Robert Halfon MP
Minister for Skills, Apprenticeships and Higher Education
20 Great Smith Street
London
SW1P 3BT

14th February 2024

Action required: Reform the Apprenticeship Levy

Dear Minister,

We are writing to you on behalf of businesses operating in the food and drink supply chain to ask you to take action to reform the Apprenticeship Levy into a wider Skills Levy to stimulate greater investment in skills and training ahead of this year's Spring Budget.

Apprentices play a pivotal role in our economy, serving as a cornerstone of our workforce. Together, we are steadfast in our commitment to advancing diversity and inclusion across all facets of our field, aiming to propel skills, and training initiatives, ensuring the resilience and continuous improvement of our workforce.

We recognise the strengths and opportunities offered by the Apprenticeship Levy. Nevertheless, addressing the system's inherent flaws is crucial, given the return of over £3.3 billion in unspent funds to the Treasury since 2019. Among the signatories, many businesses can only access a small fraction of the levy, ranging from 5-10%, with the highest utilisation being 50%. This limited usage is mainly due to overly complex criteria that make much of the funds inaccessible. The current one-size-fits-all approach falls short, particularly concerning classroom hour requirements. This rigidity often places businesses in a predicament, where they must choose between maintaining operational efficiency and investing in the development of our future workforce. Recognising the importance of dedicated study time, we advocate for a more adaptive model. The Apprenticeship Levy should operate on a sliding scale, tailored to the specific skills required by different sectors. This approach would alleviate the burden on businesses, ensuring they can balance operational needs while actively contributing to the cultivation of a skilled workforce.

Additionally, apprentices may find themselves vulnerable when their training providers go bankrupt, having already utilised a significant portion of the levy funding. In such unfortunate circumstances, apprentices are left without a certificate or acknowledgement for their dedicated efforts and may also face challenges in completing their training with an alternative provider.

To tackle this issue, we are calling on the UK Government to introduce a more flexible approach and transform the Apprenticeship Levy into a wider Skills Levy. The bureaucratic nature of the current system poses a hindrance to the flexibility needed for maximising its value as a resource. In allowing it to be more flexible, the Apprenticeship Levy funding should:

1. Extend its utility beyond its current confines to include provisions for providing hardware for learning, travel allowances, meal allowances, accommodation, financial support for those in need, and various other avenues for enhanced support.
2. Strengthen the availability of the Adult Education Budget or extend the scope of the levy to invest in short modular courses, bootcamps, and training in literacy, numeracy, and broader industry skills crucial for the success of apprenticeships.

3. Create a sliding scale for on-the-job hour requirements to allow for greater flexibility for more practical apprenticeships that require less study time.

The Apprenticeship Levy holds the potential to foster future generations, support our industries and create a sustainable and resilient workforce. However, its efficacy hinges on its usability and flexibility. Introducing these much-needed reforms to the Apprenticeship Levy would allow it to realise its intended impact, unlocking productivity for business and bolstering growth across our economy. We therefore urge you to consider these pressing issues.

Thank you for your attention to this critical matter.

SIGNATORIES: