



CBI



Skills: Creating the conditions for investment

CBI Education and Skills Survey 2022



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Foreword CBI

Persistent labour shortages are holding back UK economic growth, putting them top of business leaders' agendas and onto those of politicians too. This survey provides insights into how shortages and high inflation are affecting the supply of training and skills.

More than nine in ten firms (94%) know that they currently have skills gaps to address. Add to this that a further nine in ten workers will need to learn new skills by 2030 to keep up with anticipated changes to their jobs, and the case for improving approaches to training and staff development is more compelling than ever. Yet the same economic context is also making it harder to do.

Our survey finds businesses switching from increasing their training budgets to maintaining them, matching stories from CBI members that are diverting funds to basic pay to retain their current workforce. It finds a jump in concern that apprenticeships are hampered by not being able to find a local provider, matching feedback that shortages are as much a crisis for the FE workforce as for the businesses they support. Comments by survey respondents are also a reminder that shortages make it harder to fill gaps on the front line that are left by workers during their training.

For the first time, this survey contrasts employers' confidence about hiring new workers with their ability to train their own. That fewer than half of firms are confident about hiring to meet their needs, yet two-thirds are confident they can train their own is another strong signal that the current tightness in the labour market is a new normal and not a temporary blip. Those firms that rely on hiring an extra person to be able to grow will find it much harder to succeed than those able to boost productivity by innovating, adopting technology and investing in the skills of their current workforce.

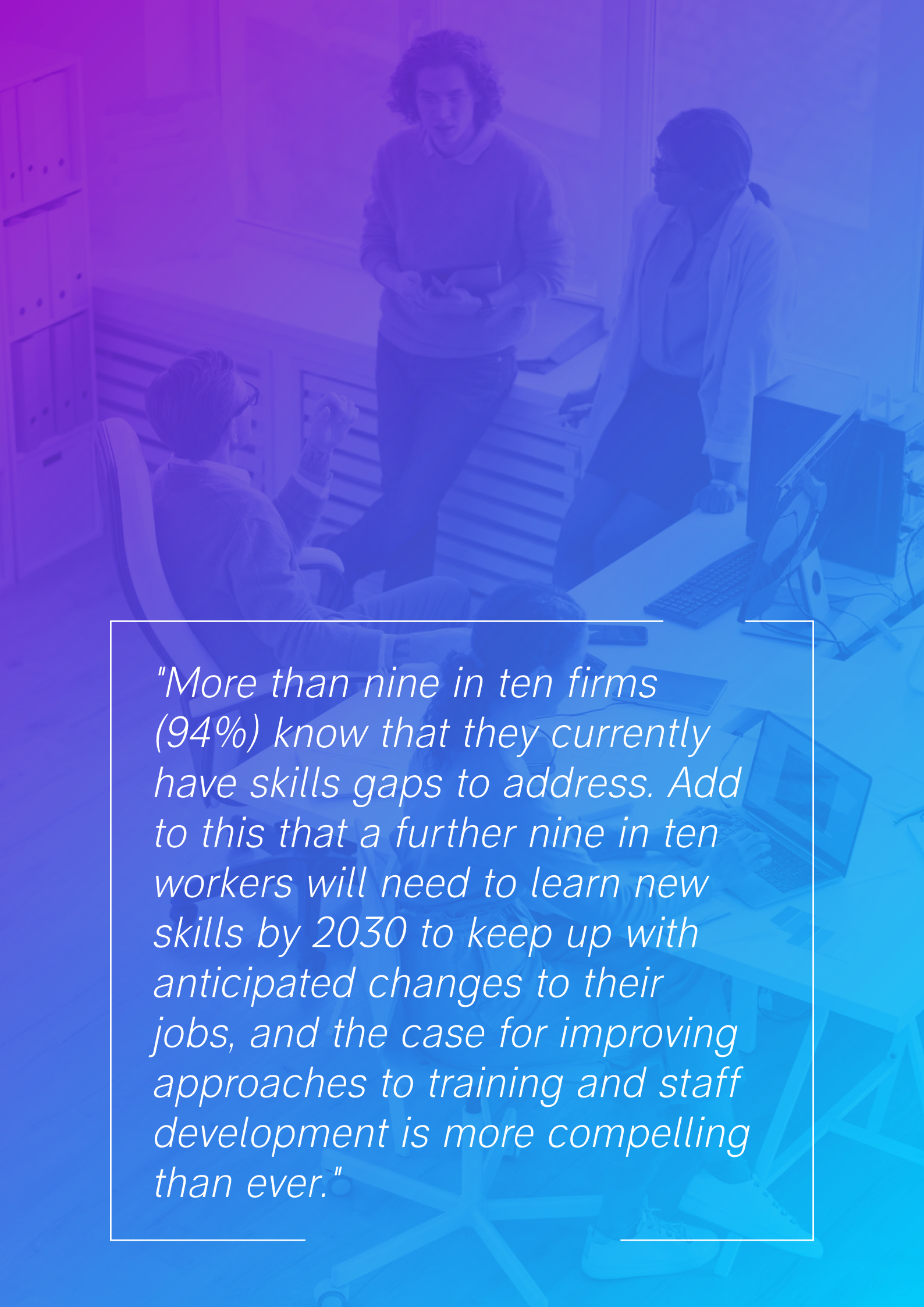
The government's headline skills reforms – Local Skills Improvement Plans, T Levels, and the Lifelong Loan Entitlement – all have the potential to help. But the low level of awareness of them that we have found in this research will limit their impact. Improving this through making a positive business case for engaging, in collaboration with government, will be a priority for the CBI. These survey findings also make a strong case for looking again at how to create the conditions for more business investment in skills.



Matthew Percival

Director, People and Skills, CBI





"More than nine in ten firms (94%) know that they currently have skills gaps to address. Add to this that a further nine in ten workers will need to learn new skills by 2030 to keep up with anticipated changes to their jobs, and the case for improving approaches to training and staff development is more compelling than ever."

Survey findings at a glance



The Education and Skills Survey 2022

- The survey was conducted between 14 October and 14 November 2022.
- 273 businesses, of all sizes and sectors across the UK, responded in total.

Skills overview:

- The proportion of firms intending to increase investment in training and development over the next year has fallen and is comparable to pre-pandemic levels.
- 38% say they will increase investment relative to the last twelve months, compared to 53% in 2021. 10% plan to lower it, compared to just 3% in 2021 – giving a balance of +27% (down from +50% in 2021).
- Four in ten (40%) plan to increase their investment relative to pre-pandemic investment and 12% plan to lower it – giving a balance of +28% (down from +35% in 2021).
- There is employer demand for people with skills at all levels, with businesses expecting to increase their need for people with entry-level skills on balance by +29%, intermediate level skills by +36%, higher-level skills by +30%, postgraduate taught skills by +11% and other workplace skills by +29% over the next five years.
- Businesses are not confident in their ability to recruit workers to meet their skills needs over the next 3-5 years at all levels except for at entry level (+17%), with most respondent firms concerned about recruiting for people with intermediate level skills (-3%), higher level skills (-3%), postgraduate skills (-10%) and other workplace skills unattached to national qualifications (-14%).
- Yet employers are confident in their ability to train workers to meet their skills needs over the next 3-5 years at all levels, demonstrating confidence in training for staff at entry level (+59%), intermediate level (+47%), higher level (+33%) and for other workplace skills unattached to national qualifications (+48%).

- A lack of candidates with appropriate, industry relevant qualifications (58%), strong competition for candidates with appropriate qualifications (47%), poor careers advice aligned to sectors (34%) and a lack of awareness among learners about different routes to work e.g., apprenticeships (34%) made up the top drivers of skills gaps for most respondents.
- Respondent employers identified industry-specific technical knowledge (+50%) leadership and management (+44%) and advanced digital skills (+29%) as their biggest areas for investment over the next five years.

Approaches to training and adult education:

- Fewer than 4 in 10 firms (37%) are confident that they're investing enough in training to meet their skills needs, with 3 in 10 (29%) admitting that it isn't and 1 in 3 (35%) unsure.
- Employers continue to experience barriers to meeting their skills needs through adult education, with factors likely being exacerbated by labour shortages.
- A lack of suitable, high-quality provision was cited as the most prevalent barrier by 35% of respondents. 32% of respondent firms cited high training costs and a lack of time to spare employees to undertake training as a top barrier.
- Fewer businesses reported an increase to their investment in adult education and lifelong learning over the past five years.
- Over four in ten (42%) respondents said they had increased their investment in adult education and 5% have decreased investment – giving a balance of +37%. This compares to a balance of +45% in 2021.
- More respondents also stated that their organisation has not invested in adult education and lifelong learning in the past five years, with 17% of respondents indicating no investment compared to 9% in 2021.
- When looking to training and development approaches, online learning continues to be a popular delivery option with +43% of respondents reporting an increase in the use of in-house online learning and +44% of respondents in the use of external online learning in the past year.
- Following the removal of restrictions related to the pandemic, +42% of respondent employers reported increases in the use of on-the-job training, +22% of respondents in the use of short courses and +7% in the use of internal classroom learning over the past year.

Business awareness of government skills reforms:

- There was a widespread lack of awareness amongst employers of key government reforms to technical and further education including Local Skills Improvement Plans (LSIPs), new Level 3 technical qualifications, T Levels, and the Lifelong Loan Entitlement (LLE)..
- Over three in five (62%) had no awareness of LSIPs, whilst 20% were slightly aware but had not heard of the government's roll out plans or their local employer representation body (ERB).
- This compares to one in ten (10%) who were very aware of LSIPs, roll out plans and their ERB, and 8% who said they were aware of LSIPs and the national roll out plan, but not their local ERB.
- Around a third (32%) of respondents had no awareness of T Level qualifications. A similar proportion (33%) were slightly aware of the T Level brand, but not the current subject offer or the government's future roll out plans.
- This compares to 16% who were very aware of T Levels, the subject offer and future roll out, and 19% who were aware of the T Levels and the current subject offer but not the government's future roll out plans.
- Around two third of firms (65%) would consider offering an industry placement to T Level students if the subject area was relevant to their industry and 9% are already offering industry placements.
- Four in five businesses (80%) were not aware of the government's plan to introduce a Lifelong Loan Entitlement (LLE) for individuals to access student loans for adult education by 2025.

Employer engagement with education and skills providers:

- Business engagement with the education and training system has not yet recovered to pre-pandemic levels and is continuing to fall.
- This year, 68% of respondent employers reported current links with schools, colleges, universities, and independent training providers (ITPs) compared to 71% in 2021 and 94% in 2019.
- Employers are undertaking a range of activities with education and skills providers including institutional governance, curriculum design, delivery of careers programmes and mentoring.

- When looking across all institution types, employee participation in institutional leadership and governance was the most popular form of engagement. 43% of respondents said their employees participated in governance in primary and secondary schools, 40% in ITPs, 39% in colleges and 29% in universities.
- Over four in ten employers (42%) reported no barriers in engaging with schools, rising to over half for colleges (51%) and universities (53%) and over six in ten (63%) for ITPs.
- Of businesses reporting barriers, finding enough time as a business to engage meaningfully with education and skills providers was selected as the most prevalent barrier across all institution types.
- Respondent employers ranked workplace attitudes and aptitudes among their top factors when recruiting school and colleges leavers (selected by 78% of respondents) and graduates (selected by 64%), highlighting the importance of a curriculum that enables learners to develop transferrable skills for the world of work.

Apprenticeships:

- Two in three respondents (66%) offer apprenticeships, consistent with last year's finding (67%).
- There has been a drop in the number of businesses looking to expand their plans for apprenticeship delivery in the next 12 months relative to last year, from 43% in 2021 to 34% in 2022. 40% of respondents plan on maintaining their apprenticeship offer this year, compared to 29% in 2021.
- Finding a provider that can deliver a relevant course has become significantly more difficult, with 48% of respondents stating that this would make the apprenticeship system more effective, compared to 29% last year.
- Of the firms that do not offer apprenticeships, the key reasons for not doing so were identified as the lack of compatibility between current apprenticeship standards and skill needs (42%), the complexity of administration (27%) and greater relevance of other forms of training (24%).
- When asked about proposed features of a Skills Challenge Fund, three quarters of respondent firms (75%) were supportive of extending funding to cover other forms of regulated or accredited training.

Skills overview

Since our last Education and Skills Survey in 2021, the UK economy has experienced a series of political and economic shocks in the wake of the coronavirus pandemic. Labour and skills shortages now rank top of businesses labour market concerns, whilst inflation, and the cost of living also feature highly. In a challenging operating environment, fewer firms are increasing their investment in training and development next year after a period of post-Covid catch-up. There remains a strong level of employer demand for people with skills across all levels, with businesses signalling more confidence in their ability to train employees to meet their skills needs, than in their ability to recruit skilled workers over the coming years.

Key findings

- The proportion of firms intending to increase investment in training and development over the next year has fallen and is comparable to pre-pandemic levels.
- 38% say they will increase investment relative to the last twelve months, compared to 53% in 2021. 10% plan to lower it, compared to just 3% in 2021 – giving a balance of +27% (down from +50% in 2021).
- Four in ten (40%) plan to increase their investment relative to pre-pandemic investment and 12% plan to lower it – giving a balance of +28% (down from +35% in 2021).
- There is employer demand for people with skills at all levels, with businesses expecting to increase their need for people with entry-level skills on balance by +29%, intermediate level skills by +36%, higher-level skills by +30%, postgraduate taught skills by +11% and other workplace skills by +29% over the next five years.
- Businesses are not confident in their ability to recruit workers to meet their skills needs over the next 3-5 years at all levels except for at entry level (+17%), with most respondent firms concerned about recruiting for people with intermediate level skills (-3%), higher level skills (-3%), postgraduate skills (-10%) and other workplace skills unattached to national qualifications (-14%).

- Yet employers are confident in their ability to train workers to meet their skills needs over the next 3-5 years at all levels, demonstrating confidence in training for staff at entry level (+59%), intermediate level (+47%), higher level (+33%) and for other workplace skills unattached to national qualifications (+48%).
- A lack of candidates with appropriate, industry relevant qualifications (58%), strong competition for candidates with appropriate qualifications (47%), poor careers advice aligned to sectors (34%) and a lack of awareness among learners about different routes to work e.g., apprenticeships (34%) made up the top drivers of skills gaps for most respondents.
- Respondent employers identified industry-specific technical knowledge (+50%) leadership and management (+44%) and advanced digital skills (+29%) as their biggest areas for investment over the next five years.

The proportion of firms intending to increase investment in training has fallen back to pre-pandemic levels

We asked employers about their plans for investing in staff training and development over the next year relative to previous investment (**Exhibit 1.1**). Around four in ten (38%) said they expect to increase investment relative to the last twelve months, compared to 53% in 2021. One in ten (10%) plan to lower it compared to just 3% in 2021, giving an overall balance of +27%¹ (down from +50% in 2021).

