Chartered Banker

APPRENTICESHIP INSIGHTS

The apprenticeship landscape in financial services: opportunities and challenges post levy.

On behalf of The Chartered Banker Institute, by Tammie Harwin

I am, therefore, a strong supporter of apprenticeships and believe there are great benefits to the banking sector, to customers, to the economy and most importantly to significant numbers of individuals from a diverse range of backgrounds from an effective and purposeful apprenticeships system.

Simon Thompson FCIBS
Chief Executive
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Preface – Simon Thompson, Chief Executive, Chartered Banker Institute

The Chartered Banker Institute is the oldest institute of bankers in the world, founded in 1875 to enhance and sustain ethical and professional standards in banking. During our first century, the overwhelming majority of the young men and women gaining their banking qualifications with the Institute, and going on to enjoy rewarding careers in banking in the UK and overseas, were bright, hard-working school-leavers for whom joining a profession was their passport to a better life for themselves, and for their families. With university an option only for a small minority, until recently, the Institute – and other professional bodies – helped many tens of thousands of individuals develop relevant, professional knowledge and skills, and provided gateways to professional careers. For us, the concept of apprenticeships is not new; it is embedded in the public interest mission of the Institute, as established all those years ago.

I am, therefore, a strong supporter of apprenticeships and believe there are great benefits to the banking sector, to customers, to the economy and most importantly to significant numbers of individuals from a diverse range of backgrounds from an effective and purposeful apprenticeships system. Despite some good and thoughtful practice in some areas and the significant numbers of new apprenticeships starts in banking, which seem to be holding up well compared with other sectors, I am concerned that the current apprenticeships system, at least in banking, is not working as well as it could.

My concern is shared by many Institute members, who believe that the opportunity provided by the apprenticeship levy to further enhance and sustain banking professionalism – still vital a decade on from the Global Financial Crisis – is being lost. To put it bluntly; the apprenticeship levy has created incentives for apprenticeship providers and organisations to seek to maximise the return on the levy paid. As we know only too well in banking, misaligned incentives often lead to poor outcomes.

This Insights Paper, therefore, seeks to set out both the good practice being demonstrated in apprenticeships in the banking sector and, where we feel it is necessary, offers constructive criticisms with the aim of improving apprenticeships in banking, and the effectiveness of the apprenticeship levy. Where we make suggestions for improvement, this is based on data published here for the first time, and evidence collected from a wide range of interviews with banks, providers and others. It is an important contribution to the debate on apprenticeships, and I believe its conclusions and recommendations should be studied by policymakers, regulators and by those involved in developing and delivering apprenticeships in the banking sector.

It has been a major undertaking to research the reality of apprenticeships in banking, involving uncovering data not before made publicly available, conducting many interviews, and analysing the evidence to draw sound conclusions and make sensible recommendations. On behalf of the Chartered Banker Institute, I would like to warmly thank Tammie Harwin, the lead author, for her diligence, determination and enthusiasm, together with my colleagues Mark Roberts and Matthew Ball for supporting Tammie.

I believe there are two areas in particular where we need to act to ensure apprenticeships in banking deliver the outcomes to individuals, organisations and society we seek. Firstly, as this Insights Paper demonstrates, there are signs of a significant shift towards the use of generic apprenticeships standards, such as those for management, administration and customer services, rather than the specific standards intended to reflect occupational competencies in banking. Whilst generic standards may be appropriate in some circumstances, their use highlights two critical issues:

- A watering-down of the value of core banking skills, such as risk, credit, operations and professional ethics; and
- An indication that the existing apprenticeship standards designed for banking are not seen as being sufficiently relevant.

Since the Global Financial Crisis, the banking sector, policymakers and regulators have seen enhancing banking professionalism as a critical priority in financial services. Much progress has been made in the decade since 2008. Central to this was the recognition that the ‘retailisation’ of banking from the mid-1980s had detrimentally eroded the culture and value of sector-specific, banking education that had historically underpinned banking as a profession. Over-reliance on systems and processes, underpinned by narrow investment in sales and customer services skills led directly to many of the issues that were laid bare a decade ago.

It is deeply concerning, therefore, to see evidence that the value of sector-specific education is, once again, being eroded – driven this time by the lack of relevant apprenticeship standards and misaligned incentives created by the apprenticeship levy. As other sectors embrace apprenticeships (accounting, for example) it is noteworthy that sector-specific qualifications continue to play a central role. We must act to ensure they do the same in banking too.

Secondly, we must align the apprenticeship frameworks and systems across the UK. At present, as this Insights Paper demonstrates, it is proving impossible for banks and apprenticeship providers, despite their best efforts, to use the levy to help individuals throughout organisations develop the knowledge and skills needed by UK-wide employers. The different systems, and funding, available in different parts of the UK means that individuals are not benefitting from the opportunities that could be available for new or reshaped careers, and organisations are increasingly frustrated by the unnecessary, additional bureaucracy and friction caused by multiple apprenticeship systems. The UK and devolved governments must work together at pace to resolve these issues.

Apprenticeships offer outstanding opportunities to both individuals and employers. The wider societal benefits that skilled and well-educated individuals will bring should also not be undervalued – not least in terms of improving UK productivity. As our Insights Paper demonstrates, there is a real urgency for policymakers and the banking sector to take stock of the gap between where our sector's apprenticeships strategy is now, compared to the potential that a coherent vision for the future would offer. The critical need here is for the banking sector to reassert its ownership of the apprenticeship agenda, consider its future needs and to harness the capabilities that the supporting professional bodies and apprenticeship providers have to offer in bringing that vision to life. At the Chartered Banker Institute, we stand ready to assist and to play our part.

Simon Thompson FCIBS
Chief Executive
Chartered Banker Institute

Section 1
Executive Summary

The breadth and range of apprenticeships available under new apprenticeship standards was intended to create opportunities for change and growth in apprenticeship programmes within financial services and banking. Additionally, a significant consequence of the Apprenticeship Levy would be to drive renewed and focussed engagement from businesses to review how they use apprenticeships to deliver skills and progression. This paper sets out to examine how financial services, and in particular banks are progressing apprenticeships, based on feedback from fourteen financial services organisations and a wide range of other stakeholders involved with apprenticeships.

1.1 Key Insights

The project provided the following key insights:

Increased activity – The financial services (FS) sector is making progress in taking forward the apprenticeships agenda, with the larger banks taking the lead in that growth. The apprenticeship levy has acted as a catalyst for increased engagement with apprenticeships either by allowing the expansion of already established programmes into new business areas and levels (especially higher and degree level), or by kick-starting programmes in organisations not previously engaged in apprenticeships. A lack of clear apprenticeship data at sector level means it's hard to substantiate the detail of this increase. However, larger FS organisations and banks are reporting substantial growth in their programmes over the last couple of years and new organisations are engaging for the first time. Overall, this indicates that FS has seen an increase in apprenticeship engagement and delivery – even in light of an overall drop[1] in apprenticeship starts since the levy was introduced.

Broad focus – Banking in particular is utilising a broad range of apprenticeships, for example expanding apprenticeships into digital roles. FS specific apprenticeships appear currently more prevalent at entry and lower level occupations, with banks often using a mix of FS specific and more generic managerial apprenticeships to deliver competence for more senior roles. There are concerns, however, that incentives within the system are encouraging banks and providers to focus on more generic apprenticeships (e.g. administration, customer services, management) at the expense of more specific, technical banking and financial services apprenticeships, with potentially damaging implications for culture, conduct and competence in the sector.

Potential impact on professional qualifications – Mandatory professional qualifications within apprenticeships are generally seen as positive for the sector, with a number of potentially positive outcomes:

- Apprenticeships and the levy have the potential to increase the overall numbers of professional qualifications delivered within the sector – with some businesses using professional qualifications, funded as part of apprenticeships, where they didn't before
- This could drive more consistent levels of competence, with the added value brought by the broader work-based focus of apprenticeships
- There is the added benefit that the levy can enable employers to provide professional development to more employees than before via apprenticeships.

There is not, however, evidence that apprenticeships at present have increased the number of individuals completing banking and financial services-specific professional qualifications. Concerns have been raised that, in fact, the levy has negatively impacted on the number of financial-services professional qualifications studied.

Impact on professionalism – Employers spoken to agreed that apprenticeships have the potential to have a greater impact than qualifications alone, given their focus on practical application. Professional bodies, however, have concerns that apprenticeships are currently having the opposite effect. If apprenticeships are to enhance and sustain professionalism in financial services, it is imperative that the apprenticeship standards have closer alignment with relevant professional standards.

Need for revision – Future skills requirements for the industry have been partially recognised in apprenticeship standards that focus on developing digital competencies, but a revision of the financial services apprenticeship standards themselves is overdue.

Workforce planning – Apprenticeships are increasingly being used as a key tool to deliver workforce strategies, especially for larger organisations, with the levy driving senior engagement to move that forward.

Talent attraction and diversity – The increased breadth and type of apprenticeship standards available provides an opportunity to attract future talent to the sector. Degree apprenticeship programmes potentially offer an alternative to those that would have either undertaken full-time university studies, or may not otherwise have considered FS as a career option. This brings with it another key benefit for the sector: increased diversity – apprenticeships are being used to target new talent pools to ensure a broader representation of wider society within the FS sector.

EPA – End-Point Assessment (EPA) is felt by employers to be a positive addition to apprenticeships. Employers feel the independent assessment adds value and rigour to apprenticeship outcomes.

Flexibility and consistency – For apprenticeships to support these future needs, they need to allow flexible delivery and include transferable skills – with consideration given to a set of consistent skills and professional standards included in standards right across the industry.

Role of professional bodies – Professional Bodies can play a pivotal role in the growth of apprenticeships – by ensuring qualifications and standards frameworks are aligned to apprenticeships and also by working collaboratively to support the necessary review and update of apprenticeships to fit with future sector skills needs.

[1] For example the latest Apprenticeship statistics for 17/18 (published Aug 18) reports 315,900 apprenticeships starts to date between August 2017 and May 2018. This compares to 457,200 and 420,800 starts reported in the equivalent period in 2016/17 and 2015/16 respectively (a 31% and 25% drop).

1.2 Recommendations

1. Standards update as a strategic activity

Recommendation: The industry needs to take a firm and proactive hold of standards review and creation and treat it as a cross industry strategic activity. Currently, it is felt that some of the financial services apprenticeship standards, created initially under trailblazers, only three years ago, are somewhat backward looking and are concerned with the issues of the recent past and its challenges, rather than seeking to prepare apprentices for the future financial services environment. Defining future development needs and how these are balanced with areas of existing knowledge and skills of continued relevance is key. In this regard, key future themes of technology and sustainability could be considered alongside more traditional areas, such as of risk, matching customer needs to services, regulation and compliance. Developing the apprentices capability to reach sound commercial and ethical judgements will continue to be of great importance in any context.

2. Consistency across apprenticeships and professional standards

Recommendation: Employers should work with professional bodies to urgently revise the apprenticeship standards. Professional standards should be consistently aligned to apprenticeships – rather than being something separate or additional. Given the increased prevalence of apprenticeships within the sector driven by the levy, it's clear that to ensure FS professional standards are maintained they must be linked to apprenticeships. This highlights the need to ensure professional standards are central to the review of apprenticeships.

3. Facilitating the review of FS apprenticeship standards

Recommendation: Employers need support and resources to review apprenticeship standards to ensure they are fit for current and future sector requirements. This requires support to drive and coordinate this activity, which could include Professional Bodies (PBs) offering practical support and educational input to trailblazer groups to do this work. The Chartered Body Alliance is well-placed to lead on this as it represents 200,000 individuals members working in FS. The review of standards should be done in conjunction with other key stakeholders, including the End-Point Assessment Organisations and training providers involved in delivery. FS PBs should work collaboratively to have a consistent set of core financial services knowledge and skills that are flexible to support the needs of banks in the future, and to support the alignment to professional standards. As discussed earlier in the report, one way to future-proof standards is to ensure they have a suitable set of knowledge and skills that will be required to thrive in the FS sector – whether that's relationship management, digital skills, AI or a combination. It's also about ensuring standards are written flexibly to help allow for changing occupations and more agile working practices.

