

# Consultation on the Scottish Government Response to the UK Apprenticeship Levy

## INTRODUCTION

Scottish Borders Council welcomes the opportunity to provide its views on this consultation regarding options for the use of Apprenticeship Levy funding that is being transferred to the Scottish Government which the Government will consider as part of its forthcoming budget process. This is a draft Officer Response and we will seek Member endorsement on the 6<sup>th</sup> September 2016, following approval we will confirm our response as final and/or submit any amendments.

## CONSULTATION QUESTIONS

Q1. Should the Government's commitment to 30,000 Modern Apprenticeships starts a year by 2020 a) be maintained or b) be increased?

The Government's commitment to 30,000 Modern Apprenticeships starts a year by 2020 should be maintained as there is some doubt as to whether there is the demand for more apprentices than the Government's currently committed to, and this will remain unanswered until we are actually delivering 30,000 per year. There is also a question regarding job availability for apprentices who have achieved their qualification and seek appropriate work to earn their living. Consideration should also be given to an appropriate incentive for employers to increase their apprentice recruitment. Currently in England and Wales, only the training for apprentices is paid and greater financial assistance may assist in encouraging employers to offer more opportunities for young people. Any funding removed from public bodies via the levy simply reduces the level of resources available to Councils and other public bodies. As such the council calls for a different Scottish solution which ensures that any monies deducted from public bodies via PAYE is made available to fund the costs of apprentices and is returned to these bodies in the form of grant to employ apprentices.

Q2. Should Apprenticeship Levy funding support growth in the number of Graduate Level Apprenticeships in Scotland?

Graduate level apprenticeships, which take place over a longer period of time, and are SCQF level 6 or 7 should be supported by the levy as they encourage young people into better paying vocations. It is important that the levy is used to pay the costs of employing

graduate apprentices, not simply to meet the costs of their training. This should not be undertaken at the expense of lower level/more commonly found apprenticeships.

### Q3. Should Apprenticeship Levy funding be used to establish a flexible skills fund to support wider workforce development?

Wider workforce development is the responsibility of the employer as is the levy therefore there is no reason why this should not be implemented to allow employers to upskill their workforce according to the needs of the business.

### Q4. Should Apprenticeship Levy funding be used to support the expansion of Foundation Apprenticeships?

The Apprenticeship Levy funding should not be used to support the expansion of Foundation Funding. The senior phase curriculum, under DYW, to develop young people with the skills for life and work should be embedded as a mainstream approach financed from existing education resources within schools and/or colleges.

We would like the Scottish Government to consider whether there is a policy disconnect between the policy around using £100m nationally from Council Tax reform to be redistributed directly to schools and this policy around the Apprenticeship Levy. Could there be a piece of work undertaken to explore whether part of this funding could be used to support Modern Apprentices in funding employment opportunities for school leavers who may not want to go on to further education?

It is important that the levy is used to pay the costs of employing foundation apprentices thereby providing a meaningful pathway to employment, not simply to meet the costs of training.

### Q5. Should Apprenticeship Levy funding be used to help unemployed people move into employment, and to help meet the workforce needs of employers?

Scotland's new devolved Employment Services aspirations have been delayed due the funding issues associated with this and the apprenticeship levy would be an obvious solution to this dilemma. If Skills Development Scotland can be funded to continue supporting the training element of apprenticeships, the levy monies could be utilised to support this critical piece of work so that Scotland has a service of high quality to support marginalised and disabled groups into employment. It should be recognised that paradoxically the added burden of the Apprenticeship Levy costs could lead to less opportunities for this group of people to access within large organisations.

### Q6. Are there any additional suggestions on how Apprenticeship Levy funding might be used?

Consideration could be given to using the Levy to fund an employer recruitment incentive scheme which could be targeted at young people and as well as disabled people and people

with long term health conditions. Feedback from employers is very positive about recruitment incentives and, in the main the results are good for the employees sustaining their jobs. The level of incentive would require discussion but should be targeted at covering as much of the apprenticeship salary as possible i.e. 100%. This would maximise the number and type of opportunities on offer and encourage growth within businesses. Robust succession planning should be part of the application process to ensure, where possible, sustainable jobs for the young people post apprenticeship. Scottish Borders Council again reiterates the need for a different Scottish solution which ensures that any monies deducted from public bodies via a levy on PAYE be returned to these bodies in the form of grant to employ apprentices.