

Strengthen your bottom line

—
With an accounting apprentice

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Let's make it happen...

75%

of employers say apprenticeships boost productivity.

Source: startups.co.uk/news/apprentices-boost-business-productivity/

How an accounting apprentice could add value in a small business

Rampant inflation from the cost-of-living crisis means businesses are finding their cash flows and balance sheets under increasing strain. Good financial management is needed like never before – both to survive, and to adapt to new opportunities.

Hiring an apprentice could be a great way to improve your financial resilience.

Accountancy apprenticeships are an affordable way for small businesses to add a new team member or upskill an existing employee.

How an apprentice can help

Apprentices really add value to your business because they can bring accountancy knowledge and technical skills into the heart of the organisation. They will be trained in communication and problem-solving, and so they can provide invaluable support in hands-on ways, from cost accounting to preparing business cases and scenario modelling.

Tailored training

As a business owner or manager, you can get an employee who can be trained and guided towards a skilled or managerial role for the future.

1 Apprenticeships cost very little

The government will cover 100% of training costs if you are a small firm with a pay bill of less than £3 million (see our section on page 8).

2 Training can be customised to fit your business

Hiring an apprentice gives you an amazing opportunity to train existing employees or new recruits so that their skills meet the needs of your business. Not only that, but they're loyal too: 90% of apprentices remain in their workplace after finishing their apprenticeship.

3 They are designed to produce superb accountants

In their off the job training your apprentice will learn skills that they can immediately implement in the workplace, such as costing, double-entry bookkeeping, trial balances, using the latest software and ethical standards.

4 They improve company culture

The enthusiasm and entrepreneurial spirit of apprentices can be infectious: as many as 92% of employers have reported a more motivated and satisfied workforce after hiring apprentices.

5 They can upskill the rest of your finance team

Many of the finance directors that AAT has spoken to have noticed their apprentices have an unexpected impact upon their team: many others are inspired to take up accounting qualifications because their apprentice colleagues are doing so well...

Source: aat.org.uk/apprenticeships/employing

Apprenticeships in action

Worried that apprenticeships are too expensive, difficult to set up or won't provide a return on investment? Here two SMEs talk to us about how starting an apprenticeship has led to some solid business gains...

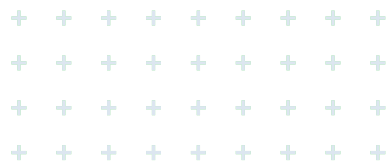
92%

of employers who take on apprentices report a more motivated and satisfied workforce.

Source: aat.org.uk/apprenticeships/employing

The top roles for accounting apprentices

- **Level 2:** clerk roles (Accounts Clerk; Sales Ledger Clerk; Credit Control Clerk); Finance Assistant; Accounts Assistant
- **Level 3:** Bookkeeper; Trainee Accounting Technician; Assistant Accountant
- **Level 4:** Payroll Manager; Tax Manager; Accounting Technician
- **Levels 5-7:** Finance Analyst



VNC Automotive (VNCA) is a small software company that has used apprenticeships to build out its finance function. The Cambridge-based firm specialises in-car connectivity and telematics.

Finance Director Becky Glover tells us how hiring school-leaver George was a cost-effective decision that's helped improve productivity. Not only does VNCA have a hugely competent staff member who frees up more of Becky's time, but thanks to the government paying 95% of training costs (VNCA pays George's wages, of course) it's barely cost her company anything at all.



When I started at VNCA two years ago, I was the only person working in finance. It was clear I needed to build a successful team. I'd started my career as an apprentice at an accountancy firm and wanted to offer a similar role. My first port-of-call was training provider First Intuition, where I'd studied eight years previously. Within a couple of days, the job was advertised on gov.uk and we were inundated with applications.

Taking responsibility

Since he's started, George has added real value to our firm. He's taken on most of the responsibility for reporting to budget heads each month on their actual spend, which helps the company's financial management enormously. It's also been a huge help to me to have another pair of hands in the department.

