

THE APPRENTICESHIP LEVY AND THE ORGANISING OPPORTUNITY – PART 2

Introduction

This is the second part of a two part series that began by looking in some detail at the Apprenticeship Levy that is due to be implemented from 6th April 2017.

In this final part we considering how the Levy can be applied to existing employees, especially when in a recent TSSA survey only 37% of members said they had received any training intended to advance or improve their career. In the same survey, 71% of respondents said they would like to make the railway industry their career.

What is TSSA's concept?

The significance of the levy is that it offers an opportunity for TSSA to pursue a concept that means:

- organising members and encouraging employers to use the funding that is available to give more existing workers access to developmental training through apprenticeships;
- tackling the rail industry's equality issues, both amongst

existing and new entrant employees;

- the chance to recruit existing and new workers into TSSA.

Why should employers be interested?

As noted in Part 1 of this series, some of a company's costs associated with training future apprentices through the Apprenticeship Levy will be recoverable from the digital apprenticeship service account - but not all of them, including those of employing the apprentices.

This means that employers could be in the situation of paying more into their digital accounts than they will ever use – and after two years they may even forfeit some of that money (see Part 1). For any organisation seeking to control its expenditure and expecting something in return for what it does pay out, this is not good news because ultimately it affects its profitability.

How TSSA sees this being a win-win situation

There are a number of reasons why

TSSA's concept could be attractive to employers:

a). Career development opportunity

TSSA has been looking to find a way for more staff with career and developmental aspirations not to be ignored but to have an opportunity to progress, especially since the results of our survey were announced. There are good business reasons why an employer should want this to happen as well and we believe that the Apprenticeship Levy offers a chance to remedy this matter because employers could use some, or all, of any excess payments to fund apprenticeship schemes for existing staff. And as they already employ the workers, one of the biggest non-recoverable costs would be eliminated.

b). Equalities

But there is another reason why creating apprenticeships for existing staff should be encouraged and that is because of the issue of equalities. For instance, the "Women in Rail Industry Survey"ⁱ published in December 2015 showed that across Britain's railways, women only make up 16.36% of the workforce and most of them (79%) are in non-managerial roles (60% are in operational roles like customer services, stations and retail but only 4% are in engineering).

In the "Transport Infrastructure Skills Strategy: building sustainable skills - Moving Britain Ahead"ⁱⁱ strategy, published by the DfT in 2016, the government states that where BME employees are underrepresented there will be a target of a 20% increase in

the number of BME candidates undertaking apprenticeships by 2020.

TSSA research published in 2014 showed similar issues applicable to women and staff from the Black and Minority Ethnic community as well as those with disabilities.

c). The Rail Sector Skills Delivery Planⁱⁱⁱ

Launched by the government in December 2016, and working with the National Skills Academy Rail (NSAR) and railway companies, the issue of equalities and greater diversity have been recognised. As part of a wider plan to attract 100,000 people into the industry over ten years because of an ageing workforce, new technologies and a lack of diversity, the government has set the rail industry a target of 20,000 new apprentices by 2020. 20% of engineering and technical apprenticeships in this time frame must be given to women and by 2030 there must be parity between the genders. The Plan also calls for the recruitment and retention of staff by clearer career paths and the establishment of 'map of roles' that can lead to particular career outcomes. This new development is something that TSSA can use to promote its objectives as outlined in this paper.

d). Developmental training

The sort of developmental training that members have requested comes in two areas. The first is about additional skills and recognition for their current role, partly with a view to advancement. The second is more direct and related to gaining the necessary knowledge and experience

to become a team leader, supervisor or manager.

Are existing employees covered by the Apprenticeship Levy?

Apprenticeships funded by the Levy can be offered to existing employees. This could be, for instance:

- where someone in an existing job role needs significant new knowledge and skills,^{iv} perhaps after a reorganisation or job transfer;
- to up-skill existing staff to develop the workforce with higher level skills^v as a way to encourage them to become more productive, have higher morale, produce higher quality work and stay in their positions for longer.

