

2 September 2019

Rt Hon Sajid Javid MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ
United Kingdom

Dear Chancellor,

As representatives of tens of thousands of businesses, representing millions of workers from every corner of the UK, across all sectors and sizes of firm, we urge you to broaden the apprenticeship levy so that funds can be spent on other forms of accredited, quality training. We believe this approach would benefit workers, employers and the wider economy.

The levy was created with the best intentions, but its complex rules and single-minded focus on just one sort of high-quality training has limited its effectiveness as a policy. As well as a slower pace of growth for apprenticeships overall, opportunities for younger people and flexible workers have been particularly affected, in both the apprenticeship system, and in other high quality qualifications.

An effective skills policy has never been more important. It underpins productivity, opportunity and innovation. Our inability to address stubbornly slow productivity growth is undermining prosperity and opportunity in the UK. This will only get more important as automation, AI and market changes have large consequences for the future of work – something you have noted yourself. Ensuring that the UK workforce has the skills they need to be able to seize the opportunities presented by the fourth industrial revolution must be a shared priority.

During the Conservative leadership contest, you acknowledged the possibility of *“broaden(ing) the apprenticeship levy into a wider skills levy, giving employers the flexibility they need to train their workforce, while ensuring they continue to back apprenticeships.”* We believe this would be the right step. A levy that allows businesses greater flexibility to fund accredited, quality training that is effective for workers and employers – rather than meeting a Government target – would be ideal. It would help to fill skills shortages and enable higher pay for workers.

At present, the levy system is actively damaging skills development in the UK economy at what is a critical time. We would be delighted to work with you and the Secretary of State for Education – to whom we have copied this letter – to urgently design an approach that will work for the Government, employers and workers.

Yours sincerely,

Neil Carberry, Chief Executive, Recruitment & Employment Confederation
Peter Cheese, Chief Executive, Chartered Institute of Personnel and Development
David Wells, Chief Executive, Freight Transport Association
Andrew Harding FCMA CGMA, Chief Executive – Management Accounting, The Chartered Institute of Management Accountants

Seetha Kumar, Chief Executive, ScreenSkills
Mark Farrar, Chief Executive, Association of Accounting Technicians
Simon McVicker, Director of Policy and External Affairs, The Association of Independent Professionals and the Self-Employed

