

Written evidence from Tank Storage Association (SFF0020)

Introduction

1. Tank Storage Association (TSA) members provide and support an essential interface between sea, road, rail and pipeline logistics for many different substances including transport and heating fuels, chemicals, animal feed and foodstuffs. Collectively, our members operate 302 terminals and distribution hubs in the UK and have over 11 million cubic metres of storage capacity in the UK and Republic of Ireland. The vast majority of terminals are independent terminal operators which means that they do not own the products stored in their tanks. Around 22 of the terminals operated by TSA's members in the UK are designated by the Government as Critical National Infrastructure (CNI) due to their importance in providing energy to industrial, transport and defence markets. Storage capacity also includes strategic reserves held for emergencies and supply disruptions. Our members are responsible for the direct employment of over 11,000 highly skilled, specialised people. In addition, £1.5bn of planned investment is expected over the next five years.

Q1 What kinds of skills do you think will be needed for the future of the UK economy? Is the UK's skills and training system capable of equipping increasing numbers of people with these skills?.

2. We expect an increase in more digitised skills will be needed, established across all disciplines in our sector, including engineering and operations. These digitised skills will also need to address emerging technologies such as Artificial Intelligence (AI) and Big Data.
3. Our view is that it is challenging for traditional Further Education (FE) routes to keep up with the pace of change in workplace skills and the adoption of new technologies. To meet these challenges, our sector becomes more reliant on specialised training colleges and Independent Training Providers (ITP) to deliver the knowledge, skills and behaviours in these emerging areas. Please also refer to our commentary against question 4.

Q2 Is it clear to everyone involved in the skills system what the respective roles of the Government, employers, individuals and institutions are within that system?

4. No clear set of roles and responsibilities are widely circulated to employers at present. The knowledge our sector has is largely based on asking questions and building a network of experts in different areas that are willing to clarify the education system.

5. We would like to reference the resources provided through The Careers and Enterprise Company that work with local councils to help bridge the gap between education and industry. They provide good resources for small and large businesses to use, however they are not widely known.

Q3 What is the appropriate level of government intervention in the development of skills policies? How can government best add value in this area?

6. If we were to take the role of Government into a business context, then their role, in our view, is to perform the duties of an executive board, and should oversee strategic planning and decision making activities. It should offer advice to education and industry professionals and should be used to communicate the wider strategic view.

Q4 Are current Government policies on skills, particularly apprenticeships and training, sufficiently clear? Have policies and the institutional set-up been sufficiently consistent over time? If not, what changes or reforms would you recommend?

7. We do not feel that there is a coherent approach with regards to apprenticeships and training. The current focus is weighted towards Further Education (FE) establishments such as Colleges and Universities, whereas within our sector (and more widely through the process industries) Independent Training Providers (ITP) are utilised to provide the specialised and tailored training that our employers require. These Independent Training Providers (ITP) are largely ignored within the current approach.
8. Whilst we recognise that policies and the institutional set-up for apprenticeships and training has sought to focus on the need of employers, we have experienced several changes in direction in terms of policy and provision requirements that does not allow a sustained approach to skills development.
9. Against these concerns we would recommend the following changes:
 - a. Wider recognition of the critical role of Independent Training Providers (ITP) in delivering apprenticeships and training. ITP's require greater direct support and access to funding that is currently available to FE establishments such as colleges universities. The current model which favours FE establishments disadvantages growth and skills development in the process sector – the investment by ITP should be recognised and supported.
 - b. Re-instatement of mandatory qualifications for apprenticeship routes. We feel that the recent removal of mandatory qualifications from apprenticeship routes has detrimentally impacted their value, and may in turn impact on potential future enrolments by industry for apprentices. This also has a negative impact on experienced

personnel who may wish to further their careers through the apprenticeship route as they do not have a defined career pathway.

10. With regards to information that is currently available, the House of Commons Library Apprenticeships Policy in England is a clear and concise document that guides the employer through the basics of what is involved in employing an Apprentice and the minimum expectations of both the employer and the apprenticeship training provider. However following the embedded links to additional information is a significant resource drain particularly for small and medium-sized enterprises (SME's) - for a smaller business with limited resource this could prove to be problematic and a barrier for taking on an apprentice.

Q5 Are the right institutions in place to ensure an effective skills system for the future? Should co-ordinating institutions be national, regional or sectoral, or a mixture of each?

11. At this time we do not have any commentary to make against this question.

Q6 Concerns have been raised over the operation of the Apprenticeship Levy, particularly in relation to the decline in young people taking on apprenticeships. Is there a case for reforming the levy, for example by ring-fencing more levy funding for training for younger apprentices?

12. We recognise and support the intent of the Apprenticeship Levy and the role it has, when applied appropriately, in attracting and training new and experienced personnel into the terminal operations (and wider process industries) sector.
13. We do not feel that the Apprenticeship Levy system requires a significant re-design, however we feel that it would benefit from:
 - a. Less bureaucracy for employers and Independent Training Providers (ITP). The current cost of delivering an apprenticeship, and the value given to any respective route, is creating a gap that will not be achievable financially.
 - b. A review to determine how to widen core qualification routes to create defined career pathways from level 2 to level 7, and how employers can access levy pot funds to enable experienced workers to navigate career progression.
 - c. A review of compliance requirements for Independent Training Providers (ITP). These currently place a significant financial and time burden on ITP's in dealing with the numerous requirements and regulatory and approving bodies. This adds significantly to the cost of delivery as well as complicating the delivery process. We

recommend reform and simplification in this area to ensure coherency and consistency.

