



the
advice
workforce
development fund

Levy liberation

Unlocking opportunity by reimagining the
Apprenticeship Levy

October 2024





Levy liberation

A report for [London Legal Support Trust](#) on behalf of the [Advice Workforce Development Fund](#)

Zarea Kamil, Rebecca Munro and Lorna Preece

Disclaimer

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Pragmatix Advisory Limited. enquiries@pragmatixadvisory.com. 020 3880 8640. pragmatixadvisory.com
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CM2 0AW. VAT Registration Number 340 8912 04

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Executive summary

Pragmatix Advisory has been commissioned by [London Legal Support Trust](#) on behalf of the [Advice Workforce Development Fund](#) to explore policy options to change the use of the Apprenticeship Levy to respond to the skills deficit within the not-for-profit legal advice sector.

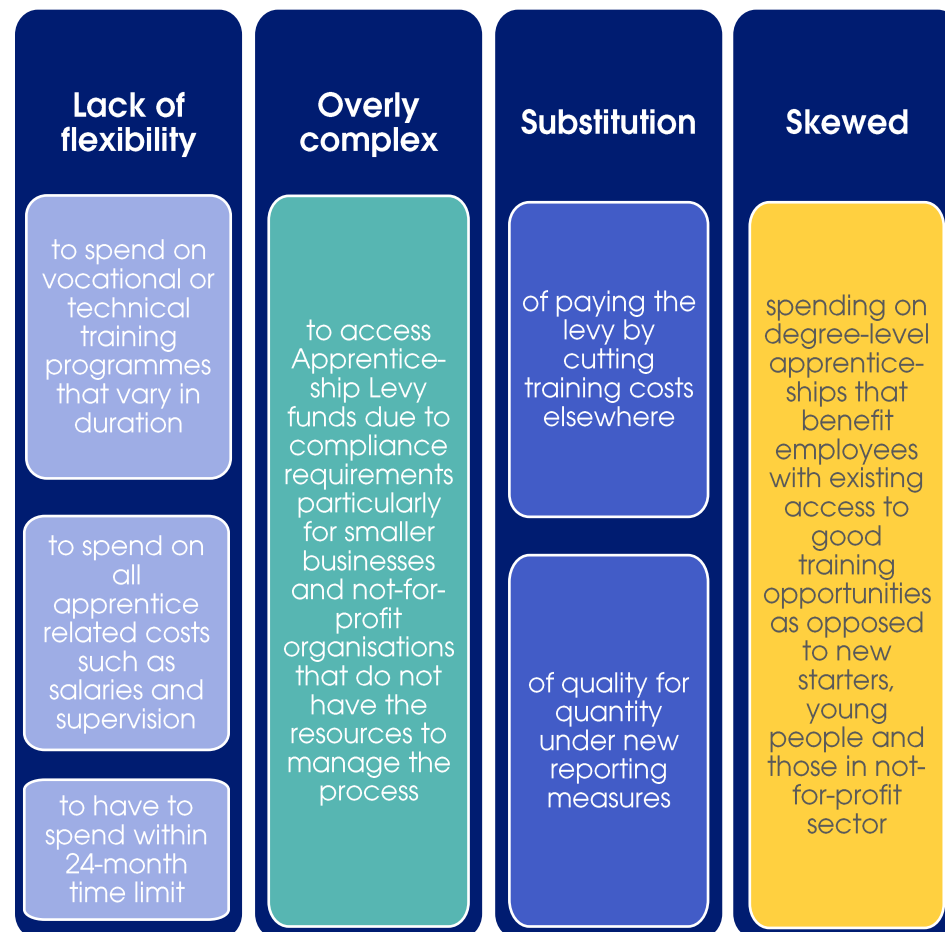
Levy unfit for not-for-profit advice sector needs

The not-for-profit legal advice sector is facing a significant skills deficit that the current Apprenticeship Levy is failing to address, impacting advice service provision, access to justice and existing workforces' mental health.

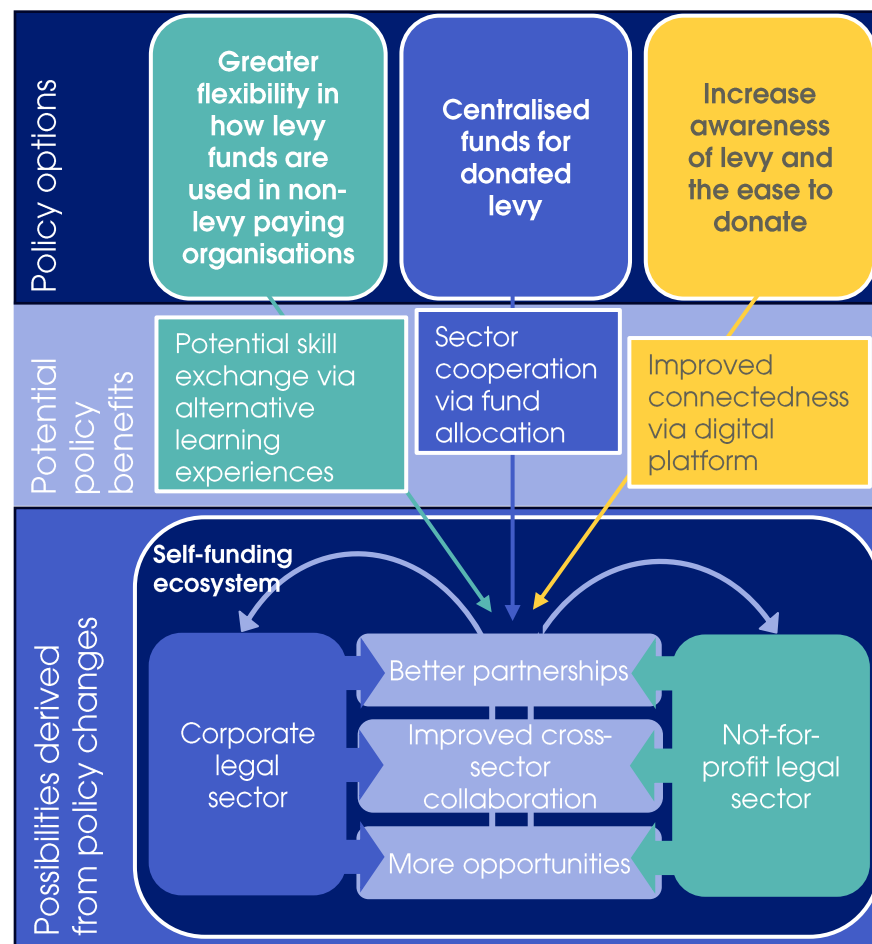
Recruitment and retention within the not-for-profit advice sector has proved challenging over recent years, with advice centres struggling to fill vacancies and meet the ever-increasing demand on legal advice services. Budget deficits, dated remuneration and demanding working conditions may be fuelling these challenges by forcing professionals into the private and civil sectors in search of healthier working environments, thus reducing the existing workforce. This adds strain and can lead to a cycle of discontent within the sector.

Consequently, Legal Aid deserts are cropping up all over the United Kingdom, particularly in areas of law such as welfare, housing and immigration. This leaves individuals seeking help in these areas without access to specialist advice and legal representation, both of which can exacerbate court backlogs.

Despite the Apprenticeship Levy's original goal to aid such skills shortages by generating more funding for apprenticeship training, apprenticeship starts have been falling across most sectors and those willing to donate are donating less than they would be willing to due to levy restrictions and a lack of scope to meet specific sector needs.



Policy reform could ignite impactful change



Policy options and their potential impacts

The proposed Growth and Skills Levy provides an opportunity for government to reform the Apprenticeship Levy to better meet the needs of not-for-profit organisations and small businesses, particularly within sectors facing skills shortages.

Engagement with key stakeholders within the not-for-profit legal advice sector highlighted a number of policies that the sector would like to see implemented to better meet the sector's challenges and those of similarly strained sectors, such as the NHS.

Three key policy changes, derived through engagement with key stakeholders in the not-for-profit and corporate legal sectors, are being proposed: increased flexibility in how non-levy paying organisations can use levy funds, the creation of centralised funds for donated levies managed by third sector organisations, and a collaborative effort to raise awareness of the levy and the option to donate.

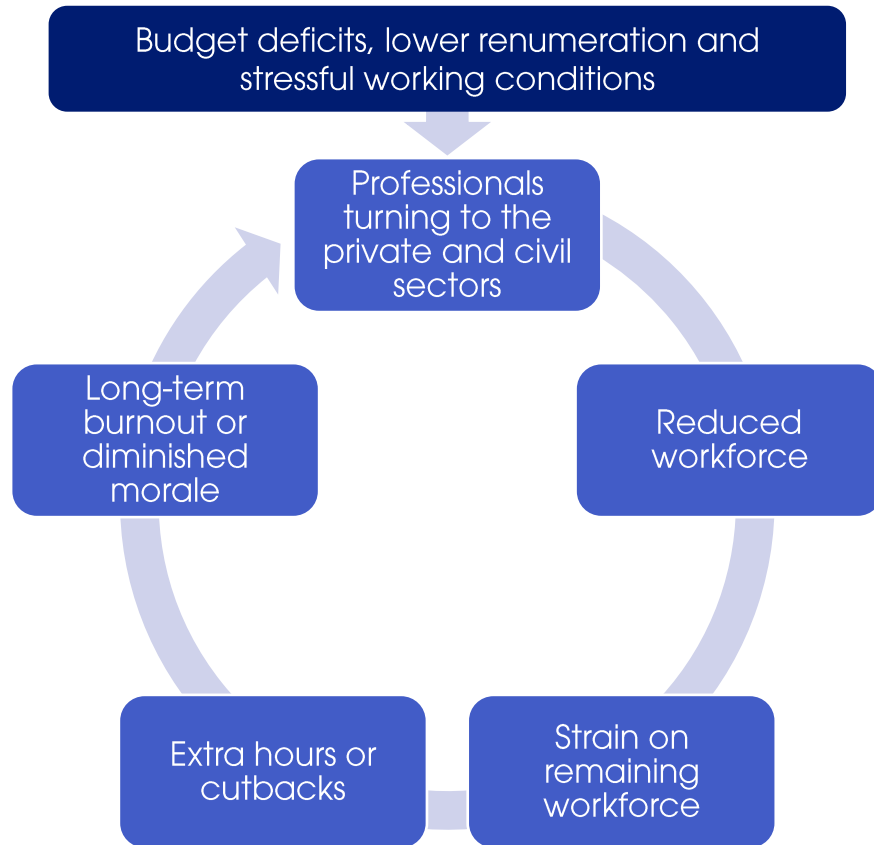
The belief is that these reforms would enable sectors to access, utilise, and generate levy funds in ways that align with their specific needs and challenges. Engagement with key stakeholders indicated that such policy changes could help create a more self-sustaining ecosystem, where the corporate and not-for-profit legal sectors work more closely to support trainees and professional development of the existing workforce.

One new social welfare lawyer costs approximately £150,000 to £300,000 to train dependent on prior qualifications. If this could be funded through a reformed levy, each solicitor could yield potential cost savings in the first year of between £1.05 and £6.30 for every £1 spent.

Understanding the not-for-profit legal advice landscape

This section outlines some of the challenges currently facing not-for-profit legal advice service providers, including recruitment and retention, Legal Aid budgets, and pressures on staff. It highlights the value of not-for-profit legal advice, and the likely continued growth in demand.

Not-for-profit legal advice services under strain



Skills shortage cycle

Capacity and resource challenges are prevalent across the not-for-profit legal advice sector and the wider judicial system, adding pressure to an already strained environment.

Budget deficits, lower levels of compensation and stressful working environments can make it difficult for advice providers to attract and retain professionals, meet the demand for services and address skills shortages.

As part of this research, we conducted interviews and workshops with a range of legal advice providers, in both the not-for-profit legal advice and corporate legal sectors, as well as with experts in the field.

Not-for-profit advice providers reported that more legal professionals, both new and experienced, are increasingly moving to the private and civil sector for better pay, working conditions and job satisfaction, further exacerbating the skills shortages in the sector. This can lead to a smaller workforce struggling to meet demand, often requiring extra hours without adequate compensation or a reduction in expenditure in areas like training or employee benefits.

The combination of a reduced workforce, professionals leaving for the private sector and the strain on remaining staff can affect service quality, as well as risk long-term burnout and declining morale amongst the existing workforce.

