

# UNLOCKING THE UNTAPPED POTENTIAL OF FINANCIAL SERVICES APPRENTICESHIPS

How apprenticeships can help UK financial  
institutions gain the skills they need to compete



## PAUL FEGAN



In Paul's early career in banking, he qualified as a Fellow of the Chartered Institute of Bankers (now LIBF). He combined his passion for education with his experience as a banking to train newcomers to the industry.

He co-founded Absolutely Training and as CEO led it to become the market leader in regulatory and compliance training in the financial services industry.

As MD of Capital City College Training he saw the positive impact of apprenticeships on learners: government funding allowed employees to progress and learn new skills, while employers had a well trained workforce.

He joined Alpha to build its apprenticeships provision. This complements the early years training for which Alpha is a well established and trusted provider. Paul works closely with Alpha's clients to determine which apprenticeships standards will best equip their teams with the skills that they require.

## INTRODUCTION

Financial services institutions are enthusiastic adopters of UK apprenticeship schemes.

According to UK Government Education Statistics, the number of apprenticeships fell significantly during the pandemic. The number of apprentices starting with small employers in 2020/21, for example, was 9% lower than in 2018/19, while the number of those starting with medium-sized employers was 21% lower, and large employers 20% lower. But, while most industry sectors had fewer apprenticeships compared to pre-pandemic levels, financial services were one of the few sectors that saw a slight increase.

There is a logic to this. With training budgets under pressure amid an uncertain economic climate, apprenticeships offer comprehensive training at effectively zero – or low – cost. Any outlays can be recouped from the Apprenticeship Levy (see boxout on page 5), a fund which every UK employer with an annual pay bill of more than £3 million must pay into each month.

Yet there is some stigma attached to apprenticeships: many people still associate them with manual trades rather than white-collar domains – like financial services. It is important to overcome this outdated view: apprenticeships offer a means for organisations to address skills gaps, especially with specialist or technical roles. They also facilitate the recruitment of people from a wider diversity of backgrounds.

Apprenticeships give people the skills they need to be better at their jobs, at minimal cost to their employers. Learning and development (L&D) teams should take the time to explore how best to manage an apprenticeship scheme, and the resultant benefits for their organisation and its employees.

## OVERVIEW OF APPRENTICESHIPS IN FINANCIAL SERVICES



Many people consider apprenticeships solely for school leavers. This is simply not the case for the financial services industry. Apprenticeships are open equally to school leavers and graduates who may be new hires, but just as importantly they are available to train mature staff who may have been in their role for many years.

When it comes to technical skills where the body of knowledge is constantly evolving, apprenticeships offer OFSTED-rated professional qualifications that can put employees on a path to being professionally recognised in new and emerging roles such

as cybersecurity, data analysis, or investment operations.

As work-based training programmes, apprenticeships cover a wide range of learning approaches, including face-to-face and online coaching sessions, workshops, and assignments, access to work-based mentors, a portfolio of continuous personal development (CPD) activities, and the use of reflective journals.

Whether used to train new talent, attract potential recruits, or upskill current employees, the range of apprenticeships available makes them ideal for addressing a variety of skills gaps that might exist within an organisation, as well as helping to improve workforce diversity.



## THE APPRENTICESHIP LEVY

Introduced by the UK Government in April 2017, the Apprenticeship Levy requires all businesses with an annual wage bill of more than £3 million - which includes most UK financial services institutions - to pay 0.5% of their payroll into a fund.

The revenue it generates is used to fund Government approved apprenticeship training for all employers who want to take on apprentices. Smaller businesses, with a wage bill of less than £3 million per year, need only pay 5% of the cost of any apprenticeship training; the government pays the rest.

There are certain stipulations for how the funding can be used. For example, apprenticeships funded by the levy must meet an agreed standard. In addition, organisations must offer a minimum of six hours training a week for a minimum duration of 12 months, a substantial time commitment that can mean some institutions will see apprenticeships as being better suited to new hires than existing workers. However, with clever planning this can be mitigated by including other training activities that the employee would have been undertaking anyway.

Huge amounts can go unclaimed though. Between 2019 and 2022, more than £3.3bn of apprenticeship funding went unspent. Access to the levy is on a "use it or lose it" basis, with any money not used reclaimed by the Treasury after two years.



## THE VALUE OF APPRENTICESHIPS

Alpha helps financial services organisations set up and run highly effective apprenticeship schemes.

Funded through the Apprenticeship Levy, and OFSTED approved, it designs apprenticeship programmes which are tightly aligned to an organisation's L&D agenda. Alpha offers a complimentary, no-obligation consultancy service to help organisations set up their apprenticeship programme, identify their training needs, and put the right solution in place.

Whether used to give employees an industry-accredited qualification, to improve employee retention, or as a progression route for a graduate programme, Alpha's apprenticeship programme ensures new and existing employees receive the most relevant and relatable training experience and enables organisations to develop the skilled workforce they need to achieve their goals.

