

Rt Hon Pat McFadden

Secretary of State for Work and Pensions

CC: Minister for Skills, Baroness Jacqui Smith; Minister for Small Business, Blair McDougall

1 December 2025

Dear Secretary of State

As partners in the Edge Foundation *Apprenticeships Work* campaign, we write to urge the Government to take decisive action to help more small and medium-sized enterprises (SMEs) recruit apprentices and, in doing so, unlock opportunity and growth across the country.

SMEs are the backbone of our economy. They employ 60% of the UK workforce, form the lifeblood of our local communities, and are often where young people get their first experience of work. Yet despite their vital role, their participation in apprenticeships has declined markedly since the introduction of the Apprenticeship Levy.

This decline matters. 70% of apprenticeships in non-levy paying employers (most of whom are SMEs) are undertaken by 16–24-year-olds, making these businesses a critical driver of youth opportunity, local prosperity, and social mobility. Without stronger support for SMEs, we risk losing the very entry-level pathways that build skills, confidence, and careers for the next generation.

With the right support, SMEs can be the engine of inclusive economic growth and opportunity. They are more likely to hire locally, to offer entry-level roles, and to provide young people with hands-on experience that leads to sustained employment.

Our Recommendations

To turn ambition into action, we call on the Government to:

- 1. Fund and expand SME apprenticeship brokerage services nationally**

Establish a coordinated, high-quality framework of local brokerage support to help SMEs navigate apprenticeship funding, regulation, and finding the right standards for their business. Ensure every SME, regardless of location, can access trusted, tailored guidance. This should learn lessons from existing brokerage services in the National Apprenticeship Hub Network.

- 2. Protect and enhance financial incentives for SMEs**

Review and strengthen existing incentives, learning from local schemes that have increased participation, particularly for those employers who don't pay the Apprenticeship Levy. The Federation of Small Businesses has called for a £3,000 incentive for SMEs hiring under-25s - a practical step that would send a strong signal of support.

- 3. Ringfence funding for SME apprenticeships within the Growth and Skills Levy**

Guarantee that resources for small businesses are safeguarded so that levy flexibility does not erode opportunities for young people at levels 2 and 3.

- 4. Set clear national targets for SME apprenticeship growth**

Commit to a measurable increase in SME apprenticeship starts within national apprenticeship targets, ensuring that small businesses are recognised as a vital part of the system.

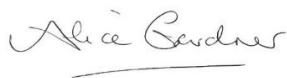
- 5. Ensure SMEs have a stronger voice in the apprenticeship system**

Introduce participation incentives and wider data collection to strengthen SME input into trailblazer groups and apprenticeship design, ensuring that standards reflect the needs of smaller employers and local economies.

By acting on these recommendations, the Government can empower SMEs to do what they do best - grow, innovate, and give people a chance to succeed.

Together, we can make apprenticeships work for every community and every young person.

Signed,



Alice Gardner

CEO, Edge Foundation

Craig Beaumont OBE, Executive Director, **Federation of Small Businesses**

Anna Morrison CBE, Director, **Amazing Apprenticeships**

Jodi Fair, Co-Chair of the **National Apprenticeship Hub Network** and Growth Manager, **Solent Growth Partnership**

Katy Dorman, Co-Chair of the **National Apprenticeship Hub Network** and Apprenticeship Strategy Manager, **Norfolk County Council**

Emily Rock, CEO, **Association of Apprentices**

Suneal Ram Kissun, Head of Community Engagement and Strategic Growth, **Multicultural Apprenticeship & Skills Alliance**

Dena Wyatt, Head of Apprenticeships, **Specsavers**

Claire Costello, Chief People and Inclusion Officer, **The Co-operative Group**

Mark Cameron, CEO, **The 5% Club**

Emily Rock, Director, **St Martin's Group**

Petra Wilton, Director of Policy and External Affairs, **Chartered Management Institute**

Simon Hamlyn, CEO, **Chartered Institution of Civil Engineering Surveyors**

Bethany Windsor, Head of Skills Policy and Generation Logistics, **Logistics UK**

Anna Ambrose, CEO, **Workwhile**

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Louise Punter, CEO, **Surrey Chambers of Commerce**

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Alison Watson, CEO, **Class of your Own**

Ann Watson, CEO, **Enginuity**

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Oliver Sidwell, Co-Founder, and **Georgia Meyer-Hek**, Senior Events and Partnerships Executive, **HigherIn**

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Jonathan Bourne, Managing Director, **Damar Training**