



Rt Hon Anne Milton MP

Minister of State for Apprenticeships and Skills and Minister for Women

Sanctuary Buildings 20 Great Smith Street Westminster London SW1P 3BT

James Wates
Chair, Construction Industry Training Board
Bircham Newton
Kings Lynn
Norfolk
PE31 6RH

10 July 2017

Dear James,

Future of the Construction Industry Training Board

We are writing to update you and industry colleagues on the review of the construction-related Training Boards, including the Construction Industry Training Board, which was set in hand last summer.

The original plan was that the report of the review should be published in the spring, in part so that its findings could be taken into account by the industry when voting on your levy proposals this summer. The timing of the General Election meant that we were unable to do that. We now plan to complete the review in the autumn, and expect to publish the report of the review in October.

However, we know that colleagues in the industry will want to know when they cast their votes whether or not the Government is likely to conclude that CITB should continue with levy-raising powers. We are therefore writing to confirm that, having reviewed the options for making sure that the construction industry has the skills it needs, we have concluded that the CITB should be retained. As Mark Farmer set out starkly in his report last year, the construction industry faces some very significant challenges over the coming years, including improving productivity, increasing house-building, and making sure it develops the workforce with the skills it will need in the coming decades. We support his conclusion that the CITB has an important role to play in supporting the industry to meet those challenges, and also that the industry needs to provide stronger leadership to make sure it gets what it needs from the CITB, both informing and supporting its plans. We have, to that end, encouraged closer dialogue between the Construction Leadership Council and the CITB.

We also know that some firms have expressed concern about paying the apprenticeship levy as well as the construction levy. We understand that concern, and the issue of affordability. But the purpose of the apprenticeship levy is quite different from the industry training levy: it is specifically to support and incentivise investment in apprenticeships. The CITB may wish to consider whether there is more you can do to help the industry to get the most from the apprenticeship levy, and we will of course continue to discuss with you any particular issues you find as the new apprenticeship arrangements bed down. I hope we can agree that the real test for both levies, though, is whether they provide value for money in delivering the skills the industry and its customers need.

On that subject, we also have to acknowledge, as I am sure you do, that there is concern across the industry about the effectiveness, efficiency and responsiveness of the CITB. I know you and your colleagues at CITB have now started to implement a major reform programme to reduce the size of the organisation and make it more focused on those aspects of the skills agenda where there is clear market failure, or where a collective approach to training can deliver real benefits to employers, including small businesses. We are grateful to you for sharing your plans with officials. We support the direction of these reforms, and we encourage you to continue to develop and refine them in discussion with the industry and Government. Our continued support for the CITB depends on your reform programme being seen through.

Our final review report in the autumn will set out more details of the arrangements we will put in place to make sure that CITB is more clearly accountable to the industry it serves, and the specific expectations we have of it. We will also set out what we think Government and the industry need to do in support of the reform programme and CITB's ongoing delivery of its objectives.

We hope that the CITB's reform programme will be enough to persuade industry colleagues to support the CITB's levy proposals this summer. If the industry decides not to support the levy, CITB may have to close. That would have significant financial costs, and we would have to consider carefully how those costs should be met: we do not think it would be fair for the industry to expect the taxpayer to bear the lion's share. There would, of course, be an ongoing need for skills development and analysis in the construction industry, and we would consider what options there might be for doing that in future and how it should be funded. Whatever happens, the investment being made in skills and training cannot be allowed to fall at a time when there is concern amongst so many in the industry and beyond about how its future skills needs will be met.

Finally, we are aware that your term of office as Chair expires in March 2018, and you have indicated that you do not wish to be considered for a third term as Chair. We are grateful for the leadership that you have provided to CITB over the last few years. We will be setting in hand the process of appointing your successor in the autumn, once the final review report has been published, and look forward to working in partnership with CITB to find your successor.

We look forward to continuing to work with CITB over the coming years.

We are copying this letter to Andrew Wolstenholme, Chair of the Construction Leadership Council, and to Keith Brown MSP in Scotland and Julie James AM in Wales. We are also placing a copy of this letter in the House Libraries.

Handwritten signature of Anne Milton in blue ink.Handwritten signature of Lord Prior in blue ink, with a horizontal line underneath.Handwritten signature of Alok Sharma in blue ink.

Anne Milton MP, Lord Prior, Alok Sharma MP