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The Report

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Achieving educational parity

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Closing the gap Reforming the levy will help to tackle social inequality

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Comment



John Bumphrey
UK country manager,
Amazon

“We’ve made a success of the levy, but it must evolve to reach its potential”

I know, from talking to people in my capacity as Amazon’s UK country manager, that while many have driven past one of our warehouses beside a motorway, few have a really good idea about the work we do inside.

It often surprises people in policy and education to hear we’re one of the UK’s largest creators of apprenticeships. We began offering apprenticeships 11 years ago, and we’ve since created more than 5,000 roles.

Our apprenticeship programme contains 40 different schemes, from robotics to sustainability, from Level 2 (GCSE-equivalent) up to Level 7 (degree). These are serious jobs that lead to serious qualifications. More than 70 per cent of our apprentices complete their programmes each year, and more than 80 per cent of those have progressed to a permanent role at the company after finishing their training.

We’re proud of what we’ve been able to offer, both to young people at the start of their careers and to those of all ages who are keen to reskill. However, we believe there are opportunities to go further.

MARTA SIGNORI

Currently, 100,000 small and medium-sized businesses (SMEs) sell on Amazon, and we also play a significant role in the UK’s thriving creative industries, including film and TV production, which often split work between smaller contractors. Being able to use our levy funds to support apprenticeships in these smaller organisations is vital to delivering opportunity as broadly as possible. We have committed £8m to SMEs since 2021, supporting 900 learners at 400 organisations. This has included providing levy transfers for programmes with The Brit Trust, ScreenSkills, the Association Independent Music, and the National Film and Television School.

Within the world of apprenticeships, there is often a focus on higher-level qualifications. And while there is immense value in Level 4+ courses, these do not address some of the most important business needs that we see.

First, we are increasingly seeing demand for skills “top-ups”: shorter courses to upskill people in emerging technologies, such as artificial intelligence. A modernised levy could open the way for more of this kind of training to take place in the workplaces that need those skills.

Second, higher-level apprenticeships are not where funds can do the most good. By the time someone is considering a degree apprenticeship, they are often already on the route to success. Here at Amazon, 39 per cent of the apprenticeships we offer are at Levels 2 and 3, equivalent to secondary school qualifications. Among the many inspiring people that I meet through my role, it strikes me that the ones who need the most help are those that have not – for whatever reason – left school ready for work.

Pre-apprenticeship programmes can help with those foundational skills, such as digital skills, time management, team working and problem solving. We see the benefit of such training in other programmes that we run. For example, we run a ten-week programme with Barnardo’s called the Jobs (Journey of Becoming Successful) project, which has supported over 200 care leavers and vulnerable young adults into work since 2021.

We’ve been encouraged by the Labour Party’s willingness to listen to businesses’ thoughts on the future of the levy. As it prepares detailed plans for a widened growth and skills levy, I hope that experiences such as ours will be useful. Modernising the levy to enable businesses to support those who need extra help to get started, as well as those who want a shorter-term skills boost, will be good for workers, good for businesses and good for the country. ●

How levy transfers help small businesses transform their workforce

Larger employers can improve local skill levels by donating their unused funding

First announced by then chancellor George Osborne in 2015, the Apprenticeship Levy requires bigger businesses (those with an annual pay bill of £3m or more) to set aside 0.5 per cent of their payroll for apprenticeships. It was officially rolled out in 2017 by then education secretary Justine Greening, and since 2018 has seen 28,003 apprenticeship places transferred from larger to smaller businesses via levy transfers.

Since its inception, however, the levy has been widely criticised by businesses, employers and training providers. Critics have called for the levy to be reformed in light of its inflexibility, difficulties in understanding how it is used, bureaucracy around the release of funds and the narrow scope of apprenticeship training. Both the government and the opposition are currently considering how it might be changed.

Still, the levy is already helping many small businesses train and develop a new generation of talent with help from larger organisations. On 18 March, Prime Minister Rishi Sunak announced he would be investing a further £60m into the scheme and would increase the amount larger employers can transfer to smaller employers from 25 per cent to 50 per cent of their unused levy funds. According to the government, 530 employers such as Asda, HomeServe and BT have pledged to transfer over £35.39m in unspent levy funds to smaller businesses since September 2021.

This move was welcomed by the sector. Martin McTague, national chair of the Federation of Small Businesses, said at the time: “Apprenticeships are an effective way of allowing small firms to recruit and upskill talented people.” McTague said the Prime Minister’s recent announcement offers a “positive way to bolster the number of businesses taking on apprenticeships”. He added: “Time and resources are in short supply for small businesses and so increasing the amount of funding for training costs will help to

improve the number of small firms entering the apprenticeship system.”