4. Integrated provision from Professional Bodies

Recommendation: Professional Bodies (PBs) continue to support apprenticeships and ensure that their qualification offering is aligned and in support of the apprenticeship model.

The style and content of professional qualifications should be suited to the changing audience apprenticeships bring, and in context with how the broader apprenticeship training is delivered. PBs' engagement and communications with employers should be based on how the PB can support delivery of their qualifications, with a particular focus on and link to delivery, as part of apprenticeships.

5. Alignment across the UK.

Recommendation: Bank employers have strongly expressed the need for one streamlined apprenticeship approach to use across the UK, their preference being to use Trailblazer Apprenticeship Standards across the UK using funding from the levy.

6. Monitoring the impact of FS apprenticeships

Recommendation: The UK Government needs to provide sector-based apprenticeship data. This would support the FS sector and its Professional Bodies to review the status of apprenticeships and better target support to increase engagement. This would also allow a better understanding of any movement towards non-sector specific apprenticeships, which could cause an erosion of FS and banking technical competence within the industry. Professional Bodies and the sector as a whole should be considering the future balance of FS and non-FS apprenticeship delivery and how this best supports professional standards and competence within the industry.

7. Coordinated cohorts for smaller organisations

Recommendation: FS institutions need support to coordinate smaller cohorts to enable viable apprenticeship delivery, especially for some of the new standards, where delivery is not yet established and widespread. This could be a role for PBs to undertake and could also be supported by providers having more 'open' apprenticeship programmes that smaller employers can join with.

8. Promotion of Financial Services Degree Apprenticeships

Recommendation: There is an appetite for undergraduate and masters degree-linked apprenticeships in the FS sector. A platform for universities to promote their degree offerings linked to FS apprenticeships would be helpful.

Section 2
Introduction

Background

Even in the context of a historically 'ever-changing' Further Education landscape, the changes made to apprenticeships over the last few years have been immense.

The apprenticeship reforms, implemented on the back of the Richard Review, create a new employer-led future for apprenticeships, based on the design of new apprenticeship standards by employer 'Trailblazer' groups. The employers, on behalf of their sector/s, define the skills, knowledge and behaviours an apprentice should have at the end of their apprenticeship to be competent in the occupation. The reforms introduced an end test assessment model to apprenticeships, so success is based purely on the End-Point Assessment (previously apprenticeships were assessed over the whole duration of the apprenticeship). The End-Point Assessment (EPA) is also designed by the Trailblazer and defines how occupational competence should be tested. The changes to the design and assessment of apprenticeships were introduced in parallel to the overhaul of how they are funded, including introducing the Apprenticeship Levy – all this driving towards the Government's target of creating 3 million apprenticeships by 2020.

The new breadth and range of apprenticeships provided by the employer designed standards (and the potential for more) brings fantastic opportunities for change and growth in apprenticeship programmes – with the Levy focussing businesses' minds further. This paper sets out to examine how financial services, and in particular banks are handling that opportunity.

Aims of the project

- To support the Chartered Banker Institute gain insights and understanding on the apprenticeship landscape in financial services, with a focus on banking
- Using stakeholder consultation to consider the opportunities and challenges apprenticeships present nearly 18 months from the introduction of the Apprenticeship Levy
- Consider from the insights gained how the Chartered Banker Institute can further support the sector.

The Project

Tammie Harwin, an independent consultant, delivered the project during July and August 2018. Tammie is well known for her work in convening standards groups in a number of sectors, including financial services. The project consisted of:

- **Desktop research** – to understand the required background ahead of consultation with stakeholders – gathering insights into current delivery patterns for the sector in England and Scotland
- **Consultations** – this was the key element of the project, to really understand the current picture from those most closely involved. More than 35 telephone interviews were conducted with representatives from Banks, Building Societies and other Financial Institutions, Professional Bodies, Training Providers, Universities and other stakeholders. These valued contributors are listed in Annex B. We would like to extend our thanks for their time and valuable contribution to this paper
- **Insights Paper** – this is the author's summary of the key themes emerging from the consultations. In general, contributions are not attributed to a particular stakeholder or source, but provide an overview of the feedback and the author's view on those. However, throughout the report there are also specific employer examples to illustrate the findings. The key findings and recommendations (found in Section 1) are those of the author based on the findings.

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Lessons Learnt

These are a collection of the key themes from employers and stakeholders when asked what they have learnt about delivering good apprenticeship programmes.

Getting over the line

For many employers, especially smaller firms, it's often about 'just getting started' with apprenticeships. It's not always necessary to plan things strategically straight away – just taking that initial step and starting a few apprenticeships can provide valuable experience to inform future commitment, and provide good examples and case studies to sell back into the business. The message from employers was that sometimes you just have to take the first step, or you'll never get going.

Leadership Commitment

Perhaps predictably, the need for senior level engagement and sponsorship for apprenticeships is key. This gives the apprentice leads the backing to open doors to the business and move forward with plans. The levy often supports these senior level conversations – the apprentice leads need to use the opportunity it presents them with.

Return on Investment (ROI)

Wherever possible apprentice employers are trying to benchmark, and then measure the impact apprenticeships have on their business. The key to this is understanding what you were trying to support or achieve through introducing apprenticeships. ROI also helps address the inevitable challenges to apprenticeships. The obvious one, and one that still causes apprentice leads challenges is the 20% off-the-job training requirement. Being able to demonstrate tangible benefits of apprenticeships, helps combat negative perceptions.

Be clear on responsibilities

For some employers' rapid growth of their apprenticeship delivery meant that they did not do enough to educate and prepare their business areas on the requirements of apprenticeships. It is vital that not just recruiting managers, but crucially line managers are well educated on apprenticeships, and supported on the part they need to play. Training providers also need to play a role in providing this guidance to the line managers and apprentices. Often apprenticeships are seen as the 'easy' option by the business, and it's about getting the message across that they are challenging development programmes that require commitment and support, not least from line managers.

Section 3
Overview of Apprenticeship Delivery

3.1 Scope of Apprenticeship Delivery

The consultations undertaken for this paper reached a range of banking organisations in terms of size and model – covering the 'big 5', 'challenger banks' and building societies. A common theme across all is that the levy has focussed their thinking on apprenticeships – but the extent and direction of actual action taken is varied.

A lack of sector-based data on apprenticeships limits a definitive understanding of how many and which types of apprenticeships are being delivered across the sector. Historically Government has not published sector based apprenticeship data (due to its unreliability). This is likely to change going forward with improved data provided by employers via their Levy accounts.

In lieu of sector based apprenticeship data, it can be illustrative to compare growth in starts in some of the key sector specific apprenticeship standards – **see Table 1 right** (English apprenticeships). The standards listed are those, which on the whole, are only delivered within the FS sector (i.e. numbers delivered outside of the FS industry are likely to be limited or the minority). For banking the first three standards listed below are the established apprenticeships most specific to the industry, and as you'd except show growth in the years since they were introduced, indicative of the apprenticeship growth the larger banks report over the last 2 years. But these sector specific apprenticeships only make part of the picture – for the great majority of the starts within banking are coming from non-FS specific apprenticeships (such as those noted in Annex A).

Table 1 – Apprenticeship Starts in period (England only)	Academic Year			
	2014/15	2015/16	2016/17	2017/18 (Aug-Apr)
Apprenticeship Standard				
Financial Services Customer Adviser (L2)	*	90	270	**900**
Senior Financial Services Customer Adviser (L3)	*	60	260	**450**
Relationship Manager (Banking) (L6)	30	20	20	**70**
Financial Services Professional (L6)	*	*	*	**10**
Compliance/Risk Officer (L3)	*	*	0	**160**
Senior Compliance/Risk Specialist (L6)	*	*	0	**100**
Total:				**1,690**
Insurance Practitioner (L3)	*	40	250	700
Insurance Professional (L4)	*	0	50	200
Senior Insurance Professional (L6)	*	*	*	100
Assistant Accountant (L3)	*	*	400	**4,150**
Professional Accounting Taxation Technician (L4)	*	*	580	**2,530**
Accountancy Taxation Professional (L7)	*	*	*	**2,640**
Total:				**9,320**
Investment Operations Administrator (L2)	*	0	0	20
Investment Operations Technician (L3)	*	0	50	60
Investment Operations Specialist (L4)	*	60	50	70
SASE Framework (all levels of apprenticeships grouped)				
Insurance	40	0	0	0
Accounting**	7,720	7,990	**7,590**	1,740
Providing Financial Services***	3,490	3,670	**2,160**	**300**

* = Not approved at this stage,
** = Accountancy framework withdrawn April 18,
*** = Caution: this is a broad framework, and will have delivery outside the FS sector that we can't quantify

3.2 Apprenticeships in Scotland

When looking at the starts on standards it's important to factor in the context of a developing market for these in terms of provider and employer readiness to deliver, particularly in newer subject areas that don't link closely to existing frameworks. In addition to substantial change for employers when rethinking apprenticeship strategy in light of the introduction of the levy, it's inevitable there is an element of 'bedding' in and transition that impacts numbers. That said, when comparing starts on standards to potential framework 'predecessors', numbers so far this year indicate that this transition is completing. For example, comparing the standards grouped in **blue** in Table 1 (left) to the Providing Financial Services numbers this year and last this indicates new bespoke FS standards are now replacing delivery on that out-dated framework. It's also perhaps helpful to consider the differences between professions like accounting and banking in terms of core job role. Accounting has a more focussed core occupational profile that apprenticeships can be linked to, where as for banking, when thinking about their core banking and FS roles these are inevitably more diverse – so it is more challenging to align the occupational area within one apprenticeship that would be delivered in the same high volumes as we are seeing for accounting. Although it's likely that banks will always utilise a more diverse range of apprenticeships, it's still key to ensure that there are apprenticeships suited to their core banking roles, with future consideration of how core banking occupation apprenticeships can be developed.

Table 2 – Financial Services (FS) Modern Apprenticeships (MA) starts in Scotland 2017/18

FS volume Demand for MAs in 2017/18: the sector's frameworks

The frameworks aligned to the sector are:

Accounting 161 starts	Banking Technical Apprenticeship 0 starts
Insurance Technical Apprenticeship 2 starts	Payroll 6 starts
Professional Services Technical Apprenticeship 0 starts	Providing Financial Services 762 starts

FS volume Demand for MAs in 2017/18: other frameworks

The frameworks aligned to the sector are:

Business Admin 68 starts	Customer Service 61 starts
ICT/Digital 60 starts	Management 66 starts
Other 4 starts	Project Management 4 starts

Although the primary focus of this Report was the apprenticeships' situation in England and Wales, another key challenge, which is impacting Bank & Financial Services employers whose businesses operate across the UK, is the cross-border apprenticeship difference.

Banks/Financial Services employers want to offer their colleagues a consistent approach and opportunities for apprentice development across the UK as roles and job descriptions in the different countries are the same. Currently employees are not given the same opportunities. For example in Scotland there is very limited funding for over 23s, meaning that older employees cannot access the development opportunities needed – and employers are put in a very difficult position.

The strong message from the Bank /Financial Services employers is that they want one streamlined apprenticeship approach to use across the UK – their preference being to use the same Apprenticeship Standards across the UK using funding from the levy.

The Scottish Apprenticeship system is also too complex, frameworks are out of date, and it's less agile and responsive.

The impact of the complexity to Banks/ Financial Services employers is that too much internal resource is needed to make sense of and understand the system – resourcing this is a challenge and cannot necessarily be provided.

The employers' preferred solution is to be able to deliver and fund the Apprenticeship Standards across the UK. A second solution that has also been suggested, although not the preferred option, would be to utilise the most recent Trailblazer content to bring the Frameworks in Scotland up to date faster.

Many employers also believe that there is a 'hidden demand' for apprentices in Scotland, which is not showing in the statistics. This is as a result of the apprenticeship challenges experienced by Bank/Financial Services organisations operating in Scotland.

This has led them to conclude that, if there was a streamlined approach across the UK and the system made easier for employers, there would be a higher demand for apprentices from this key economic sector in Scotland.