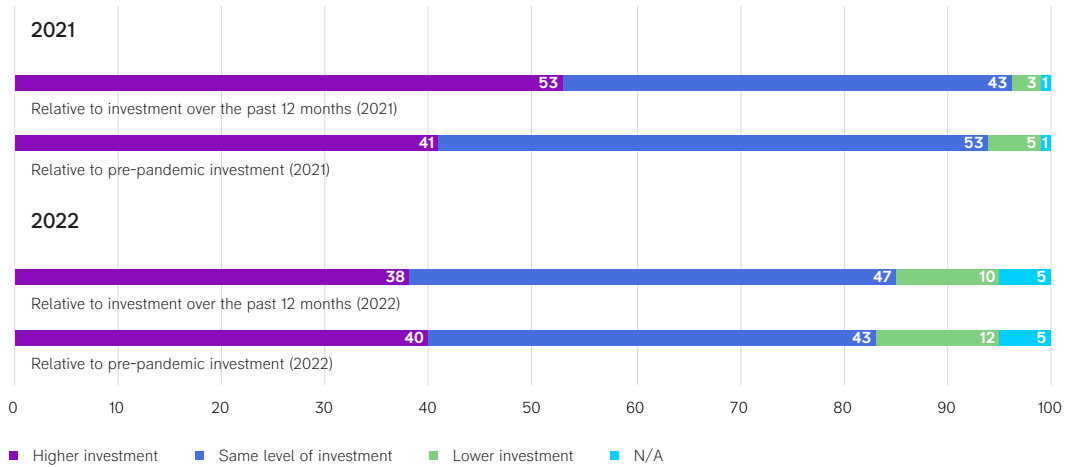
Given the need to preserve jobs and cashflow over the pandemic, the significant increases in investment reported in our 2021 survey suggests an element of catch up in staff training and development investment as firms were asked to compare their plans to the previous year.

When asked to assess their plans for staff training and development for the next 12 months against pre-pandemic levels, 40% of respondents expect to invest more compared to 12% who plan to invest less, giving a balance of +28%. In our 2021 survey, a similar proportion of respondents said they would increase investment relative to pre-pandemic levels (41%) but just 5% said they would lower it – giving a balance of +35%.

Whilst this represents a drop in training and development investment intention compared to 2021, it is positive that a majority of respondent businesses are continuing to either increase or maintain their training and development offer despite a challenging economic context.

¹Balance does not total due to rounding

Exhibit 1.1 Plans for investing in the training and development of staff over the next 12 months (% of respondents)*



*Data excluding 'don't know'.

There is employer demand for skills at all levels

This year's survey demonstrates strong levels of employer demand for people with skills at all levels over the next 3-5 years, with the results broadly in line with our 2021 survey (**Exhibit 1.2**).

A third of respondent firms (33%) expect their need for employees with entry level skills – for example, Regulated Qualification Framework (RQF) levels 2 and 3 such as GCSEs, A-Levels and Advanced Apprenticeships) – to increase over the next three to five years, compared with 4% expecting it to decrease, giving a positive balance of +29%. This compares to a balance of +28% in 2021 and +25% in 2019.

Employers expect an increase in demand for people with intermediate level skills – for example, RQF levels 4 and 5 such as Higher National Qualifications and Higher Apprenticeships – and higher-level skills – at RQF level 6 such as a bachelor's degree.

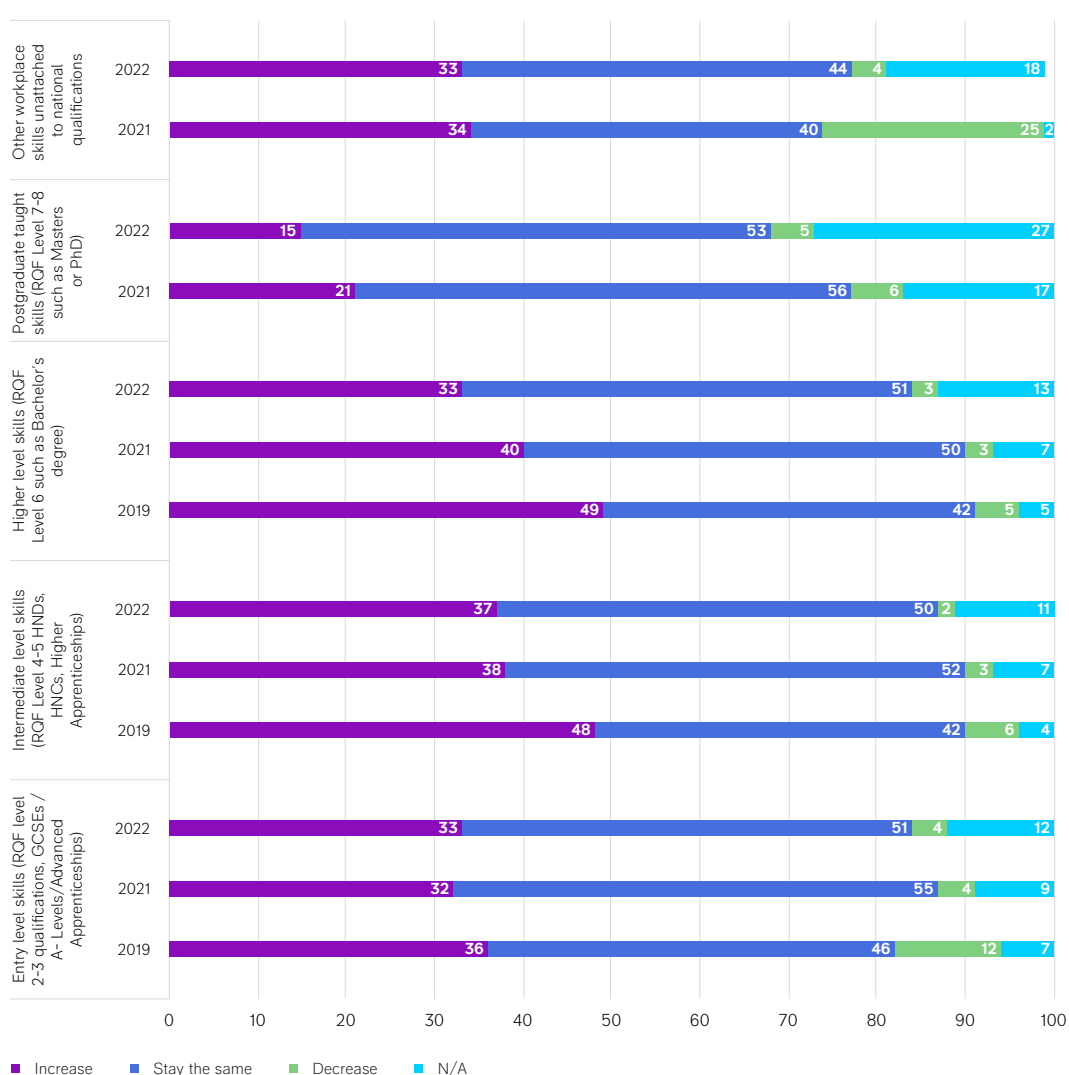
37% of respondents expect their need for people with intermediate skills to increase, compared to just 2% who expected a decrease, giving a positive balance of +36%. This compares to +36% in 2021 and +42% in 2019.

A third of employers (33%) expect their need for people with higher-level skills to increase, while 3% expected demand to decrease, giving a balance of +30%. This compares to +37% in 2021 and +44% in 2019.

In 2021, we changed our survey to include two new categories – postgraduate taught skills at RQF Levels 7 and 8 such as master's degree or PhD – and other workplace skills unattached to national qualifications. 15% of respondents expect an increase in demand for people with postgraduate taught skills and 5% expected a decrease in demand, giving a balance of +11%. This compares to +15% in 2021.

Businesses also expect an increase in their need for people with other workplace skills, unattached to national qualifications. 33% of employers expect demand to increase over the next three to five years, whilst 4% expect it to reduce, giving a positive balance of +29%. This compares to +32% in 2021 – demonstrating the continued importance of workplace skills gained through other forms of training or experiences, beyond formal qualifications.

Exhibit 1.2 Anticipated demand for skills over the next 3-5 years (% of respondents)*



*Due to higher % of respondents selecting 'N/A' in 2022 survey and to enable comparison of data, all data (including 2021 and 2019) includes N/As and may vary slightly from previously published results.

*Data excluding 'don't know'.

*May not add up to 100% due to rounding.



Firms are lacking confidence in their ability to recruit workers across all skill levels except at entry level...

This year, we changed our question on business confidence in the future availability of people with the right skills to better understand firms' confidence in recruiting or training people to meet their organisational skills needs over the next 3-5 years **(Exhibit 1.3)**. This yielded some interesting results and signals a divide between employer confidence in recruiting and employer confidence in training staff to meet their skills needs.

Most respondent firms lacked confidence in their ability to recruit workers across all skill levels except at entry level, with employers least confident in recruiting people with workplace skills unattached to national qualifications and employees with postgraduate taught skills, followed by intermediate levels skills and higher-level skills.

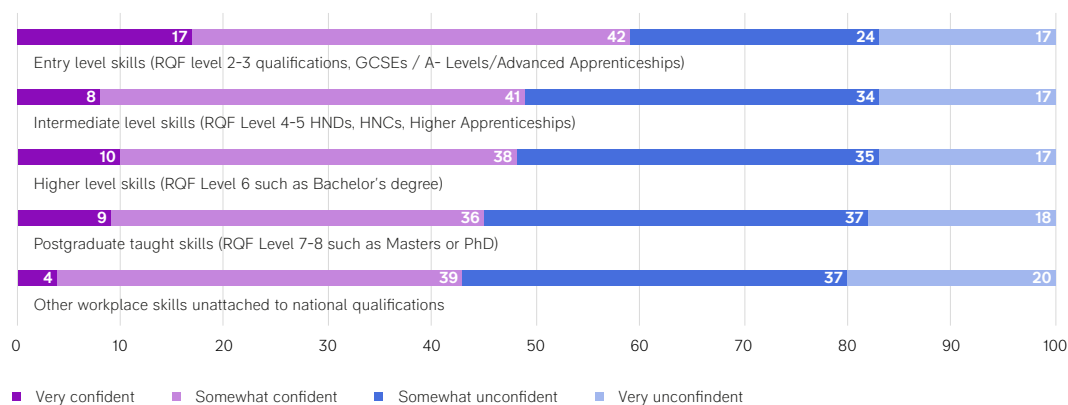
On recruiting for people with workplace skills unattached to national qualifications, 43% of respondents were confident versus 57% who were unconfident, giving a balance¹ of -14%. When asked about recruiting for postgraduate taught skills, 45% of respondent employers were confident, compared to 55% who were not, giving a balance of -10%.

Firms also indicated a lack of confidence in their ability to recruit workers to meet their intermediate level skills needs, with 49% of respondents stating they were confident versus 51% who were not, a balance of -3%. A similar proportion said they were unconfident in recruiting for people with higher level skills, with 49% confident versus 51% who were unconfident, giving a balance of -3%.

Our results show that aside from recruitment in entry level skills (with 58% of respondents stating they were confident versus 42% who were not, giving a positive balance +17%), employers are lacking confidence in their ability to recruit skilled workers in the coming years. These findings align with the CBI/ Pertemps Employment Trends Survey 2022, which found that access to labour and skills tops business' labour market concerns, while high labour costs also featured heavily.

¹Balance = 'very confident' and 'somewhat confident' minus 'somewhat unconfident' and 'very unconfident'.

Exhibit 1.3 Confidence in ability to recruit workers to meet skills needs in next 3-5 years (% respondents)*



*Respondents excluding 'don't know' and 'N/A'.

... Yet employers are confident in their ability to train workers to meet their skills needs

In contrast to the overall lack of confidence in recruiting skilled workers outlined in the previous question, our results suggest that firms are confident in their ability to train enough workers to meet their skills needs over the coming years (**Exhibit 1.4**).

Respondent firms were most confident in their ability to train employees at entry level – including developing professionals, administrative and support staff – with 80% stating they were confident compared to 20% who were not, giving a positive balance¹ of +59%.

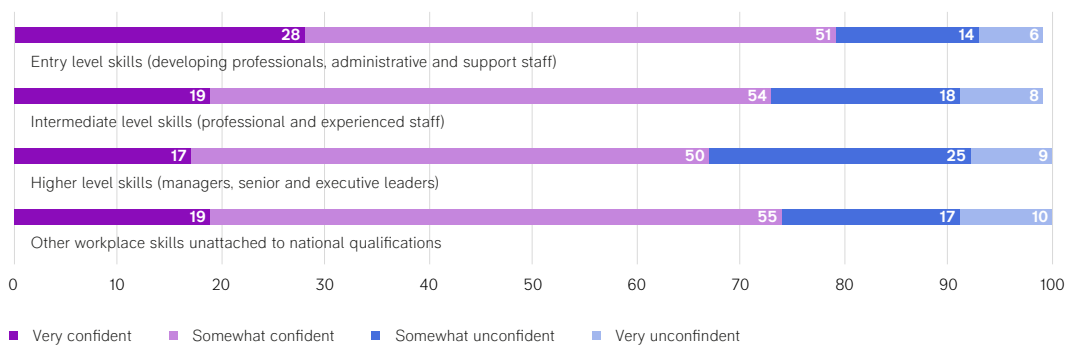
Next, businesses were confident in training people with workplace skills unattached to national qualifications with 74% of respondents confident versus 26% unconfident, a balance of +48%. This was followed by training for workers with intermediate skills - including professional and experienced staff - with 74% of firms confident in their ability to train employees at this level to meet with skills needs, versus 26% who were unconfident, giving a balance of +47%.

¹Balance = 'very confident' and 'somewhat confident' minus 'somewhat unconfident' and 'very unconfident'.

Finally, businesses were positive about their ability to train workers with higher level skills - including managers, senior and executive leaders - although they were less confident when compared to the other skill levels. 66% of respondents said they were confident, compared to 34% who were not, giving an overall balance of +33%.

These results suggest that whilst businesses are concerned about the labour supply of skilled workers, they maintain a positive outlook in their ability to train the existing workforce to meet their skills needs over the next 3-5 years. However, around a third of respondent firms are lacking confidence in their ability to meet their skills needs through training across all but entry level, suggesting that there is some way to go to boost employer confidence in training as a key lever for addressing skills gaps.

Exhibit 1.4 Confidence in ability to train workers to meet skills needs in next 3-5 years (% respondents)*



*Respondents excluding 'don't know' and 'N/A'.

