

The Rt Hon Robert Halfon MP,
Minister for Skills, Apprenticeships and Higher
Education,
Department for Education,
20 Great Smith Street,
London,
SW1P 3BT

11 December 2023

Dear Minister,

We are writing to you as representatives of the UK's food business sectors to urge reform of the Apprenticeship Levy to address critical and persistent supply chain labour issues, fostering greater resilience which supports food security and benefits the economy.

As you will know, food businesses have been suffering from ongoing supply chain challenges due to several factors including the UK's departure from the EU and resultant lack of access to labour from the bloc, and the labour market contracting during the pandemic. As a result, roles have become increasingly hard to fill and a significant skills shortage has emerged, which has left our industry with employment gaps placing upward pressure on the prices customers pay.

Food businesses face persistent shortages of roles across the supply chain, including farming, food preparation, logistics, warehouse operations, quality control. As a result, labour costs are rising - in turn creating inflationary pressure - and UK food security is undermined.

Our businesses are committed to doing all we can to fill roles and address skills shortages. You can support our efforts by providing greater flexibility in the types of training our businesses can spend levy funds on. This would help address current labour market challenges, ensure the resilience, sustainability and efficiency of the food supply chain and help safeguard the UK's food security.

The Apprenticeship Levy should be expanded into a wider Skills Levy, allowing businesses to spend funds on a wider range of high quality, accredited courses, including:

- Pre-employment courses which are necessary to help potential apprentices reach the required level to begin a full apprenticeship.
- Short courses including functional and digital skills, so that existing employees can upskill or transition to new roles, where a full apprenticeship is not necessary.
- Covering some currently ineligible costs associated with hiring an apprentice, such as the cost of backfilling roles while apprentices are on off-the-job training.

This would not only allow businesses to increase the number of apprenticeships they offer, but also deliver more vital training which would directly help address the labour market challenges we are facing across the food supply chain. Recent research (<https://brc.org.uk/news/corporate->

[affairs/12-000-lost-apprenticeships/](#)) shows that reform of the Apprenticeship Levy could have increased the number of apprentice placements offered by businesses by 70%, at no extra cost to the taxpayer. More flexibility would also have allowed a further 20,000 workers to be trained outside of apprenticeships, by allowing employers to use funds on important non-apprenticeship training to address skills gaps.

With a clear appetite among businesses to work with government to deliver the best skills system possible, we believe now is the time to make urgent changes to the Apprenticeship Levy and open additional training opportunities for people in the food supply chain, equipping them with the skills that the economy needs to grow.

We would be delighted to meet with you to discuss our concerns in more detail, and how the system can be reformed in the longer term to support communities, investment, and future growth.

Yours sincerely,

Giles Hurley
CEO
Aldi UK & Ireland

Helen Dickinson
Chief Executive
British Retail Consortium

Stuart Machin
CEO
Marks & Spencer

Terry Jones
Director General
NFU

Ken Murphy
Group CEO
Tesco

Hayley Tatum
Chief People and Corporate Affairs Officer
Asda

Ryan McDonnell
CEO
Lidl GB

Rami Baitiéh
CEO
Morrisons

Simon Roberts
CEO
Sainsbury's

Kate Nicholls
CEO
UKHospitality