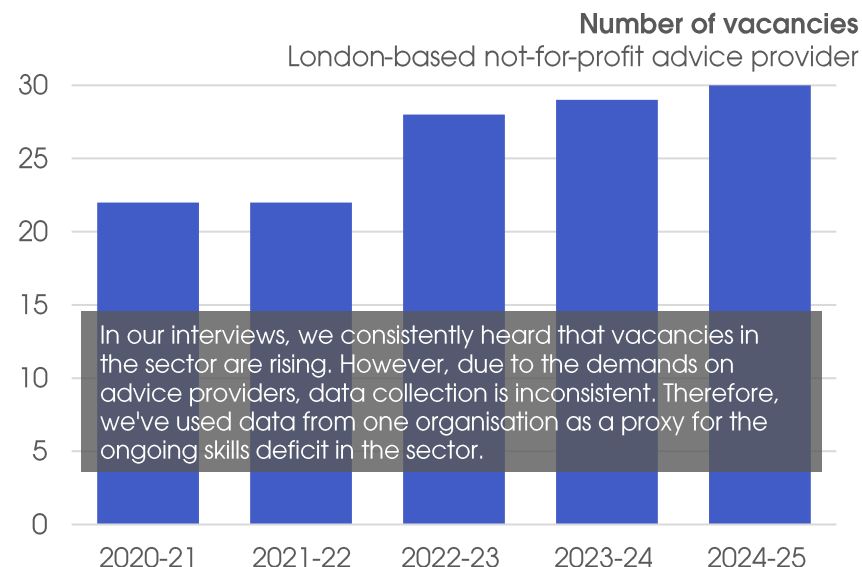
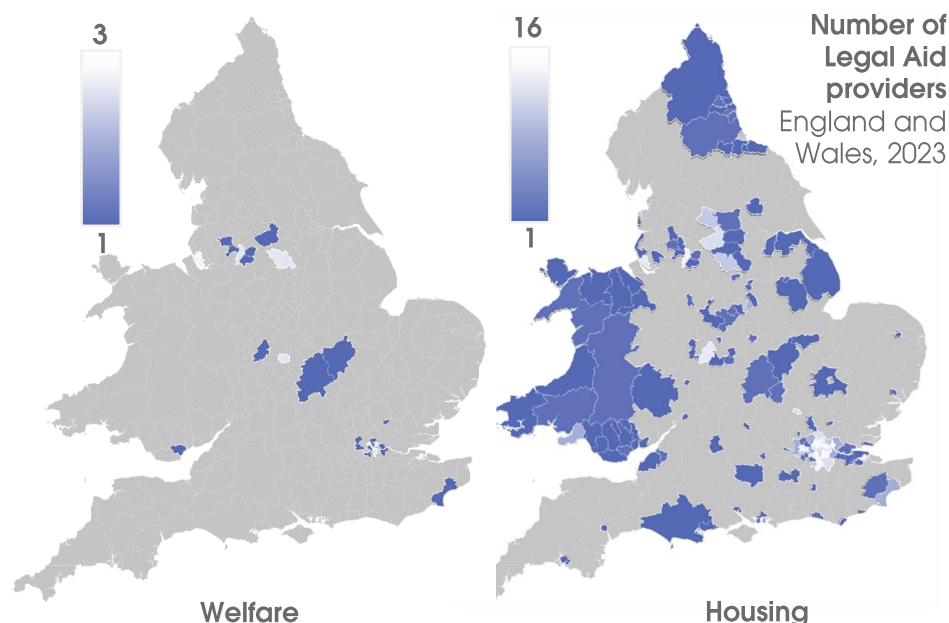
This cycle can further deepen the skills shortages, making it even more difficult for the sector to train future social welfare solicitors.

The skills gap is a driver of shortages in not-for-profit advice services across England and Wales.

Many not-for-profit legal advice organisations report they are struggling to find specialised Legal Aid lawyers to help clients with their legal problems, particularly in areas like welfare, housing and immigration.

One advice provider we spoke with explained that they had to significantly scale back their welfare advice services over a period of four to five months due to difficulties in hiring qualified advisors.

This shortage not only impacts the quality of advice but also leads to longer waiting times for individuals seeking justice, exacerbating existing inefficiencies and adding pressure to an already overstretched service.



Skill shortages make it harder to meet demand, creating Legal Aid deserts.

Legal Aid deserts are regions where not-for-profit advice services are simply not accessible within a reasonable distance, forcing individuals to travel long distances to access help with legal issues or handle them on their own.

Skills shortages across the not-for-profit advice sector play a role in the development of these deserts, with not-for-profit advice centres unable to find lawyers with the right skills and experience to handle certain legal issues.

One advice provider we spoke to shared that they were unable to secure a housing solicitor for a newly established service aimed at supporting domestic abuse survivors. The absence of a specialist meant the service could not be provided.

Not-for-profit advice provider input highlights deficit

"We have experienced difficulties recruiting housing solicitors. The number of applications has greatly fallen over the last 5 years. We have had to re-advertise vacancies and extend closing dates due to the lack of applications.

To address this, we decided to advertise for housing caseworkers instead of solicitors and were fortunate to be able to recruit two good candidates with experience of working under a legal aid contract. The people appointed are both training to be solicitors and therefore, require additional supervision.

We have just recently had to advertise for a housing solicitor as another member of the team is leaving. We had to extend the deadline and received one application. Fortunately, the one applicant who applied was good, so we were able to appoint on this occasion.

We have had similar experiences with recruiting to specialist welfare benefits and debt caseworker roles. We were unable to recruit a specialist welfare benefits caseworker after re-advertising the post, so we promoted an existing member of staff into a trainee caseworker role. We were pleased to be able to offer this opportunity to the member of staff, but it carries additional supervision needs from an already stretched team."

Recruitment challenges as described by Director of London-based social welfare law legal centre

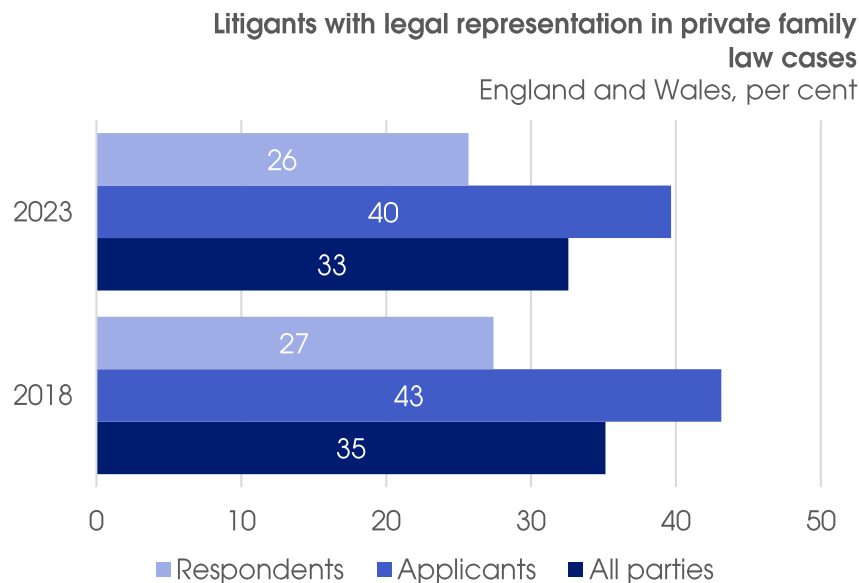
Recruitment challenges as described by Deputy CEO of London-based not-for-profit advice charity

"We sought to recruit a housing solicitor shortly after setting up a service for survivors of domestic abuse but it was not possible to recruit and so we were not able to offer the hoped for level in this area of the work.

At one point we also struggled to appoint a welfare adviser. This drastically limited our welfare advice capacity for four to five months.

For our organisation, immigration solicitors and senior caseworkers have also been challenging to appoint - while we receive many applications, several have withdrawn on or just before their first day in post.

As we are mostly able to recruit by training people who have transferable skills / or from scratch - it is very difficult to recruit cover secondments or maternity covers."



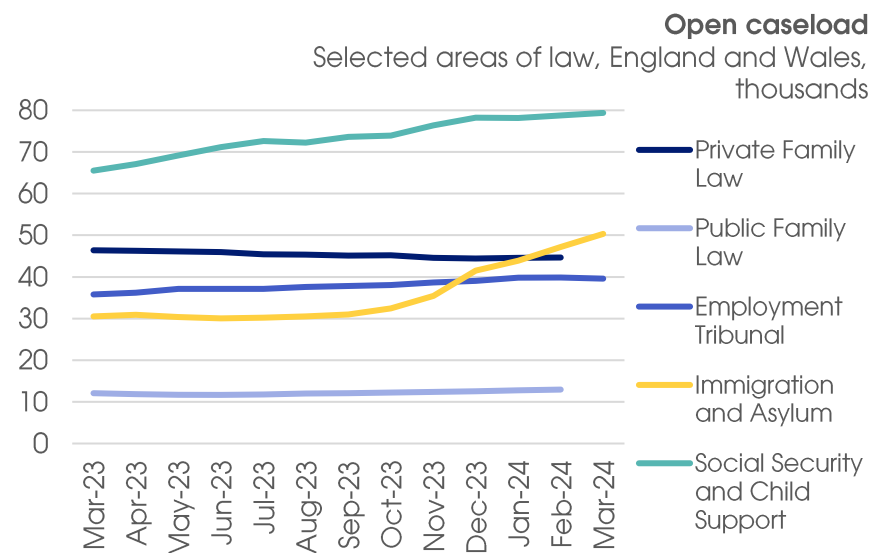
Skills shortages in the sector can lead to fewer people with representation.

With a shortage of qualified legal representatives in the not-for-profit advice sector, more individuals may be forced to attend court proceedings with no legal representation, potentially leading to more inefficient and prolonged hearings.

Lack of representation can exacerbate court backlogs.

Court backlogs are already a significant issue, and reduced service provision and skills shortages in the not-for-profit advice sector could further exacerbate the problem.

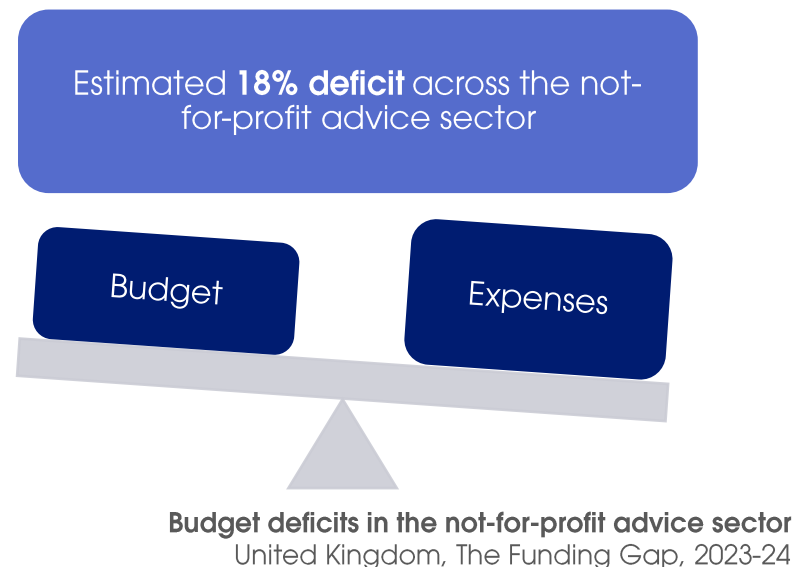
With fewer qualified professionals available, delays in legal representation and advice are likely to increase, worsening the backlog and delaying justice for many.



Dated Legal Aid rates can cause frustration within the sector.

Civil Legal Aid fees have remained unchanged for the past 28 years and, in real terms, are now approximately half of their original value. With fees failing to cover the true costs associated with service provision, advice providers report that they are struggling to take on such work.

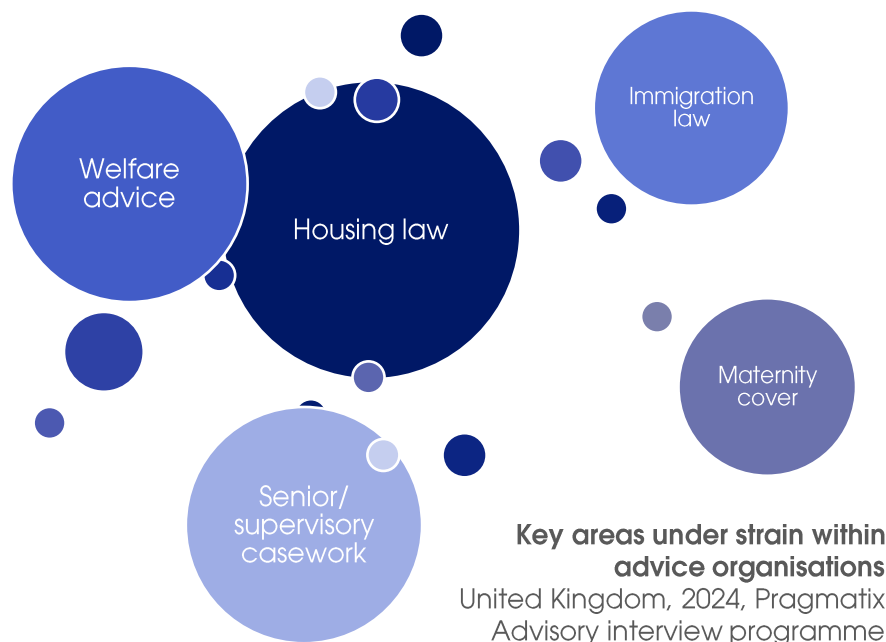
A survey conducted for the Ministry of Justice in 2024 found that 82 per cent of advice providers were dissatisfied with the civil Legal Aid fee system and consequently, 40 per cent were planning to actively leave the sector over the next five years.



Inadequate compensation and budget constraints may be fuelling the skills deficit.

In a recent survey, 61 per cent of advice providers surveyed expressed their inability to build a quality workforce, which included attracting junior professionals and hiring experienced lawyers, both of which were likely to prevent their continued provision of civil Legal Aid services.

This challenge is further exacerbated by a lack of job security across the sector. With an estimated eighteen percent budget deficit, not-for-profit advice centres are often forced to reduce their staff numbers, making the sector less attractive to those looking to enter the workforce.



There are mental health concerns because of pressures placed on staff.

The combination of high caseload pressures, lower pay, job insecurity, and a lack of work-life balance impacts the mental wellbeing of advice providers, which in turn may be impacting recruitment and retention across the sector.