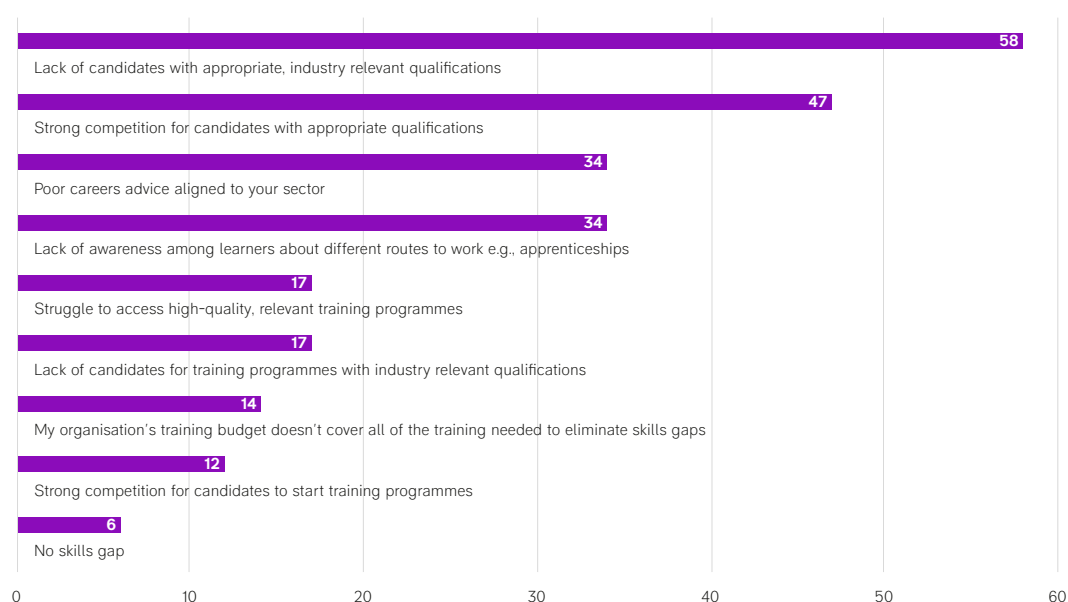


The biggest drivers of current skills gaps are a lack of candidates and strong competition for qualified workers

We asked employers to outline the three main drivers for different types of skills gaps in their business (**Exhibit 1.5**). Around two thirds of respondents (58%) said the 'lack of candidates with appropriate, industry level qualifications' was one of their top three drivers. This was followed by 47% of respondents who identified 'strong competition for candidates with appropriate qualifications' as one of their main drivers. These results support our key finding that businesses are lacking confidence in their ability to recruit skilled workers to meet their current and future skills needs.

Poor careers advice aligned to their sector and a lack of awareness among learners about different routes to work were also selected as main drivers of skills gaps by 34% of respondent employers. These results suggest a need to tackle labour shortages by boosting the talent pipeline and attracting greater numbers of qualified candidates through improvements to careers guidance and stronger links between education providers and businesses. Just 6% of respondents said they had no skills gap.

Exhibit 1.5 Main drivers of skills gaps (% of respondents)*



*With respondents asked to select the top three drivers.

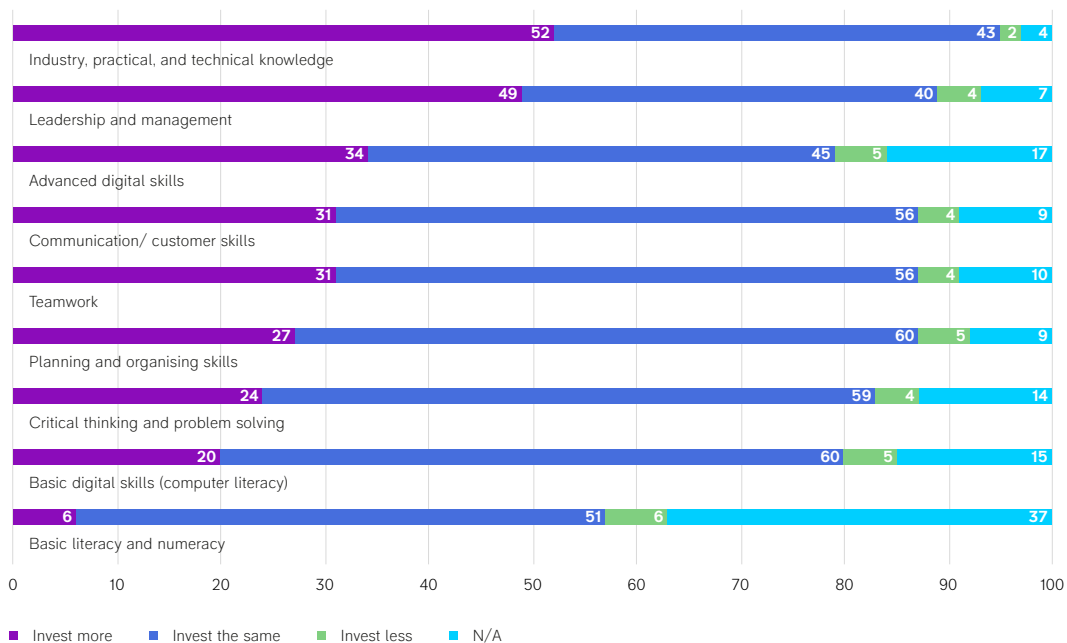
Firms are prioritising investment in technical knowledge, leadership and management and digital skills in the coming years

We asked employers about their investment intentions across a wide range of skills over the next five years (**Exhibit 1.6**). More employers are planning to increase than cut investment in almost all skills, with industry, practical and technical knowledge rated highest (balance¹ +50%), followed by leadership and management (balance +45%) and advanced digital skills (balance +29%).

This is followed by investment in ‘essential skills’ and workplace aptitudes including communication and customer skills (balance +27%), teamwork (balance +26%), planning and organising skills (+22%) and ‘critical thinking and problem solving’ (balance +20%), alongside basic digital skills or computer literacy (balance +15%). The only area in which there were not more respondent employers planning increases than cuts was in ‘basic literacy and numeracy’ skills (balance 0%).

These results suggest that firms are prioritising investment in technical and higher levels skills compared to basic or pre-entry level skills.

Exhibit 1.6 Investment intentions for the following skills over the next 5 years (% of respondents)*




*Based on selecting all skills that apply.

*Data including 'N/As'.

*May not add to 100 due to rounding.

¹Balance = % of respondents selecting 'invest more' - % respondents selecting 'invest less'.



"Labour and skills shortages now rank top of businesses labour market concerns, whilst inflation, and the cost of living also feature highly. In a challenging operating environment, fewer firms are increasing their investment in training and development next year after a period of post-Covid catch-up."

Approaches to training and adult education

Employers are uncertain about the sufficiency of their training budgets and are experiencing barriers to meeting their skills needs, with fewer firms reporting an increase their investment in adult education and lifelong learning over the past 5 years. The top barriers cited by firms - a lack of high-quality local provision, difficulties sparing staff to undertake training and prohibitive costs - are likely to be affected by labour shortages in the FE workforce and the wider economy. Looking to training approaches, the growth in online driven by the pandemic has continued into the past year. The delivery of on-the-job training, short courses and in-house classroom learning has also increased, following the removal of restrictions related to the pandemic.

Key findings

- Fewer than 4 in 10 firms (37%) are confident that they're investing enough in training to meet their skills needs, with 3 in 10 (29%) admitting that it isn't and 1 in 3 (35%) unsure.
- Employers continue to experience barriers to meeting their skills needs through adult education, with factors likely being exacerbated by labour shortages.
- A lack of suitable, high-quality provision was cited as the most prevalent barrier by 35% of respondents. 32% of respondent firms cited high training costs and a lack of time to spare employees to undertake training as a top barrier.
- Fewer businesses reported an increase to their investment in adult education and lifelong learning over the past five years.
- Over four in ten (42%) respondents said they had increased their investment in adult education and 5% have decreased investment – giving a balance of +37%. This compares to a balance of +45% in 2021.
- More respondents also stated that their organisation has not invested in adult education and lifelong learning in the past five years, with 17% of respondents indicating no investment compared to 9% in 2021.

- When looking to training and development approaches, online learning continues to be a popular delivery option with +43% of respondents reporting an increase in the use of in-house online learning and +44% of respondents in the use of external online learning in the past year.
- Following the removal of restrictions related to the pandemic, +42% of respondent employers reported increases in the use of on-the-job training, +22% of respondents in the use of short courses and +7% in the use of internal classroom learning over the past year.

Firms are analysing their current and future skills gaps, but are uncertain about the sufficiency of training budgets to solve skills shortages

In this year's survey, we asked a new question about organisational approaches to analysing skills gaps. We also asked respondent employers about their confidence in the sufficiency of their training budgets for solving skills shortages (**Exhibit 2.1**).

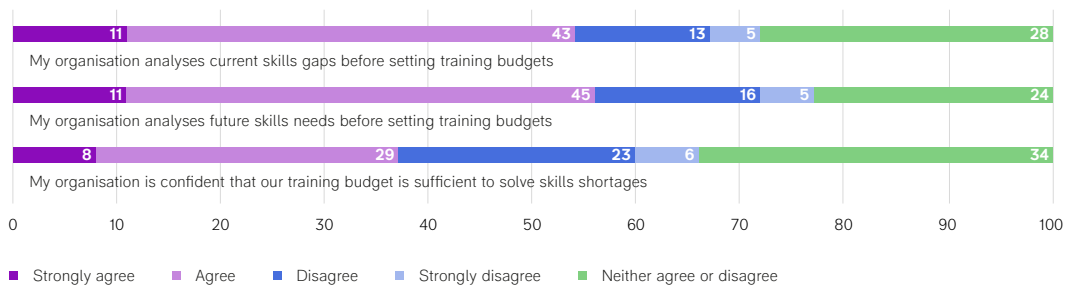
Respondent firms indicated that they agreed that their organisation analyses current skills gaps before setting training budgets, with 11% strongly agreeing and 43% agreeing with the statement. This compared to 13% of respondents who disagreed and 5% who strongly disagreed, giving an overall balance of +36%. 28% of respondents were undecided.

When asked whether their organisation analyses future skills gaps before setting training budgets, there were similar levels of agreement with 11% of respondents strongly agreeing with the statement, and 45% stating they agreed. This compared to 16% who disagreed and 5% who strongly disagreed, giving an overall balance of +36%. 24% of respondents were undecided.

Some firms were confident that their training budgets were sufficient for tackling skills shortages with 8% strongly agreeing and 29% agreeing with the statement. This compared to 23% of respondents who disagreed and 6% who strongly disagreed, giving a small but positive balance of +8%. However, there was a high degree of uncertainty amongst respondents with 34% neither agreeing or disagreeing that their training budget is sufficient to solve skills shortages.



Exhibit 2.1 Organisation approaches and views on training budgets
(% respondents)*



*Respondents excluding 'don't know'.

A lack of suitable, local high-quality provision is the top barrier to adult education

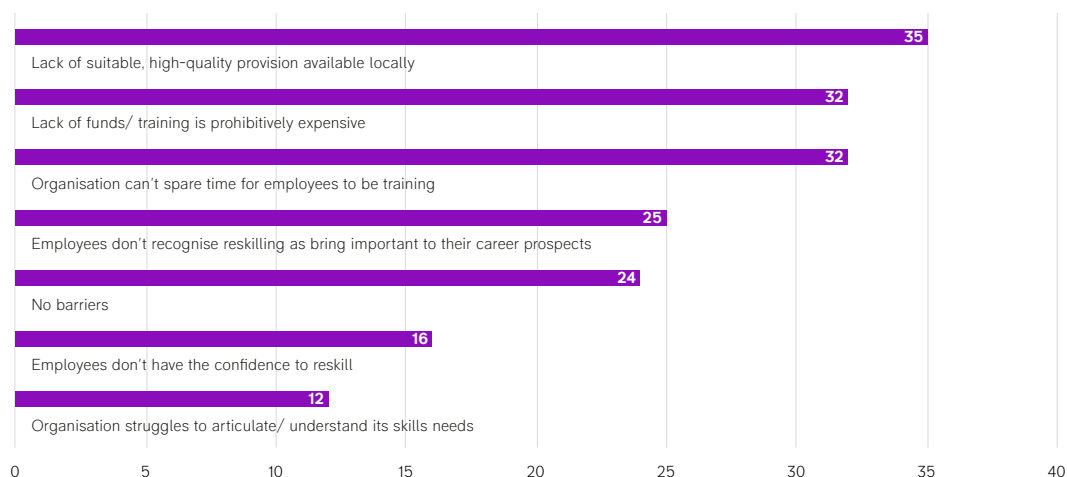
We asked businesses about their main barriers to meeting skills needs through adult education (**Exhibit 2.2**). The top answer selected by respondent employers was a lack of suitable, high-quality provision available locally which was chosen by 35%.

Nearly a third of respondent firms (32%) identified a lack of funds and the prohibitively high cost of training amongst their key barriers, and the same proportion (32%) cited challenges in sparing time for employees to attend training.

These top barriers are likely to have been exacerbated by labour shortages. Our results suggest that businesses are being hampered by not being able to find a local provider, matching feedback that shortages are as much a crisis for the FE workforce as for the businesses they support. Shortages also make it harder to meet training costs and fill gaps on the front line that are left by workers during their training.

A quarter of respondents (25%) cited the challenge of employees recognising reskilling as being important to their careers prospects. 24% of respondents said they faced no barriers.

Exhibit 2.2 Barriers faced in meeting skills needs through adult education (% respondents)*



*Data excluding 'don't know'.

Fewer businesses increasing investment in adult education and lifelong learning over past 5 years

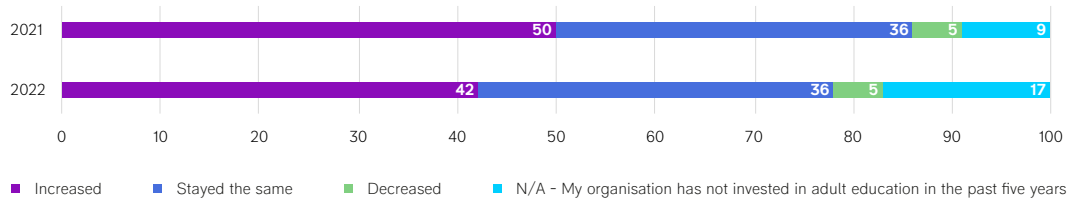
We asked respondents about their investment in adult education and lifelong learning over the past five years (**Exhibit 2.3**).

Over four in ten (42%) respondents said they had increased their investment in adult education, with more than a third (36%) keeping the same budget, and 5% decreasing investment – giving a balance of +37%. When compared with last year's results, there has been a drop in the number of businesses reporting an increase in their investment in adult education and lifelong learning. In our 2021 survey, half of respondents (50%) said they had increased their investment over the past five years, whilst 5% had decreased it, giving an overall balance of +45%.

Concerningly, this year more respondents stated that their organisation has not invested in adult education and lifelong learning in the past five years, with 17% of respondents indicating no investment compared to 9% in 2021.



