

Consultation on the Scottish Government Response to the Introduction of the UK Apprenticeship Levy

Analysis of Responses

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EXECUTIVE SUMMARY

This report presents the findings of an analysis of responses to a consultation on the Scottish Government response to the introduction of the UK Apprenticeship Levy.

Proposals for an Apprenticeship Levy were announced by the UK Government in the summer 2015 Budget, to apply to the UK as a whole, including Scotland. The levy will begin in April 2017 and employers in the public, private and third sectors will pay 0.5% of their annual pay bill in excess of £3m. Responsibility for disbursement of the levy funding in Scotland will be devolved to the Scottish Government.

In order to explore options for the use of this funding in Scotland, the Scottish Government carried out a consultation between 13th July 2016 and 26th August 2016 to explore respondents' views of:

- Whether the Scottish Government should maintain or increase the current Modern Apprenticeship (MA) growth ambition (i.e. 30,000 starts a year by 2020).
- Whether to use the Apprenticeship Levy funding to support growth in the number of Graduate Level Apprenticeships in Scotland.
- Whether to use the Apprenticeship Levy funding to establish a flexible skills fund to support wider workforce development.
- Whether to use the Apprenticeship Levy funding to support the expansion of Foundation Apprenticeships.
- Whether to use the Apprenticeship Levy funding to help unemployed people move into employment and to help meet the workforce development needs of employers.

A total of 374 responses were received. The largest proportion (45%) was from the private sector and their representative bodies. Also common were responses from colleges, universities and the training sector (17%) and individuals (14%). Responses were also received from: third sector and their representative bodies (7%); local authorities and their representative bodies (6%); Government and Non-Departmental Public Bodies (NDPBs) (5%); NHS (3%) and trades unions (TUs) (2%).

A large amount of detailed information was provided, and the findings on each of the issues are summarised below. Further details are given in the main report.

Overall findings

The majority of respondents at each question expressed support for the proposals in the consultation document.

At Question 1, in terms of the overall growth ambition, the majority of respondents¹ (63%) stated that the Scottish Government's commitment to 30,000 Modern Apprenticeship starts a year by 2020 should be maintained. Just over a quarter (28%) believed it should be increased.

At Question 2, more than three quarters of respondents (79%) stated that Apprenticeship Levy funding should support growth in the number of Graduate Level Apprenticeships in Scotland. Around a sixth (16%) disagreed.

¹ These figures are the proportion of those who addressed the particular question. Almost all (over 93% of respondents in each case) addressed questions 1-5.

At Question 3, just over three quarters of respondents (79%) stated that Apprenticeship Levy funding should be used to establish a flexible skills fund to support wider workforce development. Just over a sixth (17%) disagreed.

At Question 4, just under three quarters of respondents (65%) stated that Apprenticeship Levy funding should be used to support the expansion of Foundation Apprenticeships. Just over a quarter (27%) disagreed.

At question 5, around two thirds of respondents (66%) stated that Apprenticeship Levy funding should be used to help unemployed people move into employment, and to help meet the workforce development needs of employers. Just over a quarter (28%) disagreed.

Many additional comments were made at each question.

Overall growth ambition - reasons for views

Many respondents provided reasons to support the view (expressed by the majority of those who addressed the question), that the Scottish Government's current level of commitment to 30,000 MA starts a year by 2020 should be maintained.

The main reasons given were that:

- The current level is appropriate and based on evidence of need. It is also ambitious and challenging.
- This is the best way to ensure and maintain the quality of MAs.
- There is a lack of capacity to support an increase in the level of commitment.
- There are some current concerns about MAs (e.g. lack of flexibility; restrictions on what can be funded).
- Some current issues in the wider context (the overall economy, the introduction of the Levy; and demographic issues) make an increase inappropriate.

Several respondents however, stated that the current level of commitment should be seen as a minimum, and should not be decreased.

Fewer respondents provided reasons to support an increase in the level of commitment (with 28% in favour of this) but reasons given were that this would:

- Help to meet the needs of employers.
- Address gaps in current provision.
- Benefit the wider economy.
- Make use of the availability of Levy funding.

Many additional suggestions were made about how to develop apprenticeships. These are summarised along with suggestions from other questions later.