For those already employed, continued exposure to such conditions without sufficient resources or recognition can result in chronic stress, burnout, job dissatisfaction, and eventually, a high staff turnover. And for young professionals, such factors may be deterring them from entering the not-for-profit legal advice workforce.

Reduced workforces are straining to meet levels of demand.

Not-for-profit advice providers are already under significant strain trying to meet current demand, a challenge which is worsened by shrinking staff numbers and growing skills shortages.

As workforces reduce, meeting demand becomes increasingly more difficult, forcing advice providers to work more hours or face decreased satisfaction due to lower case success rates and an inability to help all those in need. This can have ripple effects, causing greater employee dissatisfaction that results in even more employees leaving for opportunities elsewhere.



70% experienced a burnout or secondary traumatic stress



73% worked more hours per week than contracted



73% reported doing 'unbillable' or 'unseen' work every day

Legal Aid junior practitioner survey responses

Immigration and asylum practitioners, England and Wales, 2022

Free advice provides socioeconomic benefits



Potential benefits of accessing not-for-profit legal advice services

Supporting the not-for-profit advice sector is important, as social welfare advice aids in promoting economic and social equity across the United Kingdom, helping residents navigate issues with benefits, employment, debt, housing, and immigration.

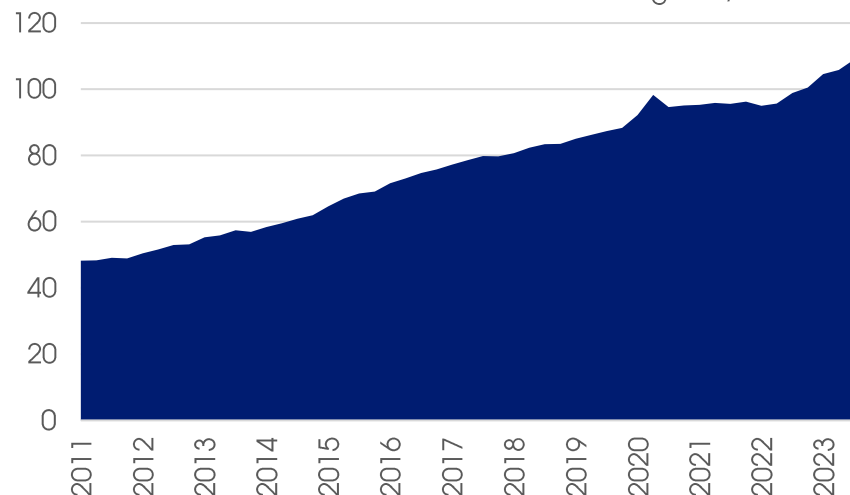
These services particularly support low-income and vulnerable individuals, helping to reduce health inequalities and financial distress, increasing incomes, decreasing debt, preventing homelessness, and improving housing conditions. Additionally, social welfare advice fosters social cohesion and can help to address underlying causes of crime, enhancing the overall wellbeing of communities

Research for the Access to Justice Foundation in partnership with the Bar Council demonstrated significant cost savings for the Treasury. Specifically, free specialist legal advice saves an estimated £9,000 per case, translating to a £2.71 return for every £1 spent. Beyond savings on spending, social welfare advice can lead to substantial social benefits, with each person receiving advice predicted to experience 1.6 fewer years in crisis, and an additional 0.36 household members able to enter employment. For 100,000 clients, this could make 38,900 people employable, potentially generating £81 million in income tax and National Insurance contributions.

Moreover, those who receive advice are significantly less likely to require temporary accommodation, face homelessness, become unemployed, or suffer negative health outcomes compared to those without access to such services. Ensuring timely and appropriate access to social welfare advice helps to sustain the country's economic and social health.

However, not-for-profit advice services are facing growing demand due to a range of factors including changes to disability benefits, the implementation of Universal Credit, restrictions under the no recourse to public funds policy, Brexit-related impacts, and rising housing costs.

Households in temporary accommodation
England, thousands



Not-for-profit legal advice services are more important than ever.

The pandemic, energy price crisis and cost-of-living crisis have put immense pressure on households across the United Kingdom, challenging both people's lives and budgets, which has in turn upped the demand for not-for-profit legal advice services. Households need support now more than ever, particularly in areas such as debt, housing, and benefits.

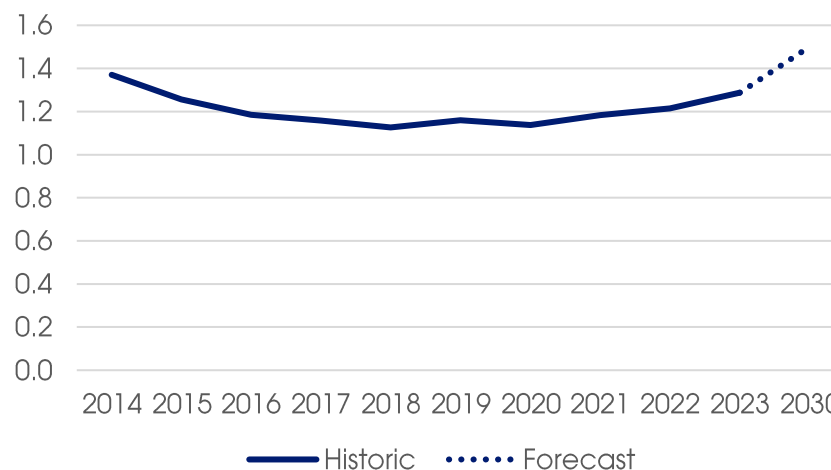
In 2023, the total number of debt relief orders was at its highest since 2014 across England and Wales, and households in temporary accommodation hit 110,000 in England, the highest seen in more than a decade.

Demand for not-for-profit legal advice services is likely to remain high.

With mortgage rates, social housing waitlists and Personal Independence Payment applications all predicted to continue rising, it is likely that demand on advice service provisions will increase, putting providers under even more pressure.

Ensuring advice providers are adequately prepared in terms of resources and staffing to meet the increasing demands will be essential to supporting individuals.

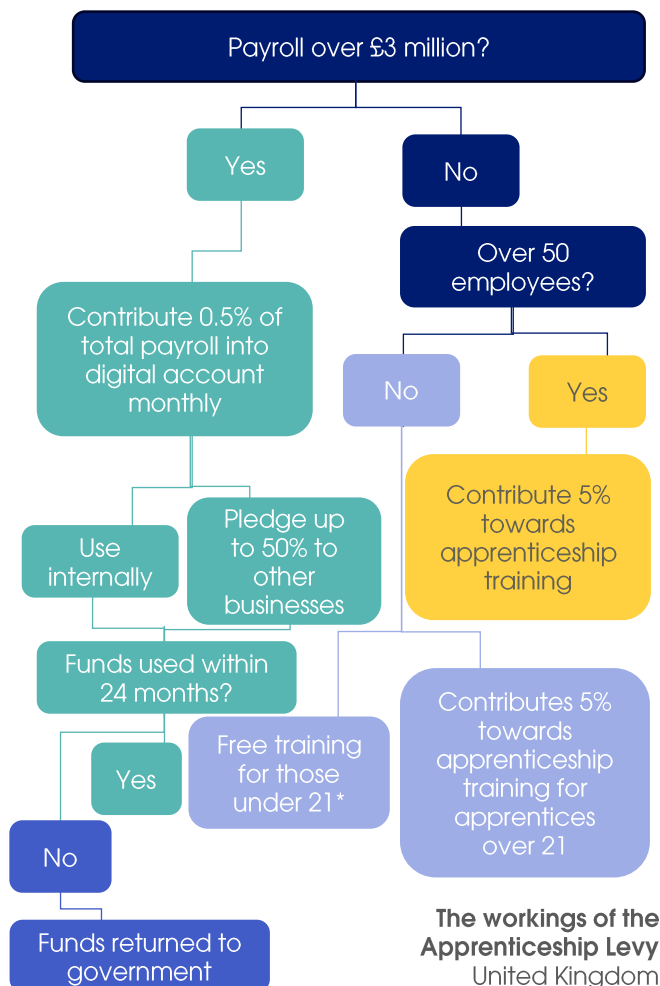
Social housing waitlist
England, millions



Role of apprenticeships and barriers to change

This section outlines the background to the Apprenticeship Levy, the role of apprenticeships in the not-for-profit advice sector, as well as the barriers facing not-for-profit legal advice providers and corporate firms in fully utilising the levy.

Levy originally designed to ‘unlock’ potential



The United Kingdom Apprenticeship Levy, introduced in April 2017, was a policy designed to fund apprenticeships by requiring larger employers to invest a percentage of their payroll into apprenticeship training.

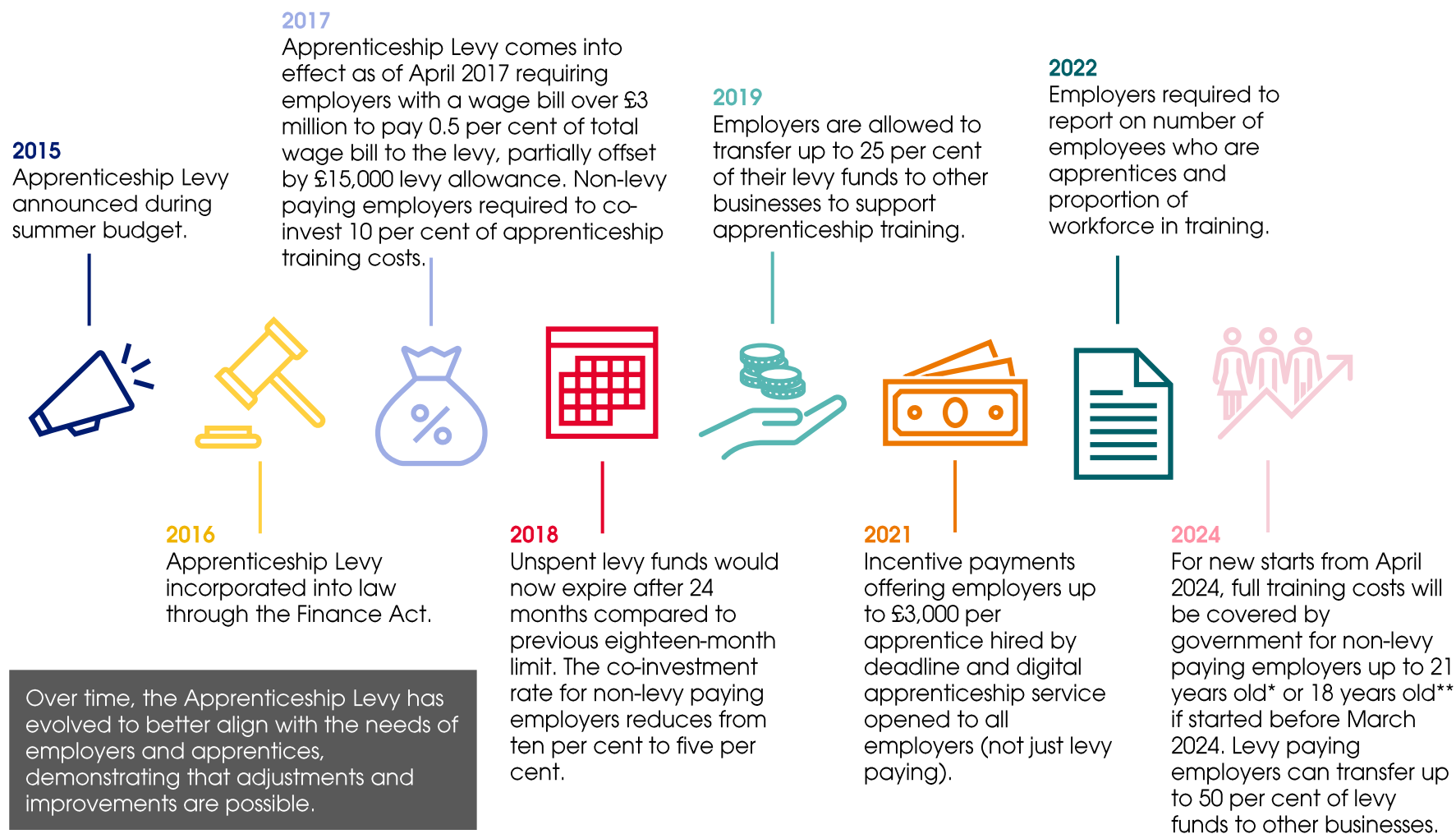
The previous government acknowledged the necessity of addressing the decline in employer training investment within the country. Consequently, the Apprenticeship Levy was introduced in an attempt to reverse the trend of inadequate employer investment in training and enhance productivity by increasing both the quality and quantity of apprenticeships. The levy aimed to incentivise employers to either expand their existing apprenticeship programmes or establish new ones by shifting more of the financial responsibility onto them.

The Apprenticeship Levy mandated that employers with payrolls exceeding £3 million annually contribute 0.5 per cent of their total payroll into a digital account monthly, with an additional ten per cent top-up from the government. The funds accumulated in this digital account are then used to cover the costs of apprenticeship training and end-point assessments. If the funds are not used within 24 months, they are returned to the government, which has resulted in £3.3 billion being returned between 2019 and 2022.

Two per cent of employers in the United Kingdom are required to pay the Apprenticeship Levy due to the payroll threshold. Employers with payrolls below the £3 million threshold are required to pay five per cent of the costs associated with apprenticeship training, with the government covering the remaining 95 per cent and in some cases, additional incentives for those employing qualifying apprentices between the ages of 16 and 24.