Exhibit 2.3 Change in investment in adult education and lifelong learning in the past five years (% of respondents)*



*Data excluding 'don't know'.

Growth in online training and development continues post-pandemic

We asked businesses how the way they deliver training to existing staff has changed over the past twelve months (**Exhibit 2.4**).

Our results suggest that the growth of online learning seen in our previous survey has continued into this year across both in-house and external training. Just under half of respondents (49%) have increased their use of external online learning materials in the past year compared to just 3% who have decreased their use, giving a balance of +44%. This compares to a balance of +69% in 2021. 46% of employers have also increased the use of in-house online learning materials over the past twelve months, compared to 5% who have decreased their use, giving a balance of +43%. This compares to a balance of +62% in 2021.

Over four in ten (43%) respondents reported an increase in their use of on-the-job training, compared to just 1% reported a decrease, giving a positive balance of +42%. This compares with +6% in 2021.

23% of respondents have increased the use of in-house classroom-based learning over the past twelve months compared to 16% who reported a decrease, giving a balance of +7%. This compares to a significant decline in 2021 of -48% when the pandemic artificially held down demand for in-person training.

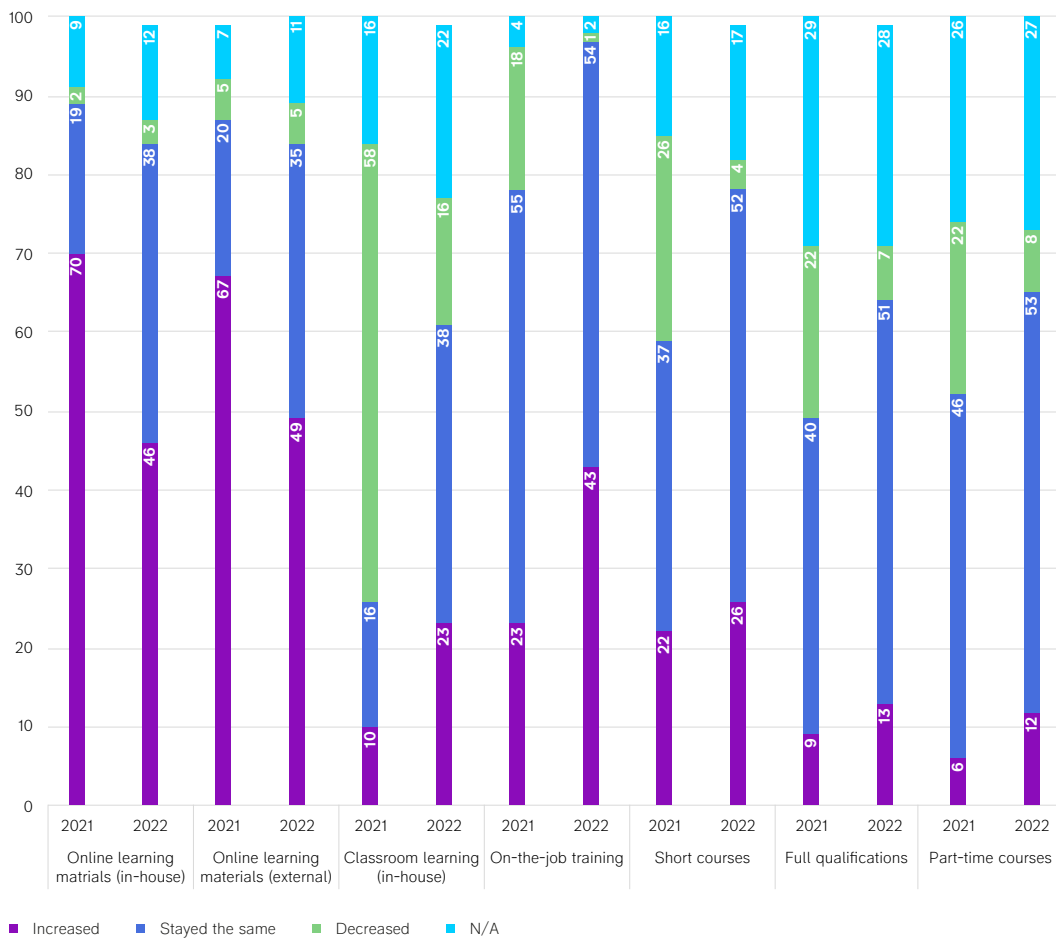
Our results suggest employers see some value of in-house classroom training following the removal of restrictions related to the Covid-19 pandemic. However, the modest increase in the use of in-house classroom learning has not extended to external classroom training with 15% of respondents reporting an increase in external classroom learning over the past year, compared to 25% who reported a decrease, giving a negative balance of -10%.

Looking to the types of programmes offered, short courses have become a more popular form of training with 26% of respondents increasing their use in the past year, compared to 4% decreasing their use, giving a positive balance of +22%.

This compares to a negative balance of -4% in our 2021 survey. The popularity of short courses aligns with insights from CBI members about the value of shorter, responsive forms of training that allows employees to top up their learning as skills gaps arise.

13% of respondents have increased their use of full qualifications compared to 7% who have decreased it, giving a balance of +6%. Meanwhile, 12% of respondent employers reported an increase in the use of part-time courses compared to 8% who reported a decrease in use, giving a small positive balance of +4%.

Exhibit 2.4 Changes to training approaches for existing staff over last 12 months (% respondents)*



*Data excluding 'don't know'.

Non-regulated courses are more popular than courses leading to a qualification

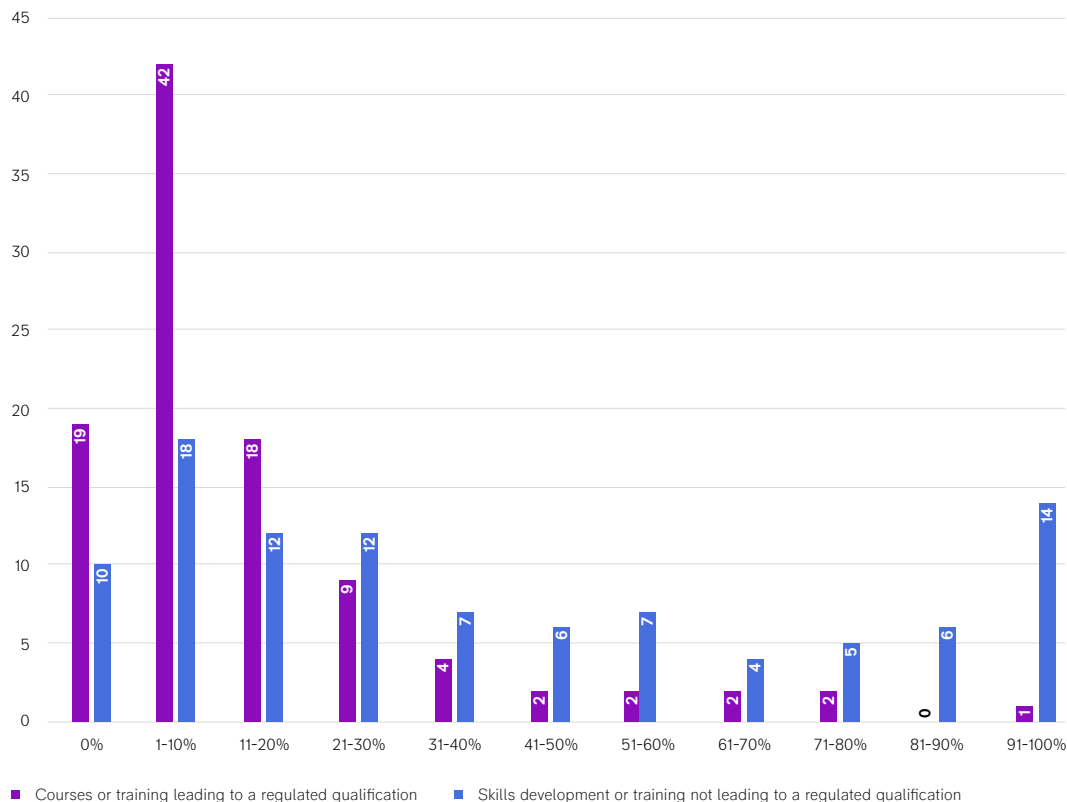
This year, we asked businesses a new question to better understand the proportion of the workforce engaging in training leading to a regulated qualification versus a non-regulated qualification over the past twelve months (**Exhibit 2.5**).

The results show that three in five respondents (60%) have had 1-20% of their workforce engage in a course leading to a regulated qualification, whilst 19% of respondents said no employees engaged with this type of training.

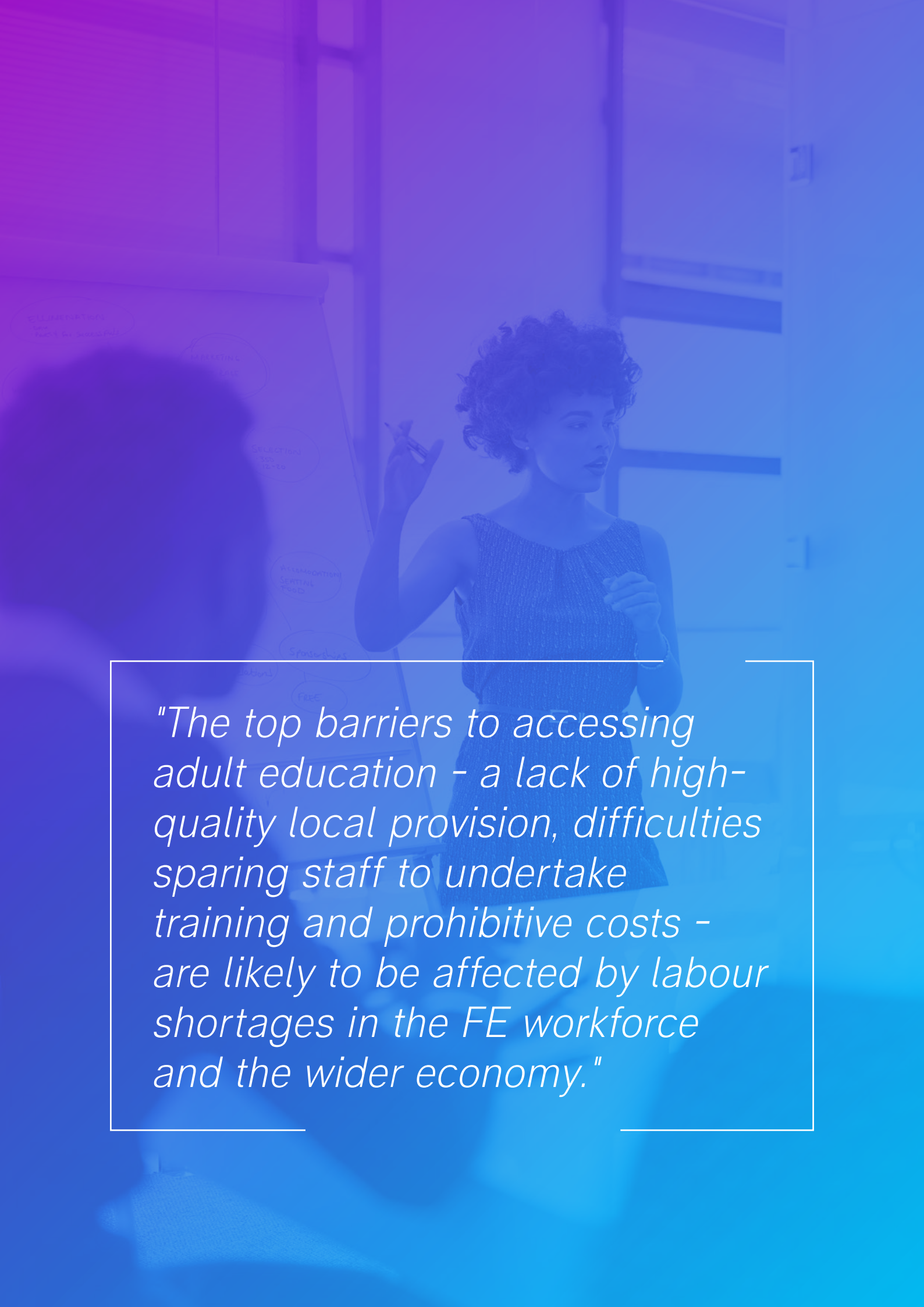
Respondent firms reported that a higher proportion of their workforce have engaged with skills development or training not leading to a qualification, compared to regulated training.

Two in five (20%) respondents said a very high proportion of their workforce (81-100%) engaged in skills development or training not leading to a qualification, compared to just one in ten (10%) who did not participate in this type of skills development.

Exhibit 2.5 Workforce participation courses/ training leading to a regulated qualification vs skills development not leading to a qualification over the past twelve months (% respondents)*



*Data excluding 'don't know'.

A woman with curly hair, wearing a dark sleeveless top, stands in a meeting room. She is holding a pen and gesturing towards a whiteboard. The whiteboard has a diagram with several circular nodes and connecting lines. The nodes contain text such as 'LITERATE', 'FUNCTIONAL', 'COURTNEY', 'SARAH', 'JAMES', 'FRANK', 'MARTIN', 'LUCAS', 'DANIEL', 'ALEX', 'JESSICA', 'EMILY', 'MICHAEL', 'CHRISTOPHER', 'DAVID', 'ANDREW', 'MATTHEW', 'JOSHUA', 'RYAN', 'NICHOLAS', 'BENJAMIN', 'LUCAS', 'DANIEL', 'ALEX', 'JESSICA', 'EMILY', 'MICHAEL', 'CHRISTOPHER', 'DAVID', 'ANDREW', 'MATTHEW', 'JOSHUA', 'RYAN', 'NICHOLAS', 'BENJAMIN'. The background is a blurred office setting with windows and doors. The entire image has a blue color overlay.

"The top barriers to accessing adult education - a lack of high-quality local provision, difficulties sparing staff to undertake training and prohibitive costs - are likely to be affected by labour shortages in the FE workforce and the wider economy."

Employers awareness of government skills reforms

The government has set out a number of reforms to post-16 technical education and training with the aim of better serving the skills needs of employers and the wider economy. Our survey results highlight concerningly low levels of awareness amongst employers across several of these measures including Local Skills Improvement Plans, T Levels and the Lifelong Loan Entitlement. However, there is a case for some optimism. Despite low awareness, there is a strong opportunity to harness business support across the government's skills agenda to promote greater investment in skills. For example, though there is low awareness of the current T Level subject offer, our survey highlights an appetite amongst employers to offer industry placements and offer new types of workplace experiences to build the workforce of the future.

Key findings

- There was a widespread lack of awareness amongst employers of key government reforms to technical and further education including Local Skills Improvement Plans (LSIPs), new Level 3 technical qualifications, T Levels, and the Lifelong Loan Entitlement (LLE).
- Over three in five (62%) had no awareness of LSIPs, whilst 20% were slightly aware but had not heard of the government's roll out plans or their local employer representation body (ERB).
- This compares to one in ten (10%) who were very aware of LSIPs, roll out plans and their ERB, and 8% who said they were aware of LSIPs and the national roll out plan, but not their local ERB.
- Around a third (32%) of respondents had no awareness of T Level qualifications. A similar proportion (33%) were slightly aware of the T Level brand, but not the current subject offer or the government's future roll out plans.
- This compares to 16% who were very aware of T Levels, the subject offer and future roll out, and 19% who were aware of the T Levels and the current subject offer but not the government's future roll out plans.
- Around two third of firms (65%) would consider offering an industry placement to T Level students if the subject area was relevant to their industry and 9% are already offering industry placements.

- Four in five businesses (80%) were not aware of the government's plan to introduce a Lifelong Loan Entitlement (LLE) for individuals to access student loans for adult education by 2025.

Businesses have low awareness of Local Skills Improvement Plans

The Skills and Post-16 Education Act set's out the government's plans to reform the technical skills system to better meet the needs of employers. As part of the approach, the Department for Education has introduced local skills improvement plans (LSIPs). LSIPs offer a credible contribution to the issue of local skills gaps by facilitating communication between employers and training providers so that local skills needs can be better understood.

Employer representative bodies (ERBs) have been designated to lead the development of LSIPs for all 38 areas of England. ERBs work closely with employers, education providers and key stakeholders to develop an LSIP. In the 2021/22 financial year the UK government piloted LSIPs in 8 regions of England. LSIPs have since been rolled-out across England through employer-representative bodies (ERBs) allocated by government in autumn 2022.

We asked employers operating in England about their awareness of LSIPs, the government's plans to roll out the programme nationally by summer 2023 and awareness of their local ERB (**Exhibit 3.1**).

Our survey found low levels of awareness amongst respondent firms with over three in five (62%) stating they had no awareness of LSIPs. 20% were slightly aware of LSIPs but had not heard of the government's roll out plans or their local ERB. This compares to just one in ten (10%) respondents who stated they were very aware of LSIPs, the government's roll out plan and their ERB and just 8% who were aware of LSIPs and the national roll out plan, but not their ERB.

We also asked businesses whether they plan on engaging with LSIPs in the next twelve months (**Exhibit 3.2**). In line with awareness levels, over three in five respondents (62%) said they do not know if they will engage with the local ERB or LSIPs. 18% are currently engaging or plan to engage with LSIPs, whilst 20% stated they do not plan on engaging with their local ERB or LSIPs over the coming year.

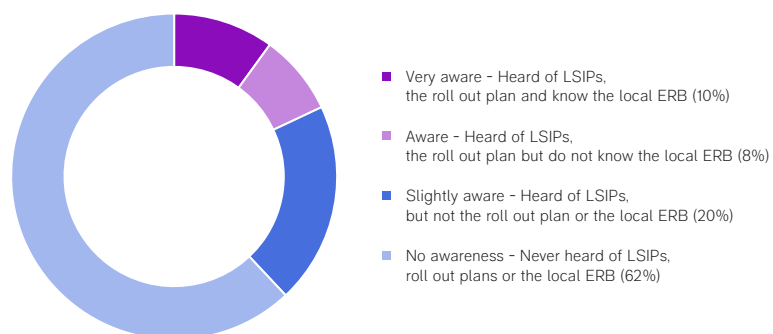


Businesses not planning to engage with ERBs or LSIPs were asked to identify the reasons why. Some illustrative comments from respondents included:

- “Lack of awareness at present but will engage with them if we understood more.”
- “We get enough applicants for our vacancies at this level so do not really feel the need to engage.”
- Now that we’ve heard of LSIP’s, I will ensure we engage with the local ERB.”

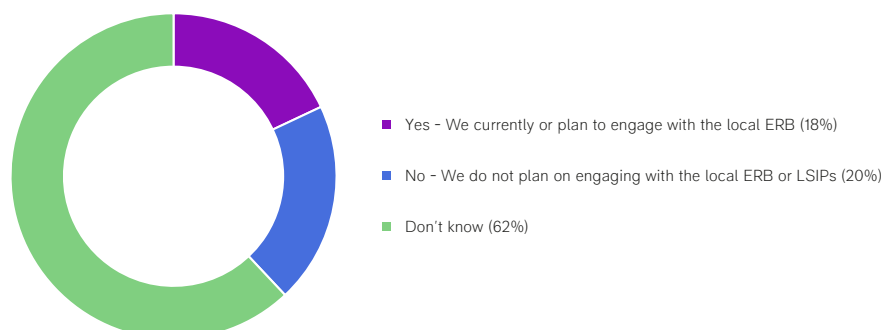
Whilst the overall lack of awareness of LSIPs is a concern, there is also a positive opportunity to raise their profile and increase buy-in from the business community. On the side of government, more can be done to outline the benefits of engaging with LSIPs. There is a need to promote the business case for strong local partnerships to provide education, training and employment opportunities that meet and respond to the skills demands of the local economy.

Exhibit 3.1 Employer’s awareness of the government’s plan to roll out LSIPs across England by summer 2023 (% respondents)



*Data excluding 'don't know'.

Exhibit 3.2 Employer's plans to engage with LSIPs in the next twelve months (% respondents)



Employers lack awareness of T Levels, but are keen to offer industry placements

Following the launch of the first T Level courses in September 2020 in certain sectors, we asked employers about their awareness of T Levels - two-year courses (equivalent to three A Levels) which provide students with an approved technical qualification and industry specific practical skills (**Exhibit 3.3**).

Around a third (32%) of respondents had no awareness of T Level qualifications. A similar proportion (33%) were slightly aware of the T Level brand, but not the current subject offer or the government's future roll out plans.

This compares to 16% who were very aware of T Levels, the subject offer and future roll out, and 19% who were aware of the T Levels and the current subject offer but not the government's future roll out plans.

A core aim of the new T Level qualification is to ensure that vocational qualifications meet the needs of industry and provide students with high-quality industry experience through a compulsory 45-day work placement. We asked employers whether they would consider offering a 45-day industry placement for a T Level student (**Exhibit 3.4**).

Around two thirds (65%) of respondents would consider offering an industry placement if the subject area was relevant to their industry. 9% of businesses reported already offering placements, whilst 17% of respondents said they would not offer an industry placement.

We asked employers to specify why they would not offer an industry placement or why they selected 'other'. Some illustrative comments included:

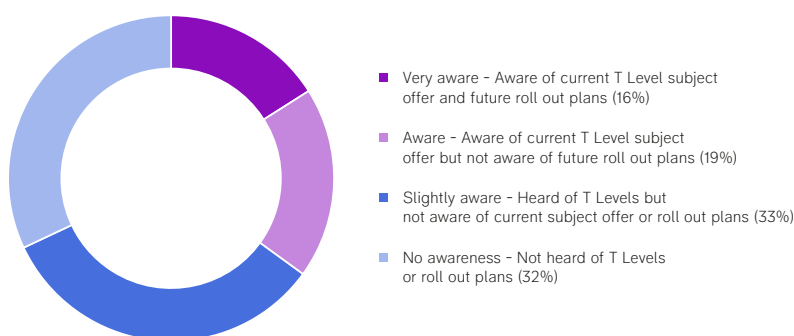
- "I have no idea what is involved, so I am unable to answer the question – i.e., what is the length of the placement, the cost and benefit to us?"
- "At the moment there do not appear to be any relevant T levels."
- "Insufficient senior resources to supervise trainees."
- "We have active product development/design projects operating with local schools for A level students. These could develop to T-level, and we would be happy to offer placement for the right candidate(s)"

The responses suggest that whilst some businesses are still unclear about the requirements and benefits of offering T Level placements, there is enthusiasm and significant potential to increase employer engagement in this area. Anecdotally, some employers tell us that they are using T Level placements to build a future talent pipeline for apprenticeships, suggesting a strong business case for engagement.

The Department for Education (DfE) offers a range of resources for employers interested in hosting industry placements via their website:

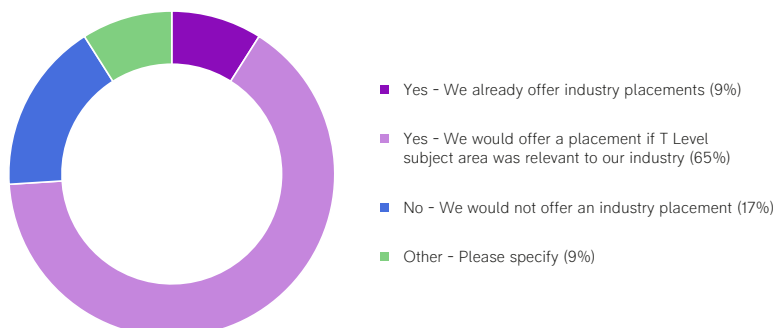
<https://employers.tlevels.gov.uk/hc/en-gb>. In January 2023, the DfE also introduced new flexibilities to industry placements to allow a wider mix of delivery approaches including small team projects, relevant part-time work, and online delivery (for some courses).

Exhibit 3.3 Employer's awareness of T Levels (% respondents)



*Data excluding 'don't know'.

Exhibit 3.4 Employer intention of offering an industry placement for a T Level student (% respondents)



Employers have very low awareness of the Lifelong Loan Entitlement

Our survey also asked businesses whether they were aware of the government's plans to introduce a Lifelong Loan Entitlement (LLE) by Summer 2025 (**Exhibit 3.5**). First announced in September 2020 as part of the Lifetime Skills Guarantee, the LLE will provide individuals with a loan entitlement to the equivalent of 4 years of post-18 education to use over their lifetime. Under the plans, funding will be available for study at levels 4-6.

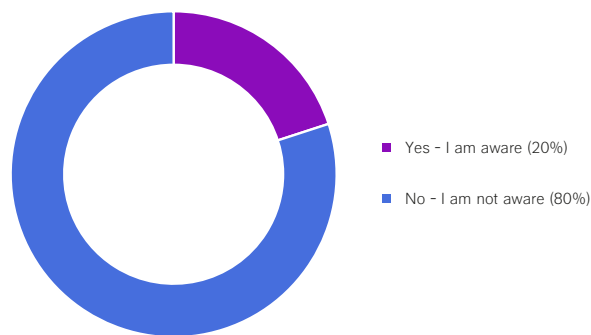
Reskilling is one of the biggest challenges currently facing the UK economy, the CBI's Learning for Life report suggests by 2030, over thirty million – equivalent to 90% of the current workforce will need to add to their skills. The LLE could be pivotal in helping individuals and employers fund training to top up skills as industry changes.



However, just one in five respondent firms (20%) were aware of the government's future plan to introduce the LLE, compared to 80% who were not aware.

Government and employers must work together during the development and pilot stages of the LLE to ensure it delivers modular, agile training that is responsive to employer skills needs and meets the demands of the future economy. Designing the LLE in a way that can leverage extra investment from employers may also increase uptake and awareness of the new entitlement.

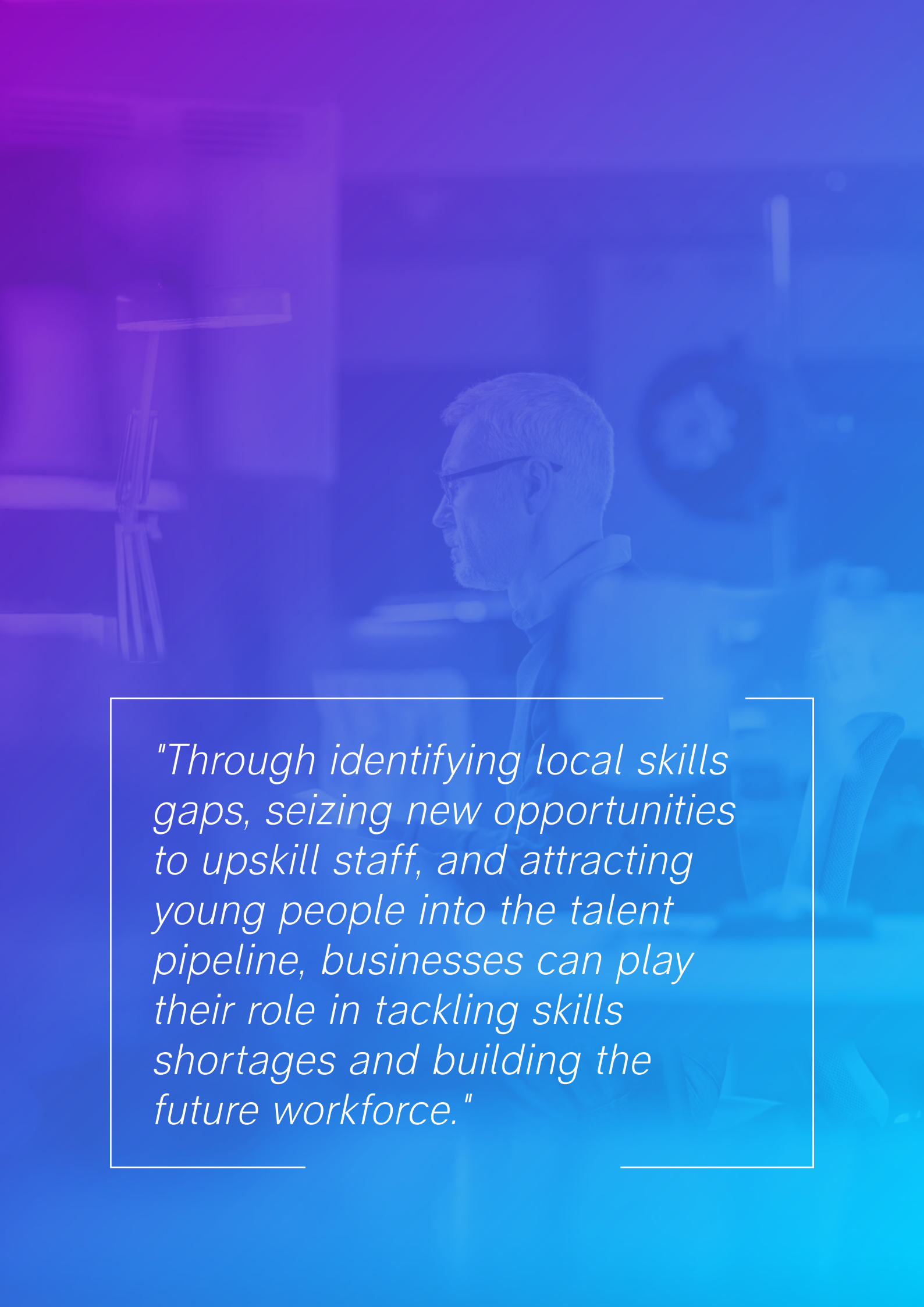
Exhibit 3.5 Employer's awareness of the government's plans to introduce a Lifelong Loan Entitlement (% respondents)*



*Data excluding 'don't know'.