On a similar basis, frameworks need to be future focused and adapt quickly to the fast pace of the changing business environment. The ability to adapt Frameworks quickly and flexibly to keep pace with the changing business needs is considered vital. Employers also recommended utilising the employer led apprenticeship experts and up to date apprenticeship content from Trailblazers within a Scottish Apprenticeship Development Group to fast track changes in Apprenticeships content and priorities in Scotland.

3.3 Comparisons across the FS Sector

When looking across FS feedback suggests that the Retail Banking Sector is ahead on apprenticeship delivery, compared to some other parts of the sector especially in terms of overall numbers, and making use of its levy contributions. The major proportion of these starts are, however, utilising generalist, rather than specialist standards. In others areas there is a mix of engagement, with feedback and data suggesting that apprenticeship delivery in other parts of the sector is still more focussed on their core FS roles, and haven't seen the expansion into other apprenticeship subject areas to the same extent as banking.

For accountancy, the transition to apprenticeship standards for the large firms was quite swift – for accountancy firms school leaver recruitment was already in place so supported that move to apprenticeships. Professional qualifications are the established 'currency' within accounting, and therefore utilising the levy to offset/replace their existing professional qualification delivery was key. For the Big 4 accounting firms and other large firms the levy has been transformational for them in that area – with the ability to see real benefits from the shift to apprenticeships and the addition of the 'apprenticeship wrapper' to boost the effectiveness of standalone accountancy qualifications. This is reflected in the very swift increase in starts for the new accountancy standards noted in Table 1 (Page 16, grouped in ***red****). These numbers suggest that accountancy firms don't appear to have needed the lead in time to build numbers onto the new apprenticeship standards, as appears the case for the banking standards.*

This is in part likely to be because the accountancy framework apprenticeships were already delivered in substantial numbers (in excess of 7500 per year – see Table 1) – which suggests an easier transition in terms of provision. That said, with the old framework now withdrawn, numbers on the accountancy standards this year are set to be significantly higher – a factor surely driven by the levy, and the ability to offset AAT and ACCA qualification costs.

Feedback suggests that accountancy (especially outside of the big 4) is further back in terms of the breadth of apprenticeships offered. They are typically focussed on delivery of their core accountancy roles, rather than the wider business (reflected in the high starts on their core apprenticeship noted in Table 1 and coming back and reinforcing the idea that professional qualifications are the initial driver for apprenticeships).

For smaller accounting firms the move is reported to be much slower, they are not yet convinced of the added benefits of delivering an apprenticeship, and for those that do want to transition in order to utilise their apprenticeship levy or access government funds, a great deal of education is needed to ensure they understand the additional responsibility an apprenticeship brings over and above the qualification. Although reports suggest that some smaller firms are starting to see apprenticeships as a way of building their appeal, and being able to compete with the big firms in terms of recruitment.

There is a similar picture for the Insurance industry, the focus of most firm's delivery is in the core areas of their business, delivering the L3 and L4 Insurance apprenticeship (and L6 to a lesser extent to date), predominantly amongst entry-level employees joining the organisation, rather than existing staff. These programmes are mapped to the CII professional qualifications they already utilise. Unlike accountancy, Insurance hardly utilised the Insurance SASE frameworks (only 50 starts reported between 2011–2016), so didn't have the established relationship with apprenticeships to build standard delivery on. So given Insurance's start point, delivery has picked up at a good pace based on reported figures – with 1340 starts across the three Insurance standards since their approval. It appears there is limited extension of apprenticeship programmes beyond these core business areas currently. There is a feeling that in many ways Insurance is doing what it's always done, especially around recruitment, with only some firms starting to see the potential of apprenticeships. There isn't a real drive to utilise apprenticeships as a new way of attracting talent – with diversification of the workforce less on the agenda than in other areas of FS. Insurance also seems, so far, to have less of a focus on degree apprenticeships, whether that is generic ones or within their L6 Insurance Professional.

They are still very wedded to professional qualification routes, and do not see the need for Insurance related degrees within the L6 apprenticeship. Generally it's felt to be very early days for Insurance apprenticeships, and the benefits remain largely unproven – it will take more time and education for this to happen, particularly amongst very small firms and brokerages where engagement with apprenticeships is low.

As we have seen for both accountancy and Insurance, employers need to better understand apprenticeships, and see the case for apprenticeships in their sector build before delivery will increase. Most are yet to see the benefits for themselves and how these offset the additional requirements needed to deliver and support apprentices within their business. This is also a theme from the Investment Sector, which like Insurance has little or no history of apprenticeship delivery. Getting the right messaging across to employers is proving essential to the success of their programmes. Professional qualifications such as CFA are essential to many job functions, and many investment firms were quick to think the apprenticeships mapped to their usual qualifications would be an easy and economic replacement. For most investment firms this is their sole interest in apprenticeships at this stage, education from providers and professional bodies is on-going to ensure that the employers understand the wider responsibilities and requirements of an apprenticeship.

A small number of the larger investment firms such as UBS and M&G, are now beginning to reshape their recruitment and talent strategies to take better advantage of apprenticeships and their levy, but this is slow to spread widely in the sector. This is reflected in the reported slower uptake of investment banking teams within the larger banks – who also show the same reluctance to move away from their traditional recruitment and training practices. That said the L6 and L7 apprenticeships most suited to their profession are more recent entrants to the market, with provider readiness also playing a part.

A Closer Look at Banking

Amongst the large banks the majority were doing some level of apprenticeship delivery prior to the introduction of the levy. For those organisations, like Barclays and HSBC, where pre-levy apprenticeships were already fairly well established, the levy has allowed them to extend the breadth and depth of that apprenticeship offer and model – expanding in new areas of the business and at new levels. For those not delivering apprenticeships before the levy it's meant a range of responses in terms of kicking off an apprenticeship scheme. From 'zero to huge' like Santander, or phased gradual starts amongst smaller organisations.

Santander is an example of a hugely successful growth campaign driven by the levy. Prior to the levy they had limited history of apprenticeships at only level 2, and without this legacy they could take a fresh approach to utilising apprenticeships, and also didn't have to worry about transitioning from the old frameworks. Santander expects to have around 700 apprenticeships across their group by the end of 2018, compared to 21 in 2016. Santander's current programme is weighted heavily towards new recruits to the business (c. 80% of apprentices) – with a clear direction of gaining a more diverse population for the future of the bank. Their initial approach started with 'the open doors' and perceived 'easy wins' such as high volume areas like contact centres and retail banking. That said, where some of the biggest successes have been are in new areas such as Financial Crime and Digital along with these retail areas (a common theme is that contact centre delivery is difficult to manage especially due to the 20% off- the-job training requirement).

Their approach has developed since then, and they are now using apprenticeships to drive a new Strategic Workforce Plan taking them to where they need to be in 2025. Despite the strategically led approach, apprenticeships are still not mandatory for existing staff, it's important to Santander that they are using education, and positive messaging from delivery so far to gain business areas and manager buy-in. The apprenticeships team take a suitable selection of apprenticeships out to the business areas so that the managers can endorse those and support their staff.

So for most of the Big 5 and the larger 'challengers' like Metro Bank, the Levy has meant a big re-think to their apprenticeship strategy, but there is no one 'typical' model that has taken forward that growth. Some have taken a centralised strategic approach to their apprenticeship offer and plan, securely linking apprenticeships to skills needs and their workforce development plans. Whereas others, while still aiming for large-scale growth and delivery, have taken a more organic business-led approach.

HSBC initially took a specific set of 12 apprenticeship standards out to the business for them to choose from. This supported a more targeted, centrally led approach, which also meant provider delivery was simpler to secure and manage. But this didn't get the buy-in and engagement from the business areas needed to ramp up the numbers and better utilise the levy. The business didn't like the inflexibility of the limited range of standards. HSBC have completely turned this approach on its head. Now they are letting their different business areas make their own choices and decisions around apprenticeships, encouraging them to spend their own levy contribution – but if they don't this will be utilised where it is more needed within the business (they have to share). This business led approach is also bolstered by the apprenticeship leads learning about business areas, and targeting those less engaged, with apprenticeships that might be of interest. For example, linking to existing professional qualification spend for that area to drive engagement and interest.

For those taking a more strategic approach to growth it tends to mean a bigger shift in recruitment and training practices to accommodate the growth of apprenticeships.

The Levy has helped drive a complete change of strategy for Lloyds Banking Group (LBG) with a focus on diversifying their apprenticeship offer in order to grow the programme and best utilise the opportunity the levy provides. They have made a commitment to creating 8,000 apprenticeships by the end of 2020, with around 1,200 delivered last year, and c. 1,000 this year. LBG have diversified their apprenticeship programmes from 10 in 2015 to 35 now, with more in the pipeline. The levy has opened up opportunities to talk with their senior leaders, and that buy-in has been transformational for them, enabling them to increase apprentice opportunities right across the business, and vitally gain additional investment to centrally resource the apprenticeship delivery and growth. A Group Strategic Review has been conducted providing an in-depth analysis to identify future skills needs across the business. Apprenticeships are a key pillar in delivering those requirements – with their apprenticeship programmes clearly linked to the nine strategic skills groups the review has identified. Each apprenticeship includes a professional qualification to suit the area of the business, even if they are a not a mandatory part of the apprenticeship.

Virgin Money are keen to utilise their Levy, and use apprenticeships to support their already well invested talent and attraction programmes, but they are clear that the business should drive the requirements for apprenticeships, where they are often used to address talent challenges for their various business areas. For example, they have a skills shortage in their Mortgage team, and are using apprenticeships in this area in order to grow and retain their own talent, rather than trying to recruit already qualified staff. This will mean training people differently in this business area and providing new roles to account for the trainee status of those apprentices. Mortgage Advisers are usually supported to complete the relevant qualification requirements as soon as possible so they can start delivering direct to customers. However, in order to allow apprentices the time to develop in role prior to taking their professional qualifications, Virgin Money will need to adapt their jobs and team structure to account for that. They see apprenticeships as a route to clear career pathways with qualifications or a degree always forming part of that alongside the added advantages of the work based learning and skills brought by apprenticeships.

For smaller financial institutions in the sector, such as challenger banks and building societies, apprenticeship numbers are on the whole much smaller, and growth is slower, but apprenticeship delivery is still moving forward, or at least planned for the near future in most cases.

Most small banks and larger building societies still have a reasonable levy pot, however some of the smaller building societies have very small levy contributions. Either way, those that we spoke to are keen to utilise apprenticeships in their business in some way, and for those whose levy would run out quickly, the 10% contribution model is still very appealing to them. It's fair to say that smaller banking firms need a steady state within their business to enable them to take apprenticeships forward – the smaller banks are more likely to have more streamlined workforces, often with limited capacity to consider apprenticeships on any scale – this includes minimal resource in HR/L&D to drive this. In smaller businesses, other pressures are also more likely to take precedent, whether that's challenging business circumstances or Brexit. Smaller banking firms also tend to have less obvious opportunities to utilise apprenticeships effectively. For example, they tend to be leaner organisations that have less capacity to support apprenticeships – whether that's administratively to develop and plan the delivery, or because they simply have a lower headcount, and therefore more limited recruitment and progression that apprenticeships could support. They are also more easily impacted by the requirements of apprenticeships – like line-management support or the 20% off the job requirement (they have less 'slack' in their workforce to absorb the impact).