Funding for non-levy paying organisations can also come from levy-paying employers pledging up to 25 per cent of their unspent levy (50 per cent as of this year) to such organisations to support any qualifying apprentices they wish to take on, but such donations have been limited. Consequently, various sectors are lobbying for these unused funds to be redirected and utilised more effectively.

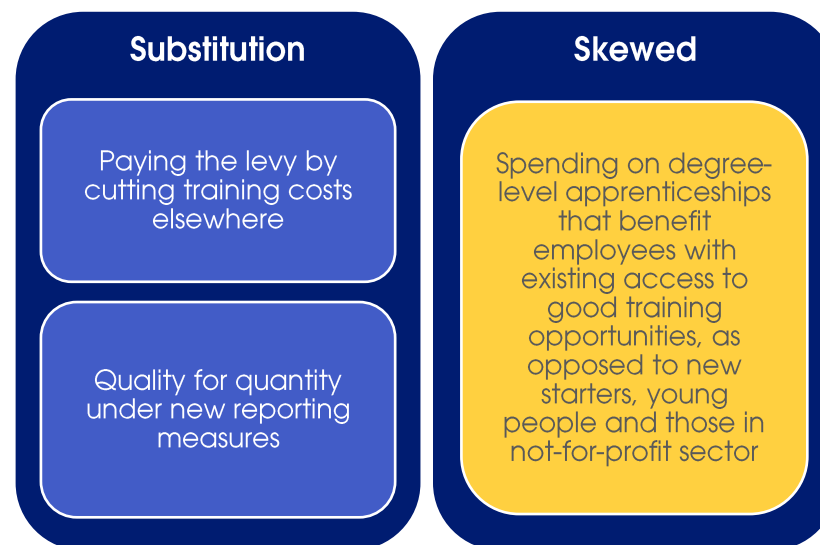
Levy aimed to address training underinvestment



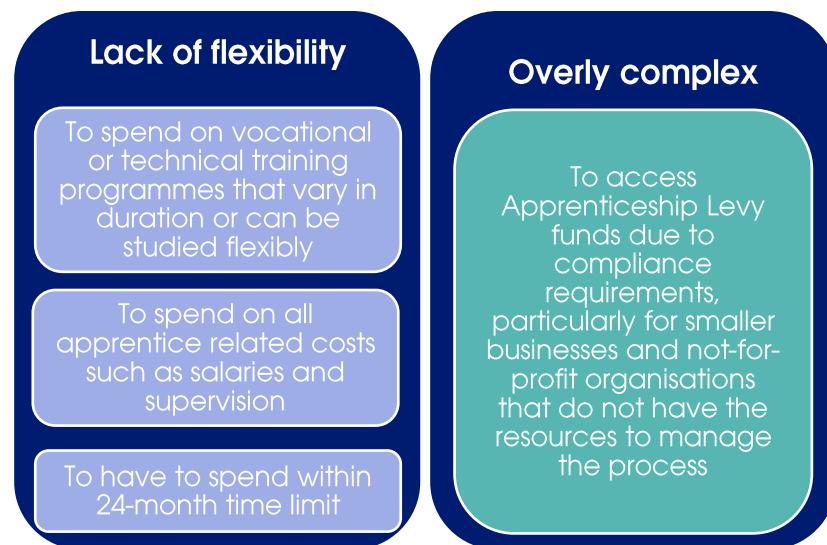
Funding rules may be undermining levy's goals.

The current system restricts the use of levy funds strictly to apprenticeship training, limiting employers' ability to address their own perceived training and development needs. This means that for businesses requiring the development of diverse skill sets or upskilling in ways that don't necessarily fit the traditional apprenticeship model, their needs simply aren't being met.

Many feel this has led to skewed focus on degree-level apprenticeships for existing employees who already have access to training opportunities, rather than creating new opportunities for new starters and young people in need of entry-level training.



Key criticisms of the Apprenticeship Levy
United Kingdom



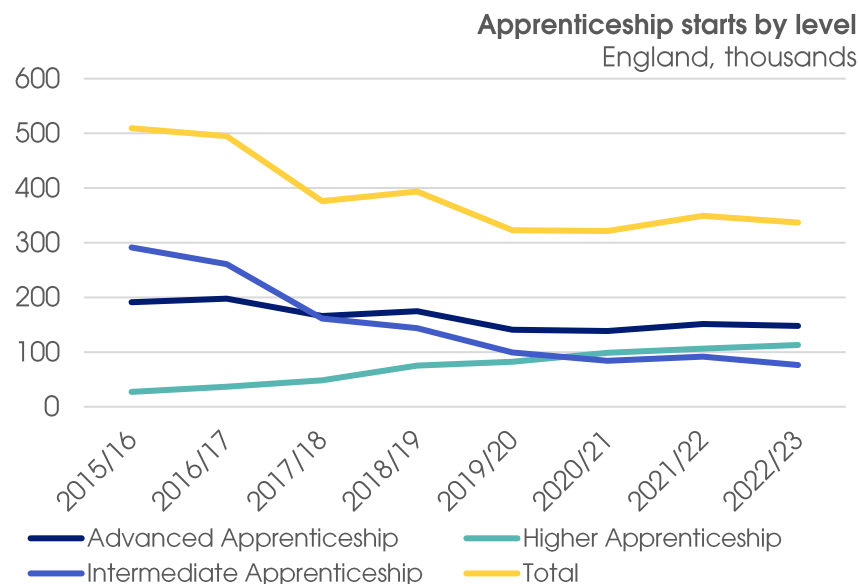
Key criticisms of the Apprenticeship Levy
United Kingdom

There are particular criticisms in relation to the levy's lack of flexibility.

This applies to both the types of training the levy can fund and the costs it covers.

Currently, the levy can only be used for apprenticeship training and while the levy can be used to cover training and assessment fees, employers are left to shoulder the additional expenses such as recruitment, supervision and wages.

This proves particularly challenging for the not-for-profit sector, where the majority of funds are generated through grants and donations and are often significantly limited.



Data shows a shift to longer-term courses.

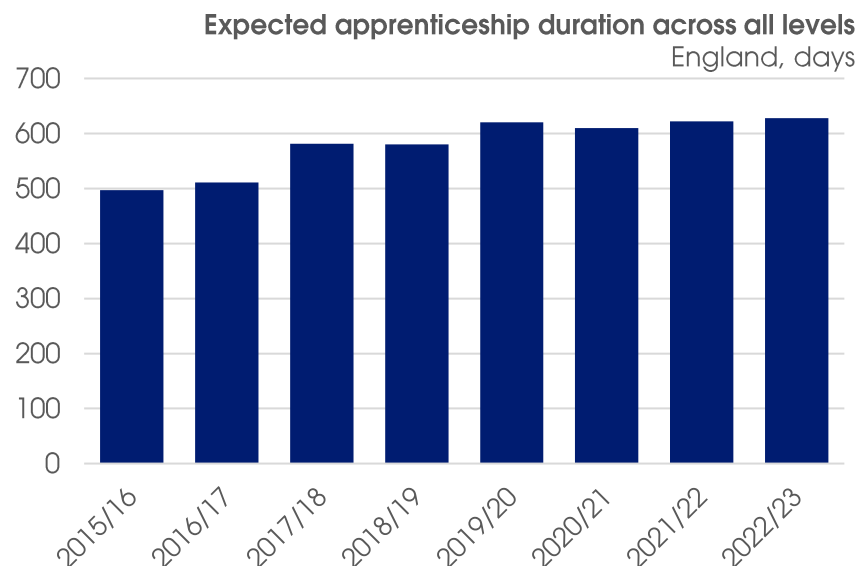
Alongside changes in the number of apprenticeships, the introduction of the Apprenticeship Levy and related reforms to the system in England have altered the pattern of apprenticeship provision. This includes variations in the type of apprenticeships offered, such as the level and subject, as well as changes in the characteristics of the apprentices themselves.

The growth in higher-level apprenticeships has meant that despite the larger overall fall in starts, the number of overall training hours expected has fallen by a much smaller amount. The average expected duration of an apprenticeship increased from 497 days in 2015/16 to 628 days in 2022/23, and the average associated expected off-the-job training hours have increased by ten per cent from 490 to 538 hours.

The number of apprenticeship starts has been falling.

There was a 34 per cent decrease in the total number of apprenticeship starts between 2015/16 and 2022/23, amounting to a drop of over 170,000. Intermediate apprenticeship starts (GCSE level/ Level 2) have experienced a significant reduction of 74 per cent. Advanced apprenticeship starts (A-Level equivalent/ Level 3) have also decreased during this period, though to a lesser extent, with a drop of 43,000 starts or 22 per cent.

In contrast, the number of starts at the higher level (foundation degree/degree level and above) has seen substantial growth, increasing by 86,000 starts or 316 per cent. Intermediate apprenticeships accounted less than a quarter of apprenticeship starts in 2022/23, while advanced and higher-level apprenticeships made up 44 per cent and 33 per cent respectively.

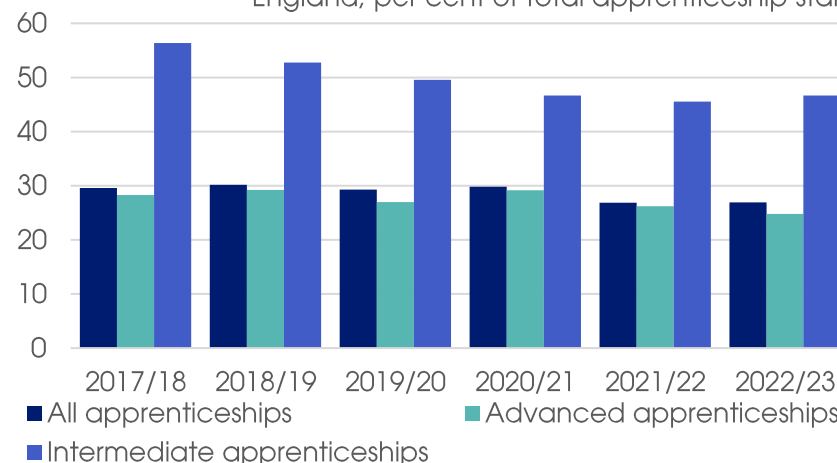


Business administration and law apprenticeships account for more than a quarter of all starts.

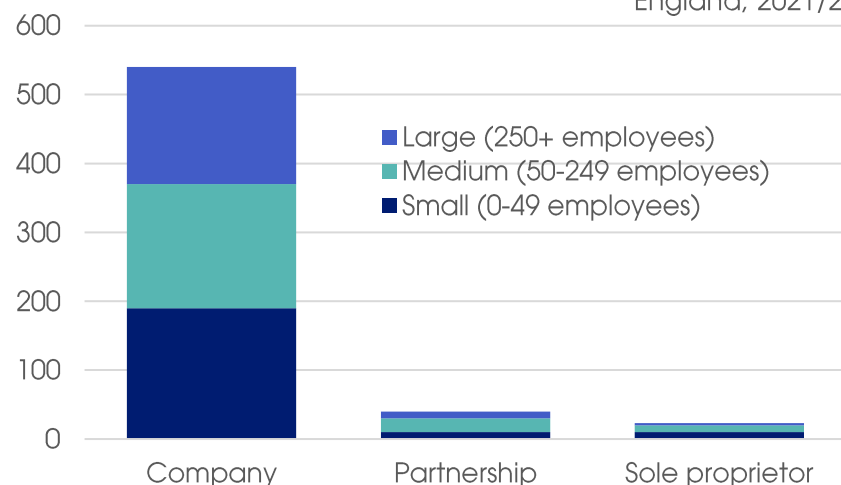
For the 2022/23 academic year, business administration and law apprenticeships made 25 per cent of all advanced apprenticeships and close to half of all intermediate apprenticeships.

Despite overall falling rates of apprenticeships starts, law and legal services apprenticeships have seen an upward trend in the number of starts. Between 2017/18 and 2022/2023, law and legal services apprenticeships starts and achievements have increased by 65 per cent and 110 per cent respectively.

Share of business administration and law apprenticeship starts by level
England, per cent of total apprenticeship starts



Number of enterprises in legal and accounting that provide apprenticeships supported by levy funds
England, 2021/22



Growth in starts underscores the importance and potential of apprenticeships.

Law apprenticeships in England and across the United Kingdom can offer a more cost-effective pathway for those pursuing legal education. With a combination of government support and employer contributions through the Apprenticeship Levy, these apprenticeships make legal studies more accessible by reducing some of the typical financial barriers.

For aspiring legal professionals, they provide not only essential qualifications but also valuable work experience, establishing a solid foundation for a successful career in law. They open access to a legal career for individuals from varying socioeconomic backgrounds who may not be able to go down the traditional university route.

Apprenticeships diversify the legal profession

Yusuf's journey to becoming a solicitor through apprenticeship training

Yusuf, a trainee solicitor with refugee status, works at the Women's Inclusive Team, a Somali-led advice and support organisation in East London. His path to qualification has been made possible through a unique partnership between Women's Inclusive Team and University House Legal Advice Centre. University House provides the necessary supervision for Yusuf, allowing him to work two days a week providing housing advice while spending the rest of his time at Women's Inclusive Team's advice department.

After struggling to secure a commercial law firm position, Yusuf began volunteering at Women's Inclusive Team and quickly progressed to a paid role. In 2023, he took the opportunity to become a trainee solicitor through the partnership. This apprenticeship has allowed him to develop vital legal skills under supervision, and he plans to continue in the charitable social welfare sector after qualifying in 2025.

