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The Rt Hon Justine Greening MP
Secretary of State for Education
Department for Education
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT

5th August 2016

Dear Secretary of State,

As membership and professional bodies representing members from charities, businesses and the public sector, we are writing to urge you to delay the introduction of the Apprenticeship Levy.

We fully support the government's ambitions to create more high quality apprenticeships, and to improve skills across the economy. However, in its current form the levy will not deliver these aims. A recent report from the CIPD, the professional body for HR, showed that while the levy is likely to boost the overall number of apprenticeships, it risks undermining overall apprenticeship quality and wider investment in the skills of the workforce.

We therefore urge government to take a considered pause and work with charities, industry and other stakeholders to ensure that the levy is fit for purpose, until which time the levy should not go ahead.

Moreover, the result of the EU referendum has ushered in a period of economic uncertainty. The levy represents a significant cost to many of the organisations that we represent. For example, it is set to cost charities at least £200 million by the end of this parliament – a cost that will exacerbate the existing squeeze in funding for the sector and corresponding rise in demand on their front line services.

This uncertainty is compounded by the delayed publication of the guidance which was due in June. Our members urgently need clarity on the direction of the levy and adequate time to prepare. With only nine months until employers start paying the levy we are still in the dark as to how the organisations we represent will be able to use their levy funds to pay for apprenticeship training. Those out of the scope of the levy are equally unaware. How the levy will operate across the devolved administrations is also a major sticking point where clarity is still awaited.

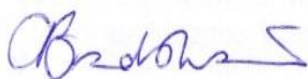
We also have concerns about the availability of PAYE software systems in time for the levy's introduction in April 2017 as well as the infrastructure required for the new Digital Apprenticeship System (DAS). The system is minimal, at best, and does not allow for the range of requirements our organisations have collectively called for. In particular, the ability to transfer vouchers to other organisations will not be available within the first year. More time is therefore required to ensure that the levy collection and distribution structures are fit for purpose.

Delaying the introduction of this initiative is a sensible response to the result of the referendum, would be seen as a stimulus to business, and would limit the potential negative impacts it may have.

It would also give you, and your new Department, the opportunity to engage more widely with stakeholders to ensure that the levy is a success and achieve the desired outcomes.

On this note, we request a meeting at your earliest convenience to discuss the best way forward to ensure we deliver high quality apprenticeships that will genuinely improve skills in the British economy.

Yours Sincerely,



Caron Bradshaw
CEO, Charity Finance Group



Peter Cheese
CEO, CIPD



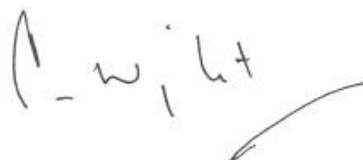
Paul Everitt
CEO, ADS



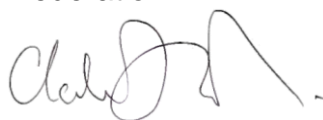
Terry Scuoler,
CEO, EEF



Philip K Law
Director General, British Plastics
Federation



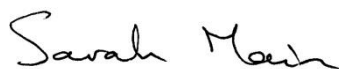
Ian Wright CBE
Director General, Food and Drink
Federation (FDF)



Charles Jarold
Chief Executive, British Printing Industries
Federation



Simon Walker
Director General, Institute of Directors



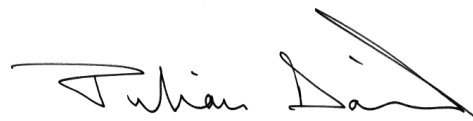
Dr Sarah Main
Executive Director, Campaign for Science
and Engineering (CaSE)



James Selka
CEO, Manufacturing Technologies
Association



Steve Elliot
Chief Executive, Chemical Industries
Association



Julian David
CEO, techUK

Cc The Rt Hon Robert Halfon, Minister for Skills