14. With regards to employers, we would recommend greater flexibility in how levy funds can be accessed and applied. Levy funding should be made available to not only cover apprenticeship costs, but also part of the employment costs, such as wages and training expenses (for example travel and subsistence). Applying this flexibility is beneficial for a number of reasons:

15. Addressing Financial Barriers

- a. **Cost of Employment:** Many businesses, especially small to medium sized enterprises (SMEs), may struggle with the financial burden of hiring apprentices due to the costs associated with wages and the time required for training. Allowing Levy funds to cover these expenses can make it more financially viable for companies to hire and train young people, and provide career progression routes for existing staff through apprenticeships.
- b. **Training Expenses:** The training costs can extend beyond the formal apprenticeship program, including the resources needed for on-the-job training and development. Flexibility in fund usage can ensure that apprentices receive comprehensive training without additional financial strain on employers.

16. Encouraging Youth Employment

- a. **Reducing Unemployment:** By easing the financial burden on employers, more businesses might be encouraged to hire young people, which can significantly reduce youth unemployment rates.
- b. **Work Experience:** Young people often face the challenge of being considered inexperienced. By supporting employers financially, the Levy can help more young individuals gain the work experience they need to build successful careers.

17. Improving Training Quality

- a. **Comprehensive Training:** With more funds available for employment costs, businesses can invest in better quality and more extensive training programs, leading to more skilled and competent workers.
- b. **Retention Rates:** Employers might be more inclined to retain apprentices if they are not as financially burdened, improving retention rates and providing stability for apprentices.

18. Enhancing Business Participation

- a. **Increased Participation:** More businesses might participate in apprenticeship programs if they see a direct financial benefit, leading to a broader and more diverse range of apprenticeship opportunities.
- b. **Long-Term Investment:** Businesses might view apprenticeships as a long-term investment rather than a short-term cost, fostering a culture of continuous development and upskilling within the workforce.

19. Policy Implications

- a. **Review of Levy Policy:** Policymakers could consider revising the current structure of the Levy to incorporate these suggestions, potentially leading to higher utilisation rates of Levy funds and better outcomes for both employers and apprentices.
- b. **Stakeholder Engagement:** Engaging with businesses, educational institutions, and apprentices can provide insights into how these changes could be implemented effectively and what specific areas of employment costs should be prioritised.

20. Taking this more flexible approach to how levy funds can be accessed and applied should significantly enhance the effectiveness of apprenticeship programs, particularly with SME's who have limited budgets, and resources, available. It would make it easier for businesses to invest in young talent, improve training quality, and ultimately contribute to reducing youth unemployment. This flexibility could be a crucial step towards creating a more skilled, experienced, and stable workforce.

21. Whilst we understand that training and skills is a devolved issue, greater alignment and access to levy funding across the wider United Kingdom would be beneficial to many businesses, especially those with multiple sites across England, Scotland, Wales and Northern Ireland.

22. Finally, there is no clarity over what happens to levy funding that is not spent by a business. Understanding how this is used, and exploring how it could be better utilised or distributed to help attract apprentices, develop resources for businesses, and to assist in the establishment and maintenance of apprenticeship programmes would be beneficial.

Q7 What should the role of business be in encouraging the development of skills in the UK? Should business be a consumer, funder, trainer or co-designer of skills provision?

23. We believe that industry has a duty to play a part in all of these elements:

- a. The consumer for well established industry training,

- b. Support and fund where possible the upskilling of staff as they are one of our biggest resources requiring as much investment as our physical assets
- c. Involved with co-designing the skills provision helping both providers and business stay as relevant as possible.

Q8 In a more mobile, flexible labour market, what incentives do employers have to provide training for their employees? Why do you think that employer investment in training has declined in recent decades?

24. When budgets are restricted, training can often be impacted. We have seen significant disruption to business continuity and costs in recent years, including exiting the European Union (EU), the Covid pandemic and more recently geopolitical unrest and rising energy costs – all of which have placed a significant financial and resource burden on businesses. We would seek to explore options that incentivises employers to provide a minimum level of training for their employees, potentially utilising unspent levy funding to enable this.

Q9 Should further incentives be put in place to reverse the decline in employer investment in training, and if so, what form should these incentives take?

25. Please refer to our response to questions 6 and 8.

Q10 What incentives do individuals have to involve themselves in apprenticeships and training? Is the system available and attractive enough to encourage individuals to seek training, and if not, what can be done to improve this?

26. At this time we do not have any commentary to make against this question.

Q11 How does the UK's approach to skills and training compare to those of other countries? Are there examples of good practice that the UK should be learning from?

27. At this time we do not have any commentary to make against this question.

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