Yusuf's story highlights how apprenticeships can diversify the legal profession and encourage social mobility by opening doors for individuals from underrepresented backgrounds, allowing them to gain qualifications while contributing meaningfully to their communities.

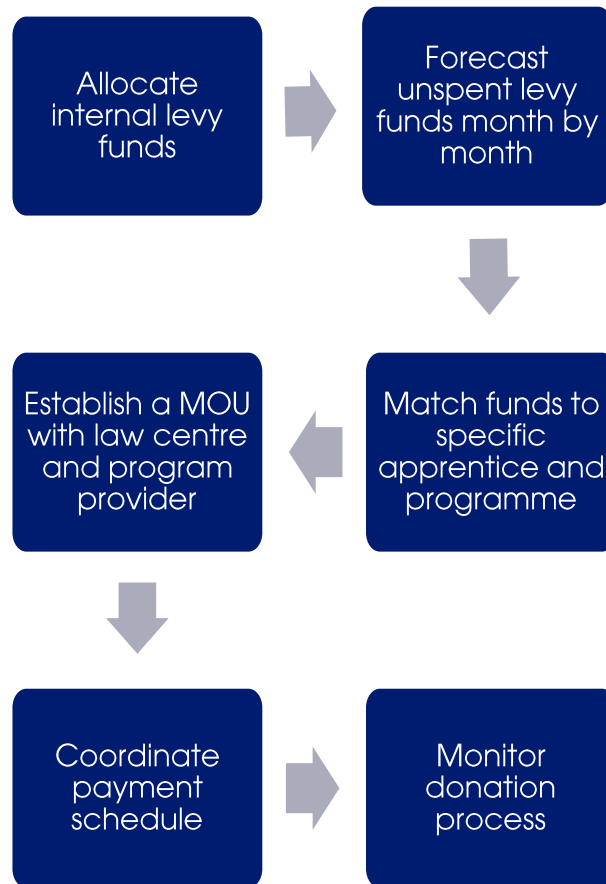
Nina, a trainee solicitor graduate, works at University House Legal Advice Centre supporting social welfare cases. After graduating with a graduate diploma in law and converting it to a qualifying law degree, Nina developed a passion for employment law and began applying to training programmes in the corporate legal sector. However, during the application process, Nina realised she had no interest in commercial law and decided to seek the help of her professor to provide her with alternative pathways. Her professor provided her with a list of places she could volunteer, one of which was University House, where she immediately began volunteering.

During her time at University House, Nina was introduced to and developed an interest in social welfare law, particularly the employment law branch. So, when University House began seeking solicitor apprentices, Nina decided to apply and pursue her passion for social welfare law. She was accepted and after two years of training, has recently passed her SQE1 and is on track to qualify by June 2025.

Nina's experience provides an example of how apprenticeships can provide alternative pathways outside of the corporate legal sector to qualify as a solicitor and gain valuable knowledge and experience within the not-for-profit sector.

Nina's journey to becoming a solicitor through apprenticeship training

Levy red tape may be undermining full potential



Steps involved in donation of Apprenticeship Levy

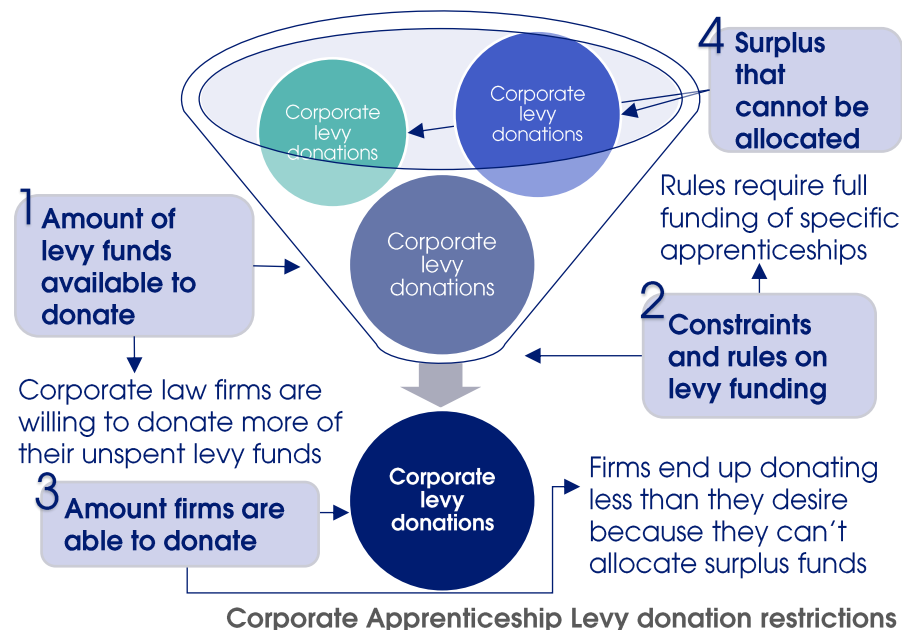
Donating law firms we spoke to have expressed both their willingness and desire to donate their unused Apprenticeship Levy funds, but some perceive the process to be complex which can act as a deterrent.

The transfer allowance for law firms who wish to donate their Apprenticeship Levy is 50 per cent of the previous financial year's Apprenticeship Levy funds. However, payments are made on a monthly basis, and funds for their transfer are prioritised over payments for a firm's own apprentices.

By agreeing to transfer levy funds to another business, donating firms commit to paying for a specific apprenticeship over the course of its duration until the apprenticeship has been completed. As all apprenticeships are a minimum twelve months and can start at any given point in the calendar year, by donating their levy, firms likely have to transfer these funds across multiple financial years.

This means firms planning to donate or transfer their levy funds need to consider the expected availability of levy funds for their own apprentices as well as for apprenticeship programs they support through levy donations for future financial years.

Corporate law firms we spoke with told us that donating the Apprenticeship Levy is a significant administrative burden. Firms must first forecast their unspent levy funds on a monthly basis to ensure they can fully cover the costs of an apprenticeship from start to finish. They then need to match their donations to a specific apprentice and program, establish a memorandum of understanding (MOU) with both the relevant law centre and program provider, and coordinate a payment schedule for the associated costs.



Consequently, firms are donating less than they would like to due to levy funding constraints.

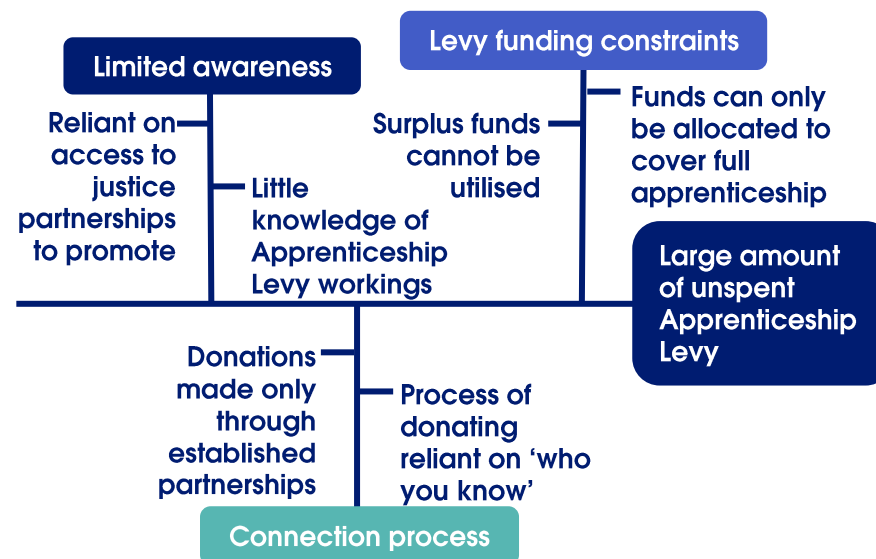
During our interviews with corporate law firms, some indicated a strong interest in contributing more of their unspent levy funds to access to justice partnerships. However, they were constrained by levy funding rules, which stipulate that they must cover the full cost of a specific apprentice and apprenticeship program.

As a result, if a firm had enough funds for one and a half apprenticeships, they couldn't allocate the surplus to support an apprenticeship partially.

Limited awareness and the need for established partnerships can contribute to lower donations, too.

Several of the corporate law firms we spoke with had limited knowledge of how the Apprenticeship Levy operates and its potential to be donated to not-for-profit legal advice organisations. Some firms even admitted that they had only recently become aware of the levy through their access to justice partnerships.

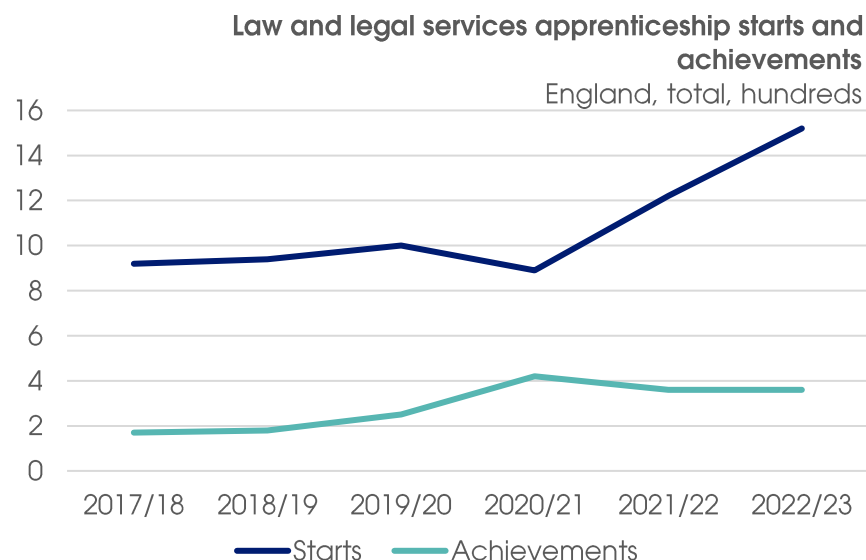
For those who were aware of the levy, many voiced concern about the process heavily relying on 'who you know', as funds are often donated solely to organisations that firms have established partnerships or existing connections with.



For those in receipt of donated funds, restrictions on use can make it difficult to facilitate apprenticeships.

Apprenticeship Levy funding rules outline eligible and ineligible costs associated with apprenticeship training programmes in a bid to prevent a misuse of any accumulated funds, as well as to ensure a universal standard and quality across all courses. However, with tight budgets, these rules make it challenging for advice providers to cover essential apprenticeship costs, including recruitment, supervision, and salaries.

With many not-for profit advice centres already stretched thin with minimal staff and heavy workloads, assigning employees to supervise and mentor apprentices on top of their regular duties could overstretch resources, particularly if staff receive no compensation for taking on this extra responsibility.



Eligible costs

- ✓ Initial assessment of eligibility
- ✓ Training including relevant tutoring and learning materials
- ✓ Progress reviews and end-point assessment
- ✓ Necessary physical materials for learning purposes
- ✓ Additional learning required to re-sit end-point assessment (once)

Ineligible costs

- ✗ Setting up an apprenticeship programme
- ✗ Apprentice wages/ benefits, travel, subsistence or accommodation costs
- ✗ General managerial or operational costs
- ✗ Statutory licences or criminal checks
- ✗ Traineeships or workplace placements

Apprenticeship Levy funding rules
United Kingdom, August 2024

Limited scope in terms of training falls short of addressing the sector's specific needs.

The criteria for training and apprenticeships covered by the levy can be restrictive, potentially making it difficult for advice providers to utilise or curate programmes that both meet the necessary requirements for funding and their training needs.

Stakeholders highlighted that this is further complicated by the fact that many employees within the existing workforce already possess prior learning experience but have not yet had the opportunity to gain formal accreditation due to time and resource constraints. The restrictive criteria may prevent these employees from accessing the necessary formal training and accreditation that would benefit both them and their employers.

Policy options

In this section, we examine the Growth and Skills Levy which has been proposed by the new Labour government and outline potential policy changes put forward by not-for-profit legal advice providers and corporate law firms.

Levy being reformed as Growth and Skills Levy

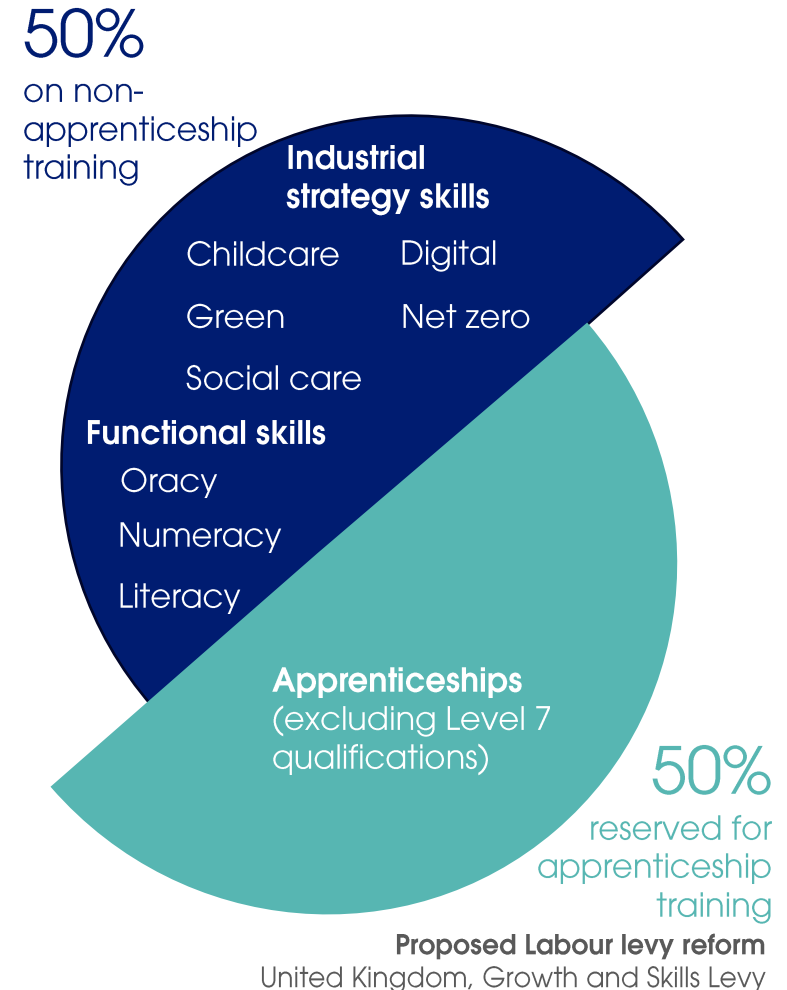
Before being elected to government, the Labour Party proposed to reform the Apprenticeship Levy as the Growth and Skills Levy.