Proposed uses of Apprenticeship Levy funding – reasons for views

A clear majority of respondents in each case were in favour of the uses of Apprenticeship Levy funding to:

- Support the growth in the number of Graduate Level Apprenticeships in Scotland.
- Establish a flexible skills fund to support wider workforce development.
- Support the expansion of Foundation Apprenticeships.
- Help unemployed people move into employment.

Many respondents made additional comments giving reasons for their views about each of these proposals, and there were a number of recurrent cross-cutting themes.

Benefits of the proposals

Many of the comments focused on the benefits of the proposals (reflecting the overall pattern of views). Common themes were that these uses of Apprenticeship Levy funding would help to:

- Meet the needs of employers.
- Meet the needs of specific sectors, or for specific skills.
- Meet the needs of the Scottish economy.
- Meet the needs of individuals.
- Promote equality and diversity and address the needs of specific groups.
- Address gaps in, or limitations to current provision.
- Support the overall policy approach.

While the specific nature and relative emphasis of these benefits varied by individual question, and a large amount of additional detail was provided, these were the main reasons given for supporting each of the proposed uses of Apprenticeship Levy funding.

Concerns about the proposals

A smaller number of respondents at each question identified concerns about the proposed uses of funding. Again, there were a number of common recurrent themes.

Concerns about the proposals focused on views that:

- There is a lack of demand for, or benefit from the proposed use of funding.
- The proposals represent an inappropriate use of Apprenticeship Levy funding.
- They may divert funding from the main priority.
- They should be funded in other ways.
- The proposals may have a negative impact on wider issues, such as other opportunities for learning, training, skills development and employment.

Suggested developments

Many suggestions about developments to learning, training, skills development and employment were made, at the specific questions, and at Question 6 (which asked respondents to identify any other potential uses of Apprenticeship Levy funding).

Again, while there many specific, detailed suggestions, there were also a number of common themes. These are summarised below.

The overall approach to the use of Apprenticeship Levy funding

One group of suggestions related to the overall approach to, or principles for the use of Levy funding. Common issues raised were the need for:

- Quality.
- A flexible approach.
- An approach which is based on the needs and demands of employers, sectors and the Scottish economy.
- Joint working, collaboration and partnership with employers and between stakeholders.
- Coherence with systems in other parts of the UK.

- Fairness, equality and social justice.
- Consistency with wider policy.
- A coherent overall approach and clear pathways.
- Simplicity, effectiveness and value for money.

These suggested elements of the approach, or overall principles recurred frequently throughout the analysis.

Specific developments and suggestions

A further group of suggestions related to specific developments in each of the types of provision examined (e.g. MAs, GLAs, wider workforce development, FAs and work to improve access to employment).

Many suggestions were made about using the funding to support:

- Practical costs of learning, training, skills development and employment.
- Standards.
- Certification and qualifications.
- Specific forms of training.
- Training delivery.
- Awareness raising and promotion.
- Strategy and infrastructure for learning and training.
- Research and innovation.

While the specific suggestions varied at each question, these were recurrent themes throughout.

Developments in specific sectors / subject areas

Comments were also made at each question about how specific sectors might benefit from the types of development suggested.

The sectors mentioned varied by question and proposal, but some were mentioned frequently for further developments (although by small numbers in each case). These were:

- Engineering and construction.
- Health and social care.
- Energy.
- Transport.
- Retail.
- Food and drink.
- Creative.
- Hospitality and tourism.
- Public sector (particularly local authorities).
- Science and technology (including digital / IT).
- The third sector (and individuals and communities supported by third sector organisations).

Many other sectors were also highlighted, as was the need to support developments across a wide range of sectors and types of employer (including SMEs).

Some specific roles within the sectors, as well as subject areas or skills, were also highlighted. While many were mentioned, these included:

- Management and leadership skills.
- Human resource skills.
- Financial skills.
- STEM skills (including IT and digital skills).
- Coaching and mentoring.
- Life skills, “soft” skills and work-readiness.
- Practical and functional skills.
- Equality and diversity awareness.
- A variety of organisation-specific skills.

Many detailed comments were made about the specific needs of particular sectors.

Developments for specific groups

Many respondents made suggestions about the use of funding to promote equality, and to reduce inequalities, both generally and for specific groups.

The groups mentioned included:

- Older people (mentioned most frequently).
- Women.
- Disabled people (including people with learning difficulties).
- BME people.
- Young carers.
- Care experienced young people.
- People in rural areas.
- People in deprived areas / experiencing poverty.
- Non-academic people, or those facing barriers to traditional pathways.
- People unemployed for a long period; facing redundancy; or returning to work.
- Low-paid workers; those working in “non-traditional” ways; and volunteers.
- People from “chaotic” backgrounds.

Comments were also made on the need for opportunities for other disadvantaged and excluded groups.

Types of funding arrangements

In addition to all of the specific developments suggested, many respondents made additional comments on funding arrangements for using the Apprenticeship Levy.

The main issues raised were the need to ensure that:

- Levy-paying employers (and their sectors) benefit from the funding.
- Funding is available to employers not paying the Levy (e.g. employers in a “supply chain”; those addressing the needs of a particular sector; and SMEs in general).
- There is flexibility for employers to use the funding in the way most relevant to their business or sectoral needs (e.g. with ring-fenced or direct access to funding).
- Provision is made to address the needs of particular under-represented groups, tackle current gaps and inequalities, and recognise higher provision costs.
- Apprenticeship Levy Funding is not used to replace current funding, and other developments proposed in the consultation document are not implemented at the expense of the main priorities.

Other issues raised

Many respondents made other comments relating to the following broad themes:

- Current issues and concerns (particularly the impact of the Apprenticeship Levy).
- Additional implementation suggestions for the Apprenticeship Levy.
- Comments on the consultation.
- Provision of additional (often detailed) Information about the respondent.

All of the consultation findings, and the detailed material within the full report and the individual responses, will help to inform the Scottish Government's consideration of the way forward for the use of Apprenticeship Levy funding in Scotland.

All of the findings are presented in detail in the main report, with the full responses available on the Scottish Government website².

² <https://consult.scotland.gov.uk/employability-and-training/apprenticeship-levy>

1. INTRODUCTION AND BACKGROUND

1.1. This report presents the findings of an analysis of responses to a consultation on the Scottish Government response to the introduction of the UK Apprenticeship Levy.

The policy context

1.2. Proposals for an Apprenticeship Levy were announced by the UK Government in the summer 2015 Budget, to apply to the UK as a whole, including Scotland. The Levy will begin in April 2017, and employers in the public, private and third sectors will pay 0.5% of their annual pay bill in excess of £3m.

1.3. The UK Government has indicated that Scotland's share of Levy funding is already included in the Scottish Government's block grant for the next three years. Although training levies are reserved to the UK Government, responsibility for skills policy, including Modern Apprenticeships (MAs), is fully devolved. It will be for Scottish Ministers to develop proposals on how Scotland's share of the Levy will be allocated when setting future Scottish budgets.

1.4. The introduction of the Apprenticeship Levy comes at a time when the Scottish Government policy on MAs has already been set. This forms part of the planned seven year implementation of the Youth Employment Strategy in Scotland "Developing the Young Workforce"³.

1.5. The Youth Employment Strategy sets out a number of key actions and associated milestones. At present, there are more than 25,000 new MAs each year in Scotland, and the Scottish Government is committed to increasing this to 30,000 per year by 2020. MAs are now the main means of delivering workplace-based vocational qualifications for young people.

1.6. As well as increasing the overall number of new MA places, other actions in the Youth Employment Strategy include:

- Oversight and quality assurance structures (to ensure MAs are relevant to the needs and expectations of businesses).
- Foundation Apprenticeships (to promote early intervention for young people at risk of exclusion from the labour market).
- Advanced or "Graduate" Apprenticeships (to tie MAs more closely to the skills required to support economic growth, and to focus on skills in Science, Technology, Engineering and Maths [STEM]).
- Measures to improve access to MAs for: young people from BME communities; disabled young people; and care leavers, and measures designed to end gender segregation within some skills areas.
- Measures to support employers to invest in their young workers, develop the role of colleges further in preparing young people for employment, and support economic growth.

1.7. Additionally, the UK Government is overhauling the development and delivery of apprenticeships in England. While this is an area of UK Government responsibility, the Scottish Government has been working to ensure that cross-UK issues (e.g. the future of

³ Scottish Government (2014). *Developing the Young Workforce*. Edinburgh: Scottish Government.

existing levies and the infrastructure that supports the development of apprenticeship frameworks) are fully considered.

1.8. The Scottish Government recognises that the use of Apprenticeship Levy funding and the development of MAs should reflect the wider policy context and the needs of the Scottish economy. As such, the Scottish Government is keen to work with employers and other stakeholders to shape the response to the introduction of the Levy, and discussions have already taken place which have helped to shape the development of options on the use of the funding.

1.9. These options formed the basis of a consultation document which was issued in July 2016⁴. The consultation asked for views on the use of Apprenticeship Levy⁵ funding by the Scottish Government. This report presents the analysis of the findings.

The consultation

1.10. The consultation focused on five main elements, as follows:

- Whether the Scottish Government should maintain the current Modern Apprenticeship growth ambition (i.e. 30,000 starts a year by 2020), with a commitment to industry to fund further expansion should there be demand, or whether this should be increased (Question 1).
- Whether to use the Apprenticeship Levy funding to support growth in the number of Graduate Level Apprenticeships in Scotland (Question 2).
- Whether to use the Apprenticeship Levy funding to establish a flexible skills fund to support wider workforce development (Question 3).
- Whether to use the Apprenticeship Levy funding to support the expansion of Foundation Apprenticeships (Question 4).
- Whether to use the Apprenticeship Levy funding to help unemployed people move into employment and to help meet the workforce development needs of employers (Question 5).

1.11. At questions 1–5, respondents were asked a closed question and provided with space for additional comments. They were also given the opportunity to make additional suggestions on how the Apprenticeship Levy funding might be used (Question 6). The questions are provided in full at Annex 1.

1.12. A response form was provided on which respondents could record their answers. The consultation was made available on-line through Citizen Space. Respondents were also asked to complete a Respondent Information Form (RIF) giving their own details and indicating whether or not their response could be made public.

Submissions and respondents

1.13. The consultation ran from 13th July to 26th August 2016, although responses were accepted until 2nd September. A total of 374 responses were received and included in the analysis. Two responses were received which were too late for inclusion in the analysis, but are available in full to the Scottish Government.

⁴ Scottish Government (2016). *Consultation on the Scottish Government Response to the UK Apprenticeship Levy*. Edinburgh: Scottish Government.

⁵ In the remainder of this report, where reference is made to “the Levy”, or “Levy funding”, this refers to the Apprenticeship Levy unless otherwise stated.

1.14. The types of respondent by category are set out in Table 1 (below). A list of respondents is provided at Annex 2 (excluding those who requested confidentiality or anonymity, or who did not provide a RIF).

Table 1. Respondents by category

Category	No.	%
Private sector and private sector representative bodies	169	45
Colleges, universities and the training sector	64	17
Individuals	54	14
Third sector and third sector representative bodies	27	7
Local authorities and local authority representative bodies	24	6
Government and Non-Departmental Public Bodies (NDPBs)	17	5
NHS	11	3
Trades Unions	8	2
	374	

1.15. As is clear from the table, the largest number of responses (almost half) were from the private sector and representative bodies. Also common were responses from colleges, universities and the training sector (17%) and individuals (14%).

1.16. A total of 280 unique responses were received via Citizen Space, with the remainder (94) being submitted via email or letter. A total of 49 respondents requested that their response should be treated as confidential.

1.17. A majority of responses followed the format of the consultation document and questions (whether submitted by Citizen Space or other means). At each of questions 1 to 6, more than three quarters of the respondents provided qualitative comments, generating a very large amount of material. Many also provided further additional information (e.g. about their organisation or their involvement in the subject matter).

Analysis of the data and presentation of the information

1.18. The analysis of the data involved a number of stages, which were:

- Design of an Access database to include the data for each question.
- Transfer of responses submitted through Citizen Space and verbatim input of responses submitted by email and letter.
- Quantitative analysis of the closed questions.
- Preparation of a series of Word documents containing all textual material ready for qualitative analysis.
- Identification of the key themes and sub-themes for each question.
- Summary of the findings and preparation of this report.

1.19. The presentation of the information involves some quantitative material, although most of the detail is qualitative. The quantitative information includes:

- The number of respondents overall, and by type (Table 1 above).
- The proportion of respondents who answered each closed question and who made additional comments.
- The breakdown of views in the closed questions 1-5 (i.e. the number answering “a” or “b” at Question 1, and “yes” or “no” at questions 2-5).
- Patterns of agreement with different combinations of questions.

1.20. In addition to the quantitative information, some respondents who did not specifically answer the closed part of the question by using the “tick box” provided comments which indicated their preference clearly. This number has been included in the balance of views at each question. This involved some subjective judgement, and these figures are not definitive, but give a clear indication of the overall pattern of views.

