

IMI Pre-Budget HM Treasury Portal Submission

Introduction

The Institute of the Motor Industry (IMI) is the professional body for people working and learning in automotive. We exist to champion our membership community as well as the individuals who power the automotive sector, both inside and beyond the factory gates, by setting standards, recognising skills, and supporting lifelong professional development. Through trusted qualifications, accreditation, and advocacy, we ensure that the sector is driven by skilled, confident, and future-ready people.

The automotive sector underpins more than 866,000 jobs and contributes £37 billion in gross value added (GVA) to the UK economy¹. The sector is undergoing its most far-reaching transformation in a century, one that touches every occupation, business model, and customer interaction. This change is driven not only by electrification, automation, and sustainability, but also by shifting consumer expectations, digitalisation of services, and new commercial operating models across retail, mobility, logistics, and repair. Together, these forces are redefining what work in automotive looks like, from technicians and sales professionals to data specialists, managers, and educators.

To secure the UK's position as a global leader in green and digital mobility, the Treasury must recognise that skills are as vital to competitiveness as infrastructure and manufacturing. Without decisive fiscal action now, the UK risks losing ground to international competitors who are already aligning workforce policy with industrial strategy. Treasury support is therefore pivotal, ensuring the workforce, businesses, and training ecosystem are equipped to deliver productivity, growth, and safety as the sector transitions.

This submission therefore sets out three areas of urgent fiscal interventions that will deliver measurable returns to the Exchequer and support and safeguard more than 866,000 UK jobs:

1. Apprenticeship and Levy Reform – unlocking employer-led investment in training and progression.
2. Industrial and Workforce Investment – ensuring skills funding supports the full automotive ecosystem, not just manufacturing.
3. IMI TechSafe and Safety Standards – mandating recognition of competence standards, when considering allocation of funding.

Together, these reforms form a coherent skills and productivity plan that will support a skilled automotive workforce, and deliver measurable returns for the economy, supporting net zero delivery and green growth.

These recommendations draw on IMI data and forecasts, member focus group insights, and targeted polling activity, which together represent the views of employers accounting for tens of thousands of UK automotive jobs. They show that the transformation underway is not incremental but structural, requiring coordinated fiscal and policy action to secure the skills base that underpins every part of the automotive economy.

Apprenticeship and Levy Reform

Financial and Budget Asks

The IMI calls on HM Treasury to deliver urgent reform of the Growth and Skills Levy so that it becomes a catalyst for investment rather than a constraint.

We recommend three actions to unlock workforce growth and ensure the Levy supports every part of the UK's automotive transition:

1. Simplify and expand Levy flexibility – empower employers with genuine freedom to invest Levy funds where they will have the greatest impact. Flexibility must be led by employer need, not limited by restrictive government rules, to ensure the workforce can keep pace with rapid technological and industrial change.
2. Introduce ring-fenced funding for automotive apprenticeships and training – reversing the steep decline in starts and ensuring the sector can deliver the skilled workforce needed for electrification, digitalisation, and evolving customer-facing roles.
3. Reduce administrative barriers for automotive employers – by streamlining transfer rules, reporting requirements, and payment processes that currently deter participation.

The IMI further recommends that unspent Levy funds are made fully transparent and redeployed strategically to sectors facing critical shortages, such as automotive. The Treasury should also consider targeted tax incentives for employers investing in retraining and CPD, recognising that most future workforce growth will come from upskilling existing employees rather than new entrants alone.

Evidence and Rationale

The automotive sector has experienced a 30% decline in apprenticeship starts since 2018/19, an average loss of over 500 apprenticeships per year². This decline has restricted the flow of new skilled workers entering the automotive workforce, adding pressure to already tight recruitment pipelines across technical and specialist roles.

Levy utilisation in automotive is significantly lower than in comparator industries such as construction and engineering, meaning millions of pounds intended for training are instead returned to the Treasury each year. Employers report that complex rules and inflexible structures prevent them from accessing funds for short, targeted courses that are vital for maintaining safety and compliance.

Insights from IMI member focus groups (October 2025) confirm that Levy complexity, administrative burden, and lack of flexibility are the most significant barriers to training uptake, particularly for SMEs. Participants also cited high training costs, restricted access to manufacturer data, and the inability to fund short modular courses as key obstacles. Focus group participants called for tax incentives or credits for training investment, especially in safety-critical and net-zero-related roles, and urged government to enforce existing standards rather than create new legislation that adds cost without addressing the root causes of non-compliance.

Independent evidence supports this view. The Education Select Committee has recommended simplifying Levy systems for automotive employers and strengthening employer input into the national skills strategy³. In 2022–23, the Department for Education returned £96 million in unspent apprenticeship funds⁴ to the Treasury, resources that could instead have filled priority skills gaps if better deployed.