Recruiting an apprentice is remarkably easy and very low cost for the value that they add. We received funding for the first £8,000 of George's apprenticeship training fees.

Training providers do much of the hard work, so it's a tremendous way to bring on board ambitious individuals.

Hiring an apprentice also sends a good message about VNCA: it shows that we support staff training and want our people to be at the forefront of everything we do.

Training provider help

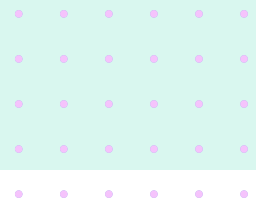
Having been an apprentice myself, I'm proof that apprenticeships are a great way to get started. George's success has reconfirmed that: with the government making it financially viable to start apprenticeships and with training providers doing much of the hard work, it's a tremendous way to bring on board ambitious individuals.



Becky Glover

Finance Director, VNC Automotive

vncautomotive.com



Recruiting an apprentice is remarkably easy and very low cost for the value that they add.



Storefield is a Kettering-based business supplying the waste and management industries. Here group accountant Keith Cook explains how bringing in an apprentice inspired his other staff to get their own qualifications...

■ ■
Cost-effective choice

Storefield has got a small finance team of just five people and when somebody left in 2018, I was faced with the option: do I hire an expensive-but-experienced accountant or shall I get an apprentice, who can progress their career at the firm? I went for the latter. Since Amelia joined our team, we haven't looked back.

As a small company we haven't got resources to 'baby sit' an apprentice. Luckily, the training provider is a massive help here.

Although we can't provide regular one-to-one mentoring with Amelia because of work pressures, the training provider does this instead.

Perhaps the biggest benefit of Amelia joining the firm is that it's inspired others within the finance team to upskill. Before, the finance team was pretty much self-taught with little professional qualifications. Today, we've got one employee who's completed AAT Level 4 and another on Level 3 – all paid for through the government funding.

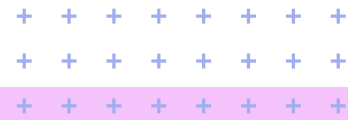
Trustworthy team

Having these trained members – and Amelia, who's finished Level 4 – means that I trust them enough to delegate some of my own work, which frees up my time to focus on more strategic areas of the business. As far as I'm concerned, hiring apprentices has been a no-brainer."

■ ■
Keith Cook
Group Accountant, Storefield
storefield.co.uk

■ ■
My staff are now studying AAT – all thanks to my apprentice.
■ ■

Build the team, shape the culture



Hiring an apprentice isn't just about gaining an extra pair of hands: their presence can also have a positive impact on the rest of your staff too...

Employing an apprentice is a great investment, both in them and in your business.

Statistics show they are unerringly loyal: 90% of apprentices remain in their workplace after finishing their apprenticeship. This loyalty can result in lower staff turnover rates: according to the Skills Funding Agency, 80% of companies who invest in apprentices report a rise in staff retention.

"There's a much better dovetailing of individual and organisational culture with apprentices," says Gareth John, Executive Chairman of training provider First Intuition. "This is partly because they are 'moulded' to suite the company's needs. Not only do they fit the organisation, but the organisation fits them. It's not unusual to see a 23-year-old qualified accountant managing other staff, with five years of work experience, possibly operating in a niche area (they could also be a debt-free home-owner too). This shows what happens if a firm invests in its apprentices." The knowledge amassed during the off the job training means that many apprentices return to the workplace armed with an arsenal of new ideas and the latest up-to-date thinking surrounding accountancy and legislation – all great for problem-solving.

Apprentices acquire much more than accounting knowledge. Level 2 learners will be equipped with essential skills to get them workplace-ready, such as communication, attention to detail, teamwork, professionalism and customer focus.

At Levels 3 and 4, apprentices will build impact skills, including accountability, adaptability, problem-solving, analysis, and leadership.