The most significant changes will be that levy-paying companies will be allowed to use up to 50 per cent of their total contribution on non-apprenticeship training, with a minimum of 50 per cent of levy contributions reserved for apprenticeships. Labour argued that this reflects actual employer spending on apprenticeships and will channel funding towards a broader range of skills and courses which may not be possible to provide as apprenticeships. Another change that has been proposed to channel funding towards non-apprenticeship training, as well as entry-level and foundation apprenticeships is the withdrawal of funding via the Apprenticeship Levy for Level 7 apprenticeships. Labour's expectation is that employers will bear the cost of such training, redirecting levy funds to priority learning pathways.

The new government has committed to continuing co-funding apprenticeships for smaller companies below the levy threshold, although it is not yet clear how they will fund this.

Skills England, a new strategic body, will be created to assess the skills needs of the country and will hold a list of approved qualifications on which businesses can spend their levy money. This list will be developed in collaboration with local government, businesses, and trade unions.

With the creation of Skills England and the reform of the Apprenticeship Levy, there is an opportunity to make further changes to enhance the levy for large firms, businesses, and recipients of donated levies. Our stakeholder engagement exercise highlighted various policy options that not-for-profit legal advice service providers and corporate law firms believe could improve the new Growth and Skills Levy.



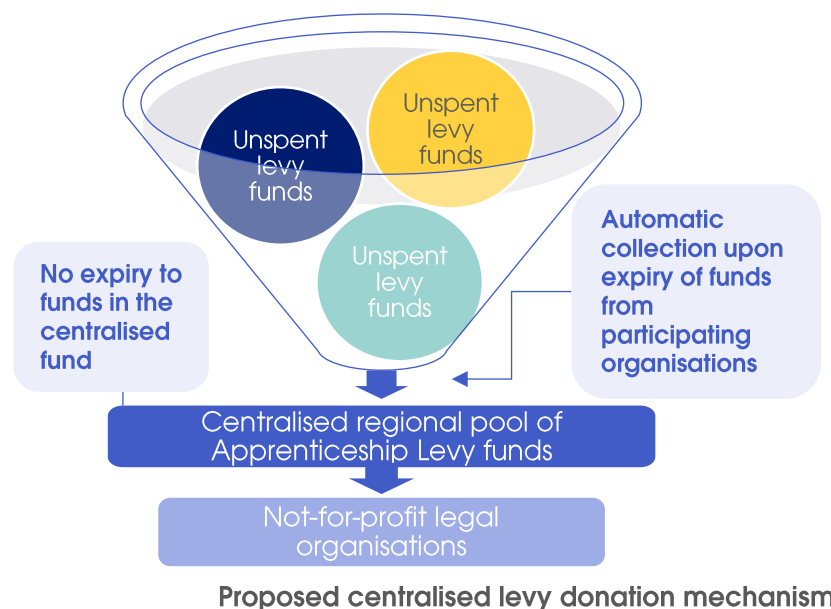
Underlying challenges	Broad policy	Specific intervention options	Relevant to other sectors	
Administrative burden created by existing donation mechanism	Centralised fund for donated levy	1. Accumulate unspent levy funds from participating organisations	x	
Limitations created by funding time restrictions		2. Automatically collect unspent levy funds via digital apprenticeship service	x	
		3. Eliminate allocation of funds within set timeframe	x	
		4. Managed by: a) Central agency addressing sector wide needs		
		b) Skills England targeting broad training and development needs	x	
		c) Third sector focusing on not-for-profit advice sector needs		
Traditional apprenticeship routes failing to meet the needs of the sector	Greater flexibility in how levy funds are used in non-levy paying organisations	1. Expand beyond traditional apprenticeship routes	x	
Administrative and supervisory burden not compensated for		2. Enable flexible learning	x	
		3. Permit accreditation of prior learning	x	
		4. Allow funds to cover apprentice salaries	x	
		Workforce under strain	5. Allow funds to cover cost of supervision, support and administration	x
Lack of awareness regarding Apprenticeship Levy	Increase awareness of Apprenticeship Levy and the ease to donate	1. Undertake promotional programme to raise awareness and understanding of Apprenticeship Levy	x	
		2. Highlight how levy funds can be integrated into employment and corporate social responsibility strategies	x	
		3. Provide support and guidance to participating organisations	x	
Reliance on existing partnerships		4. Create a digital platform that connects participating organisations	x	

Growth and Skills Levy policy options suggested by stakeholders

Centralised funding pots could streamline donation and reduce the amount of unspent levy.

The corporate law firms we spoke with pointed out that a significant portion of levy funds goes unspent on training because it is challenging to track the available funds each month due to their rolling 24-month expiration. Centralised funding pots would simplify this, by pooling any unspent funds, the need for firms to track their funds would be eliminated, reducing the administrative burden placed on firms.

Similarly, corporate law firms expressed frustration with the fact that available funds must be matched to a single apprentice and programme and can therefore only be used to cover an apprenticeship programme in its entirety. Centralised pots would allow for more flexible allocation, enabling any amount of funds to be pooled and used towards training.



Options for government:

Create transparent, centralised levy funding pots:

1. Funds from participating organisations are accumulated in regional pools to cover apprenticeship and other training opportunities
2. Funds collected through an automatic collection of unspent levy funds based on an organisation's preference to opt-in via the digital apprenticeship service platform
3. Pooled funds do not have to be allocated within a set timeframe
4. Fund is voluntary and coexists alongside direct donation partnerships

It could help:

The not-for-profit advice sector by:

- Improving accessibility of levy funds through an alternative funding option for not-for-profit advice centres without corporate law firm partnerships
- Reducing the administrative burden placed on organisations by eliminating the need to source and secure funds from donating firms / businesses

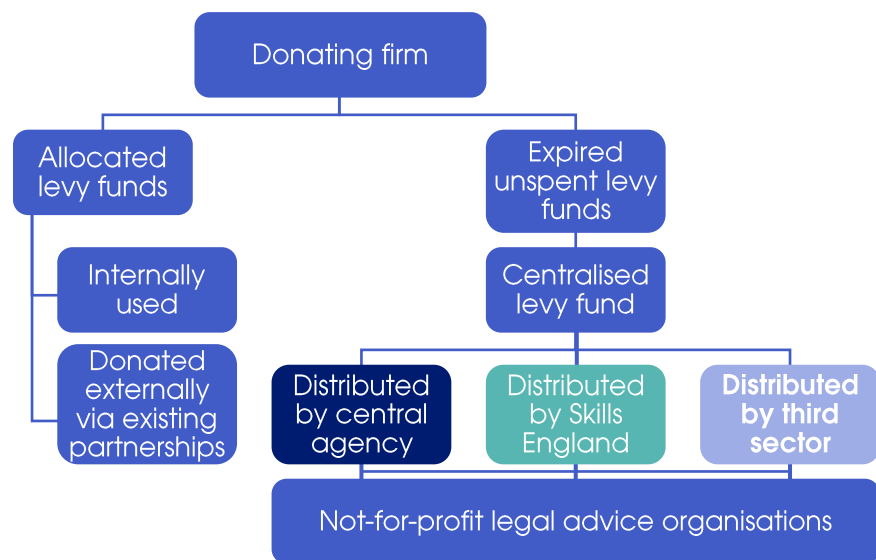
The wider and other sectors by:

- Reducing the administrative burden placed on firms and businesses to find smaller organisations and apprentices to donate to
- Reducing the amount of levy funds going unspent on training and development

Localised management of centralised levy funds is preferable to stakeholders.

Stakeholders we spoke with shared a preference for centralised funds to be managed regionally by third sector organisations. This approach would allow the funds to better address the sector's needs, with those overseeing the funds being closely involved in the challenges the sector faces.

Corporate law firms stated that they would be more encouraged to contribute to centralised funds if they were involved in the allocation of funds, so that they could ensure donations aligned with their values as an organisation and were meeting the needs of the sector.



Proposed centralised levy donation mechanism

Options for government:

Create transparent, centralised Apprenticeship Levy fund pools:

4. a) That are managed by a relevant centralised governmental body, like the Ministry of Justice, and is centred around the needs of the legal sector as a whole
- b) That are managed by a public sector funding body, like the proposed Skills England, and is focused on national strategy alignment
- c) That are managed by third sector organisations and donating law firms regionally, like the [Advice Workforce Development Fund](#), and is prioritised on addressing the challenges facing the not-for-profit legal advice sector

Potential benefits to management by:

Centralised governmental body:

- Established oversight to address the needs of the legal sector and manage funds on a large scale

Public sector funding body:

- Ability to align with national training and apprenticeship strategy and priorities

Third sector organisations and donating firms:

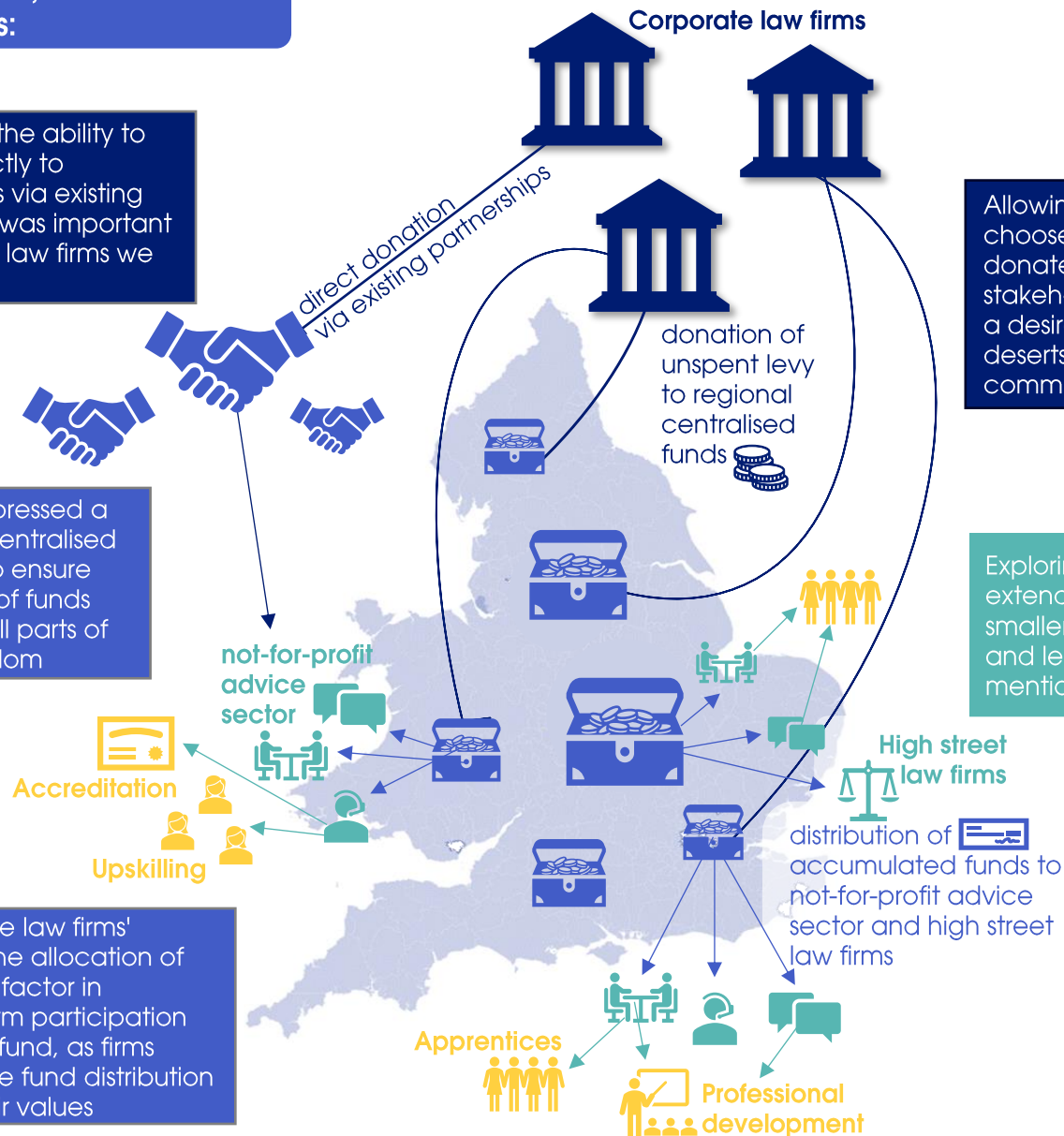
- Expertise and developed engagement with stakeholders to directly tackle the challenges within the not-for-profit legal advice sector
- Input from the corporate sector in the form of training, mentoring and other opportunities that may promote Apprenticeship Levy engagement and incentivise donations

Create transparent, centralised levy funding pots:

Maintaining the ability to donate directly to organisations via existing partnerships was important to corporate law firms we interviewed

Stakeholders expressed a preference for centralised regional funds to ensure that distribution of funds encompassed all parts of the United Kingdom

Having corporate law firms' involvement in the allocation of funds was a key factor in corporate law firm participation to a centralised fund, as firms wanted to ensure fund distribution aligned with their values



Allowing donating firms to choose where their funds were donated was important to stakeholders as many expressed a desire to support legal advice deserts in addition to their local communities

Exploring the option of extending donated funds to smaller, high street law firms and legal organisations was mentioned by stakeholders

Stakeholders expressed a preference for funds to be managed by third sector organisations to ensure equitable distribution of funds to the organisations that need it most

Enhancing the flexibility of levy fund usage could more effectively address training needs.

