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Rt Hon Anne Milton MP
Minister of State for Apprenticeships and Skills
Department for Education

Sent via email

30 May 2019

Dear Minister

Flexibilities to maximise impact of the Apprenticeship Levy

We write on behalf of South East England Councils (SEEC) to follow up our meeting with you in February about the local authority role in skills. As you may recall, SEEC is the cross-tier voice of local authorities in the South East, representing 9.2 million residents. We are a voluntary membership body, bringing together county, unitary and district councils to promote the views and interests of all tiers of local government across the South East, an area comprising 74 local authorities.

We were pleased to meet you in February and as a result organised a SEEC member workshop on skills, where the Apprenticeship Levy was a key focus of discussion. It is now two years since the Levy was introduced, and we have reached the expiry date for spending the first levies raised. Based on experience during this time, SEEC members feel strongly that now is the time to introduce some additional flexibilities to help councils and businesses ensure best use is made of the Apprenticeship Levy locally.

We know that you understand a South East workforce with the right skills is vital, not only to our own economic success but nationally too, given our net financial contribution to the Treasury, which underpins Government spending across the country. We also need workers with the right skills for essential public services, particularly given the South East's rapidly growing older population – the largest in the country.

SEEC welcomes the Government's recognition that both academic and vocational training routes are important to deliver the workforce needed. Our members are key employers in their areas and are working to ensure effective use is made of the Apprenticeship Levy. However we think that after the first two years of live experience, the time is right for Government to work with local government to take stock of how a few practical adjustments/flexibilities to the Apprenticeship Levy could help ensure it is having maximum benefits at the local level. We draw on our member councils' experiences and our SEEC workshop discussions, but these issues will also be relevant to businesses in the South East and nationally.

As we reach the end of the first two years of Apprenticeship Levy operation, we urge Government to:

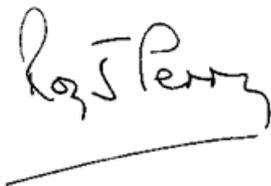
- Extend the spending 'expiry' period (when Government reclaims any unspent funding) for Levy funds from 24 months to 36 months to allow a greater window for training to occur. This would also be helpful given delays to some national apprenticeship standards coming into place, which are outside council and other employers' control.
- Support council efforts to maximise benefits and cost-effective spend of the Levy, by reconsidering allowing a small portion of Levy income to fund locally identified initiatives

and/or specialist support – for example to increase take-up, raise awareness including engagement with schools, and ensure training provision meets essential local needs.

- Where locally appropriate, allow employers to pool their Levy funds to enable more strategic local planning in its use.
- Allow a proportion of the Levy to contribute to part of apprentices' salaries, to help employers afford to take on apprentices and in turn increase take-up.
- If any Levy is unspent after the Government's expiry period, allow underspend to fund apprenticeship activity by other employers in the same geographical area that generated the Levy funds. Another practical flexibility would be to allow unspent funds to be used to help bring in specialist support, such as outlined in our 2nd point above, which could increase future Levy uptake.
- Base the public sector apprenticeships' target on an employer's full-time equivalent staff count, rather than head count, as this is a fairer indicator reflecting the mix of full- and part-time employees within councils.

We would of course be pleased to discuss these issues further with you to help ensure effective uptake of apprenticeships.

Yours sincerely



Cllr Roy Perry
Chairman, South East England Councils



Cllr Ralph Bagge
Deputy Chairman, South East England Councils