

Hints and tips for setting apprentice charge out rates

Determining the right charge out rate for apprentices is not just a numbers exercise, it is about striking a balance between commercial sustainability and meaningful workforce development. Apprenticeships bring long term value to electrical businesses, but only when employers take a thoughtful, structured approach to costing their time.

Pye Tait Consulting was commissioned by The Electrotechnical Skills Partnership (TESP) to explore the rationale behind employers' different approaches to charge out rates for electrical apprentices. The following five tips stem from that study and draw on real world practices from across the sector. They offer practical guidance and considerations that will help businesses set rates that are fair, competitive, and reflective of the true value apprentices bring as they grow in skill and confidence.

1. Understanding the cost base

The foundation of any apprentice charge out rate is a clear view of the full cost of employing them. The largest elements are typically apprentice wages and the cost of supervision. However, employers also absorb a range of additional expenses, including equipment, administration, travel, and insurance. A sustainable rate thus needs to reflect all of these inputs and not just headline wage costs.

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We include an hourly rate for an apprentice – we account for all overheads such as wages (also allowing for time he is at the training provider), supervision (relatively low with this apprentice as he is good), tools, insurance, and other training in the costing. The client just gets a labour rate from us, they don't see how much we are charging for the apprentice.

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Yorkshire and the Humber, Small employer

2. Recognising when apprentices generate income

Apprentices are usually on site around four days per week, and it is only during this time that they can contribute to chargeable work. While supervision costs apply on these working days, employers must still pay wages when apprentices attend college, even though no income can be generated from their time. The combination of apprentices' productive and non-productive time thus needs factoring in, as this is central to determining a realistic and commercially viable charge out rate.

3. Recognising the growing value of apprentices over time

As apprentices progress through their training, they gain confidence, capability, and independence. With each year, they contribute more meaningfully to the business, becoming a genuine asset rather than a cost centre. Charge out rates should evolve to reflect this increasing value. Adjusting rates in line with an apprentice's development not only rewards their growing productivity but also ensures the business captures an appropriate return on its investment.

4. Building flexibility into the approach

Apprentices often become highly proficient in specific tasks well before they complete their programme. When an apprentice can deliver work efficiently and to a high standard, it is entirely reasonable to charge a higher rate for that contribution. The additional revenue generated during these periods of high productivity can help offset times when the apprentice requires more supervision or is learning new, unfamiliar tasks.

A flexible approach also supports the broader goal of ensuring apprentices gain exposure to the full range of skills they need. By balancing higher value work with periods of learning and development, businesses can maintain commercial viability while still providing the varied experience essential for producing well-rounded, competent electricians.

5. Planning ahead to maximise apprentice value

Forward planning plays a crucial role in making apprentice time both productive and commercially viable. Work pipelines vary across businesses, but wherever possible, it is beneficial to map out apprentice involvement in advance. This helps avoid situations such as single person jobs, where it can be difficult to justify adding an apprentice to the chargeable team.

By planning ahead, employers can strike the right balance between meeting apprentices' learning needs and maximising returns when they are able to work on tasks in which they are already highly proficient. Factoring this into charge out rate decisions ensures that apprentices contribute effectively to the business while still gaining exposure to the full range of skills required for their development.

“ *We have a good pipeline of work, normally a month, which enables us to plan in advance for the work the apprentice is doing, and which also helps them to gain the experience they need and become more efficient at what they are doing.* ”

London, Micro employer