Apprentices can also improve company culture too. Their enthusiasm and entrepreneurial spirit can be infectious: as many as 92% of employers have reported a more motivated and satisfied workforce after hiring apprentices.

Source: *The Benefits of Apprenticeships to Businesses*

Fast-track

Apprenticeships accelerate productivity, benefiting both employer and employee. In 2019, an independent survey of 1,000 people aged 16–30 found:

64%

say an apprenticeship can fast track their career more than a university degree.

41%

say an apprenticeship is the best way into a satisfying or fulfilling job or career.

29%

a smaller number say a university degree gives the best start.

Source: Apprenticeships: Getting ahead for accelerated ambitions

Financial help for Apprenticeships

Substantial help is available to make employing an apprentice affordable. Here's an overview.

Up to 100% of training costs.

If your pay bill is below the £3 million threshold and you support an apprentice aged 22 or below, 100% of their training costs are covered by government funding. If your apprentice is aged 22 or over you only pay 5% of the training costs, with the government contributing the rest. Based on current funding bands, your financial contribution towards the Apprenticeship training will range from £300–£600 depending on level.

National insurance

Not many businesses know about this, but if you employ an apprentice who's under 25 you might not need to pay employer Class 1 National Insurance contributions (NICs) on their earnings below £962 a week (£43,000 a year).

The Levy explained

You may come across references to the Apprenticeship Levy. This is a tax on large organisations in England, which the government introduced in 2017 to fund the development and delivery of apprenticeships. Put simply, businesses with a pay bill of over £3 million per year, pay 0.5% in levy. This money goes into a 'digital fund' that is available for them to spend on training within a two-year period. If they don't do so, it is taken by the government. Businesses with a pay bill of less than £3 million don't pay the levy; they are eligible for financial assistance.



+15%

The 'employability' dividend of apprentices compared to employees with other qualifications.

Source: National Apprenticeship Service, Employer Guide to Apprenticeships and Traineeships

Regional assistance:

There are some regional differences when it comes to funding:

Scotland

The Scottish government contributes towards the cost of training and assessing apprentices. The amount you'll receive depends on the type of apprenticeship, qualification level and the age of your apprentice. You can find a contribution table [here](#) (scroll down to 'Financial Services'). There are also other funding incentives, such as 'Adopt an Apprentice' (hiring an apprentice who's been made redundant) and 'Access to Work' (for help with apprentices who have a disability).

apprenticeships.scot

Wales

The Welsh government gives apprenticeship funding to training providers. The Welsh government has also launched a £40 million skills and jobs fund, which offers incentives for any employers who recruit new apprentices.

businesswales.gov.wales/skillsgateway/skills-and-training-programmes/apprenticeships

Northern Ireland

For apprentices aged 16–24, the Department for the Economy (DfE) pays the full cost of off the job training. For those apprentices aged 25-and-over, DfE pays half (50%) of the training (this is for priority sectors which includes Providing Financial Services but AAT isn't listed on the approved frameworks for this sector so isn't currently eligible for funding over 25).

www.nibusinessinfo.co.uk/content/apprenticeships-explained-employers

75%

of employers say apprenticeships lower recruitment costs.

Source: National Apprenticeship Service, Employer Guide to Apprenticeships and Traineeships



83%

now rely on apprenticeships to provide the skilled workers of the future.

Source: aat.org.uk/apprenticeships/employing



Where can I find out more?

- [The government's apprentice funding rules](#)
- [Government guidance on apprentices](#)



Simple steps to get started



A step-by-step guide to getting an apprenticeship started in your finance team...

Determine what type of apprentice you need

Start by figuring out why you need an apprentice. Does your finance team have any skills gap? Does your sector face any changes, where your business might need new skills in the future? For example, your organisation might be planning a digital transformation, so hiring tech-savvy talent could help.

Write a job description and set some objectives on what you'd want the apprenticeship to achieve.