1.21. The rest of the analysis and presentation of the material is qualitative. Respondents provided a large amount of additional detail, which is presented by themes and sub-themes to reflect the range and depth of views.

1.22. While the broad proportion of respondents highlighting the main themes is given in each case, these are indicative and expressed as “around” the proportion (e.g. “around a third”). For most of the detailed material and sub-themes, qualitative terms (e.g. “a small number”; “a few”; “several”; “many”; etc.) are used to present the information, and to indicate common views. It should be borne in mind, however, that even where “many” respondents mentioned an issue within an overall theme, this would not generally represent a large proportion of the overall number of respondents, and would not represent a majority view.

1.23. It would be inappropriate to quantify this material further, because:

- The focus was on the range of views, rather than “weight” of responses.
- Some responses represented the views of a number of contributors.
- Respondents made suggestions at different questions, and in different formats.
- Respondents were self-selecting, making it impossible to generalise from findings.

1.24. The report cannot provide a compendium of the information in the responses, nor can it present every individual point made. It does, however, summarise themes and issues raised, even by small numbers of respondents. The full text of the responses can be viewed on the Scottish Government website⁶.

1.25. The wording used to present the qualitative material sometimes follows the wording of a response closely (although not presented as a “quote”). This is done to ensure the respondents’ intended message is represented accurately. Quotations have not been used, as this might imply that the views of one respondent carry more weight than another.

1.26. The report does not list the types of respondent identifying each individual theme, as this would make the report difficult to read. It does, however, identify any patterns by category at each question. The term “respondent” refers to one response, even if it represents the views of more than one contributor.

1.27. The remainder of the report presents the findings, as follows.

- Section 2: Modern Apprenticeships growth ambition (Question 1).
- Section 3: Graduate Level Apprenticeships (Question 2).
- Section 4: Flexible Skills Fund (Question 3).
- Section 5: Foundation Apprenticeships (Question 4).
- Section 6: Support to move into employment (Question 5).
- Section 7: Additional suggestions and other comments (Question 6).
- Section 8: Summary.

⁶ <https://consult.scotland.gov.uk/employability-and-training/apprenticeship-levy>

2. MODERN APPRENTICESHIPS GROWTH AMBITION

2.1. This section presents the findings relating to Question 1, which asked:

“Should the Government’s commitment to 30,000 Modern Apprenticeships starts a year by 2020: a) be maintained or b) be increased?”

Overall pattern of views

2.2. Almost all of the respondents (95%) addressed Question 1. Of these, almost two thirds (63%) ticked (“a”), or expressed clear support for this option, to maintain the Scottish Government’s commitment to 30,000 MA starts a year by 2020.

2.3. Just over a quarter (28%) ticked (“b”) or expressed clear support for this option, to increase the commitment. The remainder of those who addressed the question (9%) did not express a clear preference, but made other comments.

2.4. There were few differences by category, with most following this pattern. The only variations were NHS respondents (among whom 90% stated that the level of commitment should be maintained), the third sector (where 74% stated it should be maintained) and trades union respondents (where only 29% stated that it should be maintained).

2.5. The full quantitative analysis of Question 1 is presented in tables A1 to A3 (Annex 3).

Additional comments

2.6. More than four fifths (83%) of those who responded to Question 1 made additional comments. There were three main themes overall:

- The benefits of, or reasons for maintaining the current commitment.
- The benefits of, or reasons for increasing the current commitment.
- Suggestions about developments to apprenticeships in Scotland.

2.7. Many issues were raised within each overall theme, and these are summarised in the remainder of this section.

The benefits of, or reasons for maintaining the current commitment

2.8. Approaching two thirds of those who made additional comments suggested benefits of, or reasons for maintaining the current level of commitment. These related to the following broad areas:

- The nature of the current commitment.
- The quality of MAs.
- Capacity issues.
- Current experiences of MAs.
- The wider context for MAs.

The nature of the current commitment

2.9. Many of the reasons given to maintain, rather than increase, the level of commitment related to the nature of the current commitment. Some respondents, for example, described this level as being: realistic; appropriate; balanced; achievable and sufficient. Several also stated that it would (or should) be based on evidence of employer need and demand.

2.10. Several respondents expressed the view that the level is already ambitious or challenging (and two stated that it should be reduced). A few stated that it was unclear how it had been calculated, while one expressed the need to be sure that the current commitment will be met prior to any increase. Some stated that they were not aware of any evidence of additional demand, and a few gave examples of a lack of need for an increase from their own sector.