IMI's October 2025 member polling reinforces the scale of concern, with 26% of employers identifying Apprenticeship and Levy Reform as their top priority for the Autumn Budget, the single highest-ranked issue. Employers emphasised that safety-critical training should be recognised as essential as national infrastructure is, not discretionary expenditure.

Reforming the Levy in this way will enable HM Treasury to:

- Unlock private investment in workforce training across every region and occupation in the automotive economy.
- Reduce long-term fiscal pressure by alleviating skills shortages that constrain productivity and growth.
- Support net zero delivery by ensuring technicians and service professionals are safely trained to handle electric, connected, and hydrogen vehicles.

Industrial and Workforce Investment

Financial and Budget Asks

The IMI urges HM Treasury to introduce targeted investment in training and upskilling across the entire automotive workforce, not only manufacturing and research and development (R&D).

We recommend three specific fiscal actions to drive productivity, investment, and workforce resilience across the automotive economy, ensuring the sector continues to underpin the UK's long-term growth and net zero ambitions.

1. Create a dedicated funding stream within industrial and skills budgets to support training, upskilling, and professional recognition for all automotive occupations, including technicians, diagnostics professionals, logistics, customer-facing, and management roles, ensuring they can contribute fully to net zero, digitalisation, and industrial growth priorities.
2. Ensure forthcoming policy frameworks include explicit workforce investment measures, aligned to Skills England and devolved priorities, that secure accessible, lifelong learning pathways across the automotive sector.
3. Reassess upcoming Employer Car Ownership Scheme (ECOS) tax changes, which risk increasing costs for employees and employers who rely on company vehicles for multi-site work, assessment, and training.

These steps would ensure that fiscal policy supports productivity, workforce mobility, and net zero readiness across all parts of the automotive economy, not just factories and R&D hubs.

Evidence and Rationale

Government investment has historically prioritised manufacturing and research, overlooking the wider workforce that keeps vehicles on the road and consumers safe. Technicians, repair specialists, logistics staff, sales professionals, and managers are central to delivering the UK's transition to clean and connected transport, yet many lack access to funded training routes.

For example, while it was encouraging to see the commitment to skills with a £1.2 billion investment in training over the next 10 years in the Invest 2035 Industrial Strategy⁵, there seems to be a limited recognition from government of the fundamental role that the 724,000 people who operate outside the factory gates play in service, repair, logistics, sales, and customer-facing roles. The IMI therefore calls for fiscal policy and investment decisions to look beyond manufacturing, recognising that these roles are equally essential to economic growth and the successful delivery of industrial and environmental ambitions.

IMI member focus groups (October 2025) highlighted these barriers clearly:

- Employers face severe skills shortages across both technical and non-technical roles.

- Training investment is constrained by high costs, lack of Levy flexibility, and limited access to manufacturer data.
- Participants called for tax incentives for training investment, stronger support for small businesses and independents, and a focus on enforcing existing standards rather than introducing new legislation.

Participants reported widening skills gaps in electric vehicle and advanced driver assistance systems (ADAS) readiness, exacerbated by inconsistent access to manufacturer data, a lack of standardised repair guidance, and unaffordable training costs. Many cited weak enforcement of existing standards, allowing unqualified operators to undercut compliant businesses. This reinforces the need for investment in regulation and compliance rather than additional legislation.

Without targeted funding, many employers will continue to struggle to invest in essential training, particularly amid rising costs for energy, National Insurance, and business rates, further increasing the risk of skills shortages that could compromise both employee and consumer safety. These findings demonstrate that, without targeted public investment, many employers, especially independents and SMEs, cannot absorb the cost of upskilling for new technologies, even where demand is strong.

Participants also warned that inadequate enforcement allows unqualified operators to undercut compliant businesses, eroding both safety and fair competition. They urged government to focus resources on enforcement and compliance support, not additional regulation, a position consistent with IMI's wider policy stance.

In an IMI October 2025 member poll, 28% of respondents selected Industrial Growth and Skills Investment as their top priority for the Autumn Budget. Employers link investment in skills directly to productivity, staff retention, and competitiveness.

Recent changes to the Employer Car Ownership Scheme (ECOS) are placing additional cost pressures on employers and employees across the automotive workforce, from technicians and assessors to logistics, sales, and customer-facing staff who rely on vehicles for daily mobility. The reduction in tax efficiency and removal of certain benefit exemptions risk discouraging the use of company vehicles, limiting workforce flexibility, and increasing recruitment and retention challenges across the sector. At a time of acute labour shortages, these measures make automotive careers less viable and less attractive, particularly for roles that depend on site-to-site mobility or customer engagement.

Clearer fiscal support for skills will enable employers to:

- Accelerate retraining and upskilling aligned with growth, digitalisation, and net zero goals.
- Maintain workforce mobility and reduce attrition caused by rising costs.
- Protect consumer safety and business compliance through investment in qualified, accredited staff.

