



# A Skills Levy for England

September 2022

## The RHA Proposal - Reform the Apprenticeship Levy

RHA is calling for the Apprenticeship Levy to be reformed to a Skills Levy so it can provide businesses with funded access to the training that best fits their requirements.

Businesses need a levy that is flexible for the learner and employer alike, that can react to and prevent future skills shortages. Introduced in 2017 the Apprenticeship Levy is paid by businesses with a payroll of £3m and above to provide apprenticeship training.

In England levy funding can only be used for apprenticeships of at least 12 months' duration. This format is inflexible and fails to meet the needs of many employers across the economy.

### The RHA Skills Levy Proposal

The RHA proposes changing the existing levy to improve the effectiveness of the funding. Funding generated by the recast levy would be used flexibly for:-

- a** / Approved apprenticeships;
- b** / Approved non-apprenticeship training of at least 12 weeks, including short modular courses and bootcamps;
- c** / Fully funded approved training for non-levy payers; and
- d** / Traineeships to prepare younger people and others for a new work environment

The ability to provide a wider range of training will enable businesses to be more reactive to skills shortages. A skills levy will make it easier for SMEs to match training to their business needs.

### One size doesn't fit all

The transport sector has paid over £735m<sup>1</sup> into the levy since 2017 but it was reported to the APPG on Apprenticeships that the sector has only been able to draw down around 20% of that to fund apprenticeships.<sup>2</sup> Apprenticeships have a vital role to play, however if other approved training courses were accessible via the levy, then the sector could fully utilise its funds for the benefit of employers and employees alike.

There is a gap between the way the Apprenticeship Levy works and the needs of thousands of SME businesses and their employees that the RHA reform proposal aims to address.

Having the flexibility to choose the training scheme that's right for both employer and employee makes the training far more valuable, responsive to skills shortages and more likely to deliver a successful outcome. Creating varied training routes would also encourage a more diverse group of learners, be adaptive to learners' needs and help businesses retain workers by offering upskilling opportunities for all.

### The RHA Skills Levy Proposal

Logistics companies are complex and varied, providing a wide range of services, such as warehouses, large back-office functions, workshops and road transport.

We believe the greater flexibility, reduced administrative burden and more sector appropriate training opportunities provided by the RHA proposed reforms will :-

- a** / Provide more effective training
- b** / Increase the number of learners accessing training
- c** / Reduce the administrative burden on employers
- d** / Increase the upskilling opportunities for learners
- e** / Maintain and enhance the integrity of skills training
- f** / Boost diversity and inclusion by providing a range of flexible training options

## **Conclusion – we need a Skills Levy**

The Apprenticeship Levy has not achieved all that it could have. Despite adequate funding and a willingness to train, the inflexibility of the levy is hindering further investment by businesses in future skills.

Our industry needs a Skills Levy, providing more flexibility and opportunities than the current restrictions within the Apprenticeship Levy.

RHA are working with other trade associations to deliver greater flexibility in utilising levy funds.

**RHA Policy**

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<sup>1</sup> FOI request response from HMRC – March 2022

<sup>2</sup> Page 1, paragraph 6, APPG Apprenticeships – Lord Aberdare stated that only 18% of £155 million paid by the sector was used in 2019.  
<https://connectpa.co.uk/wp-content/uploads/2021/12/Apprenticeships-APPG-Transport-and-Logistics-Meeting-Minutes.pdf>