levy funded apprenticeships. Showing a significant increase in levy spend and a decrease in HMRC levy return.

Appendices (2)

1. Centrally Funded Apprenticeship data
2. Upskilling apprentice data

Background Papers

None