By allowing levy funds to be allocated more dynamically, organisations could choose to invest in training programmes that directly align with their workforce needs and the evolving demand for their services.

For example, in the not-for-profit advice sector, short-term training and upskilling could help address skill gaps within the existing workforce by promoting professional development and progression into more senior roles. This is especially relevant given that stakeholders we spoke with highlighted the large number of current employees who possess prior learning experience but have not yet had the opportunity to gain formal accreditation.

Paralegals	specialising in social justice and the not-for-profit sector
Caseworkers	trained to handle high-stakes environment and vulnerable clients
Legal advisors in niche areas	like domestic violence, homelessness and refugee law
Supervising solicitors/ legal executives	that can step directly into supervision roles from higher level training
Legal Aid coordinators	that are trained in the complex nature of the Legal Aid system
Volunteer coordinators	trained to manage a volunteer workforce in a legal setting

Roles not directly covered by existing apprenticeship programmes
United Kingdom, 2024

Options for government:

Offer non-levy paying organisations more flexibility in how they use levy funds:

1. Allow organisations to use levy funds to cover a range of professional development opportunities, like short term training, upskilling programmes and secondments, compared to just traditional apprenticeship routes
2. Enable funding for part-time and modular apprenticeships that allow for more flexible learning
3. Permit funds to be used for recognising and accrediting prior learning and training

It could help:

The not-for-profit advice sector by:

- Creating more specialised and flexible training opportunities that meet the needs of the sector
- Plugging skill gaps through the enhancement of the existing workforce

Other sectors by:

- Creating more specialised training that better meets the needs of sectors like the NHS, where continuous short-term training may be required to stay up-to-date, or in the green economy, where traditional apprenticeships may not provide the necessary knowledge and skills development in sustainable practices and green skills

Allowing levy funds to cover all apprentice-related costs could enhance accessibility of apprenticeships and social mobility.

With funds already limited in the not-for-profit advice sector, hiring an apprentice may be seen as a financial risk, particularly for sectors where budgets are constrained, and demand is high. Apprentices do not initially contribute as much as a full-time employee, making the decision harder for organisations. Therefore, allowing levy funds to cover salaries of apprentices may reduce this perceived risk, as apprentices would no longer strain an organisation's staffing budget.

Likewise, expanding levy eligible costs to incorporate behind-the-scenes tasks such as administration and supervision, helps to ensure organisations can offer high quality apprenticeship programmes without impacting their operational capacity, which is especially critical in the not-for-profit advice sector.



Options for government:

Offer non-levy paying organisations more flexibility in how they use levy funds:

4. Allow organisations to utilise funds to cover salaries of apprentices and any other apprentice benefits
5. Allow organisations to utilise funds to cover the cost of administrative, support and supervisory tasks involved in apprenticeship training, including wages

It could help:

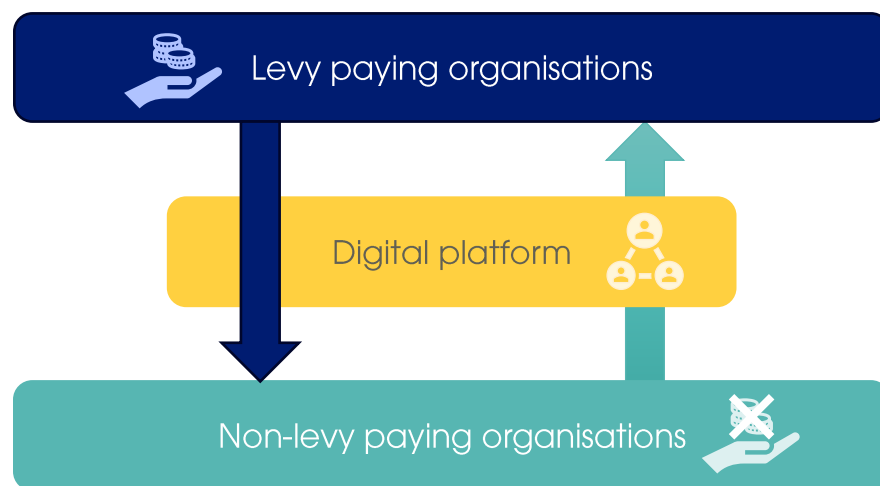
The not-for-profit legal advice, wider and other sectors by:

- Increasing accessibility of training programmes by making it financially feasible for organisations to take on apprentices
- Increasing capacity for training by giving organisations the freedom to allocate resources to different stages of the training and development process and offer continuous professional development
- Improving training quality without impacting an organisation's operational capacity
- Promoting greater social mobility by increasing accessibility to alternative training pathways.

Improving awareness and the ease with which organisations connect could divert more unspent levy towards training and development.

Stakeholders we spoke with told us how the process of donating and receiving levy funds relied heavily on 'who you know', often resulting in donations occurring between organisations with existing partnerships and connections only.

Corporate law firms suggested that a digital platform could help to foster new partnerships and connections by making it easier for those looking to donate and those in need of funds to identify and contact one another. Such a platform could be implemented nationally, allowing levy paying organisations from a range of sectors connect with organisations that align with their values and corporate social responsibility objectives.



Apprenticeship Levy digital platform

Options for government:

Increase awareness of Apprenticeship Levy and the ease to donate unspent levy funds:

1. Undertake a promotional programme to ensure both non-levy and levy paying organisations are aware of potential funds and ability to donate
2. Highlight how Apprenticeship Levy funds can be integrated into employment and corporate social responsibility strategies
3. Provide support and guidance to organisations navigating the Apprenticeship Levy service to ensure all participating organisations utilise it to its full potential
4. Create a digital platform that connects donating and non-levy paying organisations

It could help:

The not-for-profit advice sector by:

- Helping to reduce the skills deficit through targeted training and development
- Funnelling more funding to organisations that need it most
- Improving access to Apprenticeship Levy funds

The wider and other sectors by:

- Helping organisations to improve their corporate social responsibility
- Reducing the amount of levy funds going unspent on training and development
- Improving access to Apprenticeship Levy funds through improved connections

The possibilities derived from change

This section explores the additional benefits that will likely arise from the policy changes proposed by stakeholders.

Policy changes could help strengthen cooperation

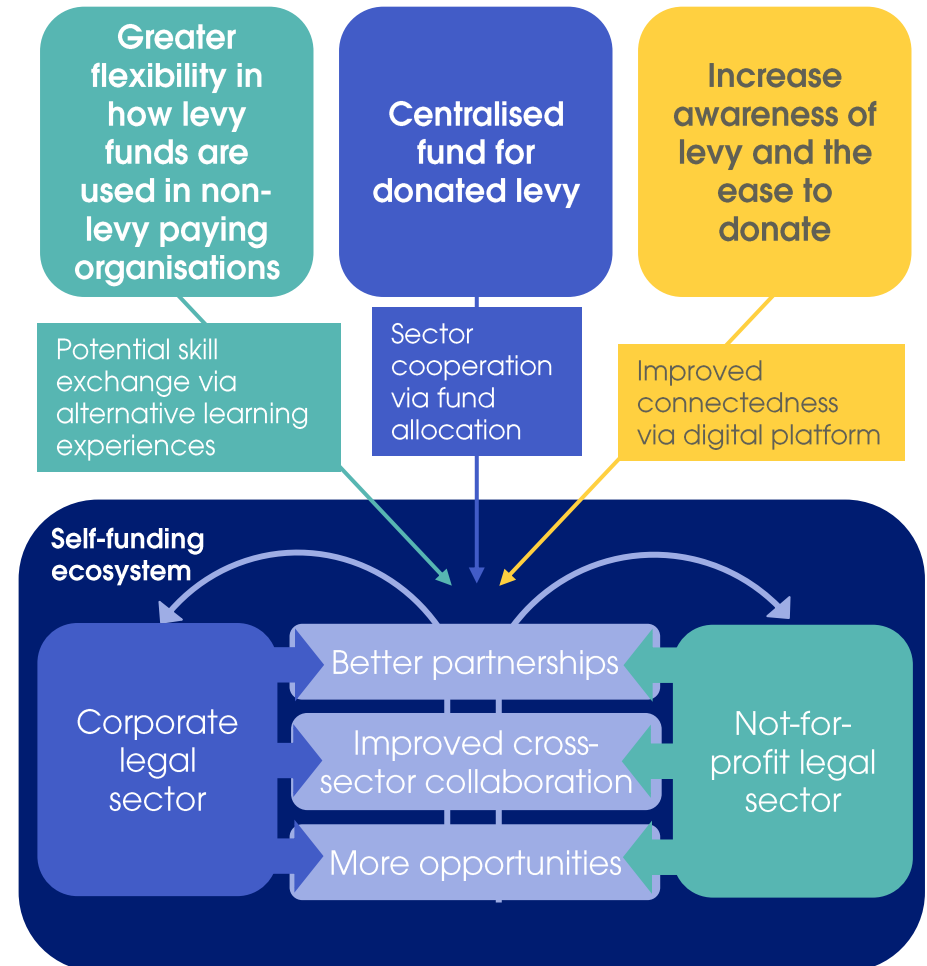
Implementing policy changes that encourage collaboration between the corporate and not-for-profit legal sectors could strengthen partnerships, leading to enhanced training cooperation and opportunities for both corporate and not-for-profit trainees.

Such cooperation could facilitate the exchange of knowledge and resources, improving the quality of training and professional development in both sectors.

And importantly, changes are likely to require minimal to no financial investment from government, as much of the support and funding would be derived from the sectors themselves, for example, through corporate social responsibility programmes and voluntary partnerships.

By leveraging existing resources and encouraging cross-sector collaboration, policy changes could yield long-term benefits without additional government funding.

Our engagement with corporate law firms suggests that firms are eager to develop new and strengthen existing partnerships with the not-for-profit legal sector. They want to do this not only to meet their corporate social responsibility targets, but also because they recognise the importance of addressing the skills deficit and capacity issues facing the not-for-profit legal advice sector.



Policy changes could promote collaboration, like joint training programmes.

Corporate law firms we spoke to were open to the idea of integrating not-for-profit trainees funded by the Growth and Skills Levy into their internal training programmes.

A number of the firms mentioned incorporating trainees like those in their fellowship programmes, where individuals are given lifetime access to learning and training opportunities that the firm offers to their own employees.

Joint training sessions	Firms could invite not-for-profit trainees to participate in corporate internal workshops, seminars and skills development sessions.
Mentorship programmes	Corporate lawyers could offer guidance on legal skills and oversee training progression.
Qualifying work experience	Corporate law firms could facilitate the work experience element of not-for-profit trainees SQE training requirements.
Knowledge exchange initiatives	Corporate law firms could facilitate knowledge sharing sessions between corporate and not-for-profit trainees.
Cross-sector placements	Firms could offer short-term placements across different departments to not-for-profit trainees and vice versa.

Potential collaboration pathways

Integration of not-for-profit trainees into corporate law firm internal training networks and opportunities

Benefits to not-for-profit advice sector:

- Providing equitable access to high quality training, mentorship, resources and professional development opportunities
- Fostering collaboration between corporate firms and not-for-profit legal advice service providers
- Strengthening the impact of levy donations

Benefits to wider sector:

- Diversifying corporate training environments
- Helping firms to meet their corporate social responsibility commitments
- Boosting corporate sector reputation which in turn can help in attracting talent and attaining business

The cost of such collaboration would be absorbed by firms, avoiding any reliance on public funding.

Such integration would require limited additional resources and would allow the not-for-profit sector to access high quality training, resources and mentorship, whilst also providing corporate law firms the opportunity to meet their corporate social responsibility commitments, diversify their training programmes and do their part in aiding the skills deficit.

Integration of not-for-profit trainees into corporate law firm internal training networks and opportunities

Benefits to the not-for-profit advice sector:

- Enhancing knowledge and skill transfer between corporate and not-for-profit advice sector
- Increasing capacity by temporarily adding corporate lawyers to the not-for-profit legal advice workforce
- Improving impact and promoting corporate social responsibility

Benefits to wider sector:

- Enhancing professional development in other areas of a sector/ organisation. For example, between not-for-profit and corporate sectors

Alternative learning experiences could help increase capacity and facilitate skills exchange.

