

# THE TOP APPRENTICESHIP LEVY PIT-FALLS – AND HOW TO SOLVE THEM





## Introduction

The apprenticeship levy, introduced in 2017, was meant to increase the number of people earning while they learn and create an alternative route into work other than via university. Apprenticeships were what other people's kids did, and the levy was meant to change all this.

But two years on and it's clear that many businesses are still uncertain about the levy, what it means and how best to use it. Wanting to find out exactly what was stopping employers from utilising these funds (that they themselves contribute to), Learning Curve Group polled CIPD members from more than 600 businesses to find out whether they were spending their funds, and if not, why not?

Answers were mixed, but one thing was clear. Less than half of respondents (49 per cent) said they were making the most of the apprenticeship levy. Already, employers have lost £133 million of unspent funds that have already expired, money that they paid in that they will no longer be able to access.

So what are the key blockers preventing employers from getting value from the fund? >>

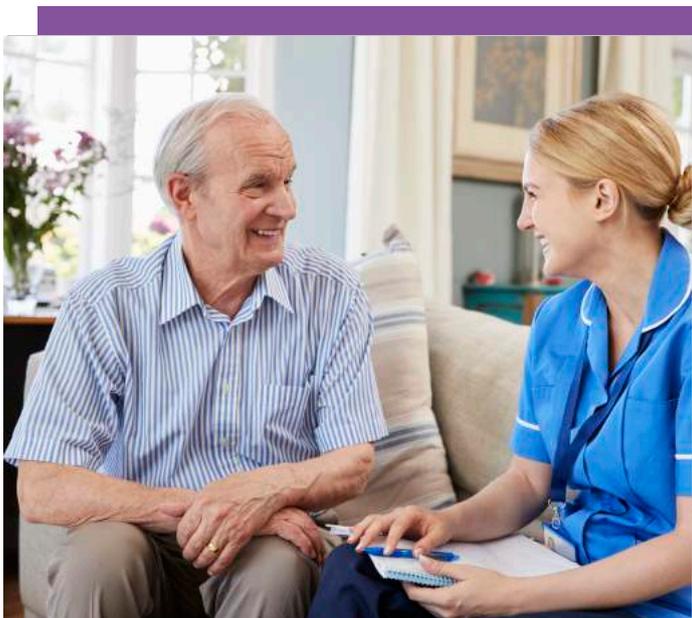
*“Learning Curve Group polled more than 600 businesses to find out whether they were spending their funds, and if not, why not?”*

## #1

## My staff aren't eligible for an apprenticeship

Employers are not against the levy in principle, but for many they simply don't believe the system provides the right type of training they need. Learning Curve Group's survey showed that many employers incorrectly believed that money they paid into the levy could only be used to fund training for new entrants into the workplace. Nearly a quarter (23 per cent) of our survey respondents said the eligibility criteria was one of the main concerns they had about apprenticeships.

But it's a misconception that apprenticeships need to be either new starters or new to the jobs market. Apprenticeships are available at a vast range of levels, which does include Level 2 qualifications equivalent to a set of good GCSEs, but goes all the way up to masters degree-equivalent Level 7 apprenticeship.



*“There are huge misconceptions around the word ‘apprentice’. Many people still think of an apprentice as a school leaver...”*

“There are still huge misconceptions around the word ‘apprentice’. Many people still think of an apprentice as a school leaver embarking upon a trade of some description,” said Brenda McLeish, CEO of Learning Curve Group, which itself has more than 10 per cent of its workforce on an apprenticeship programme.

“We launched our programme last year and had over 300 applications for 25 places. We also rolled out apprenticeships to existing staff to support their development,” McLeish said. “We did this to align with our own growth plans, and figured we could use apprenticeships to ‘grow our own’ and make sure our workforce was upskilled – and they’ve made an amazing impact already.”

The upshot is, staff are never ‘too qualified’ to start an apprenticeship. >>

## #2 Apprenticeships are just not relevant for our business

The level of apprenticeship wasn't the only problem raised by Learning Curve Group's survey. Almost a quarter (24 per cent) of respondents said the available apprenticeship programmes were just not relevant to their industry or their skills needs. And these employers aren't alone, a plethora of organisations, including the CIPD, have called for the system to be made more flexible or for it to be transformed into a more generic 'skills levy'. There have also been calls from the CBI for the Institute for Apprenticeships and Technical Education to be given more power to approve training programmes quicker.

Trailblazing takes time, and it's true that not all sectors are going to have the apprenticeship provisions they want right away. But, the levy scheme is here to stay and employers are still obliged to pay into it, so why not take a look at your business and see what other skills-gaps might be filled by the 500 programmes that are available?

Nearly a third (32 per cent) of respondents to Learning Curve Group's survey said management was the largest skills gap in their organisation, with another 14 per cent identifying IT skills as a problem. Both these areas are well provisioned when it comes to the availability of appropriate apprenticeship programmes.

Many respondents to LCG's survey also complained there was a lack of training providers. But so far, there are more than 2,000 providers listed on the official register of apprenticeship training providers (RoATP). Employers would do well to have another look at what providers are out there before writing off their levy contributions.