To fulfil the government's ambition of placing employers at the heart of the further education and skills system, businesses and government must work together to make the positive case for engagement. Through identifying local skills gaps, seizing new opportunities to upskill staff, and attracting young people into the talent pipeline, businesses can play their role in tackling skills shortages and building the future workforce.





"Through identifying local skills gaps, seizing new opportunities to upskill staff, and attracting young people into the talent pipeline, businesses can play their role in tackling skills shortages and building the future workforce."

Employer engagement with education and skills providers

This year, fewer businesses are planning to engage with education and skills providers compared to the previous year and engagement remains far below pre-pandemic levels. Given the strong emphasis of employer and education partnerships in the delivery of the government's skills reforms including careers education, apprenticeships, T Levels and Local Skills Improvement Plans, our results suggest there is more work to be done to remove the remaining barriers to employer engagement across the education and skills system.

Key findings

- Business engagement with the education and training system has not yet recovered to pre-pandemic levels and is continuing to fall.
- This year, 68% of respondent employers reported current links with schools, colleges, universities, and independent training providers (ITPs) compared to 71% in 2021 and 94% in 2019.
- Employers are undertaking a range of activities with education and skills providers including institutional governance, curriculum design, delivery of careers programmes and mentoring.
- When looking across all institution types, employee participation in institutional leadership and governance was the most popular form of engagement. 43% of respondents said their employees participated in governance in primary and secondary schools, 40% in ITPs, 39% in colleges and 29% in universities.
- Over four in ten employers (42%) reported no barriers in engaging with schools, rising to over half for colleges (51%) and universities (53%) and over six in ten (63%) for ITPs.
- Of businesses reporting barriers, finding enough time as a business to engage meaningfully with education and skills providers was selected as the most prevalent barrier across all institution types.

- Respondent employers ranked workplace attitudes and aptitudes among their top factors when recruiting school and colleges leavers (selected by 78% of respondents) and graduates (selected by 64%), highlighting the importance of a curriculum that enables learners to develop transferrable skills for the world of work.

Engagement between businesses and education providers continues to fall and remains below pre-pandemic levels...

Employer engagement with education and skills providers can provide young people with opportunities to experience the world of work, raise their aspirations for the future and bring the curriculum to life. Alongside direct support for young people, there are important benefits to businesses, such as identifying new talent, attracting young people into the sector, and providing development opportunities for staff.

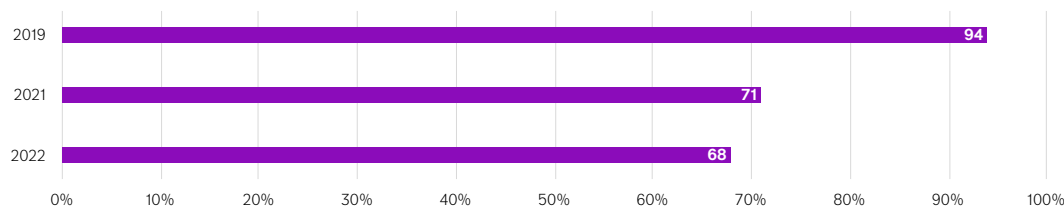
We asked employers whether they are currently engaging with education and training providers such as schools, colleges, universities (**Exhibit 4.1**).

This year, we included an additional category across all our questions on business engagement with institutions – independent training providers (ITPs) – as they make up the most numerous provider type in the FE sector in England and play a crucial role in delivering further education, skills and apprenticeship programmes.

This year, 68% of businesses reported having current links with schools, colleges, universities, and ITPs. This is a slight drop when compared to last year's survey, when 71% of respondents reported they were currently engaging with schools, colleges, and universities.

When compared to pre-pandemic levels, there has been a significant decline in reported engagement as 94% of respondents stated they had current links with education and skills institutions in 2019. Our results suggest that business engagement with the education and training system has not yet recovered to pre-pandemic levels and is continuing to fall.

Exhibit 4.1 Business current links with Schools, Colleges, Universities or Independent Training Providers? (% respondents)*



*Data excluding 'don't know'.

.. and fewer businesses plan on engaging with education providers over the next twelve months

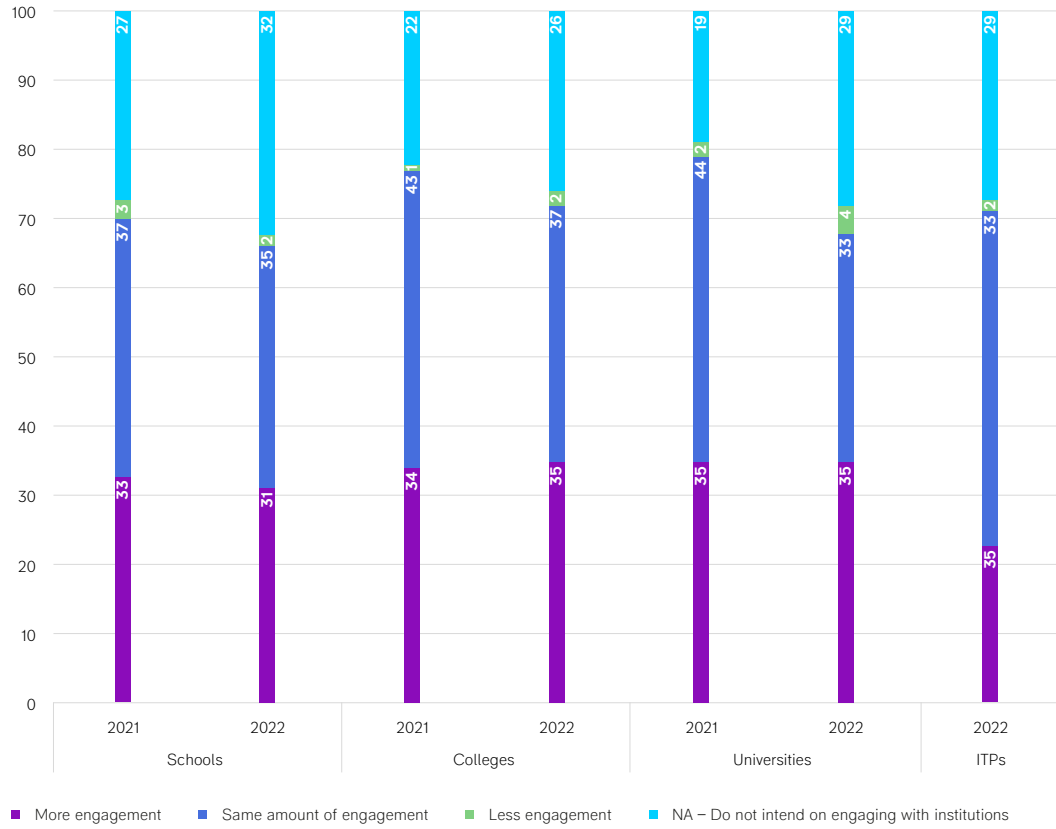
Firms were asked about their plans for engagement with education and skills providers over the next twelve months, relative to the previous year (**Exhibit 4.2**).

Our results show that over one third (31%) of respondent employers plan to increase their engagement with schools and 35% plan to increase their engagement with colleges and universities. A smaller proportion of respondents (23%) are planning to increase their engagement with ITPs over the next twelve months. The balance of firms expecting to increase engagement compared with those expecting to decrease engagement was +33% for colleges, +31% for universities, +28% for schools, and +21% for ITPs.

Whilst the proportion of businesses seeking to increase their engagement is broadly in line our 2021 survey, this year more respondent firms reported that they do not intend on engaging with institutions across all types. The fall in engagement intention is particularly evident for universities, with 29% of respondent employers stating that they do not plan to engage with universities over the next twelve months, compared to 19% in 2019.

Given the strong emphasis on employer and education partnerships in the Skills & Post-16 Education Act – including delivery of apprenticeships, T Levels and Local Skills Improvement Plans - our results indicate a need to reverse falling levels of engagement and establish closer links between businesses and educational institutions to fulfil the government's ambition to place employers at the heart of the education and skills system.

Exhibit 4.2 Employer plans for engaging Schools, Colleges and/or Independent Training Providers in the next twelve months (% respondents)*



*Data excluding 'don't know'.

Employers continue to engage with education and training providers across a variety of activities

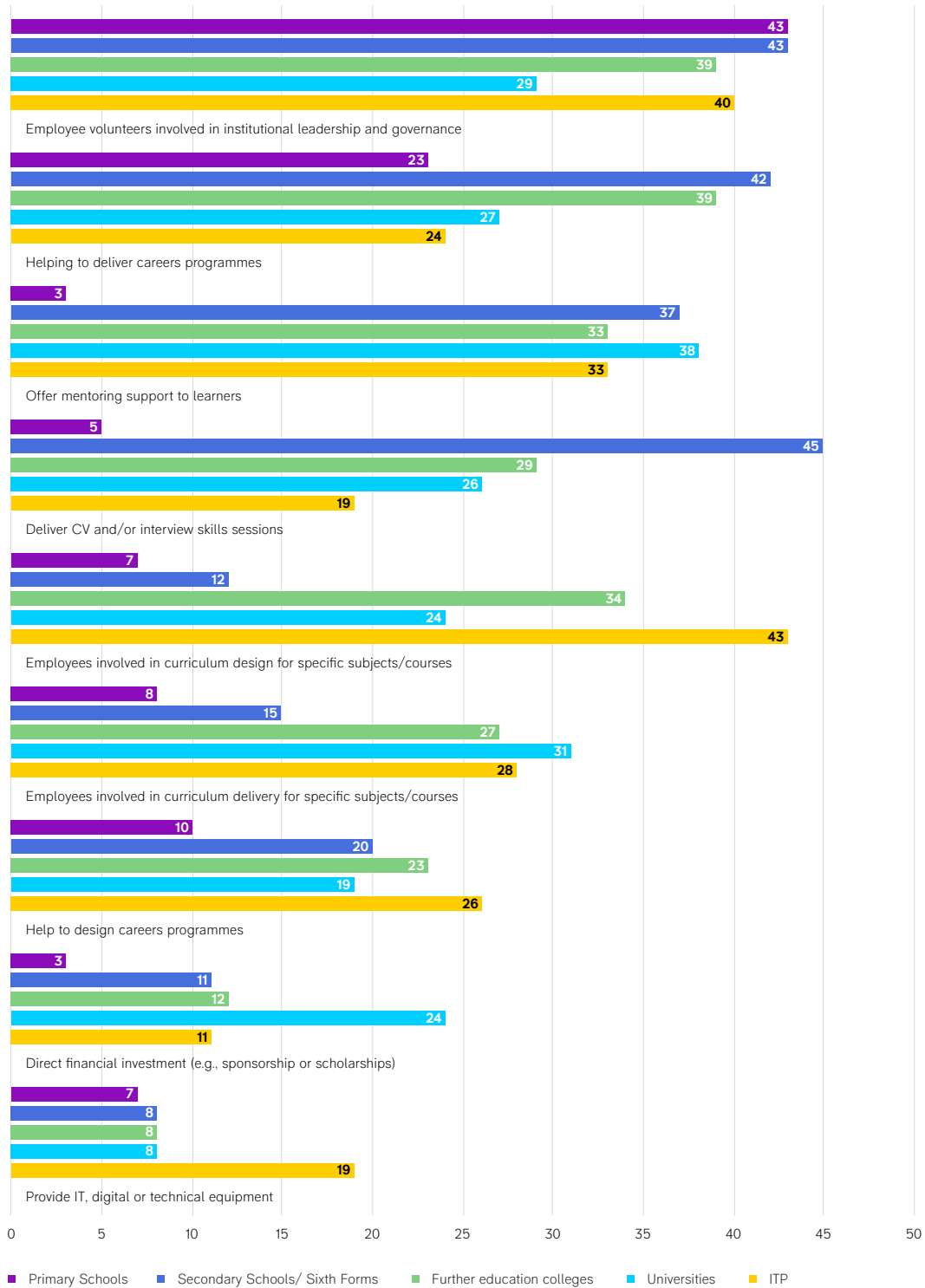
Businesses engage with schools, colleges, universities, and ITPs across a variety of activities, from institutional leadership and governance to engagement in programmes aimed at building student awareness and preparedness for the world of work (**Exhibit 4.3**). This year, we updated our question and split the category for schools into primary and secondary schools/ sixth forms to gain a better understanding of how employer engagement activities change across the different age groups.

When looking at engagement across all institutional types, the most popular form of engagement was employee engagement in institutional leadership and governance. 43% of respondents stated they had employee governance volunteers in primary and secondary schools, 39% in further education (FE) colleges, 29% in universities and 40% in ITPs.

The institution type with the lowest level of engagement was primary schools, with 35% of respondent firms indicating no engagement with this age group. Across post-secondary institutions – including sixth forms, FE colleges, ITPs and universities – employers were more likely to opt into activities that build the employability skills of young people, including the design and delivery of careers programmes, mentorship schemes and CV/interview sessions.



Exhibit 4.3 Nature of employer links with Schools, Colleges, Universities and/or Independent Training Providers (% respondents)*



*Data excluding 'don't know'.

*Please note: results for respondents selecting 'no barriers' and 'other' are not displayed here.

Time constraints are the top barrier to engagement between businesses and education/ skills providers

To better understand the common barriers to businesses engagement across different educational and skills institution types, we asked firms to select the top three factors holding back their collaboration in the past twelve months (**Exhibit 4.4**).

Of businesses reporting barriers to engagement, a lack of employee interest was cited by less than 10% of respondents across all categories, indicating a strong interest in interacting with the education and skills system among respondent businesses.