2.11. Several, however, stated that the current level of commitment should be seen as a minimum, and should not be decreased (with a few citing the importance of MAs, or the need for these in their own sector to support this view).

The quality of MAs

2.12. Several respondents expressed the view that maintaining the current level of commitment is the best way to ensure, and continue to develop the quality of MAs, to benefit both employers and apprentices.

2.13. Further comments included the view that the quality of MAs is more important than their quantity, and it is important to avoid a “tick box” or “numbers game” (which may, for example, ignore the importance of positive outcomes). A related concern, expressed by several respondents, was that increasing the level of commitment may compromise the quality of MAs, and devalue the training.

Capacity issues

2.14. A number of respondents expressed the view that a lack of capacity to support an increase in MAs was a further reason to maintain the current level. Comments were made about a perceived lack of capacity among employers (including, but not only smaller employers and those in some geographical areas or sectors) and a lack of capacity among some training providers.

2.15. A few respondents mentioned particular financial constraints, such as: reduced funding for MAs; financial insecurity or uncertainty; and pressure on resources. A small number mentioned staffing constraints (e.g. a lack of staff to support or train an apprentice). A small number stated specifically that they would not be able to deliver sufficient numbers of MAs to recover their Levy contribution.

Current experiences of MAs

2.16. Respondents' experiences of current MAs were also mentioned among the reasons to maintain the current level of commitment (both in terms of neither increasing nor decreasing this).

2.17. Current concerns about MAs were cited as making an increase inappropriate and problems mentioned included: lack of flexibility, and restrictions on what could be funded; recent expansion of MAs and some duplication; lack of sufficient infrastructure and proven framework; and lack of coherence in the system. A small number of respondents stated generally that MAs did not always suit organisational needs (or that an increase in the level of commitment to these would not).

2.18. Positive experiences of current MAs were also cited to support maintaining the current level, making any decrease inappropriate.

The wider context for MAs

2.19. A number of issues relating to the wider context for MAs were also mentioned to support maintaining rather than increasing the current level of commitment. Several respondents, for example, mentioned the overall economic climate in Scotland, with decreasing budgets and uncertainty relating to the impact of the EU referendum result.

2.20. A few respondents mentioned the actual introduction of the Levy itself as a reason to maintain, rather than increase the current target. Some, for example, mentioned a need for a “settling-in” period and stability; or a current lack of understanding of how the Levy will operate in Scotland and impact on employers.

2.21. One respondent mentioned that population issues in their area would reduce the number of young people available for MAs.

The benefits of, or reasons for increasing the current commitment

2.22. A much smaller proportion of respondents mentioned benefits of, or reasons to increase this (just under a fifth of those who made additional comments). These were in four broad areas:

- The overall needs of employers.
- Gaps in current provision.
- The needs of the Scottish economy.
- Availability of levy funding.

The overall needs of employers

2.23. A very common theme among those who supported increasing the level of current commitment was that this would help to meet the needs of employers.

2.24. Several mentioned, for example, the overall value of MAs to both employers and apprentices, or described their own positive experiences of these. Several gave details of perceived unmet or increasing need for MAs in their own area or sector (e.g. as a result of skills gaps and demographic changes). A small number mentioned that the level of commitment in Scotland was low compared to England.

2.25. Several respondents stated specifically that they would only support an increase in the level of commitment if there was evidence of employer demand.

Gaps in current provision

2.26. A further, related reason for supporting an increase in the level of commitment was the view that there were specific gaps in current provision. Among these, age-related gaps in MAs (particularly limitations to provision for those over aged 25+) were mentioned most frequently.

2.27. Small numbers of respondents mentioned other gaps in current MAs. For example, some respondents mentioned gaps by gender, and continuing occupational segregation. Others mentioned gaps in provision to: disadvantaged and excluded groups; less academic young people; BME people; disabled people; looked after children; and young carers. It was suggested that an increase in MAs (coupled with other changes) could help address such gaps.

2.28. Some also mentioned gaps, or scope for further provision in particular sectors, including, for example: engineering and construction; food and drink; childcare; health and

social care; energy; public sector; retail; hospitality and tourism; transport; the third sector; and digital / IT.

The Scottish economy

2.29. A few respondents cited benefits to the Scottish economy overall from an increase in MAs. These included, for example: building a strong and diverse workforce to meet future demand; providing more opportunities to develop young people's skills; and helping address youth unemployment.