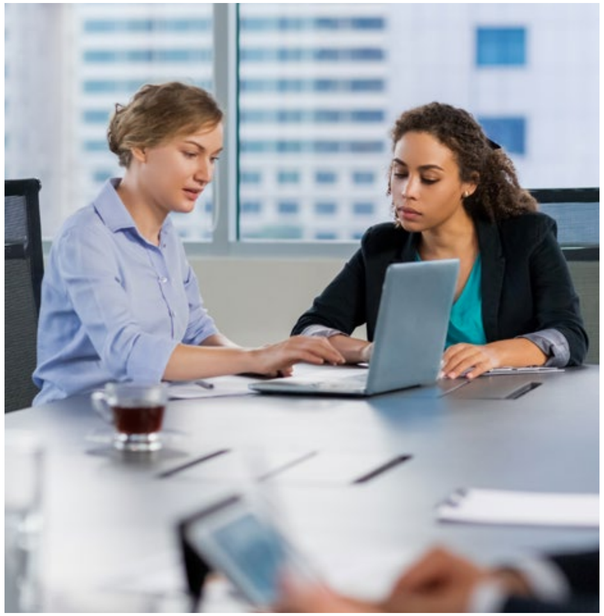
Some of the newer challenger banks work to a flatter workforce structure, which positions development opportunities differently. For example, they may like the concept of management degree apprenticeships, but need to consider how this can work for them and fit with their job roles and less traditional progression routes.

In general, smaller firms are developing their apprenticeships on a more adhoc basis, perhaps beginning where a need arises – where there is a vacancy that seems to easily fit with an apprenticeship, or in an area where they are struggling to recruit/retain.

What's interesting within the smaller end of the banking sector is that there are more extremes of banking delivery and service models – so they range from solely digital offers to retaining a much more personal/face-to-face banking service. This in turn has an impact on their skills requirements and how apprenticeships fit the roles. For example, most banks utilise the Financial Service Customer Adviser standards at L2 and L3 and find them suited and flexible for their needs. However, for a digital bank like Starling Bank, their customer service colleagues are not doing transactions on behalf of the customer or providing advice and guidance on products – this is provided digitally, with customer service generally focussed on facilitating use of the digital service. This difference in role means that the FS Customer Adviser apprenticeships do not fit.

3.4 Delivery Models

An interesting recent development is the launch of Cranfield School of Management's new MSc Retail and Digital Banking, accredited by the Chartered Banker Institute. The new Cranfield MSc has been co-developed with Metro Bank, who were keen to use the Level seven, Senior Investment/Commercial Banking Professional standard.



When talking to employers we discussed what delivery model they use, and how these are working. As with the type of apprenticeships delivered, there are a range of ways that employers work with their provider partners, dependant on their preference and the size of their programme.

Most employers have reviewed their delivery model and partners in line with any rethink and expansion of delivery due to the levy. Some employers have streamlined the number of providers they worked with; in the past they have had complex multiple contracts, potentially with more than one provider delivering in the same subject area (the consensus is that too many is too much!). Others have had to increase from one core provider, to several, in order to get good provision in new and expanded areas of delivery.

The most prevalent model across all types and size of institution appears to be having a small range of provider partners – typically each delivering in a particular specialist subject area. Within this, some will have one main provider that delivers the majority of their standards – often within their core FS apprenticeship offer, and it's usually the same handful of providers that are typically in that FS market.

Employers are beginning to forge good practice in managing their providers, with some innovative models emerging to get the service they want. One employer for example, has four main suppliers, each delivering a targeted area of the programme, but for each area they also have a 'back-up' provider who they will give work to on an adhoc basis – 'to keep the providers on their toes'.

When the levy was announced the concept of a 'managed service provider' (MSP) was quite heavily promoted as the best way to go – the employer contracts with one provider who then sub-contracts for apprenticeships they cannot deliver themselves, providing a hub for all requirements, including admin etc. The appeal of this is obvious, but actually as delivery has expanded and developed, not that many employers have gone down this route. There are a few reasons that emerged:

- Employers value the direct relationships they have with each of the providers, and feel those relationships are needed to ensure quality of service.
- Those that are delivering via an MSP, sometimes find that the main provider struggles to find the quality of sub-contractor they need, or find it hard to maintain service levels with sub-contractors, without impacting on their own quality. Which lessens the appeal of being an MSP for providers.
- And some providers will simply not enter into sub-contract arrangements – they require a direct contract with the employer. This seems more prevalent amongst universities. This inflexibility may be a little short-sighted in some cases.

Of the small number of employers using MSPs they tend to be those that have large-scale delivery, but small in-house apprenticeship teams – so they like the simplicity and full administrative service offered via an MSP. That said, even where an MSP is in place there is normally a couple of providers doing delivery outside of that to meet certain specific needs.

Lloyds Banking Group (LBG) support a number of provider relationships, each with a particular delivery remit. They are clear that they need the direct relationships with each provider to ensure they can effectively manage and drive the service they need from them. LBG ensure that their different partners work collaboratively to ensure they get a more consistent service to their business, despite multiple partners. They hold themed quarterly meetings involving all the training providers allowing best practice to be shared and joint discussion of specific topic. These healthy, but still competitive relationships have helped support and embed apprenticeships within LBG. In addition, they have a Managed Service Provision for their niche providers, enabling them to expand their offering further.

One challenge reported is that some employers have issues related to access and security when their providers want to use technology to enrich and improve the learning process, (for example use of tablets for learning in a branch). Some employers' security systems and processes will not permit these types of activities. This affects the ability of providers to deliver as effectively and flexibly as they might, and there doesn't appear to be an easy solution to this as yet.

Employer-provider model

It appears that only a small numbers of FS employers have moved to any sort of employer-provider delivery (i.e. where they have applied to the Register of Apprentice Training Providers (ROATP) in order to be able to utilise their levy to deliver their own apprenticeship training in-house). And where they have, they tend to only deliver some elements of their apprenticeship programme.

Barclays were one of the first employer-providers in the FS sector and continue to deliver elements of their apprenticeship training, alongside external provider partners. Their own in-house delivery tends to focus on lower level apprenticeships, requiring external provider and university partners to deliver higher and degree level apprenticeships. HSBC also have employer-provider status on ROATP, but actually deliver by sub-contracting with an MSP.

Metro Bank are a newer entrant to the employer-provider market (kicking off in March 2017) with their in-house delivery focuses on their front-facing staff cashier staff – they recruit around 100 a year to that role to account for internal progression and growth of their store network, making this a useful area for them to target. So far they are pleased with how this is going and feel it's the right move for them. Currently they are working with City and Guilds to deliver a 'mock' OFSTED inspection to ensure the internal team are fully prepared for when the real thing happens. Metro Bank will still partner with external providers to deliver other parts of their provision as needed.

It feels that although an employer-provider model is still an option to the FS sector, and not something employers appear to shy away from because of reputational risks for failed delivery, it is also not something high on many employers' agendas. They are content to develop external delivery partners. The employer-provider model is best suited to those with substantial existing in-house training delivery that can be adapted and utilised for apprenticeships, and those with a large internal apprenticeships function to manage the additional administrative requirements.

Range of providers

As noted earlier, in terms of the core providers delivering in the FS sector, there are a handful that tend to be consistently used by employers – generally because they are known to the market, and are well established FS specialists. Employers seem content in most cases with the delivery provided, although a general theme is to require providers to be more flexible in their delivery model – unsurprisingly employers generally don't want 'off the shelf' programmes, they want things tailored to their organisation and job roles. Professional bodies are concerned, however, that at least some providers seem unable to deliver the support needed by apprentices to study for and successfully complete the professional qualification element of apprenticeships. The Chartered Banker Institute reports much lower pass rates for apprentices compared with the general student population and, in discussions with banks and providers, has identified the lack of qualified and experienced tutors offered by providers as the key reason for this. This issue is not unique to financial services and is also experienced in other sectors.

An issue limiting delivery for smaller FS organisations (including smaller banks, building societies, smaller investment firms and insurance brokers) is the ability to source suitable providers to work with small cohorts from one employer. For some of the new standards like FS Professional and Senior Investment/Commercial Banking Professional, only the larger providers have picked this up, and are not currently offering open programmes that can take small numbers from multiple employers to create a viable cohort. This is causing barriers to uptake for some of these standards. This also appears to be an issue for regionally based firms, especially a number of the building societies, where they have small cohorts having to travel considerable distances in order to find an open programme they can join. A solution would be for a lead organisation, such as a professional body, to coordinate cohorts between employers, to then take to providers. Or for some of the larger providers to take the leap of faith and trial and promote open apprenticeship programmes for employers to join up to. Outside of banking PBs and stakeholder bodies like the CFA Institute/CFA UK, The Investment Association (IA) and the Chartered Insurance Institute (CII), are trying tackle this issue on behalf of their sectors. CII have researched what they feel to be suitable providers for the insurance sector and are supporting introductions between employers and those 2 selected providers, just to provide an easier route for employers to kick-start their programmes; this includes work to ensure they are viable partnerships cohort-wise and geographically. CFA and the IA are keen to provide some sort of coordination role for cohorts as well; they have recommended to Government that the Investment employers should be able to use some of their levy to fund this activity – although nothing has been agreed around this.

Nearly all the FS institutions spoken are in the process of exploring relationships with Universities. A relatively broad range of Universities are being worked with at degree level including providers like BPP and London Institute of Banking and Finance (LIBF), who have degree awarding powers. As noted above, the most prevalent degree apprenticeship delivered in the FS Sector are Chartered Manager, Digital Degree apprenticeships, and more recently the Senior Leader Masters level apprenticeship; the lack of a viable FS specific degree apprenticeship make this unsurprising at this stage. Banks are also keen to support future managerial skills across all parts of their organisations, not just those in core FS roles.

A degree is currently delivered as part of the Relationship Manager (Banking) apprenticeship with some firms. Employers and providers are concerned that the lower funding band attributed to the replacement standard, Financial Services Professional L6, will cause delivery issues and constraints in the future. It's already making finding the right delivery and supplier within the funding band difficult, with a full three-year degree impossible within the £18,000 band. This is likely to discourage delivery of degree level FS apprenticeships – and may further influence employers to utilise the Chartered Manager apprenticeship to secure that degree offer which is often so attractive to talent (that said, the Institute for Apprenticeship's reduction of the Chartered Manager's funding to £22,000 may result in a similar position for that standard).

Nearly all the FS institutions spoken are in the process of exploring relationships with Universities.

The slower development of FS degree apprenticeships is also discouraging some universities' Finance faculties to engage and develop these programmes. Some see limited potential for FS degree apprenticeships, so following the employers' lead, they are also focussing on leadership and management and digital degree apprenticeships too.

There seems to be an element of 'snobbery' in terms of the universities banks want to work with – especially amongst the 'big 5'. They are keen that the university/business school has a strong reputation, and are often targeting the Russell Group. These specific requirements seem to become even more prevalent when sourcing suppliers for the L7 Senior Leaders apprenticeship – where a top rated MBA or MSC are key drivers in their selection process.

It appears non-Russell Group universities can find it difficult to get a foot in the door with banks. However, it is generally those universities that are most engaged and developed in terms of an FS Degree apprenticeship offer. For example, they are the most willing to look at innovative ways to still enable degree outcomes for the FS Professional L6 within the funding band, but to date these don't appear to have been taken up by employers. This lack of engagement with a wider set of universities may be limiting the promotion of degree apprenticeship delivery in FS. This seems particularly the case for the new Senior Investment/Commercial Banking Professional L7. Employers are starting to look at utilising this apprenticeship as a useful progression tool within their commercial and investment banking areas, and it also has great potential for Investment firms. However, so far this planned delivery is for professional qualification routes only. Employers are not yet considering the potential for masters degrees within these apprenticeships. The inclusion of a masters is actually more viable for many universities than the undergraduate schemes at the given funding level, with several already having masters degree offers mapped to this apprenticeship. It would be advantageous to promote FS degree and masters apprenticeships to the sector, so that the full range of possibilities are available to employers and their staff – universities may need more support to gain traction in the market and have a platform from which to promote these degree apprenticeship opportunities.

3.5 Recruiting and Supporting Apprentices

When talking to employers and stakeholders it's hard to pinpoint a general theme of whether apprenticeships in the FS sector are more new recruits or existing staff, and that's because different employers have taken very different approaches. Some businesses' approaches are currently weighted towards upskilling and progressing existing staff (for example HSBC), and others are at the other end of the scale with more of their apprenticeships coming from new recruits (such as RBS and Santander), with others having a complete mix (like Lloyds Banking Group, who have this year, just seen the balance tip slightly in favour of existing staff). The decisions here are led by the business' requirements in relation to growth and talent – and interestingly there was no one direction of travel either, with some firms aiming at moving more towards existing colleagues using apprenticeships, and some looking to kick-off recruiting to apprenticeships externally in the near future.

