



**Russell George AM, Chair of the Economy, Infrastructure and Skills Committee**

The National Assembly for Wales  
Cardiff  
Cardiff Bay  
CF99 1NA

Dear Chair

I would like to draw your attention to the extreme concern of the retail industry over our understanding that the retail industry and other Levy-payers in Wales will not have any opportunity to see a direct return from their contribution to the Apprenticeship Levy.

During your Committee meeting held on 3<sup>rd</sup> November 2016 the Minister suggested that there will not be the money available to give back to levy payers to support their apprenticeship development as the provision is not there. It was also suggested that the Welsh Government will be simply moving ahead with their plans as they feel people require clarity. We are hugely disappointed to hear that there will not be the opportunity for our members to engage in consultation on this issue, as has been the case in Scotland, and that it appears there will be no opportunity for our employers to access the funds we have paid in, as will be the case elsewhere in the UK.

As Wales's largest private sector employer, with over 135,000 employees, the retail industry places great value on investing in the skills and training of our colleagues. We believe that it is unfair for medium and large businesses, who already contribute through taxation, to further subsidise apprenticeships and skills training in sectors which most likely don't affect them. If the UK Government restricts eligibility to access the funds to England based employees, then that will mean there is likely to be a funding disparity between training in England and the devolved nations. The consequence is that there will be a significant incentive for large businesses to relocate training outside the devolved nations. Long term the consequence of this is likely to be less training within Wales, leading to lower productivity, with the consequential impacts on the wider economy.

We do sympathise with the way in this Levy has been imposed on the devolved nations, and the complexity that arises from a UK-wide Levy relating to a fully devolved area of policy. In Scotland, in particular, we have been somewhat reassured by proactive discussions and consultation where the Government has shown it is keen to work with industry to hopefully find a system that will bring some benefit to levy payers there. The intention of the Levy is for companies to be able to 'get out' what they 'put in' and while it is unlikely that businesses will ever achieve full return it is particularly disappointing that Wales is simply viewing the Levy consequential as a revenue stream, and not linking it to those that have contributed to it.

You will no doubt be aware of the transformational change that is facing the retail industry, unprecedented change which is presenting major challenges. We are predicting that the cumulative burden from costs including business rates, noting the increased provisional multiplier for Wales, and the introduction of the National Living Wages will lead to 900,000 fewer retail jobs across the UK over the next ten years. With shop vacancy rates in Wales amongst the highest in the UK, and with the highest rate of shop closures, our industry is seeking stability and opportunities which will enable future investment to take place.

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We are concerned that a decision not to allow retail Levy-payers in Wales to directly benefit from the monies generated will demonstrate a perceived disregard for the industry in terms of our value to the Welsh economy, and the implications that may arise from this in terms of investment opportunities.

**The WRC and our members would urge the Economy, Infrastructure and Skills Committee to look at the issue of the Levy, it's implementation in Wales, the cross border implications and the way in which the Welsh Government is engaging with employers over this issue. We feel that any policy decision which restricts Levy-payers' ability to draw down funding would be bad for the industry and bad for Wales; the EIS Committee has the opportunity to explore these impacts further and we hope that this will be something you would consider as part of your ongoing work programme.**

Sincerely

Sara Jones

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