Such investment would yield measurable productivity and fiscal benefits, supporting HM Treasury's growth mission while ensuring the UK retains a globally competitive, future-ready automotive workforce.

IMI TechSafe and Safety Standards

Financial and Budget Asks

The IMI calls on HM Treasury to provide matched government funding for employers investing in electric vehicle (EV), advanced driver assistance systems (ADAS), and hydrogen competence training.

While government support for green manufacturing and infrastructure is welcome, the UK's aftermarket, service, and repair workforces remain critically underfunded, despite their direct role in ensuring that vehicles are operated, maintained, and repaired safely. If the UK is to meet its net zero and productivity goals, safety-critical skills must be treated as a strategic national investment, not an optional business expense.

The IMI's TechSafe standard provides the recognised national benchmark for competence and safety across EV, ADAS, and hydrogen technologies, with flexibility to incorporate new systems as they emerge.

The IMI therefore recommends that HM Treasury:

1. To protect consumer safety and automotive employers and individuals working on vehicles with new technologies, we ask that the government mandate recognition of competence standards, including IMI TechSafe, when considering allocation of funding.
2. Support employer co-investment through matched funding for high-risk, high-cost safety training.
3. Allocate funding to embed IMI TechSafe within national training pathways as well as in MOT reform, and regulatory guidance.

Evidence and Rationale

Existing legislation, including the Electricity at Work Regulations 1989 and the Health and Safety at Work Act 1974, already places clear duties on employers and technicians to ensure competence for high-risk work. The IMI's TechSafe framework, recognised by government⁶, provides the practical mechanism to meet these legal requirements across EV, ADAS, and hydrogen vehicle technologies.

Without targeted investment, the UK will face a growing shortage of qualified technicians capable of working safely with new technologies. IMI workforce modelling shows that by 2032, 139,684 qualified EV technicians will be required, rising to 175,116 by 2035, leaving a projected shortfall of over 25,000 technicians if training capacity does not expand⁷.

Meanwhile, around 19% of UK cars already feature Level 2 autonomy, a figure expected to reach 40% by 2032. Meeting this level of vehicle penetration could require as many as 96,000 trained ADAS technicians⁸, yet current certification volumes are only a few hundred per quarter. At this rate, it would take over four decades to meet future demand, a clear signal that the market alone cannot deliver the required safety standards.

Focus group participants echoed these concerns, describing limited access to manufacturer data, high training costs, and uneven repair standards as major barriers to readiness. Several cited examples of EVs written off for minor damage due to a lack of repair data or parts availability, undermining both environmental and economic efficiency.

Mandating IMI TechSafe when the government is considering where to allocate funding would reduce the risk for automotive employees and individuals working on the next generation of vehicles, and the consumers who drive them, keeping UK roads safe, and increasing public trust in the safety of these vehicles.

IMI member polling (October 2025) reinforces this priority with 33% of respondents identifying skills funding as the single most critical area for government action, ahead of taxation or energy cost support. This demonstrates that competence, retraining, and safety are seen by employers as central to both sector growth and public safety outcomes.

Government recognition and investment in IMI TechSafe would deliver a high-impact, low-risk intervention, strengthening safety, supporting net zero delivery, and unlocking workforce confidence across the UK's entire automotive ecosystem.

Conclusion

As the automotive sector continues to experience unprecedented technological change, new business models and rising consumer expectations, the automotive workforce is at a defining point and the decisions made now will determine whether the UK remains a global leader in mobility and green innovation.

This submission outlines three practical, high-impact interventions that would deliver measurable returns for both the economy and the Exchequer:

1. Reform the Growth and Skills Levy to unlock employer-led investment in apprenticeships, modular training, and continuous professional development.

2. Provide clear fiscal support for skills, frameworks and modernising related tax policies, ensuring every part of the workforce, not just manufacturing, can adapt to new technologies and operating models.
3. Invest in IMI TechSafe and safety-critical competence standards to protect workers and consumers while accelerating productivity and confidence in the transition to electric and automated vehicles.

Together, these measures would help deliver:

- Higher productivity and improved business competitiveness.
- Stronger regional employment and levelling-up benefits.
- Safer, greener transport systems built on a skilled, compliant workforce.

The IMI and its members stand ready to work in partnership with HM Treasury, Skills England, and other government departments to design and deliver these reforms. With decisive, evidence-based fiscal action, the UK can retain its world-leading automotive workforce, driving growth, innovation, and public safety for the decade ahead.

References

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Methodology

Member evidence for this submission was gathered through a short series of online polls (September 2025) and a focus group webinar held on 3 October 2025, facilitated under Chatham House Rule. Participants represented a cross-section of IMI members, including large employers, SMEs, and local authorities. The discussion explored business challenges, Levy reform, workforce investment, and net zero transition. Insights were combined with IMI labour market data and policy analysis to ensure the submission reflects both member experience and quantitative evidence.