When discussing how apprenticeships and the levy have influenced graduate recruitment, the general view is that some shift towards apprenticeships has started to happen, but probably not to the extent that may have been expected when the levy was first introduced. Most FS Institutions are continuing with both streams (if they have graduates to start with), with some of their graduate numbers being replaced by apprenticeships. Most are also keen to see apprenticeships and graduates (or other non-apprenticeship recruitment streams) working and developing together with little or no distinctions in terms of development opportunities, pay and future opportunities.

Most employers have retained responsibility for their apprenticeship recruitment – so although providers and other agencies do support recruitment, on the whole employers need to be engaged in the process and make the decisions to ensure they get the talent they need, and ensure it aligns to what they do for all other staff.

There are a fantastic range of activities and examples from the sector of how they are supporting attraction and recruitment of apprentices – both externally to attract new talent, and internally to engage existing staff to use apprenticeships to progress their development. Increasing diversity and social mobility are key drivers for the majority of businesses, and all employers and stakeholders are clear that this is one of the biggest opportunities that apprenticeships and the levy provide the sector with.

Lloyds Banking Group (LBG) uses a variety of strategies to boost apprenticeship recruitment and attraction internally and externally. For example, they have 150 apprentice ambassadors across the group, who are a fantastic resource to boost internal and external apprentice attraction; they also buddy with new apprentices to support their early careers. They have an apprentice alumni group that includes all apprentices – whatever their age, length of service or occupation – this mix provides real opportunities to share and learn from a variety of colleagues. The apprentice community are further supported by a collaborative online resource called 'Hive'. Externally, LBG ensures that their literature and website hits the right target markets – for example, ensuring the range of case-studies online have fit and appeal to those they want to attract. LBG are already seeing the benefits – voluntary turnover for apprentices is over 10% lower than for non-apprentices, with apprentices also being more likely to secure promotion than their colleagues.

More broadly they also have a 'Schools to Work' programme where they partner with 110 schools nationally to support young people in social mobility opportunity areas with career advice and guidance.

A key point from employers regarding attracting a more diverse workforce via apprenticeships, is that you need to proactively target activities to ensure you get the results you want (appropriately termed by one employer as 'fishing in the right pool'). For example, Virgin Money were keen to attract more men to their customer services teams, as they have a female dominant workforce in those areas (noting that addressing the gender balance at these more junior roles supports diversity, but also helps address pay gap statistics). To do this they have tapped into organisations that support re-career programmes for ex-service people – which by their nature provide a more male orientated pool of talent to tap into. Lloyds Banking Group were keen to attract more BAME colleagues, apprenticeships have supported that, and they have seen new starters from a BAME background move from 8.9% in 2016 to 20.3% in 2017. One way they supported this was by asking existing apprentices from an Asian background to externally champion apprenticeships as a genuine alternative to university (as often Asian parents are keen to support a university only pathway). They successfully went into schools to promote this message. Many banks also use traineeships (Government funded pre-employment programmes for those with limited qualifications or experience) to create talent new pipelines.

Barclays also have a number of successful attraction programmes to increase their workforce's diversity, this includes their 'Bolder' and 'Welcome Back' programmes which aim to recruit, retrain and retain older workers. Bolder launched in 2015, which made Barclays one of the first UK companies to extend its programme to over 24s – recognising that apprenticeships are a viable route for all types of people, and allows Barclays to access a previously untapped talent pool. Barclay's strategy leads with the concept of the 'hardest to reach with the highest potential'.

Opening up the recruitment process is a key way of attracting a truly diverse and varied applicant; Starling Bank have successfully done this by changing the way they advertise their jobs, moving from a more usual list of candidate requirements, to focussing on 'attitude and aptitude'. The open style and pitch of their job adverts mean that people have felt able to apply without specific experience – providing Starling with applicants from diverse backgrounds, often including experienced people who what to change career.

Degree and higher-level apprenticeships are a key attraction strategy for many employers, with the level of applicants for some schemes at huge levels. The immense oversubscription to Barclay's degree apprenticeship scheme is well publicised with around 4,000 applicants for 100 vacancies (a growth of 200% in applications over the last 2 years).

This trend isn't limited to the largest banks however; for example, Yorkshire Building Society recently saw 850 applications for 19 roles. These are fantastic statistics to show how apprenticeships are attracting people to the sector, and providing viable alternatives to degrees. Employers agreed that a way of harnessing the unsuccessful applicants would be a fantastic opportunity to ensure the talent is retained for opportunities elsewhere in the industry – perhaps steering them towards other FS institutions' programmes, that are less well publicised.

Yorkshire Building Society (YBS) are introducing a rotational apprenticeship for their entry level recruits. Individuals undertake the L3 FS Customer Adviser apprenticeship as this provides the appropriate competence level for the job roles, but do this as part of a rotational apprenticeship that covers branch, telephone support and back office support functions, with the professional qualification coming much later in the programme, once they are more experienced in role.

YBS's aim is for these apprentices to be a more flexible resource for the business when stepping off their apprenticeships.

Some banks are moving their entry-level positions in customer facing roles from L2 to L3 (i.e. in apprenticeship terms using the Senior FS Customer Adviser standard for new entrants rather than the L2). This is to ensure candidates can meet the increasingly multi-skilled demands of those roles. However, this shift may impact on social mobility and the ability to recruit from a really diverse talent pool. For employers using traineeships or other entry to work programmes to tap into people with high potential but limited experience and qualifications, stepping them straight to a L3 programme may not be supportive of those individuals in the same way the L2 would be. So, banks may need to consider how they can still support those individuals in a new model – whether a L2 is still needed in some cases or other progression stepping stones. It may also be useful to consider moving the professional qualification within an apprenticeship to later in the programme, so that an individual can get used to the demands of work without the added pressure of the qualification early in the apprenticeship.

Section 4
The Right Range of Apprenticeships?

4.1 Current Apprenticeships

The consensus from those consulted was that the apprenticeship standards available to the sector fulfilled the majority of employer's current needs at the time of introduction– both within core FS roles and broader occupations across departments. However, as a fast-moving sector, there is concern that standards could fall behind.

Of those institutions with larger scale delivery they tended to have delivery in a few common streams (and see Annex A for a fuller overview of the most prevalent apprenticeships):

Core Banking Requirements, split between:

- **Branch and Customer Service/contact centre** – the majority offer the Financial Service Customer Adviser at L2 and/or Senior FS Customer Adviser L3. This entry-level delivery was an area of variance, and of likely future change. It would seem that for many banking institutions they have, or plan to, move their entry level to L3, rather than L2. This is to ensure that the staff in customer-facing roles are able to cope with the increasingly broad and multi-skilled jobs required of them. Many banks have reduced cashier roles, with more staff required to deliver a range of products and services within branch, including small business advice – requiring competence that is better met by the L3 Standard. However, on the whole both of these apprenticeships were highly thought of due to their flexible nature
- **Relationship Management** – the Relationship Management (Banking) standard is still the predominant standard used within corporate/wealth/private banking areas. The standard suits needs and has broad flexibility and fit for these parts of the banks, including the wide professional qualification options within it. Most banks were aware that this was due for withdrawal (although not all so more publicity around this especially when confirmed is needed). Most employers will be happy to transfer to the Corporate/Commercial Banking option of the new Financial Service L6 apprenticeship to replace the standard, as the fit was comparable, however the much lower funding cap makes delivery options less flexible, so were understandably using Relationship Manager (Banking) while they could. Employers and providers were keen that the IFA provides a suitable notice period to allow smooth transition to the new apprenticeship
- **Compliance/Risk** – most utilised the L3 and L6 standards – these were seen as sound and flexible standards that were in good demand across FS. It's likely that larger banks will also utilise the new Internal Audit standards going forward.

Digital – nearly all the banks had digital programmes in place, even for those with very small apprenticeship programmes, this tended to be one of the first areas of provision put in place, as it's seen as such a transformational area for the industry. The larger programmes typically utilised a range of apprenticeships including the Digital and Technology Solutions Professional, Cyber Intrusion/Cyber Security standards and Data Analyst (L4). It is also usual to have a degree offer in this space to attract the right people to the career instead of university.

Leadership and Management – again the majority of banks offered management standards, those with larger programmes covering L3 Team Leader, L5 Operational/Departmental Manager and the Chartered Manager Degree Apprenticeship. Most, especially larger banks were also now working on their L7 Senior Leader programmes with university delivery partners. Like digital, even the smaller banks and building societies were normally looking at delivery in these areas – with the Chartered Manager Degree being the most popular. In general, the banking sector likes the flexibility and broad fit of this apprenticeship – using this for progression or talent attraction right across their business areas – with significant popularity within retail banking. Feedback suggests that the Management apprenticeships are an 'easier sell' as progression routes for established members of staff.

Other – Larger banks also reported programmes in HR, and use of the Project Management (PM) standard was also popular. This was generally used in change delivery roles, rather than more generic PM roles. Interestingly, banks weren't considering the Improvement Practitioner standard, which arguably are more tailored to Change management roles. Perhaps because the flexibility of the PM standard was more appealing, or that awareness of the PM standard was higher, as was obtaining delivery partners.

Mix of FS specific and other apprenticeships

From their feedback, banks appear to be taking a blended approach to apprenticeships, which includes FS and non-FS standards. They report that this is needed to meet the diverse skills requirements of a bank now and in the future. Diversification to non-FS roles is also inevitably required to increase their levy spend.

Without sector-based data it is hard to quantify the balance of apprenticeships delivering technical FS competence vs. more generic apprenticeships. Feedback from some of the large banks suggests their delivery is at, or planned to be at about 50/50. However, the data in Table 1 does not yet support that delivery more broadly – with thousands of apprenticeships reported to be delivered in banking, and only a relatively small number of FS/Banking Specific apprenticeship starts reported in the data. So the Levy is yet to deliver large numbers of FS Apprenticeships, it will be interesting to see how this moves in the future and what this looks like when detailed sector based data is available.

Barclays report their delivery split roughly between half foundation level FS requirements (FS Customer Adviser/Senior FS Customer Adviser) and half higher and degree apprenticeships. Amongst the higher level apprenticeships, they tend to use a mix of Relationship manager (Banking) in traditional banking areas like Wealth and Corporate Banking (incorporating relevant qualifications and a banking degree), Leadership apprenticeships are being delivered in branches, and contacts centres, with additional specialist apprenticeships delivered in areas that perform risk, compliance and technology functions.

Lloyds Banking Group's diversification of their apprenticeship offer is key to the 9 strands of their skills strategy we touch on earlier, which covers FS parts of the business and wider business needs. LBG feel there's a 'perfect blend' where they introduce some elements of Financial Services to the leadership programmes and vice versa. They are 'going live' at similar times with the generic leadership and specialist financial services programmes – aimed at different audiences. With the Level 6 Financial Services being used to ensure new recruits to the Group have appropriate technical FS competence, and the Level 6 Chartered Manager Degree apprenticeship for existing colleagues across the Group, to ensure they have the leadership skills in addition to their existing technical competence. Of the 1,000 planned starts a little over 50% will be delivering in core FS roles (the bulk in L2 and L3 FS roles), with the rest split across leadership (c25%) and digital programmes. They also plan lesser numbers in areas such as HR and Business Administration.

Many banks seems to use the FS specific apprenticeships to upskill and develop new entrants to the sector, and use the generic apprenticeships, such as management for their more established staff. This approach is understandable, and could bode well for future professional qualification of those entering the profession via apprenticeships now, but will perhaps not be providing the core FS knowledge and skills to those not professionally qualified within the established workforce. Therefore a future consideration for the sector is to ensure that core technical FS skills are not in some way eroded through the more generic leadership apprenticeships rather than the delivery of core banking knowledge and skills. This is a factor for consideration in the review of apprenticeships to ensure they provide a blend of the more generic skills alongside the essential FS requirements needed to maintain standards within the sector.

4.2 Future Skills Requirements and Apprenticeships

There were certainly themes emerging for the future skills requirements for the FS and banking industry, but probably the most expressed view was that no one could be completely sure what they were! The existing FS apprenticeship standards are based on current occupations are therefore not focussed on looking forward to addressing or keeping up with future requirements.

Flexibility

Looking back at the huge changes that have taken place for the sector in the last 10-20 years, which couldn't have been foreseen then, employers we spoke to felt that the next 10 years will be equally transformational. So, actually one of the key future requirements of their staff is likely to be flexibility and transferability.

For retail banking, an interesting trend linked to this seems to be banks utilising the generic Leadership and Management standards, in particular the Chartered Manager apprenticeship, instead of more bespoke or technical FS apprenticeships for their progression roles. This is the case across banking areas, but is particularly notable in the retail space, where for example, there hasn't been a shift towards delivery of the retail banking option within the Financial Services Professional since it was launched. That standard provides managerial skills to support branch managers, combined with more technical retail banking knowledge and qualifications. Feedback from banks seems to suggest that this is because the management apprenticeships provide a more flexible base to develop (and attract) their talent from – meaning that they have a base of skills that can take them to a variety of progression routes, and have a better fit with a changing (and in many cases unknown) future direction of the industry and the job roles needed for that.

This model also aligns with the 'universal banker' concept, which suggests the need for more flexible bankers of the future. Some employers also felt the management route was advantageous for the individual, as it didn't limit them for any future moves outside of the FS industry. Many banks also reported that they didn't require professional qualifications in areas of the bank where they weren't compulsory, such as retail – so again reducing the drivers for a bespoke FS apprenticeship at more senior levels. Professional bodies, however, are concerned that the focus on non-technical apprenticeships may lead to culture, conduct and competence issues in the future, and are beginning to raise this concern with financial service regulators.

As discussed above, most seemed comfortable with this more generic development route for their retail (and other) bankers of the future – but there are some valid concerns that this could mean losing the core FS/Banking technical expertise as more experienced staff with that knowledge retire (as noted above).

The shift from L2 to L3 for entry routes in customer-facing roles noted earlier, also links with the need for flexible individuals. Some organisations have already made this shift (such as Yorkshire Building Society) and others such as Barclays plan to move to this model soon. The view is that the front of house staff either in branch or on the phone require a higher skill set to service customer requirements. As branch numbers reduce, and more banking transactions are self-served online, when people do access branches or phone support they often have more complex and varied needs. As we touched on earlier, the impact this shift will have on attraction strategies and diversity is a concern for banks.

The shift away for L2 entry isn't the case for all banks, especially if a branch model is something they want to maintain. For example, Metro Bank is keen to retain its 'store' presence on the high street, with more flexible opening times to ensure customers can access face-to-face services and support when they need them. To support this model of delivery they will utilise the L2 FS Customer Adviser for their entry cashier roles, who will then tend to progress to Customer Service Representative roles using the L3 Senior FS Adviser, who support wider customer requirements in branch.

Banks expect to continue to see their requirements for change leaders (linked to agile working, project management etc.) due to on-going business transformation, so it was key that apprenticeships could support these roles. In general, banks seemed to utilise the Associate Project Management (PM) standard for these jobs, as it was felt to have the best fit. But they weren't entirely happy with it – the qualifications within it weren't always the most suited, and it would benefit from the addition of foundations in agile delivery.

Discussion with employers about the flex and agility required of their future workforce led to thoughts on whether the current apprenticeship standards, which are occupationally based will have such a good fit going forward. Current policy is clear that apprenticeships have to be linked to a distinct standalone occupation, and questions were raised whether for a fast-paced, transforming industry like FS, standards could keep up with the changes required or have the required level of flexibility within them, to support more flexible/agile occupations. This doesn't appear to be an issue yet, with employers generally happy with the apprenticeships available, but is something to bear in mind when new standards are developed or current ones are reviewed. The occupationally focussed policy may mean smart ways are needed to ensure the future fit of the apprenticeships. The Financial Service Professional L6 is a good example of an apprenticeship that has been developed across industry sectors, utilising a core that is sector-specific, but flexible enough to work across major silos – banking, investment banking, pensions management etc. Is there scope to develop something similar when reviewing lower level standards? There also appears to be a gap for banking around L4. This may be because their progression at this level is more of a continuation of development, rather than new or distinct occupations required by policy for additional apprenticeship development.

Starling Bank, a digital challenger bank of around 200 people, emphasises the need for a flexible transferable workforce. They are offering rotational development opportunities to staff (badged 'Passport to Starling') which is offered to Customer Service staff wishing to progress. They see these job rotation schemes as one key way in which to future proof their workforce and avoid skills gaps. They have seen real benefits of this cross-functional knowledge share. There are question marks for them about how this type of development could fit within a role-based apprenticeship – despite it being a work-based model of training.

Digital

Every employer, when asked about future skills requirements, stated digital was top of the agenda, this is no surprise given the digitisation of an ever-broadening range of banking services. Even for those banks like Handelsbanken, who want to retain their personal approach, digital services and systems are still key to delivery. Most banks broadly required expertise to develop their own digital systems, the talent in-house to deliver and maintain those systems, plus cyber-crime and security specialists to protect them. The banks generally seemed content with the range and content of the digital and IT standards available at the moment, although were quick to say that these would be an area that needed to be refreshed and updated regularly – or written flexibly to ensure they were future-proofed in terms of new advances and technology. For example, Santander, have recently stopped recruiting IT graduates to fill their digital posts, because actually the content of the tech degrees they obtained were already out of date; instead the digital teams within Santander prefer to develop their own talent to ensure they are up to date and relevant – a remit that a flexible digital apprenticeship can deliver for them.

So, the requirement to up-skill talent in specific digital roles was very evident, but the other future requirements were the digital knowledge and skills the rest of the FS workforce needed. What digital knowledge and skills will accountants or retail bank staff need in the future? Certainly, they will need to expertly tap into the digital resources available to them and their customers, but will, for example, an accountant of the future need more detailed digital skills to keep their businesses and business systems suitably 'digitised' and up to date? There seemed to be two general schools of thought – one that believed that the core FS roles needed specific digital training – perhaps even specific digital apprenticeships for those in the sector. And the second, more prevalent view, believed this was more about ensuring that digital competence was part of the broader set of skills and knowledge needed by FS Professionals, in order for them to be able to effectively deploy services digitally. For them, it was important to retain the underpinning FS knowledge of their workforce – which shouldn't be replaced by technology – this would help ensure the continued trust in banks and their staff.

From an apprenticeship perspective, some sort of FS bespoke digital apprenticeship seems a difficult concept, as it would need to be a broad set of competences to suit a range of professionals – rather than occupationally based as apprenticeship policy requires. So probably more suited is ensuring that new and reviewed standards include a consistent, appropriate set of flexible skills and knowledge that support FS professionals of the future – whether that is linked to digitisation, AI or other concepts like 'big data'. There was a general view that it would helpful if that could have consistency right across the FS standards – and that the professional bodies working collaboratively could be influential in supporting that as standards were reviewed. It would seem more work needs to be done to identify exactly what the future digital/technology skills requirements will be for bankers and how these can be supported by apprenticeships. There is an inherent difficulty with this area given how fast things can change and become out of date, so its perhaps also about fostering skills related to professional curiosity, innovation and entrepreneurship to ensure individuals are always up to speed and moving forward.

Skills Based

This theme is very much linked to the previous two, with some employers feeling that as more and more of the technical expertise needed to serve customers is available digitally ('the knowledge is at your finger tips'), and bankers are expected to deliver in a broader remit, for example covering a wider set of products and/or customers, it is the transferable skills they have, for example, to interpret information, build and support relationships and sell, that are important. So, in reviewing future standards building in flexible transferable skills is key.

Every employer, when asked about future skills requirements, stated digital was top of the agenda, this is no surprise given the digitisation of an ever-broadening range of banking services. Even for those banks like Handelsbanken, who want to retain their personal approach, digital services and systems are still key to delivery.

Section 5

Views on End-Point Assessment (EPA)

Several key End-Point Assessment Organisations (EPAOs) working in the FS sector were consulted with, and employers and training providers were also asked for their views on EPA.

On the whole, experiences of EPA are positive. They are generally seen as a quality addition to the delivery of apprenticeships – providing quality independent assessment of an individual's competence that was not there with Frameworks.

5.1 Views of EPAOs

EPAOs report what a positive experience apprentices find EPA to be, it is something they have worked and strived towards, it's a real event that marks the culmination of their apprenticeship. The fact that an unfamiliar independent organisation is coming in adds to this – providing additional status to their achievement, as does the ability to aim at distinction awards. This is in contrast to achievement related to the old frameworks or standalone work-based qualifications like NVQs, where actually the on-going assessment model used doesn't generate the same feeling of achievement and accreditation. The increased occurrence of apprentice 'graduation' type ceremonies further adds to the aspirational nature and creditability of apprenticeships.

EPAOs have had to invest heavily upfront in their services, only now beginning to see return on that investment. The feeling amongst EPAOs its that they do expect to see considerable growth over the next few years, including in the FS sector, but they felt that the growth in the delivery of specific FS apprenticeships has been slower than they anticipated. In their view, it's taking banking and other FS institutions longer to get their heads around the new standards and how they can best work to benefit their organisation. EPAOs also felt that employers' planning and use of apprenticeship standards in relation to progression pathways has been particularly slow to develop.

Getting to the bottom of future apprenticeship numbers is difficult for EPAOs, making forward planning tough. The information they gain about the requirements of their banking clients typically comes second hand via the provider – if they get it all.

EPAOs clearly have to be commercial in their choices of which standards to engage with – they all have a break-even point. This makes securing EPAOs for some of the more niche standards in the FS market difficult, but fortunately for most of the key apprenticeship standards there is sufficient EPAO coverage.

Perhaps surprisingly (considering early concerns) none of the EPAOs spoken to report any significant challenges in recruiting suitably experienced EPA assessors for financial services. On the whole they had the people they needed currently, however given numbers going through EPA for the new FS standards are still low this is largely untested and may still prove an issue if numbers ramped up quickly again making apprentice pipeline information key. That doesn't mean it's easy, EPAOs report the need to be very proactive and creative in sourcing the right people, and it's an on-going job. It's also fair to say assessor recruitment is more challenging at the higher levels. Also, although actively discussed by the FS trailblazers, employers have not come forward and provided their own staff as assessors for the wider industry – this is likely due to capacity constraints and potential confidentiality issues.

Although there have been delivery challenges for EPAOs, the main EPAOs involved in delivering for the FS apprenticeships are well established and deliver considerable numbers on a daily basis (including work outside FS), so this is starting to become business as usual for them. It's enabling them to establish good practice and develop, improve and grow their offers – which employers and training providers are benefiting from.

Key learnings and recommendations coming from EPAOs include:

Ensure early engagement with an EPAO – do not leave discussions and contracting to the last minute. This can impact on the EPAO's ability to deliver the EPAO on the timescales required (if at all), but also prevents the valuable on-going support they can provide to ensure successful and quality EPAs for the apprentice. The real benefit of EPA is only seen when the training provider and employer (line manager) are well supported in terms of training and materials, throughout the apprenticeship and during the lead up to EPA, so they can in turn support the apprentice to achieve their best results. The training provider and employer should ensure that EPAO is high on their agenda at the start of the apprenticeship delivery, not just as EPA looms. EPAOs are constantly surprised that this last-minute attitude still happens. EPAOs suggests that more regular check points leading up to EPA are good practice – suggesting three or even six month 'flags' ahead of an EPA rather, than a more typical one month's notice.

Early Standards – the EPA Plans for standards approved early in the Trailblazer system were less detailed than the later ones. This has meant EPAOs have had to introduce their own processes and definitions to ensure quality and consistent delivery. This is not an issue in itself, but in the future as EPA plans are reviewed and updated to be in line with current policy requirements, it will be essential that EPAOs are involved in these reviews. They are the experts on how the EPA works, and can work collaboratively during a review to ensure the quality processes they have already put in place are incorporated into the new EPA plan – this will ensure they can continue with delivery in a similar format and avoid unnecessary disruption and change.

