

25 August 2020

Rt Hon Gavin Williamson MP
Education Secretary
Department for Education
Sanctuary Buildings
20 Great Smith Street
SW1P 3BT

By email

Dear Secretary of State,

Throughout the current pandemic the government has provided consistent and continued support for employers and workers. As we see our economy begin to hopefully re-emerge from the aftermath of Covid-19, attention must now be focused on those who face unemployment and premature curtailment of training and in particular apprenticeships; the recent economic figures underline just how challenging the context for this will be.

The manufacturing sector faces a loss of skills, jobs and apprentices that without help, will not return to levels seen before Covid-19 for some time. Businesses cannot absorb such a damaging impact to their workforces unilaterally. Make UK data reveals that 53% of manufacturers plan to make redundancies in the next 6 months with others considering doing so. In some cases, manufacturers are making up to 50% of their staff redundant.

Manufacturers have demonstrated over many years their commitment to apprenticeships as a key form of vocational work-based training and a route to secure invaluable skills. We are now seeing exceptional falls in apprenticeship starts. For example, the number of starts for 16-18 year olds dropped 79% year on year in May. In addition, Make UK's Manufacturing Monitor survey shows that three in ten manufacturers have either put some or all of their apprenticeship training on hold due to Covid-19.

We acknowledge the start that government has made with the Kickstart scheme to fund the creation of jobs for young people and the additional apprenticeship incentives, announced as part of HM Treasury's Jobs Package.

However, these additional incentives will not go far enough to incentivise employers to overcome the extraordinary financial costs of recruiting a young person and/or an apprentice in the current climate, nor do they ensure long-term support for both the individual and the employer. Action must be taken so we do not lock out the next generation.

The signatories to this letter believe that now is the time for urgent action to further support both the manufacturing sector and the young people.

Immediate and direct action is needed. Therefore we urgently ask that Government:

- Establishes a National Skills Taskforce to coordinate local initiatives and establish a national structure to redeploy skilled workers and retrain/reskill workers where

appropriate and to develop and deliver retraining and reskilling opportunities for redundant workers and those who face redundancy.

- Extends the lifetime of apprenticeship levy funds beyond 24 months to support efforts to maintain high levels of apprenticeship opportunities in the sector and to increase flexibility to enable current apprentices to complete their apprenticeships
- Provides additional protections for current apprentices part way through their programmes to avoid them being made redundant and support those who are. This includes innovating to demonstrate skills and competence where workplaces are not fully open
- Delivers action to increase apprentice starts this year and subsequent years, and hold onto skilled workers via retraining/reskilling in order to avoid a skills shortage in order to take advantage of any upturn as industry recovers and hopefully returns to normal.

Establish a National Skills Taskforce

We believe that part of the solution to the unprecedented challenges facing UK manufacturers is the creation of a National Skills Taskforce comprising representatives from industry and trade unions and led by yourself and your colleagues in BEIS and HMT. This would address our widening skills shortages in the manufacturing workforce.

The overall aims of the Taskforce would include the following:

- To ensure that skilled workers who find themselves without an employer are matched with those who still have demand for their skills.
- To support workers to identify opportunities where workers' skills are in demand, whether this be the manufacturing sector or any other.
- To develop a flagship upskilling programme to support employers in the development of new digital skills that will be needed for a new future proofed economy.

Develop and deliver retraining and reskilling opportunities for redundant workers

It is anticipated that many workers who have been in employment will face redundancy, many for the first time in their lives. The country and the economy cannot afford to lose these skilled workers for the future.

Facilitated by the National Skills Taskforce there must now be a nationally agreed plan and programme for those workers who already have the necessary basic skills to reskill and retrain into new areas of skilled work where they can find permanent employment for the future and take advantage of new skilled jobs that will be required in the future economy.

With companies already reducing the number of apprentices being taken on and skilled workers facing redundancy, when a recovery does happen, without ensuring that we retain skilled workers, the country will not be able to take advantage of any upturn as there will be significant skill shortages which will hamper any recovery.

Extend the lifetime of apprenticeship levy funds and increase flexibility to enable current apprentices to complete

With almost a third of manufacturers saying they have either paused or cancelled apprenticeships due to Covid-19 and many employers reporting significant numbers of apprentices being furloughed, many employers have not been using their apprenticeship levy funds as they had planned. Government should therefore extend the lifetime of employer apprenticeship levy funds from 24 months to 36 months which would allow employers a further year to use their digital funds to support the training of apprentices and ensure that those apprentices who were furloughed do not miss out on the chance to complete their training due to expiration of the levy funds.

There must also be greater flexibility to enable current apprentices to complete their training programme as outlined below. The apprenticeship levy should also be used to provide support and assistance for retraining and reskilling programmes.

Provide additional protections for apprentices part way through their programmes to avoid them being made redundant and support those who are, including innovating to demonstrate skills and competence where workplaces are not fully open

We welcome the introduction of a new matching and redundancy support scheme from the Department for Education. With apprentices regrettably facing redundancy part way through their apprenticeship this will help ensure that talent is retained within industry. However, we believe that further protections should be put in place to prevent these learners losing their positions before they have the opportunity to complete their training. This would include the option of undertaking more modular and short-term training.

Action to increase apprenticeship starts this year and subsequent years

Finally, government urgently needs to address the stark fall in future apprenticeship starts that will inevitably occur this academic year and subsequent years and to avoid a skills shortage when business returns to normal. For levy paying companies this should be allowing companies to use their levy funds to pay for employment related costs including wages. For non-levy paying companies (SMES) this would be in the form of direct grants, that are payable immediately to those companies.

Additionally, the amount of apprenticeship levy funds that an employer can spend on an apprenticeship should increase to cover the real costs of training in the manufacturing sector. Many employers need to provide additional funding far over and above what is available from the levy to support high-quality manufacturing apprenticeships.

The signatories to this letter bring together significant expertise across the manufacturing sector and organisations who are committed to working with you and your officials to put in place solutions to each of these crucial issues. It is in all our best interests to work both strategically and collaboratively to minimise the impact of the current situation on the UK economy and on jobs.

Together, we look forward to working with you and your officials.

Yours sincerely,

Stephen Phipson, CEO, Make UK
Frances O'Grady, General Secretary, TUC
Ian Waddell, General Secretary, CSEU
Ann Watson, CEO, Enginuity
Paul Everitt, Chief Executive, ADS Group
Laura Cohen, CEO, British Ceramic Confederation
Philip Law, Director-General, British Plastics Federation
Justine Fosh, CEO, Cogent
Steve Elliott, Chief Executive, Chemical Industries Association
Rob Oliver, Chief Executive, Construction Equipment Association
Ian Wright CBE, CEO, Food and Drink Federation
Dick Elsy, Chief Executive, HVMC
James Selka, CEO, The Manufacturing Technologies Association
Andrew Kinniburgh, Director General, NDI
Mike Hawes, Chief Executive, SMMT
Gareth Stace, Director General, UK Steel

Cc: Rt Hon Rishi Sunak, Chancellor of Exchequer, Rt Hon Alok Sharma, Business Secretary.