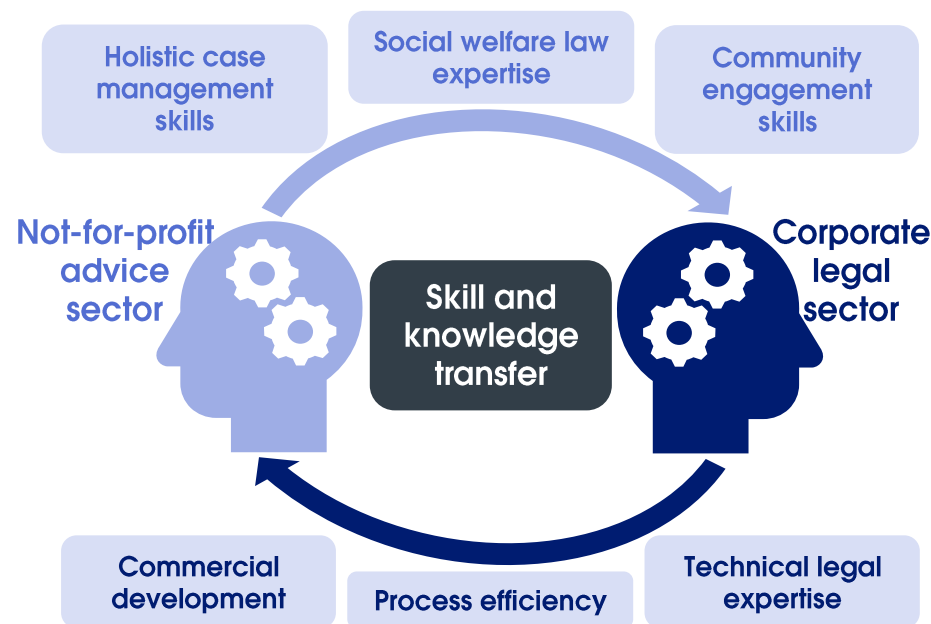
As firms are increasingly expected to demonstrate corporate social responsibility, the corporate law firms we interviewed expressed a strong interest in supporting the not-for-profit advice sector in any way they can.

Enhancing alternative learning experiences like work experience placements and secondments was suggested by some of the stakeholders we spoke to. This could offer both not-for-profit and corporate trainees and employees the opportunity to gain valuable experience, facilitating skill and knowledge exchange and potentially increasing capacity in areas of law most impacted by the skills deficit.

Work placements highlighted by stakeholders as a way of integrating not-for-profit trainees.

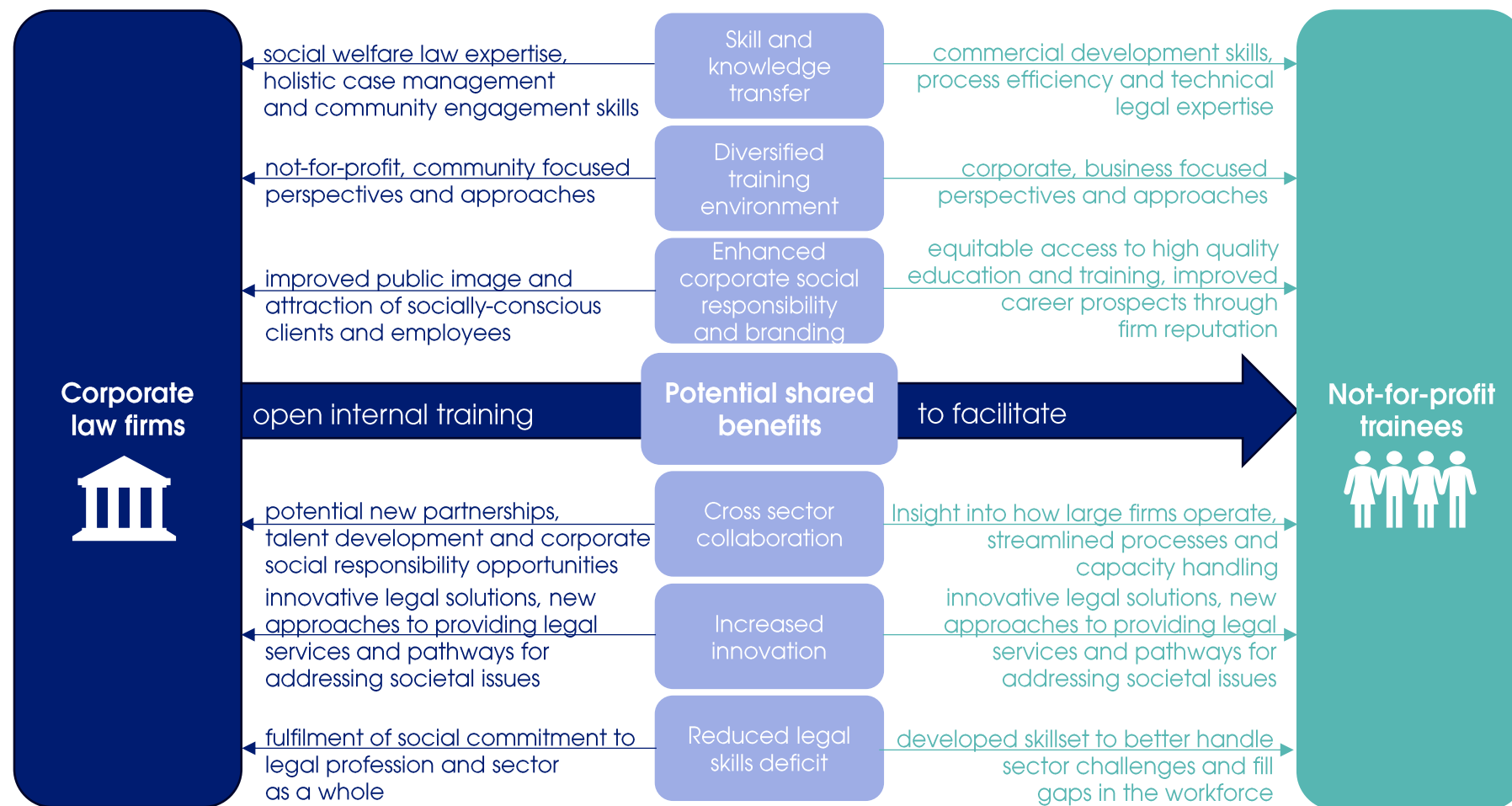
Stakeholders we spoke to highlighted work experience placements as a potential pathway for integrating not-for-profit trainees into corporate sector training networks, helping them gain practical skills, broaden legal expertise, and complete their SQE requirements.

Such placements could foster collaboration between organisations, allowing corporate firms to contribute to public interest while benefiting from the social justice perspective not-for-profit trainees bring.



Potential skill and knowledge transfer between not-for-profit legal advice and corporate legal sectors

Open training programmes have wider benefits



Possible shared benefits derived from accessible corporate training programmes

Policy changes could support economic growth

Possibilities for economic growth as described by Guy Beringer CBE, KC (Hon), former Chair of the Legal Education Foundation and former senior partner at Allen & Overy.

"The Growth and Skills Levy provides the perfect opportunity in the legal services industry for supporting economic growth.

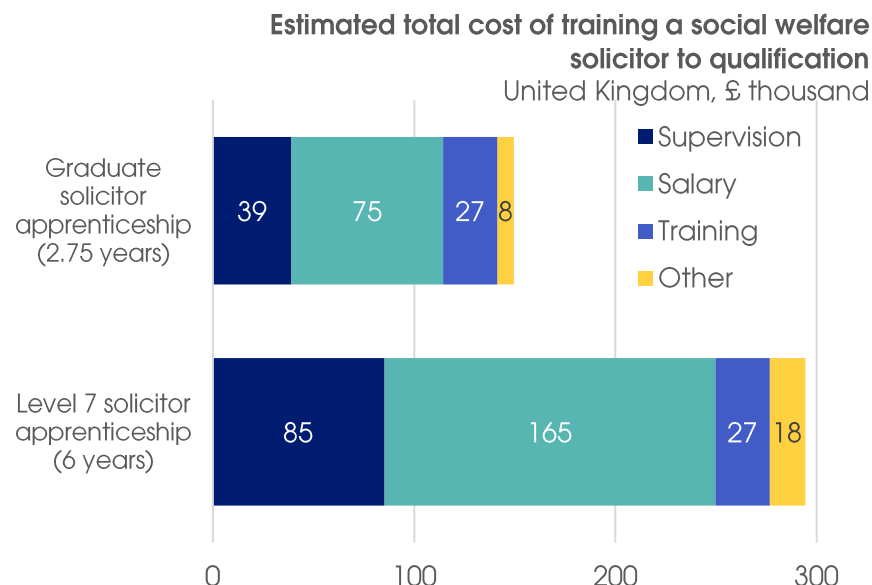
The legal services industry holds a mirror to society. At one end, it has global powerhouses which are hugely profitable and which largely serve the business and financial world. At the other end, it has many thousands of small and medium-sized enterprises (SMEs) which struggle for investment, and which largely serve the public and the public interest. The business end of the industry is recognised as being a driver of economic growth. The SME sector has largely been analysed in terms of rights and public interest but with little reference to economic growth. Unsurprisingly, it has been largely overlooked in a century which has prioritised economic growth.

Recent research, however, has shown this analysis to be wholly misplaced. The potential for driving economic growth in the SME sector may well match that of its heavyweight corporate colleagues. The economic benefits of relieving cost burdens in other areas, the economic benefits of restoring citizens to economic activity, the economic benefits of improved health and wellbeing are only now being recognised and quantified. This recognition has not yet led to an understanding of the difference between a disinvestment and a saving but that must follow soon.

The providers of social welfare legal services are one of the largest identifiable groups of SMEs in the economy. They suffer from late payment, bureaucratic friction costs, underinvestment in skills and technology, and a consequent skills shortage. Yet they still offer vast potential for technology driven growth and sustainable new jobs.

The Apprenticeship Levy was conceived as a tool which might provide investment from the type of organisation found in the corporate end of the legal services industry to their SME colleagues. It has so far failed to do this. It has the classic traits of a good idea which was drowned by bureaucratic safeguards. These safeguards are well meaning but stifle any valuable outcomes. If re-imagined, the scheme could provide a large injection of resource into the SME sector which could help to achieve the following outcomes. It could help restore large numbers of economically inactive citizens to the workforce. It could dramatically reduce the cost burden on budgets for health, welfare benefits and housing. It could produce a vibrant SME sector which is profitable, and which provides new jobs and new skills.

There are no official government figures which show the projected value of these outcomes. That is because this is an area of economic growth which has been largely overlooked within government, mainly because it requires a cross-departmental approach. The new Growth and Skills Levy would be the perfect starting point for reversing this process and an excellent platform for driving economic growth."



Estimates suggest training a social welfare lawyer costs between £150,000 and £300,000.

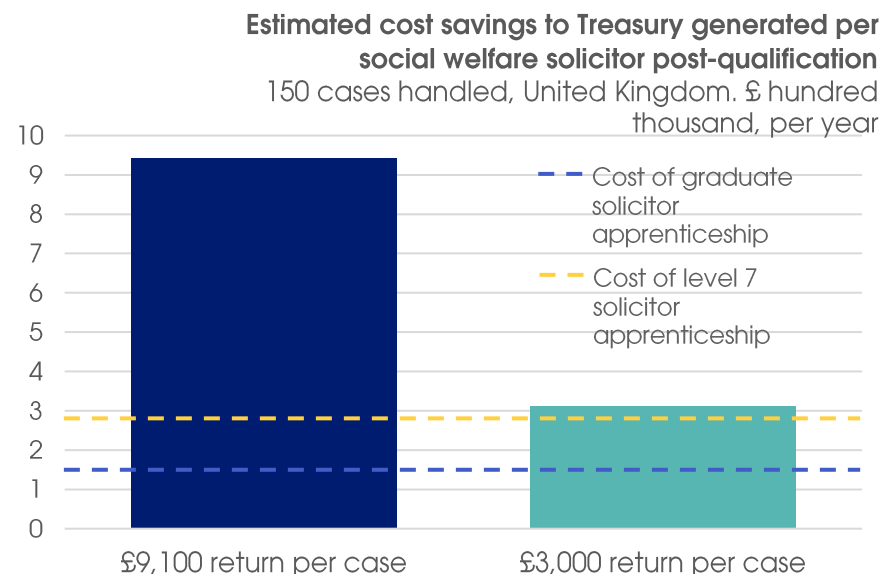
Depending on the route to qualification, the cost of salary, training and supervision for a social welfare solicitor totals several hundred thousand pounds.

Under current rules, the majority of these costs cannot be covered by levy funding.

Revising the levy to cover the full cost of training could yield a net benefit to public finances.

Previous research for the Access to Justice Foundation in partnership with the Bar Council found that for every person in receipt of free specialist legal advice, there is a net saving to Treasury of between £3,000 and £9,100.

Depending on the training route, case return estimates, and an assumed 150 cases handled by each solicitor upon qualification (with the solicitor completing 70 per cent of the work), training a social welfare solicitor could yield potential cost savings in the first year of between £1.05 and £6.30 for every £1 spent. These estimates suggest that a trained social welfare solicitor could generate potential savings of between £310,000 and £940,000 annually.



Pragmatix Advisory Limited

enquiries@pragmatixadvisory.com

020 3880 8640

pragmatixadvisory.com

Registered in England number 12403422

Registered address: 146 New London Road, Chelmsford, Essex CM2 0AW

VAT Registration Number 340 8912 04