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10<sup>th</sup> October 2018

By email to: [Keith.SMITH@education.gov.uk](mailto:Keith.SMITH@education.gov.uk)

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Dear Keith,

**Re: Apprenticeship levy**

With thanks again for your recent meeting which we found very useful and encouraging. We appreciate that the introduction of the levy and reforms are significant and remain absolutely committed to overcoming challenges and increasing numbers across our LEP.

We are encouraged to see developments since we met, such as the ability for larger employers to pass the levy on. However, we have been concerned about the announcement made on 9<sup>th</sup> August by the ESFA about the future plans beyond April 2019 which continues to impact our area.

On the face of it the decision to delay the introduction of the Apprenticeship Service for non-levy paying employers for another year until April 2020 seems sensible. Arguably, smaller employers are not ready for the administration and processes that the Apprenticeship Service would bring, so this decision avoids the risk of choking off demand from smaller businesses from an April 2019 introduction. It is also encouraging that providers that have current non-levy contracts will be able to extend these until March 2020 bring much needed certainty and stability to their delivery plans and the employers that rely on them.

However, the unfortunate aspect of the announcement is that we understand the ESFA has decided not to offer the opportunity for providers that were unsuccessful in this year's non-levy procurement round to have access to the non-levy market from April 2019. This leaves these providers looking for subcontract arrangements to support their delivery. Changes to the rules for subcontracting make this more difficult to achieve and do not allow the employers to have the direct working relationship with their chosen provider. Many of the providers who are currently frozen out of the non-levy market have employers and apprentices waiting to start and have been biding their time expecting a green light to deliver in April 2019. A further delay until April 2020 will be too long a delay for providers, employers and their apprentices in waiting.

As you are aware from our conversation and previous letters, a number of providers, including established colleges and universities in the SELEP area, were unsuccessful in the non-levy procurement round as their bid suffered from the proportionate reduction in bid value applied by the ESFA that subsequently took their bid under the minimum contract threshold. This is not an issue of quality but of volume which particularly hit organisations that were in the process of growing their provision. Preventing these quality providers from accessing the non-levy market and obstructing



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existing demand from employers would not appear to be in anyone's interest and will further damage the already-falling number of apprenticeship starts.

We would request in the strongest terms that the ESFA implements a process that would allow providers who passed the quality criteria in the non-levy procurement round but were excluded from the non-levy market on bid value, to enter the non-levy market as soon as possible. This will ensure our employers can access local, quality provision.

Yours sincerely,

Christian Brodie, **SELEP Chairman**

Graham Razey, **Principal and Chief Executive EKC Group, Chair LEP Skills Advisory Group**