

**The Rt Hon Robert Halfon MP,**  
Minister for Skills, Apprenticeships and Higher Education,  
Department for Education,  
20 Great Smith Street,  
London,  
SW1P 3BT

**The Rt Hon John Glen MP,**  
Chief Secretary to the Treasury,  
HM Treasury,  
1 Horse Guards Road,  
Westminster  
London,  
SW1A 2HQ

3 February 2023

Dear Robert and John,

As ONS figures continue to show UK job vacancies outstripping the number of people seeking work, it has never been more important for businesses and government to work together to ensure the current and future workforce has the right skills. A well-skilled workforce means higher productivity, stronger economic growth, and better wages for employees.

This is why the Apprenticeship Levy and the opportunities it funds are vital for businesses and the country. However, the scheme as currently set up, is holding back investment in equally valuable non-apprenticeship training.

**On behalf of our members, we are calling for the Apprenticeship Levy to be widened into a broader Skills Levy and for businesses to be allowed to spend their funds on a wider range of high quality, accredited courses.**

For most businesses, apprenticeships are only part of the skills picture. Despite investing significantly in the Apprenticeship Levy, funds can only be spent in a very narrow way. A Skills Levy should reflect the evolving needs of the education landscape, giving employers the flexibility to invest in their workforce through short, modular courses and online learning. In addition to apprenticeships, potential employees may need shorter, more targeted courses to get them to a position where they are able to start a full apprenticeship. Existing staff could also benefit from shorter, more tailored upskilling programmes, whether this involves courses to help them transition to a different role or upskill with an eye on career progression. None of these much-needed courses can currently be funded through Apprenticeship Levy funds, £3.5 billion of which has expired since 2019 because businesses were not able to spend it.

Businesses are proud to invest in these courses – providing additional funds on top of their Levy payments. However, reforming apprenticeship funding to cover a wider range of skills and course types would ensure more of that existing, unused money is invested in skills, creating more opportunities for learning, and allowing businesses to invest more in other areas of their organisation.

It is important to note that these changes would be revenue-neutral for the Exchequer, the money is already being paid by our members and other businesses under the Apprenticeship Levy but, due to the restrictive nature of the scheme, being left to sit idle. These proposals would unlock that funding, allowing businesses to invest many millions more in the essential skills and training the economy needs to grow.

As a group of industry bodies working with our members to ensure the UK labour market has the skills needed to thrive, we would welcome the opportunity to meet with you to discuss our concerns in more detail and to ensure we are able to work with your departments to guarantee businesses continue to be able to invest in their workforces.

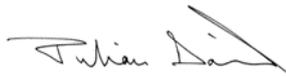
Yours sincerely,



**Helen Dickinson OBE**  
Chief Executive



**Neil Carberry**  
Chief Executive



**Julian David**  
CEO



**Kate Nicholls OBE**  
Chief Executive