Consistency of EPA models by level – Linked to the last point, EPAOs are trying to implement more consistency between the models of EPA they deliver for the same level of occupation. For example, currently standards at Level 3 within FS may have different types of assessment and different measures within them. It would be really beneficial to see more consistency, and common rules across the EPAs for FS especially at a given level. This is something to be considered when reviewing standards in the future, so it will perhaps be helpful to do them in sets to improve comparability and consistency between plans.

Encourage more direct engagement between employer and EPAO – EPAOs report that for the banking community engagement with an EPAO is typically via the provider, and EPAOs recognise and appreciate that most employers still want their provider to do the legwork in terms of sourcing and liaising with EPAOs.

Also, employers see the value in the contractual arrangements sitting with the Training Provider (they don't want yet more contracts to manage). However, EPAOs would encourage and value more direct relationships with employers as this would help them understand and plan future demand and requirements, but also provide useful direct feedback on their services. It appears that training providers don't, or can't reliably share pipeline apprentice numbers with EPAOs, so EPAOs feel that their future requirements need to come direct from employers.

5.2 Views of Employers

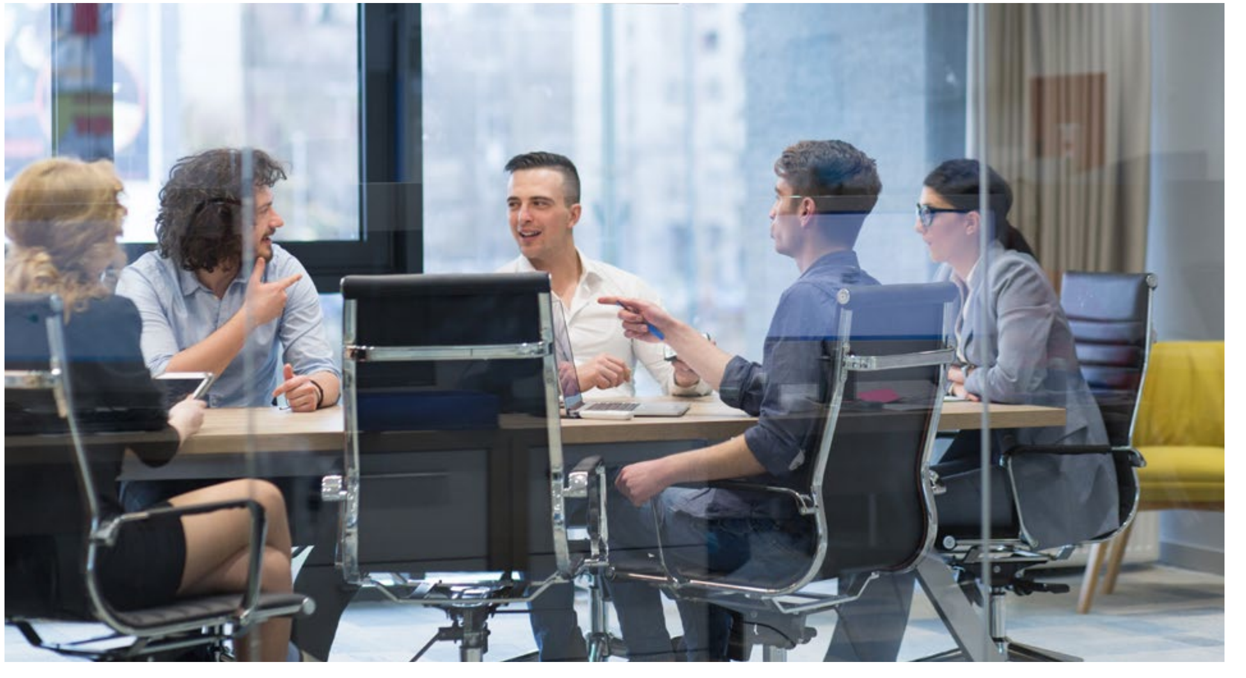
Employers had varying levels of engagement related to EPAOs. Some, mainly the larger banks, had a really good handle on who they are working with and why they picked them. They were involved with the selection process (usually based on a shortlist provided by the provider), and gave criteria they wanted them to fulfil. This criteria was normally about the flexibility of their offer to ensure delivery of the EPA fitted their business, good early support packages (for example training and materials for the line manager and provider to support the apprentices in preparing) and the EPAO's readiness to deliver now, and scale up when needed.

At the other end of the scale some employers, likely to be the smaller organisations or those new to apprenticeships, had little or no involvement with the selection of their EPAO (they just went with the one given by the provider). In some limited cases despite quite progressed apprenticeship delivery they had yet to even think about who the EPAO might be. This seems to be either because it was in the 'too hard to think about' category, or assumptions that it didn't need to be thought about until they got to EPA.

Lessons learnt from employers already going through EPA reflect those of the EPAOs themselves, in that early and direct engagement with the EPAO is important. Employers really value the added support a good EPAO can provide to their line managers and providers. And the general view from employers is that the EPAOs delivering FS standards are pretty good, perhaps better than they have experienced for non-FS apprenticeships. There are perhaps only 3 or 4 main EPAOs in the FS market – which although provides better coverage than in some apprenticeship areas, employers would still like to see increased competition in the market.

5.3 Views of Training Providers

Training providers on the whole reflected the views of the employers and EPAOs. In general, they provide a shortlist of EPAOs which the employer selects from, but again they reported a variance in employer engagement with the selection process – some wanting detailed involvement others little or none. Providers seemed generally happy with the EPAO provision available for FS apprenticeships. Like employers, they rated those that provided good support materials and engagement throughout the apprenticeship the highest. It is also clear that the provider's job does not end at EPA gateway – providers need to support throughout the EPA as well.



5.4 Professional Bodies as EPAOs

Some of the FS professional bodies (PBs) have entered the market as EPAOs, the Chartered Banker Institute being one, alongside others such as the Pensions Management Institute (PMI), ACCA and AAT. This is also the case outside of the FS industry – with the Leadership and Management Standards being the most relevant to the FS Sector. The Chartered Management Institute (CMI) has dominated that EPA market until now, but with the Institute of Leadership and Management (ILM) also entering the market with an appealing offer, employers and providers are considering them for the future as well.

When the FS standards were being developed by Trailblazers, employers showed a preference for PBs to enter the market as EPAOs. They felt this added additional professional recognition and standing to the apprenticeships, especially as EPA was a new concept and untested at the time. The decision to enter the EPAO market was difficult for PBs, as it was outside their current area of business and expertise, and many ultimately chose to not go ahead, and instead facilitated work with established awarding organisations instead.

The view of the FS Industry, including banks and building societies now that delivery of standards and EPA is more established seems to have shifted.

When early adopters of the standards initially needed an EPAO, they chose them based on their readiness to deliver (in a limited market), which meant in many cases opting for an established Awarding Organisation or bespoke EPAO. If that relationship has been successful and they have provided a good service, employers have tended to stick to that EPAO. It appears that building trust with that EPAO is key, which can be difficult initially within the banking community, but once it is built up employers are less likely to move.

For employers selecting EPAOs now, as noted earlier, many have a more mature understanding of their requirements for the service: can the EPAO offer flexibility (e.g. do they offer a digital solution if needed), future scalability, and effective and early on-going training and support for their provider and apprentice managers. These requirements in most cases are the priority over the need for the EPAO to be a Professional Body.

The view from many employers is that the professional body's accreditation and input comes with their qualifications being mandated as part of the apprenticeship, and is therefore not needed at EPA as well. Some went further, and noted that actually separation between the PB awarding the professional qualification and the EPAO was a good thing to prevent any conflict of interest.

The ability of 'non professional body' EPAOs to deliver a much broader coverage of apprenticeships for the employer was also an advantage that PBs like the Chartered Banker Institute can't match even when the rest of their EPA service is of a comparable standard. Employers do see the benefits of a PB delivering the EPAO, but if you have multiple apprenticeships, the thought of ending up with numerous PBs (and other) EPA suppliers to administer and contract with was

unappealing. It felt this would also undermine employers wish to have consistency across EPAs delivered to their staff. It is key however that the EPAOs' assessors are suitably sector qualified, as defined in the EPA plans. This should be an element of review as delivery increases.

That said, there were still a small group of employers who did still feel that the PB should be the EPAO of choice for the FS Sector and would consider a PB as EPAO in the future if not using them already. They felt that where there wasn't a mandated professional qualification a PB as EPAO was even more valuable. So it appears there is still a market for PBs delivering EPAs for the sector, but it potentially needs further promotion for it to maintain.

It's interesting to compare this to the position in accountancy where actually all the EPAOs in the market are professional bodies, with employers choosing their EPAO based on the PB that delivers their preferred accountancy professional qualification. This seems to work well for this market, with the PBs reporting good market shares and volumes. This is made more effective because the PBs have been able to use modules of their professional qualifications (which are not mandated in the standards) to form the EPA – which streamlines things for the employers and apprentices. This approach is not applicable to other FS apprenticeships, and would require all FS Professional Bodies coming on board to deliver EPAs, which is unlikely to be viable.

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Section 6
Apprenticeships and the Levy

6.1 Using the Levy to Offset Professional Qualification Spend

When talking to employers and stakeholders we wanted to understand how apprenticeships and the levy were affecting the use of professional qualifications, and in turn how, and whether, apprenticeships can support wider professional standards within the industry.

Actually, very few banking institutions stated that offsetting professional qualifications was a key driver for introducing or growing apprenticeships. There is generally the understanding that apprenticeships require a significant business and individual commitment, over and above what is required for a standalone qualification, so there needs to be a broader justification and benefits to be drawn from the apprenticeship to make implementing them worthwhile, especially on any scale. That said, many apprentice leads reported that the professional qualification/financial angle was always good to have in their 'back pocket' when trying to on-board new or less engaged parts of the business – so it can act as a helpful influencer.

This is not necessarily true for all parts of the FS sector – where ensuring the levy is used to cover existing qualification spend is more prevalent as the catalyst for apprenticeships. This is most seen where qualifications are a regulatory requirement, such as accounting and investment, with some L&D teams in these parts of the sector under pressure to utilise the levy in this way, especially with the qualification budget being withdrawn elsewhere. In these cases, it can initially be a challenge for providers to ensure that the business understands their role and responsibilities as an apprentice employer – and the additional requirements involved in passing the apprenticeship over and above the qualification on it's own (for example, anecdotally providers are clarifying to investment firms that it's not the 'CFA apprenticeship').

However, in most cases, despite the initial economic driver, the benefits of implementing apprenticeships for the apprentice and the business are still seen – so perhaps it doesn't matter what the catalyst is? Most employers state that once they have got some sort of apprenticeship programme off the ground, it begins to sell itself, as the business sees directly what apprentices can add, and how the work-based development offered by an apprenticeship takes the individual further than any standalone qualification. There is actually an argument that says mandating professional qualifications within apprenticeships is driving apprenticeship numbers and hence broadening the obvious benefits of the 'apprentice wrapper'.

A mix of models are reported amongst banks and building societies, particularly in retail, in terms of how much they utilise professional qualifications. Some banks weren't large investors in professional qualifications prior to the levy, only requiring them where they were a regulatory requirement. For these employers they report that the introduction of the levy has meant they are delivering more professional qualifications than previously, particularly in their customer facing roles (e.g. branches/contact centres), although not necessarily all of these are relevant banking/financial services qualifications.