Remember: there are no limits to how many apprentices you can take on and that apprentices can be recruited from your current staff as a way of upskilling them to a new position.

Working with a training provider

One of the reasons administering an apprenticeship is so easy is because of the role played by your training provider.

A training provider not only delivers the compulsory off the job training, they also help guide you through the apprenticeship process. You can work with them to tailor the apprenticeship programme towards the needs of your business. Training providers can also support your apprentice with pastoral care too.

One way to think of the relationship with a training provider is like working with the training and HR departments of large organisations such as KPMG or PwC.

Remember to share your job description with any prospective training providers.

Decide how much to pay your apprentice

The national minimum wage for apprentices in their first year is £6.40 an hour.

Once an apprentice is at least 19 or has completed their first year, they must be paid the national minimum wage.

- Age 19–20: £8.60 an hour
- Age 21–22: £11.44 an hour
- Age 23-and-over: £11.44 an hour

To attract strong candidates, it's wise to offer a competitive salary, rather than the minimum wage.

Let AAT help you recruit your first apprentice

AAT's team is ready to support you in recruiting your apprentices, including advertising your vacancies, so why not get in touch with them? Your training provider can also place adverts or you can use the government [portal](#).

AAT is here to help

AAT has a team on hand to help you decide on the right apprenticeship for your business and find local training providers.

➤ **Book a meeting**

You could also speak to one of our advisers on **+44 (0)20 3735 2434**. Lines are open Monday to Friday 09.00–17.00 UK time.

Exploding the myths



Are apprentices expensive? Is it a headache looking after them in the workplace? And do they really spend one day a week away from the office? We get to the bottom of these gripes and more...

1 Apprenticeships are hard to set up

Creating an apprenticeship involves minimal fuss. With the help of a training provider and AAT, you'll be hand-held throughout the whole process, from securing funding to placing adverts.

2 Apprenticeships are expensive

A typical SME can get up to 100% of their training costs funded. Research has shown that practices typically receive a bottom-line boost of around £2,000 every time they hire an apprentice (after wages/training costs).

3 I'll need to 'baby sit' my apprentice, which is time-consuming

The training provider is paid to take the pain out of running apprenticeships, including paperwork, pastoral care and helping apprentices record their evidence. Ultimately, it's in their interest that the apprenticeship 'works'.

4 Apprenticeships are only for school-leavers

There is no upper age limit. In fact, 46% of apprenticeships started in 2018/19 were by people aged 25 or over.

5 Apprenticeships are only for new employees

Existing employees can be trained through apprenticeships to attain skills and recognised qualifications.

6 I have to pay into the government levy

You'll only pay into the government's levy scheme if your pay bill is over £3 million a year.

7 Apprenticeships are low-level and a second-best to a degree

This view is outdated and the evidence proves it. Apprenticeships today are a viable alternative to academic education, covering a variety of sectors and levels. Apprenticeship schemes can be found at law firms, banks, tech companies, and accounting giants such as KPMG.

8 Apprenticeships don't result in full-time jobs

The fact 90% of apprentices stay in their workplace after finishing their apprenticeship demonstrates not only are they loyal, but their competence is valued by employers too.

9 The off the job training has to be delivered externally

Apprentices are required to spend a minimum of six hours a week on education such as theory or writing assignments. But this doesn't mean they have to spend one day a week away from the workplace. Off the job training can actually be delivered at an apprentice's workplace.

10 Employers have to document off the job training

Employers don't need to document their apprentice's off the job training. The training provider undertakes this task.

Source: aat.org.uk/apprenticeships/employing

Let's make it happen...

AAT's team is ready to help you take the next step.

As an independent body, AAT can help you decide on the right apprenticeship for your business and find local training providers.

Get in touch with us now at the email address below, or call to speak to one of our advisers

➤ **Book a meeting**

➤ **Order an information pack**

➤ **Call +44 (0)20 3735 2434**

Lines are open Monday to Friday 09.00–17.00 UK time.



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