This is what Amazon has pledged to do. Since 2013, the company has created more than 5,000 apprenticeship opportunities at Amazon. Its schemes have a 70 per cent retention rate and roughly eight in ten apprentices who have been on an Amazon scheme (80 per cent) have progressed to a permanent role at the company after completing their training. Since 2021, Amazon has also used the Levy Transfer to commit £8m to small businesses. This has helped to fund 900 learners and 400 small and medium-sized businesses (SMEs) in boosting local skills.

One small business that Amazon has worked with is Adopstar. Based in Devon, Adopstar is an organisation specialising in ad operations and marketing. Its head of training, David Bond, explains that “from the absolute outset” of Adopstar’s existence, “apprenticeships were deemed as a really good way of both growing the company... but equally being able to get the skills and knowledge for our staff”. Apprenticeships are embedded into the way Adopstar works as a company. “It’s a way for us to bring new people in with new ideas and get them up to speed with current industry knowledge,” Bond says.

He says that apprenticeships have helped Adopstar maintain a low turnover rate of employees and have helped staff upskill and progress professionally. “For us to be able to afford that on our own, we just can’t do it,” Bond says, “therefore the levy is really important for us. It enables us to grow and expand our workforce.”

Adopstar has used Amazon’s support to fund a range of roles. “For a company to get someone qualified through a degree-level qualification, you’re paying up to £1,000,” Bond says. But the company has used the levy funding it has received to offer staff the opportunity to achieve high-level qualifications while working on the job. For example, a former funded



More than 500 employers have pledged £35.4m in levy transfers since 2021

apprentice is now the operations manager for Adopstar (and is also Bond’s boss).

However, while Amazon has made good use of the levy transfer scheme, recent research from the Department for Education shows that this is not the overarching trend. In 2022-23, just 2.7 per cent of levy-paying businesses allocated part of their funds to non-levy-paying employers.

Bond is clear that more effort needs to be made to raise awareness of apprenticeships and the positive impact they can have. He explained that the process of taking up the levy is “relatively straightforward”, but the biggest barrier is that many small companies are not aware of what the levy is. He says a more targeted communications campaign and information from government could help to increase uptake and awareness.

“I’m a massive advocate for apprenticeships,” Bond says. “It’s an opportunity, it’s a window.” He says more work should be done by

schools and the government to position apprenticeships as a valuable career path for young people and people of all ages looking to retrain or upskill.

He explains that apprenticeships have advantages that are not as applicable to those taking a traditional university route. “It’s a massive benefit to a company to know that someone has been able to put themselves through a degree-level qualification while holding down a full-time job,” Bond says.

The financial support Amazon has provided has been essential. “Particularly with the economic climate as it is,” he explains, Adopstar would not be able to run the programmes that it does without levy support.

“We don’t have a huge profit margin at the moment because we’re still growing,” he says. “We just couldn’t put people through and train people in the same way in our own right.”

“And big companies like Amazon are superb to support us growing,” he adds. “We couldn’t grow without their support.” ●

Louise Dawe-Smith: “Confidence is the biggest thing an apprenticeship can teach you”



Louise Dawe-Smith is an apprentice with Adopstar, an ad operations company based in Cullompton, Devon. She has been working at the company since 2022

How did you become an apprentice with Adopstar?

I had finished my A-levels and I was supposed to go to university in Swansea in September 2022. I'd planned everything out, and I'd got my student loan through. I don't know the pivotal point when that changed but I had spoken to a few of my friends who had done degrees and now don't really use them, and I thought I'd have a look into apprenticeships.

I came across Adopstar, and they were hiring. I went to my interview and thought, I feel more comfortable with this. I was quite a shy person anyway, so staying at home and being able to work alongside learning was better for me.

Where did you start out at Adopstar?

I was completely fresh. I'd never done anything IT-related before, so I started off with a lot of training. I initially shadowed more senior colleagues; I watched how they worked with a variety of different clients, and then the roles reversed, and they shadowed me. This meant they could give me feedback. I think that system works quite well because you're watching someone complete a task and then practising it. Then I picked up a client, which was a big moment as I'd never done anything like that before. This was all during my exams, as I was working towards an off-the-job qualification. I've finished my apprenticeship now, and I'm looking at getting funding for my next one.

What skills have you learnt?

I had an A-level in business studies before I started, which helped with the marketing aspects of my job. But I had absolutely no IT skills whatsoever. I've learned how to use Google Ad Manager and other marketing platforms, which has been a great help. But the biggest skill I've learned is confident communication. If my boss had asked me to talk to a client in the first week of work, I would have said "no, absolutely not". But now being able to walk into a workplace and confidently talk to colleagues and clients – that's the biggest thing an apprenticeship can teach you.