By allowing employers to cast a wider net, such apprenticeship schemes can help organisations attract talent which more closely reflects their communities, bringing a diverse range of outlooks and opinions. This can only benefit the employers as they grow.

## CUSTOMER STORY

### LONDON BRANCH OF LEADING US BANK

The right apprenticeship scheme can help people make real contributions to their business quickly.

When a leading bank asked one of the data analyst apprentices on Alpha's programme to look into improving transaction reporting, their work led to significant efficiency savings across its operations team.

Each day, the company's operations team manually reconciled fee details on client transactions, a process that typically took a total of 40 hours each month – more than one working week. The apprentice was asked to review this process with a view to making it more efficient, so the team could devote more time to business-as-usual tasks.

The project was a success. The apprentice was able to optimise the time taken to perform the process to just five minutes per day. During March 2020, the 1,200 trades made took just under two hours to reconcile – a fraction of the time spent previously.

With results such as this, it is perhaps little surprise that, according to Alpha's last OFSTED report:



Apprentices and employers value the training Alpha provides.

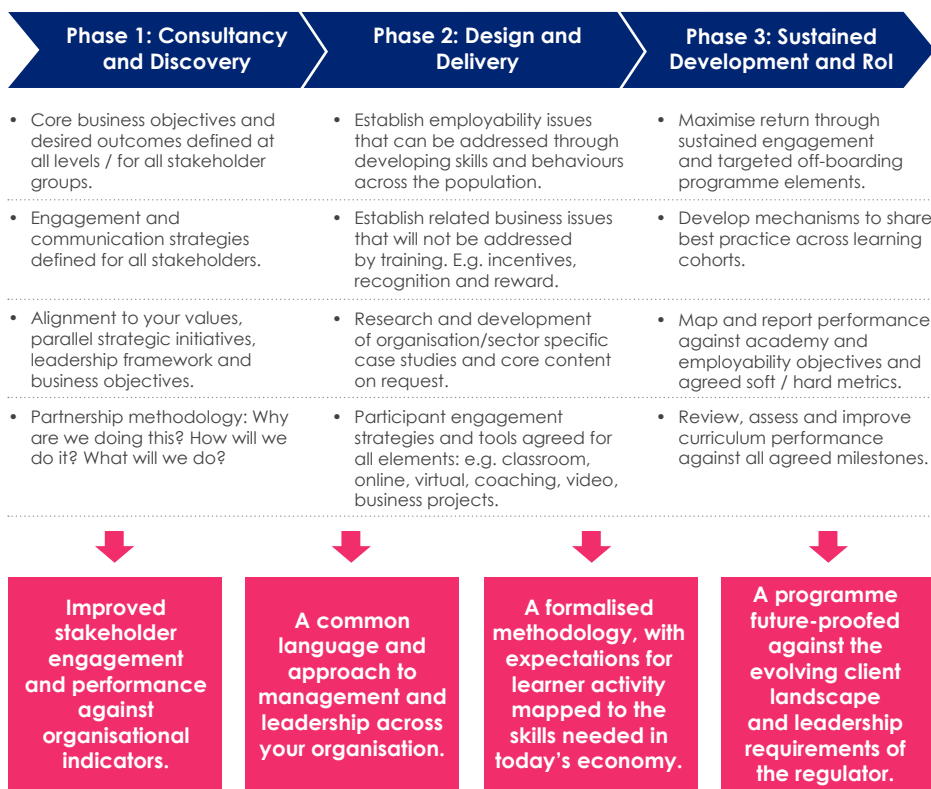


## PUTTING APPRENTICESHIPS TO WORK

For all their benefits, apprenticeship schemes can be time-consuming to set up and run.

Specialist learning providers like Alpha can help. They offer companies a one-stop-shop for managing the entire process – from enrolling participants and running the training, to claiming funds from the Treasury.

The table below illustrates Alpha's consultancy-based approach, addressing the apprenticeship needs of financial services organisations at every level of maturity.





## CONCLUSION: TACKLING THE STIGMA

There is a historical association of apprenticeships with manual skills – an association which is entirely at odds with today's offerings.

As we have seen, modern apprenticeships provide a proven means to train people on the job – whether they are new to a company or have been there for some time. This is especially true in emergent or fast-moving areas where academic learning has yet to catch up, such as data analysis, cybersecurity, ESG, and customer experience. Apprenticeships also enable employers to ensure their employees truly reflect the makeup of their local communities.

Schemes need not necessarily be billed as apprenticeships to participants. Instead, they can be referred to as training courses, or skills workshops.

However, they choose to describe them, L&D teams can use apprenticeships to plug vital skills gaps, recruit and retain employees, and encourage greater diversity at little or no cost to their institutions.



## FIND OUT MORE

Contact Alpha for a no-commitment discussion about how we can manage your apprenticeship programme, and maximise the government funding available for new and existing employees to ensure they are equipped with the skills they need for success in a fast-evolving financial services sector.



[alphadevelopment.com](http://alphadevelopment.com)