Apprenticeship standards are continuously being trailblazed. Admittedly, not all frameworks have been turned into standards and there aren't always relevant standards available, but this is where working in partnership with a quality training provider can help. They will assess your skills needs, show where the best value for money can be achieved, where elements can be bespoke and written in to apprenticeships, and where commercial funding would best fit. >>



# 24%

*of respondents said the available apprenticeship programmes were just not relevant to their industry or their skills needs*

## #3

## The 20 per cent off-the-job training requirement is too much

The majority of respondents (59 per cent) to Learning Curve Group's survey said the off-the-job training requirement was their main issue or concern with the levy to date. Many employers said they just couldn't afford to lose a member of staff for the equivalent of one working day a week. "Many see 20 per cent off-the-job as day release. But it isn't and it doesn't have to be a blocker to implementing apprenticeships," said McLeish. Classroom learning can make a portion of this, but it can also include mentoring, industry/event visits, shadowing and involvement in community and CSR projects.

The cost of apprenticeships put others off in different ways. Many businesses said they were big enough to pay into the levy, but not big enough to be able to afford the perceived additional costs of the training.

Some said the cost of an apprenticeship compared unfavourably to putting an employee through college or a non-levy course and raised concerns the levy didn't cover the cost of the courses they wanted, so they needed to top it up. But businesses must realise that no matter the cost of programmes, they have spent that money anyway and they can't opt out of it – so it's in their interests to use as much of their pot as they can rather than losing the funds. It is also at this point that the right training partner can really add value to businesses when it comes to strategically utilising their levy funds.

Other respondents noted the cost of additional wages if they were to hire a new apprentice, even though the levy funding does not have to be spent on new entrants into the workforce – if hiring isn't part of your people plan then you can always invest the levy in existing employees already on the payroll.

Concerns were also raised about travel and expenses when it came to releasing apprentices for days at college, but there are many training providers that offer a model with no day release and instead bring their coach into the workplace to deliver teaching and learning. Some training providers can also help employers access other pots of government funding meaning there's a chance that no further investment would be needed by the employer but their needs are still being met.

"I'd advise businesses to speak to competent providers around how it could work within their own organisation," said McLeish.

*"Businesses should speak to competent providers to see how it could work within their organisation"*



## #4 The system is far too complicated

Two in five (41 per cent) respondents to Learning Curve Group's report said the complexity of the system was preventing them from engaging with it. One employer in particular said that while the system appeared simple in principle, in reality exploring all the options was a long-winded process and there were too many contingent factors that needed to align in order to make it work for the business.

But there are account management services, such as those provided by Learning Curve Group, designed specifically to take away the stresses of dealing with the levy system. Providers can offer guidance and support, working with clients to guide them through the process, and can even help manage an employer's online apprenticeship account into which their levy funds are paid.

"The introduction of the levy has given employers ownership and control of what can be perceived to be a fairly complicated system and process," said McLeish, "but we understand that employers have a business to run, so finding the time to figure it out and understand any bureaucracy can be time-consuming or a lower priority."

"Our job is to strip away the confusion and complexities and support organisations to get value from the levy. A good provider can work with an employer to help them understand their needs and guide them down the most appropriate path." >>

**41%**  
*of respondents to the Learning Curve Group survey said the complexity of the system was preventing them from engaging with it*

## #5

## Staff are not interested

Nearly a third (28 per cent) of respondents said they struggled to get staff to engage with apprenticeships. It's a different way of training compared with either more commercial or academic routes, and employers need to communicate better with their staff exactly how apprenticeships can be used for more senior training, or for re-skilling and up-skilling.

Some respondents also reported a lack of interest from external applicants for specific roles, in turn making them less able to release existing staff for training. One respondent noted that apprentices want to be in roles that let them demonstrate learning, and that businesses can't provide this until the apprentice has reached a certain level of proficiency. But an apprenticeship can give individuals the opportunity to show continuous learning if they're given the right projects by their employers – and doing so can even be treated as shadowing and count towards the apprentice's 20 per cent off-the-job training.



*“Employers need to communicate to their staff how apprenticeships can be used for senior training, or for re-skilling and up-skilling”*

Many organisations have called for the apprenticeship levy to be turned into a ‘training levy’, the implication being that apprenticeships are only relevant to new entrants and a broader levy could open the funding to more people but, as discussed, apprenticeships have so much more potential above and beyond offering them solely to new entrants. So long as employees are getting the training they need, does it really matter what the fund is called? Getting buy-in to apprenticeships is a task of changing perceptions, and there are tools available to help employers. Provider organised roadshows, for example, have been shown to be effective in explaining the qualifications and programmes to employees – and in the process reinforcing that an apprenticeship can be for them regardless of their age or where they are in their career journey. >>

Learning Curve Group is a national training and education specialist. We work with further education providers, employers and learners to help them achieve success. We have strong values which are all centred around our learners – they have to be, we impact on over 100,000 of them every year.

For more information, please go to [learningcurvegroup.co.uk](https://learningcurvegroup.co.uk) or contact [training@learningcurvegroup.co.uk](mailto:training@learningcurvegroup.co.uk)