I've been able to do qualifications alongside my work. For example, I have achieved some Google certificates for ad management. There are constantly things you can learn and develop. Our managers give us plenty of opportunities to reach out and ask to do an extra certificate or shadow them working on a project.

What would you say to other people who are considering doing an apprenticeship?

If you're considering it, then you're probably thinking maybe you would prefer it. It's quite a big decision to make, choosing whether you want to go to university or do an apprenticeship. But an apprenticeship is a way to get your foot in the door. It helps you to find the sector that you might want to work in and it can be eye-opening. It would definitely make you aware of whether you want to work in that industry or not. It's a great way to learn how working life works. ●

How the Apprenticeship Levy can be used to support SMEs

28,003

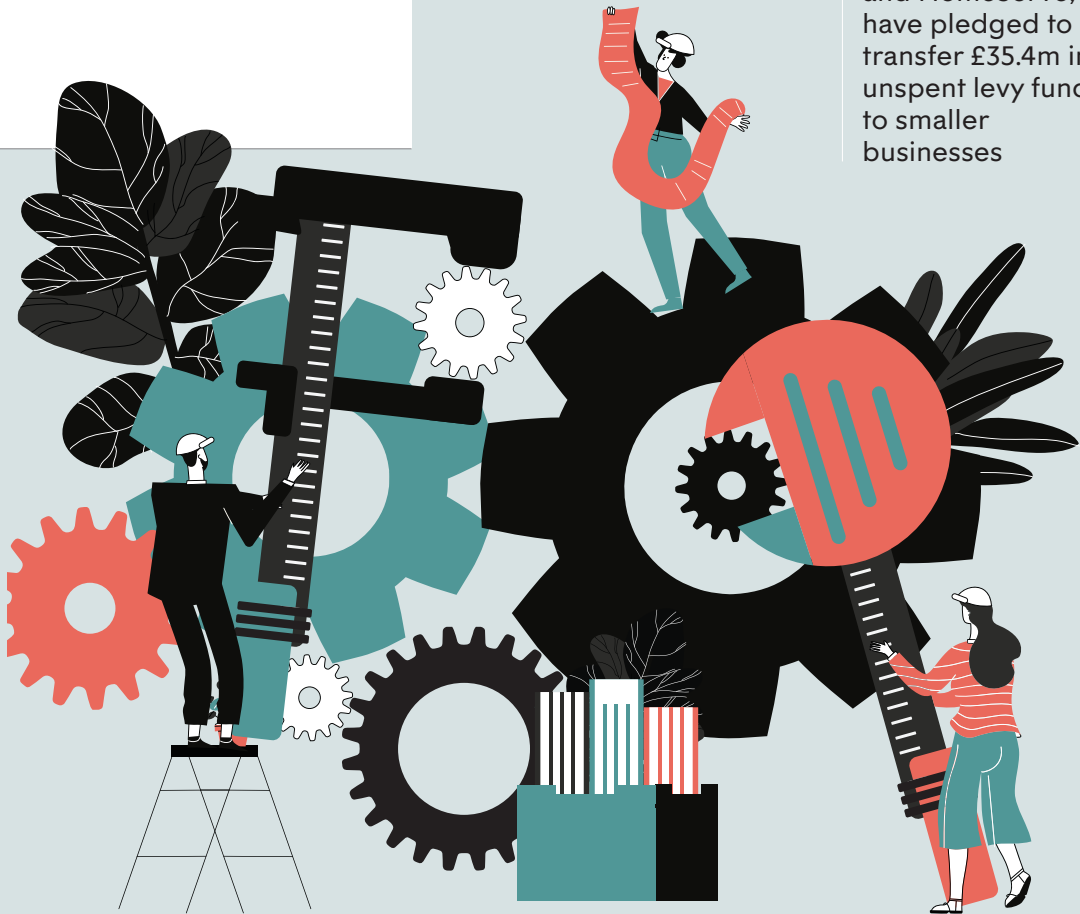
Apprenticeship starts have been transferred from big businesses to small and medium-sized businesses (SMEs) via levy fund transfers since 2018

25% to 50%

In March, the Prime Minister doubled the amount of funding larger businesses can transfer to smaller businesses so that they can take on more apprentices

£35.4m

Since September 2021, 530 employers, including Asda, BT and HomeServe, have pledged to transfer £35.4m in unspent levy funds to smaller businesses



5,000+

Amazon apprenticeship opportunities since 2013

£8m

Committed by Amazon to small businesses who work with them

Since 2021, this money has funded 900 learners and helped 400 SMEs improve local skill levels

Sources: UK Gov, FE Week, Parliament, Amazon



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