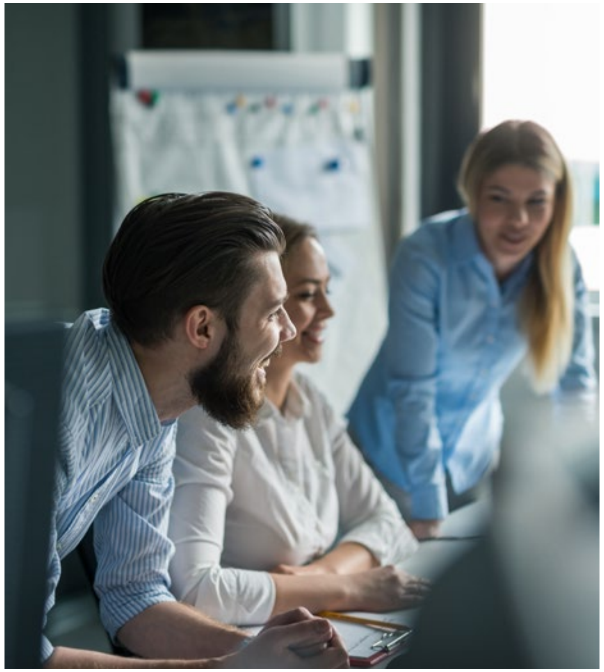
Others have a different strategy and already use professional qualifications consistently as a way to raise standards, even when not required by regulation. So, the inclusion of the qualification within apprenticeships is an added bonus for them which will only enhance their delivery of professional qualifications, with many of the same employers often ensuring that qualifications form part of their apprenticeships whether mandated or not.

Feedback from employers obtained for this report indicated that apprenticeships are likely to raise the number of professionally qualified (in the widest sense) people within banks – if that's true the levy will mean higher numbers of professional qualifications overall, with a large number of those undertaken as part of apprenticeships going forward. However, it's unclear what the true picture is with regard to professional qualification numbers, and how they have been impacted by the levy. Indications from Professional Bodies themselves don't necessarily agree with the notion of increased professional qualification numbers received as part of this paper. Professional bodies in the banking and financial services sector report that the levy has negatively impacted on the numbers of individuals taking relevant banking and financial services qualifications, with disturbing implications for culture, conduct and competence.

The effects on professional qualification numbers is not limited to core FS areas, for example employers are also offering CIPD qualifications the HR apprenticeships, so the levy provides a budget that allows more staff to gain professional recognition than could of in the past (with limited and declining L&D budgets). It's also clear from feedback that staff like the ability to achieve professional qualifications/recognition through the standards, so it can support internal engagement with apprenticeships as well.

The role of Professional Bodies

These discussions also raised a common theme about employers' requirements of professional bodies (PB) in light of the levy and the advancement of apprenticeships in the sector. Employers were very clear that they did not want PBs 'selling' their qualifications to them in isolation, they want to be clear on how their qualifications fit with the employers' apprenticeship offering, and how the PB can support delivery of that, either themselves or through partners – they want a fully serviceable and integrated offer from PBs. To be effective partners, PBs need to ensure their offer is very joined up with apprenticeships – many banks see the delivery of professional qualifications being predominantly via apprenticeships in the future, and the PBs need to be prepared for and supportive of that. For some employers the PBs that can offer apprenticeship delivery had an added advantage over those that don't.



6.2 Do apprenticeships support Professional Standards?

Employers feel that the consistent training delivered by apprenticeships combined with a professional qualification are good from a customer perspective – it builds trust.

Employers who are engaged with apprenticeships feel that the added 'wrapper' an apprenticeship brings in terms of skills, behaviours and the practical application of knowledge in the work place, takes and promotes professionalism further than any stand-alone qualification. Employers feel that professionalism can't always be evidenced purely through the attainment of a professional qualification – it's about those wider competencies being attained and assessed in the workplace. The concept of the End-Point Assessment (EPA) in standards also supports this. As a synoptic assessment, it allows the independent measurement of those practical skills and professional values by a sector-qualified assessor. Banks see EPA as a further way that they can demonstrate the professional competence of their staff, over and above a qualification in isolation.

Employers feel that the consistent training delivered by apprenticeships combined with a professional qualification are good from a customer perspective – it builds trust. Many hope to see reduced complaints and better satisfaction rates because of the increased consistent professional training and competence of its staff apprenticeships can bring. Employers also report better retention and stability within their teams when using apprenticeships – which again can only support consistent service/delivery and in turn professionalism. This can only be the case, however, when banks support the delivery of relevant banking and financial services apprenticeships across large parts of their workforce, and there is little evidence that this is currently happening. Professionalism in banking requires the development and demonstration of relevant banking/financial services knowledge and skills, alongside more generic customer service, digital and management skills.

The current focus on the latter, possibly at the expense of the former, has implications for culture, conduct and competence in banking, and professional bodies and others are beginning to draw attention to this emerging issue.


CUSTOMER
INFORMATION

6.3 Links to Wider Banking Standards

Banks like the concept of wider banking standards and codes of conduct, such as the Chartered Banker Institute's, however they felt there was a real risk that the picture was becoming overcomplicated – that there are too many 'standards'. Ideally, employers would like these all aligned, and where appropriate, integrated consistently within apprenticeships. In particular, there are calls to align the Chartered Banker Professional Standards Board's (CB:PSB) professional standards with apprenticeships standards to provide levy-funded pathways to the former, and greater professional credibility and recognition to the latter.

Some organisations also felt that the Chartered Banker Institute's standards did not have the external brand or customer recognition it needed to warrant engagement with them. Banks have their own professional standards, values and codes that employees have to work to, and they ensure that the apprenticeship delivery maps to those – they don't necessarily feel the need for additional ones. Independent customer research, however, shows that there is strong public support for and recognition of Chartered Banker.

6.4 Reviewing Apprenticeships standards

Employers and professional bodies are keen to be involved in the review of apprenticeship standards that should happen every three years, with many standards in FS due a review now or soon. However, employers feel there are barriers to effective engagement with the review process:

Who will drive and lead: They are not sure who will drive that review and deliver the work needed in a coordinated fashion. They are clear that employers should be involved, but don't see how best to take that forward. It is hard for the employer-led trailblazer to maintain its role without additional support, so reviews would add to that.

Nervousness about the process: Employers are concerned about the bureaucracy related to the review and approvals process via the Institute for Apprenticeships (IFA). Many are frustrated by their experiences of the trailblazer process, and not being able to get exactly what they need from standards due to policy constraints, they are also frustrated by the delays in availability or standards they need within their business. This combines to make employers and stakeholders uncertain about what a review will bring – with fears it will be a difficult process and may actually end up in changes that they don't want, rather than the updates and improvements they do.

It is key that FS apprenticeships are kept up to date and relevant, especially in light of the transformational nature of the sector.

Section 7
Conclusion

There is a huge amount of excellent work and progress being made on implementing effective apprenticeships across the financial services sector, but there is still plenty more that can be done to ensure apprenticeships play a beneficial role within the sector. Many banking institutions are seeing huge benefits from apprenticeships. It seems that the levy has had a very positive impact on increasing apprenticeships in the sector, particularly customer service, digital and management apprenticeships. Many employers are embracing the opportunity it provides, rather than complaining about it or ignoring it – using it to kick-start a programme or allowing them to expand and broaden their programmes. There are still relatively small numbers of specific banking/financial services apprenticeships being delivered, however – and this is a cause for some concern as it has implications for culture, conduct and competence. For those parts of the sector where apprenticeships are still more tentative, it would be great to see more sharing of knowledge and experiences between employers, with education still key to new employer engagement. Apprenticeships are already having a very positive impact on increasing diversity and widening the talent pool attracted to FS, it's not just about supporting traditional diversity statistics, but also attracting those from different backgrounds and those moving careers, supporting the transfer of diverse knowledge and experience into the sector.

It is key that FS apprenticeships are kept up to date and relevant, especially in light of the transformational nature of the sector. This will help ensure they are well utilised by employers and support the retention of essential core banking/FS knowledge and skills, which could be at risk if the prevalence of more generic apprenticeships grows instead. The existing technical apprenticeship standards based on current occupations are by their nature solving the problems of the last decade and are not forward looking enough. Professional Bodies should play a key part in the future of apprenticeships – they need to ensure their qualification offers align and support the apprenticeship model, and ensure they are at the centre of the review of apprenticeships to ensure the standards are updated in a way that aligns them consistently to professional standards, and the future skills needs of the sector.

Annex

Annex A – Prevalent Apprenticeships

Consultation found that the common standards used within Banking Organisations are as follows:

Specific FS standards used across most Banks and Building Societies covered:

- Financial Service Customer Adviser (L2)
- Senior Financial Services Customer Advisor (L3)
- Compliance/ Risk Officer (L3)
- Compliance /Risk Specialist (L6)
- Relationship Manager (Banking) L6
- Financial Adviser (L4)
- Financial Services Professional (L6).

Wider delivery tended to focus on IT and Digital apprenticeships:

- Digital and Technology Solutions Professional (Degree)
- Cyber Intrusion Analyst (L4)
- Cyber Security Technologist (L4)
- Data Analyst (L4).

And Leadership and Management:

- Team Leader (L3)
- Operations /Departmental Manager (L5)
- Chartered Manager (Degree)
- Senior Leader (Masters).

And other non core areas included:

- HR Support (L3)
- HR Business Consultant/Partner (L5)
- Associate Project Manager (L4).

For delivery in the wider FS sector other key standards are:

- Insurance Practitioner (L3)
- Insurance Professional (L6)
- Investment Operations L2, L3 and L4
- Senior Investment/Commercial banking Professional (L7)
- Professional Accounting Taxation Technician (L4)
- Assistant Accountant (L3)
- Accountancy/Taxation Professional (L7)
- Mortgage Adviser (L3).

Annex B – Project Contributors

The Chartered Banker Institute is extremely grateful to the valued stakeholders that gave their time to contribute to this paper.

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Annex C – Typical Apprenticeships Map for Banking

MY BANK

Legal Governance & Compliance
- Paralegal
- Chartered Legal Executive
- Solicitor
- Internal Audit Practitioner
- Internal Audit Professional
- Compliance and Risk Officer
- Senior Compliance and Risk Specialist

Core Banking Functions & Customer Support
- FS Customer Adviser
- Senior FS Customer Adviser
- Financial Services Professional
- Senior Investment/Commercial
- Banking Professional
- Mortgage Adviser
- Financial Adviser

Digital & ICT
- Creative Digital Designer*
- Cyber Intrusion Analyst
- Cyber Security Technologist
- Cyber Security Technology Professional*
- Data Analyst
- Data Scientist*
- Digital and Solutions Specialist*
- Digital and Technology Solutions Professional (Degree)
- Digital Applications Technician*
- Digital Marketer
- Digital User Experience (UX) Professional
- Infrastructure Technician
- IS Business Analyst
- IT Solutions Technician*
- Junior Content Producer
- Network Engineer
- Software Development Technician

Finance & Actuarial
- Accountancy/Taxation Professional
- Actuarial Technician
- Assistant Accountant
- Credit Controller/Collector
- Advanced Credit Controller/Debt Collection Specialist
- Financial Services Professional
- Professional Accounting
- Taxation Technician

Human Resources/Facilities
HR apprenticeships:
- HR Business Consultant/Business Partner
- HR Support
- L&D Consultant/Business Partner
- L&d Practitioner
- Payroll Advisor*
- Learning Mentor*
- Learning and Skills Teacher*
- Recruitment Resourcer
- Recruitment Advisor
- Workplace Pensions (Administrator/Consultant)

Facilities apprenticeships:
- Facilities operative
- Facilities Management Supervisor
- Facilities Manager
- Hospitality Team Member
- Hospitality Supervisor
- Production Chef*
- Associate Project Manager
- Project Manager

Marketing/PR/Sales
- Public Relations Assistant
- Public Relations Consultant*
- Marketing Executive*
- Marketing Manager*
- Digital Marketer (L3 and L6)

Apprenticeships relevant across business areas

Leadership & Management
- Team Leader
- Operations/Departmental Manager
- Chartered Manager
- Senior Leader

Other relevant/generic
- Business Administrator
- Customer Service Practitioner
- Customer Service Specialist
- Associate Project Manager
- Project Manager

Notes
- Standards marked * are still in development. Information correct at 14th August 18.
- The additional apprenticeships noted as relevant across business areas are some of the more generic apprenticeship standards that can apply across functions
- This is not a comprehensive list, it aims provide an overview of the range of apprenticeships that are available and potentially suited to Financial Services.
- A full list of apprenticeships standards is available **www.instituteforapprenticeships.org/apprenticeship-standards**.

Notes

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