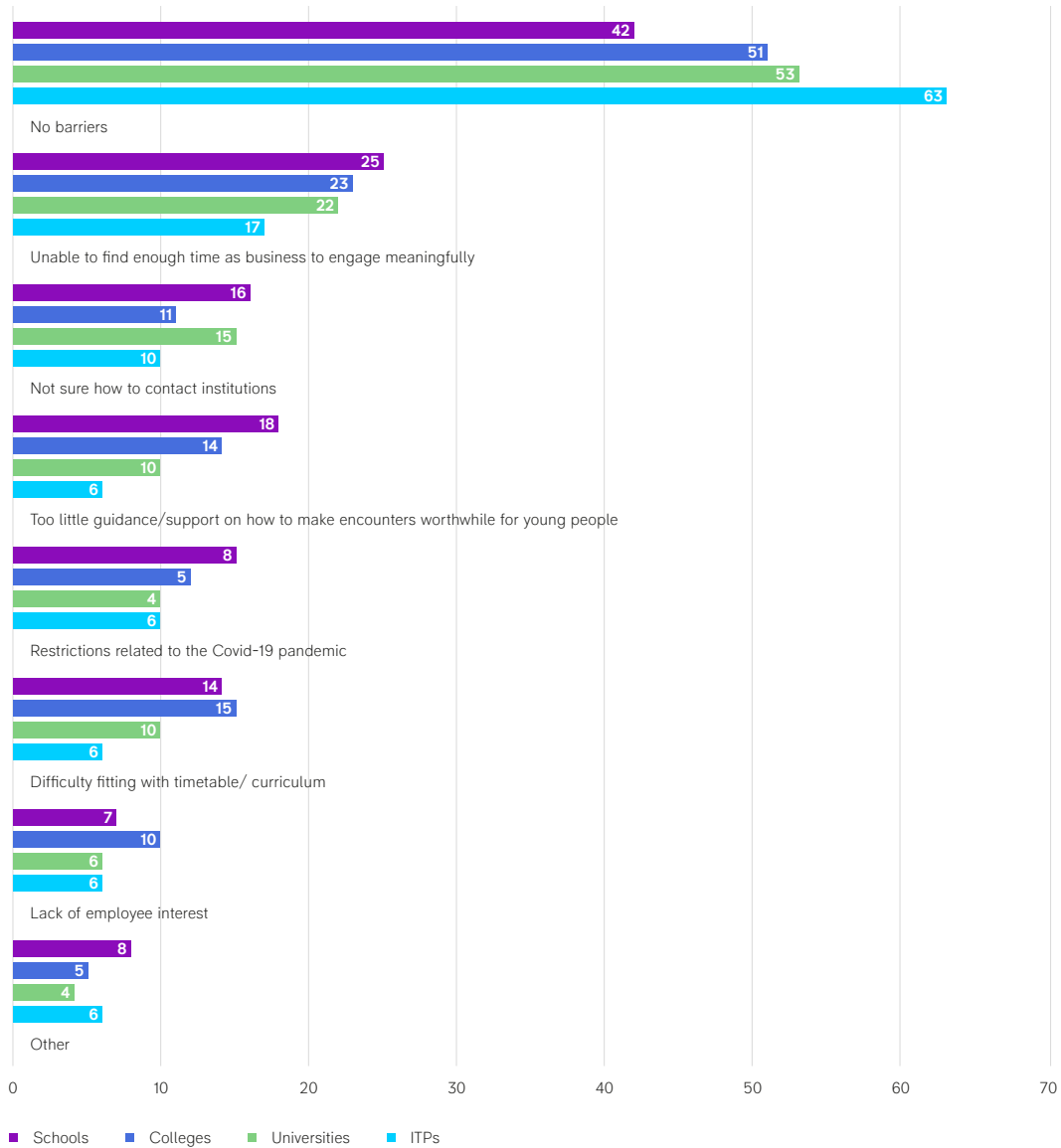
Finding enough time as a business to engage meaningfully with education and skills providers was selected as the top barrier for employers across all institution types. This may reflect the challenge of dedicating personnel to establish relationships with providers amid skills shortages and tight labour market conditions.

In general, respondents reported more barriers to engagement with schools and colleges than with universities and ITPs. Firms reported greater difficulty fitting with the timetable or curriculum of schools and colleges and also reported a lack of support or guidance on how to make encounters worthwhile for young people as a greater barrier to engagement with schools and colleges than with universities or ITPs.

Our survey found that over four in ten employers (42%) reported no barriers in engaging with schools, rising to over half for colleges (51%) and universities (53%) and over six in ten (63%) for ITPs.



Exhibit 4.4 Barriers to engagement with Schools, Colleges, Universities and/or Independent Training providers in the past twelve months (% respondents)*



*Data excluding 'don't know'.

Employers value workplace skills and aptitudes in school leavers and graduates

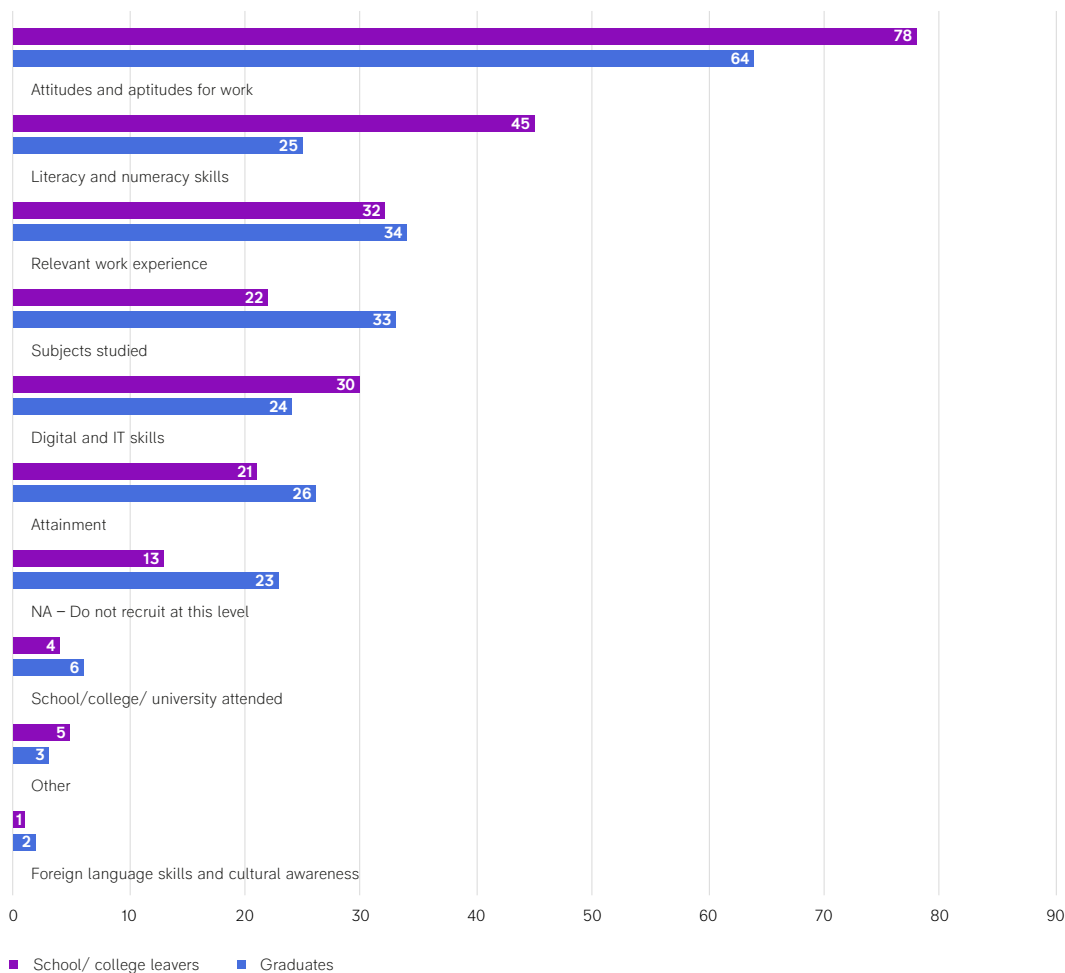
Businesses were asked to outline the top three factors they look for when recruiting school leavers and college graduates (**Exhibit 4.5**). This year, we updated the options to enable comparisons between school and college leavers and graduates.

The top-rated factor employers look for when recruiting school or college leavers and graduates was their attitude and aptitude for work. 78% of employers selected this among their top three factors when recruiting school and college leaders and 64% when recruiting graduates.

32% of respondent firms selected relevant work experience among their top factors when recruiting school and college leavers compared to 34% for graduates. Employers placed a greater emphasis on the literacy and numeracy skills of school and college leavers (selected by 45% of respondents) than graduates (selected by 25% of respondents).


Respondent firms paid lesser attention to the subject taken and attainment of school and college leavers, compared to graduates. Just over one in five (22%) selected the subject studied among their top factors when recruiting school or college leavers, compared to one third (33%) for graduates. 21% of employers rated attainment among their top three factors when recruiting school or college leaders compared to 26% for graduates.

Exhibit 4.5 Most important factors in recruiting school/ college leavers and graduates (% respondents)*



*Respondents were asked to select top three factors.

*N/As included.

A person wearing a white lab coat is seated at a desk, working on a laptop. There are several books on the desk in front of them. The background is a blurred office or laboratory setting. The entire image has a blue color overlay.

"Given the strong emphasis of employer and education partnerships in the delivery of the government's skills reforms including careers education, apprenticeships, T Levels and Local Skills Improvement Plans, our results suggest there is more work to be done to remove the remaining barriers to employer engagement across the education and skills system."

Apprenticeships

Apprenticeships continue to be a popular pathway to start a career and are increasingly used to switch occupations and update skills mid-career. Most businesses intend to increase or maintain their current apprenticeship offer over the next twelve months, though fewer businesses are looking to expand their plans for delivery compared to last year. Many employers see apprenticeships as a key lever in recruiting and retaining talented staff. However, as businesses continue to navigate a tight labour market, they are also receptive to the benefits of other forms of training and would like to see this reflected through additional levy flexibilities to enable access to a broader range of training options.

Key findings

- Two in three respondents (66%) offer apprenticeships, consistent with last year's finding (67%).
- There has been a drop in the number of businesses looking to expand their plans for apprenticeship delivery in the next 12 months relative to last year, from 43% in 2021 to 34% in 2022. 40% of respondents plan on maintaining their apprenticeship offer this year, compared to 29% in 2021.
- Finding a provider that can deliver a relevant course has become significantly more difficult, with 48% of respondents stating that this would make the apprenticeship system more effective, compared to 29% last year.
- Of the firms that do not offer apprenticeships, the key reasons for not doing so were identified as the lack of compatibility between current apprenticeship standards and skill needs (42%), the complexity of administration (27%) and greater relevance of other forms of training (24%).
- When asked about proposed features of a Skills Challenge Fund, three quarters of respondent firms (75%) were supportive of extending funding to cover other forms of regulated or accredited training.

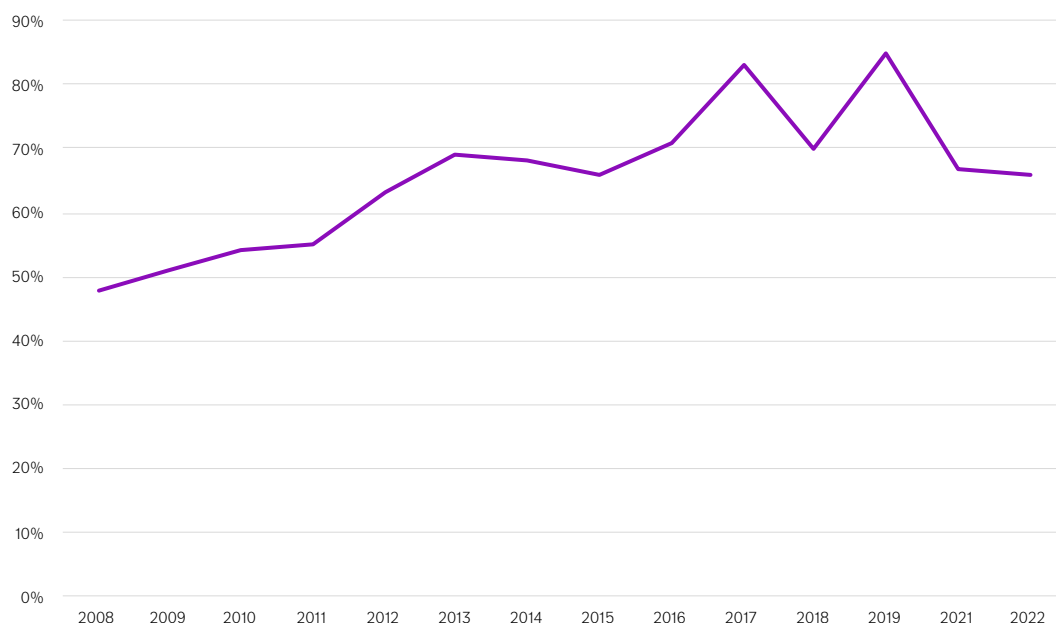


Around two thirds of businesses are engaged with apprenticeships, consistent with last year's findings

In line with previous Education and Skills surveys, respondents were asked to report whether they have apprentices in their workforce (**Exhibit 5.1**).

The findings suggest that the proportion of business engaging with apprenticeships has remained broadly unchanged in the past twelve months, with roughly two-thirds engaged (66%). This is similar to the levels of engagement reported between 2012 and 2015.

Exhibit 5.1 Businesses offering apprenticeships (% respondents)



*No data available for 2020.

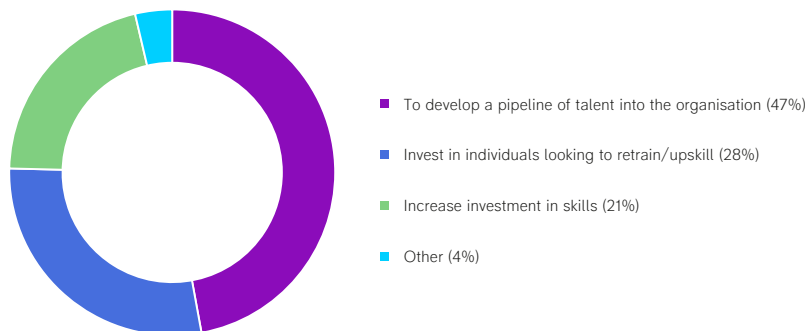


Businesses offering apprenticeships agree they are a key lever for creating a talent pipeline...

This year, respondents who offered apprenticeships were asked why their organisation had decided to offer them **(Exhibit 5.2)**.

Nine in ten (90%) reported that they saw apprenticeship provision as playing a role in their organisation's recruitment of talented staff. Around half (54%) also saw apprenticeships as a pathway for retraining and upskilling existing staff and four in ten (40%) said they saw them as a way of increasing investment in skills.

