

TEST AND ADJUST: ENERGY AND UTILITIES EMPLOYERS READY TO LEAD THE WAY WITH FURTHER APPRENTICESHIP REFORMS

The policy intention of ‘putting employers in the driving seat’ has been warmly welcomed by employers in the energy and utilities sector who have seen significant progress made. However, while employers do feel they are designing the engine, arranging the driving test and, through the Levy, putting fuel in the tank, they do not yet feel they are truly steering apprenticeships in the UK.

This review analyses the experiences of the reforms through the eyes of employers in the energy and utilities sector. The evaluation also looks ahead at further changes that are needed and where employers are keen to support government and lead the way through its ‘test and adjust’ approach.

Test: Headline messages from employers about progress

<p>1. The reforms are a significant improvement, especially in delivering higher quality.</p>	<p>80% plus of employers judged the new Standards and End Point Assessment as a better fit for jobs in the sector.</p>	<p>2. Employers have now adapted well to the new apprenticeship arrangements.</p>	<p>Employers are especially happy with their leadership of the Standards process.</p>
<p>3. Most companies are recouping 20-50% of the Levy paid.</p>	<p>50% plus of companies expect the share of the Levy recovered to increase.</p>	<p>4. Main impact of the Levy has been to fill the gap in the public purse.</p>	<p>But apprenticeships are higher up the training agenda in some companies, with upskilling, non-technical and degree-level apprenticeships now being considered.</p>
<p>5. Funding is an important but insufficient contribution to training costs and band review reductions threaten quality.</p>	<p>Current rates only cover 50% of training costs.</p>	<p>6. The funding review process was unsatisfactory.</p>	<p>Employers did not see the funding review method as transparent or open; nor did they consider the outcomes to be fair.</p>
<p>7. Greater transparency about Levy payment and the use of funds is a vital first step to enable employer leadership.</p>	<p>This lack of real employer influence on decision making feeds the view of ‘employer engagement’ rather than the ‘leadership’ needed for true transformation of apprenticeships.</p>	<p>8. Further changes are needed to make employers feel that the apprenticeship system as a whole is truly employer-led.</p>	<p>Outstanding issues could be resolved if government applied the same successful employer-led approach adopted in respect of new Standards.</p>
<p>9. Apprenticeship funding shortages should be addressed through a reduction in the company payroll threshold for Levy.</p>	<p>No government restrictions should be placed on age or level eligibility for apprenticeships.</p>	<p>10. Funding should be more closely linked to skill shortages that hold back productivity.</p>	<p>There should be greater access to Levy funds for employers in sectors designated as critical to the government’s Industrial Strategy.</p>
<p>11. Wider apprenticeship issues remain that hold back further investment in training.</p>	<p>Businesses face major challenges in respect of upskilling their existing workforce. This is difficult to fund outside of apprenticeships and causes employers to shoehorn training into apprenticeships.</p>	<p>12. Companies operating across the UK face particular challenges.</p>	<p>Employers want the apprenticeship system to work in a way that is less complex, facilitates best practice, avoids double funding of training costs by employers and recognises a single UK market.</p>

Adjust: Key 'asks' from employers

1. FILLING THE FUNDING GAP

The funding gap should be filled by a combination of increased public funding and lowering the payroll threshold for the payment of the Levy.

2. LINKING APPRENTICESHIPS TO THE INDUSTRIAL STRATEGY

Apprenticeship reforms should be more closely linked to the Industrial Strategy.

3. USING LEVY FUNDS FOR A SECTOR TRAINING POT

Levy funds should be retained within the sector and create a flexible sector training pot to be used for tackling skill shortages and enhancing productivity.

4. EMPLOYER LEADERSHIP OF THE 20% OFF-THE-JOB ELEMENT

The successful employer-led approach must be extended to all parts of the apprenticeship system, especially to the 20% off-the-job element.

5. IMPROVING THE EXPERIENCES OF UK-WIDE EMPLOYERS

Apprenticeship reforms are needed to improve the experiences of employers who have a UK workforce and their employees.

6. CLEAR PATHWAYS FROM T LEVELS TO APPRENTICESHIPS AND WORK

Employers want to see clear pathways from T Levels to apprenticeships and employment.

The report concludes that efforts to put the employer 'in the driving seat' have met with some significant success but that parts of the car need further work if it is to be driven at top speed. It needs more than additional fuel by way of increased Levy and public funding. It also needs to let employers redesign parts such as the 20% off-the-job element and enable the apprenticeship vehicle to run smoothly on roads in all parts of the UK.

About the sector

£100bn

will be invested by the sector in the UK economy over the next decade. The sector therefore is critical to government plans to boost productivity and delivery of the Industrial Strategy.

Comprising of the environmental infrastructure companies within water, power, gas and waste management/ recycling and their top tier of delivery partners, the sector employs over **half a million people.**

£51m

is contributed annually to the **Levy pot.**

£1m

Levy on average is paid a year, by Levy payers in the sector.

Employers in the energy and utilities sector are currently **losing up to £2.5 million a month of their Levy funds** (if Levy recovery rates are 35-40% on average).

5% of GDP

is generated by the sector. Most companies operate across England, Scotland and Wales with a number operating in Northern Ireland.

35%

of hard to fill vacancies are driven by a lack of proficient skills in the market, higher than the UK average of 23%.

The sector will need a different mix of skills to deliver **future infrastructure projects**

as the blend of the work in the pipeline is changing and new technologies and more innovative ways of working are required.

Apprenticeships

are the dominant form of training in a sector that has a long history of high-quality technical training.

Click [here](#) to access the report.

A link to a short video summary is available [here](#).

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