Advice offered by several colleges and training providers suggests that existing staff will be eligible as long as:

- the apprenticeship is relevant to their role;
- and the most appropriate way of progressing/developing the learners career as a result, i.e. upon completing the apprenticeship the member of staff will be promoted, given more responsibility, or moved into a more senior role.^{vi}

In common with other elements of the Apprenticeship Levy, funding for existing staff taking up an apprenticeship would be contingent upon:

- the employer making a commitment that the apprenticeship would last for a minimum of twelve months;
- the apprentice spending at least 20% of their time on off-the-job training;
- both parties signing an apprenticeship agreement. Government guidance states that “This can be a written statement of particulars under the Employment Rights Act 1996, a contract of employment or a letter of engagement, where the employer’s duty under the 1996 Act is treated as met.”^{vii}

Where employers and members are receptive to such schemes, especially if in relation to developing someone in an existing roles, TSSA may need to take legal advice so that the employee does not lose any pay, conditions or pension entitlements;

- the apprenticeship being at the same or lower level than a qualification the individual already holds. Funding will be available if the apprenticeship will allow the individual to acquire substantive new skills and the employer has evidence that the content of the training is materially different from any prior qualification or a previous apprenticeship.^{viii} There is still some clarification expected from the government on funding in this area in relation to

graduates beginning a Higher Apprenticeship;

- the apprenticeship falls within the appropriate standard^{ix} or framework and meets the criteria of what can and cannot be funded.^x

Funds for apprenticeships can be used to train staff at any age over 16.

What is excluded?

Based on the need to fulfil the above criteria, the funds from the levy and any top up from the government will only be applied to apprenticeships so any other form of training is excluded.

What this could mean is that when discussing the availability of developmental opportunities, TSSA could be suggesting a range of measures to enable people to be prepared for future jobs and that apprenticeships for existing staff could feature alongside other forms of training.

TSSA's aspirations

Our aspirations are that:

- employers should be focusing on developing skills investment plans for the future needs of their business, including succession planning to include clear career paths **open to all. This is why we are stressing the equalities aspect of this issue;**
- and that the availability of these opportunities is made known in a structured process, especially

when individuals meet with their managers as part of their annual review.

What can organisers and reps do?

Building on all of the above, TSSA plans to approach individual companies to encourage them to set up apprenticeship schemes that cater for existing employees, in addition to those for new entrants.

Organisers and reps need to be familiar with the most significant aspects of the new system which was the purpose of Part 1. In Part 2 we have introduced TSSA's aspiration. To provide some authority, you will find that there are a number of references to notes that appear at the end of both briefings and which give access to official government documents and other sources used in the compilation of the material.

Apprenticeships: a Time to Grow

Apprenticeships offer an opportunity for TSSA to recruit and organise in accordance with the Time to Grow strategy. This paper and the aspirations it contains can be a way to both recruit new entrant apprentices and promote developmental apprenticeships amongst existing staff.

Acknowledgements and further reading

Documents used in the compilation of this Bulletin appear in the notes section below.

ⁱ Available at: <http://womeninrail.org/wp-content/uploads/2014/04/WR-Industry-Survey-Report-December-2015.pdf>

ⁱⁱ See second bullet point, Paragraph 9, page 9 of: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/495900/transport-infrastructure-strategy-building-sustainable-skills.pdf

ⁱⁱⁱ See the statement and youtube video from the launch on 7th December 2016 at: <https://www.nsar.co.uk/2016/12/rail-sector-skills-delivery-plan-address-skills-challenges-rail-sector/>

^{iv} See Paragraph 26, page 7 of https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/562442/Apprenticeship_funding_rules_May_2017_to_March_2018_EMPLOYER_DOC.pdf

^v

<http://www.leedscitycollege.ac.uk/employers/apprenticeship-levy/>

^{vi} See Dudley College (<https://www.dudleycol.ac.uk/portals/0/downloads/employers/apprenticeship-levy-faq.pdf>), TESS (<http://thetessgroup.com/all-you-need-to-know-about-the-apprenticeship-levy/>)

^{vii} Paragraph 29.1, page 8 of: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/562442/Apprenticeship_funding_rules_May_2017_to_March_2018_EMPLOYER_DOC.pdf

^{viii} Paragraph 42, page 11 of Note xii document.

^{ix} See Note iii above.

^x See Paragraphs 50 and 51, page 11 of: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/562442/Apprenticeship_funding_rules_May_2017_to_March_2018_EMPLOYER_DOC.pdf