Exhibit 5.2 Reasons for delivering apprenticeships (% respondents)*



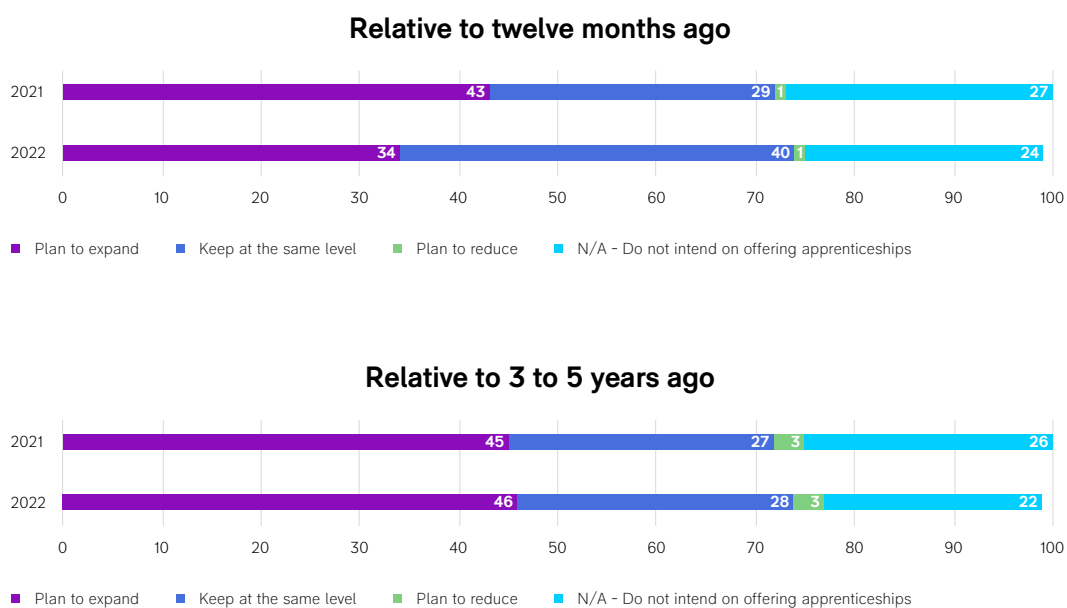
*Respondents selected all that apply.

... However, fewer businesses intend on increasing their investment in apprenticeships above 2021 or pre-pandemic levels

Respondents were asked about their current plans for apprenticeship delivery over the next twelve months relative to twelve months and 3-5 years ago, respectively (**Exhibit 5.3**).

When compared to last year's survey, more respondents indicated that they intend to at least maintain their apprenticeship delivery over the next twelve months (75% in 2022 versus 72% in 2021). However, there was a drop in the number of respondents intending to increase their provision since last year's survey (34% in 2022 versus 43% in 2021).

Exhibit 5.3 Plans for apprenticeship delivery over the next twelve months relative to twelve months ago (% respondents)*



*Data excluding 'don't know'.

*Does not total to 100% due to rounding.

Shortages are making it harder to find a local provider...

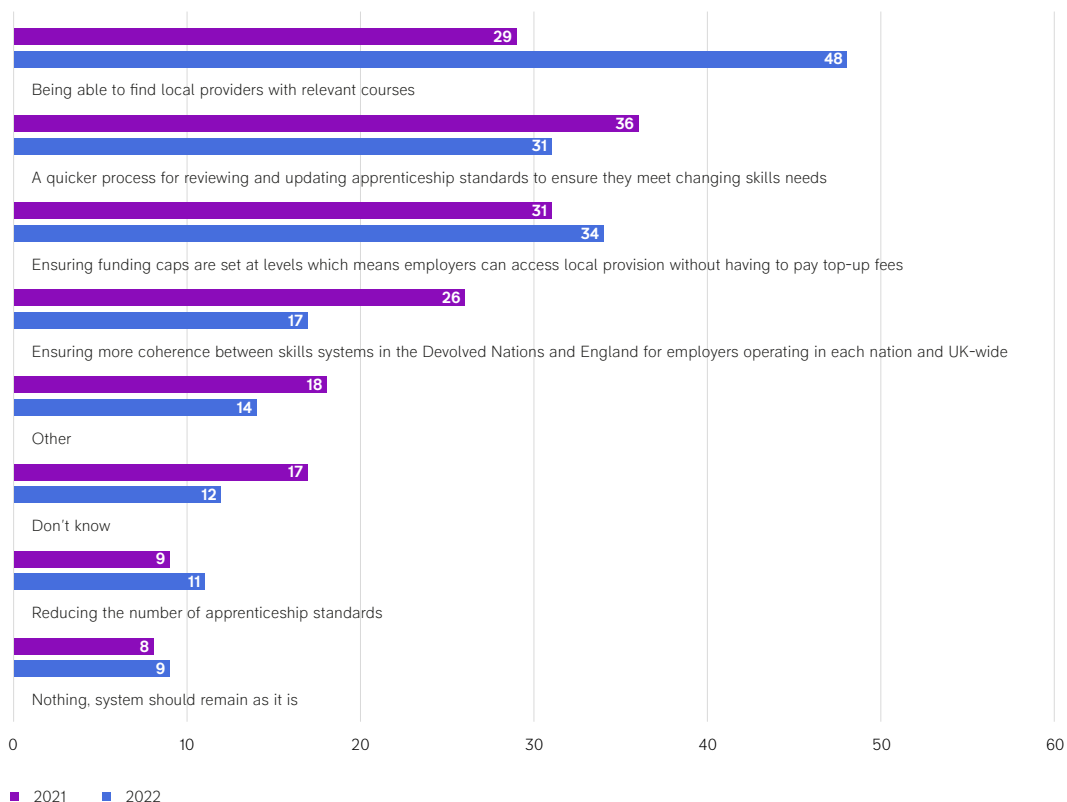
Since 2021, respondents have been asked to select the types of changes they think would make the apprenticeship system more effective for their organisation (**Exhibit 5.4**).

Just under half of respondents (48%) said that being able to source local providers would make the system more effective. Next, around a third of respondents (34%) said that ensuring funding caps are set at levels which mean employers can access provision without having to provide top up funding would improve the system.

This corroborates insights from CBI members that the cost of delivery is above upper funding band limits for several apprenticeship standards, making it financially unattractive or unviable for providers to deliver certain courses without charging additional fees. The key challenges identified by businesses – being able to find a provider and funding caps not covering the cost of provision – are likely being exacerbated by inflation and labour shortages in the FE sector.

When compared to last year’s survey, a smaller proportion of respondents (31%) said that quicker processes for reviewing and updating apprenticeship standards would improve the system, compared to 36% in 2021. 17% of respondent firms said that ensuring more coherence between skills systems across the four UK nations (down from 26% in 2021) would be beneficial.

Exhibit 5.4 Employers views on what would make the apprenticeship system more effective for their organisation (% respondents)*



*Respondents were asked to select all factors that apply.

... with some firms not offering apprenticeships due to a lack of relevant standards

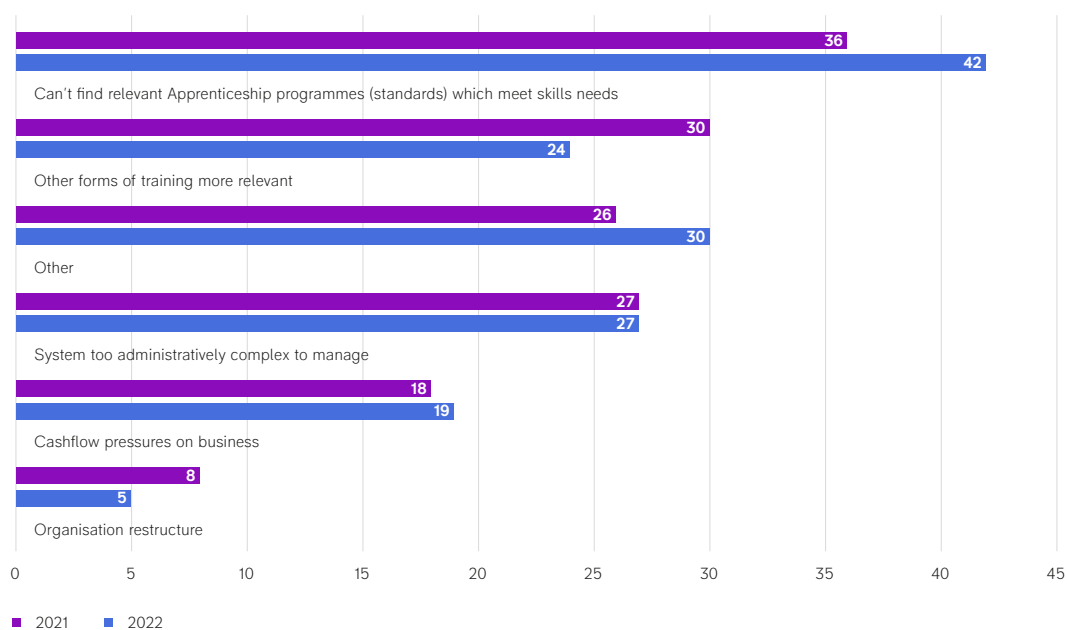
Employers who did not offer apprenticeships were asked to select the reasons they did not engage with the programme (**Exhibit 5.5**).

Over four in ten (42%) of respondent firms said there was a lack of relevant apprenticeships standards which met their skills needs. Next, firms told us that the complexity of the administration (27%) and other relevant forms of training (24%) were their top reasons for not recruiting an apprentice.

Three in ten (30%) respondent firms opted for another reason and we asked these employers to specify their reason for not engaging with the apprenticeship programme. Some illustrative responses included:

- “As a relatively small employer we currently have no apprentice suitable roles available. We will look at the potential for recruiting apprentices in the future.”
- “I would like to [recruit an apprentice] and asked local development initiative which was not targeted enough on manufacturing.”
- “Previous poor experiences.”

Exhibit 5.5 Reasons why organisations are not offering apprenticeships (% respondents)*



*Respondents were asked to select all factors that apply

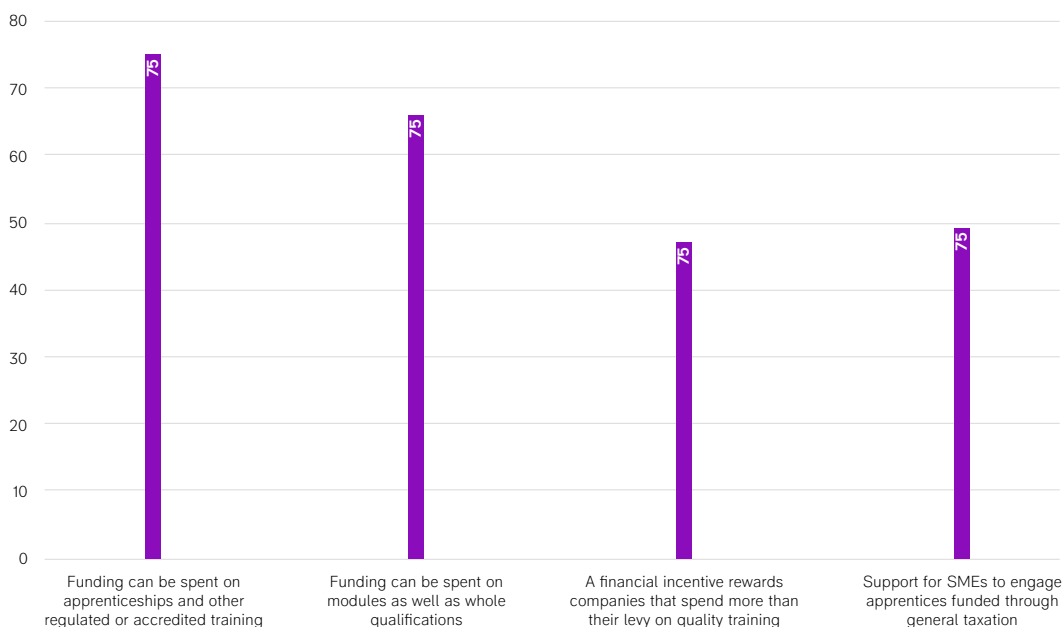
Businesses would like additional flexibilities within a Skills Challenge Fund

Since the introduction of the Apprenticeship Levy in 2017, the CBI has been gathering insights about employer experiences of delivering apprenticeships. Whilst the Levy has enabled some businesses to invest in training for new and existing staff, many businesses have expressed frustration with the rigidity of the levy which has acted as a barrier to addressing their skills gaps and upskilling needs.

This year, we asked respondent firms to outline their level of support for different options for reform to the Levy, which the CBI would like to see remodelled into a 'Skills Challenge Fund' (**Exhibit 5.6**).


Our results suggest a strong level of employer support for increasing the flexibility of the Levy. When asked about proposed features of a Skills Challenge Fund, three in four (75%) respondent firms supported the idea that funding could be spent on other regulated or accredited training. There was also a high degree of support for extending funding to include modules as well as whole qualifications, with two thirds of respondent firms (66%) indicating support for this feature. There was also a high degree of support for extending funding to include modules as well as whole qualifications, with two thirds of respondent firms (66%) indicating support for this feature.

Exhibit 5.6 Employer support for options for reform to the Apprenticeship Levy (% respondents)



*Respondents were asked to select all that apply.

Based on feedback from our members, the CBI has continuously made the case that the Apprenticeship Levy is too rigid, resulting in inefficient used and unused funding. By remodelling the Apprenticeship Levy into a Skills Challenge Fund and enabling greater flexibility over spending – for example, by including other types of regulated training and modules - we can unlock employer skills investment and business performance, while supporting the Government's skills reforms.

A group of people are seated around a table in a meeting, with papers, notebooks, and coffee cups visible. The image is overlaid with a blue gradient and a white border containing a quote.

"Many employers see apprenticeships as a key lever in recruiting and retaining talented staff. However, as businesses continue to navigate a tight labour market, they are also receptive to the benefits of other forms of training and would like to see this reflected through additional levy flexibilities to enable access to a broader range of training options."

About the CBI

Founded by Royal Charter in 1965, the CBI is a non-profit business organisation that speaks on behalf of 190,000 UK businesses of all sizes and from across all sectors, employing nearly 7 million people between them. That's about one third of the private workforce. This number is made up of both direct members and our trade association members. We do this because we are a confederation and both classes of membership are equally important to us.

The CBI's mission is to promote the conditions in which businesses of all sizes and sectors in the UK can compete and prosper for the benefit of all. With offices around the UK (including in Scotland, Wales and Northern Ireland) and representation in Brussels, Washington, Beijing and Delhi, the CBI communicates the British business voice around the world.

Our mandate comes from our members who have a direct say in what we do and how we do it

The CBI receives its formal mandate from 9 Regional Councils, 3 National Councils from Scotland, Wales and Northern Ireland plus 16 sector based Standing Committees. These bodies are made up of members in that region, nation or sector who serve a term of office. The chair of each Standing Committee and Regional and National Council sit on the CBI's Chairs' Committee which is ultimately responsible for setting and steering CBI policy positions.

Each quarter this formal engagement process across the CBI Council reaches over 1,000 senior business leaders across 700 of our members who have a direct say in what the CBI do and how they do it, from refreshing their workplan to discussing the key business issues of the day and re-calibrating its influence. Over 80% of the businesses represented on the CBI Council are outside of the FTSE350 as the CBI represents a wide range of sizes and sectors from the UK business community. This formal governance process is supported by a wide range of working groups, roundtables, member meeting and events that makes the CBI unparalleled at listening to and representing British business.

CBI Council in numbers



1000+

Committee and Council representatives



28+

Regional and National Council and sector based
Standing Committees



50%

Representatives of the CBI Council at C-Suite level



80%

Of the CBI Council from non-FTSE 350 businesses

To share your views on this topic or ask us a question, contact:



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