2.30. It was also suggested that an increase in the level of commitment would contribute to economic growth and to achievement of the ambitions of the Youth Employment Strategy and the Scottish Government's economic strategy.

Availability of Levy funding

2.31. Several respondents suggested that the actual availability of Levy funding was a reason to increase the level of commitment to MAs. Comments included that: current funding to MAs, in terms of the amount awarded per person, had decreased; the additional money from the Levy would lead to greater demand for apprenticeships; and the commitment should be increased to reflect the additional resources.

Suggestions about developments to apprenticeships in Scotland

2.32. Over half of those who made additional comments at Question 1 (including respondents with differing overall views) provided further suggestions about the development of apprenticeships.

2.33. The most common were suggestions about:

- The overall approach to apprenticeships.
- The nature and use of "targets".
- Developments in sectors and subject areas.
- Developments for specific groups.
- Other suggested developments.
- Funding issues.

2.34. It should be noted here that some of these overall themes were common to a number of questions, although the relative emphasis on issues within the themes may differ. As such, some will recur, with different emphases, in the presentation of findings for questions 2-5, and in overall comments at question 6.

The overall approach to apprenticeships

2.35. The most common suggestions about the overall approach to apprenticeships, whatever the level of commitment, were the need to ensure quality, and to ensure that the training provided (and the system) reflected employer needs and demand.

2.36. Smaller numbers of respondents suggested other requirements. Some mentioned the importance of an integrated approach, providing a clear pathway and taking account of other funding streams and pathways. Others mentioned a need for: flexibility (in the frameworks, delivery and funding arrangements); fairness and equality; clear objectives and outcomes; partnership working with employers and other stakeholders; and an approach that meets the needs of apprentices.

The nature and use of “targets”

2.37. A number of suggestions were also made about future targets. There was a common theme that any future commitment should be based on labour market and employer needs and demand, supported by evidence, consultation and review. It was also suggested that the level should take account of: skills gaps; supply and demand among young people; geographical issues; the needs of different sectors and groups; and the ability to deliver places.

2.38. Several respondents (most of whom felt the existing level of commitment should be maintained) stated that there should be potential to increase this in the future, if there is evidence of need and demand. One respondent stated that the target should be increased and brought forward to May 2018.

2.39. Some respondents made suggestions about the actual use of a “target” in the future. Some, for example, expressed concern about a negative impact of this (e.g. on quality), and a small number stated that there should not be a numerical target. A few suggested that the focus should be upon MA completions, rather than starts. Some mixed views were also expressed about whether there should be a “headline” target, or whether this should be broken down by sector.

Developments in sectors and subject areas

2.40. Many respondents made suggestions about developments to MAs in sectors or subject areas. A frequent general suggestion was that, overall, the sectors covered by MAs should be widened. Other comments included that there could be additional “priority” sectors, further skills and subjects covered, and other training options available.

2.41. A few respondents stated that activity should focus on sectors of key importance or that those with evidence of skills gaps, or scope for future employment growth should be prioritised. A small number suggested expanding the number of MAs employed by SMEs.

2.42. A number of specific sectors and subject areas were suggested (by small numbers in each case) in which there was a need to provide or develop apprenticeships. These included those mentioned at para 2.28, as well as a number of others. Some also mentioned specific types of skills relating to their sector for development.

Developments for specific groups

2.43. Many respondents made suggestions about addressing the needs of specific groups. The most common issue raised was to expand MA opportunities for older people. Comments included that: the age bands should be extended; greater funding support should be provided for those aged 20+ (and specifically over 25); and the Levy funding should be used to support “all age” participation in MAs.

2.44. Suggestions were also made, by a small number of respondents in each case, about addressing gaps in provision for other groups (e.g. by reserving a proportion of MAs for those furthest from the labour market, and meeting additional support needs of individuals and their employers). The groups mentioned reflected those highlighted in para 2.27.

Other suggested developments

2.45. Respondents mentioned a number of other potential developments to apprenticeships. Several, for example, suggested increasing MAs at specific levels (particularly higher levels, although some highlighted a need for a balance of levels).

2.46. Other suggestions, by smaller numbers of respondents, included to:

- Enable additional training providers to support and deliver apprenticeships.
- Ensure inspection and quality audit.
- Provide clearer definition of what an MA entails.
- Develop partnership arrangements (e.g. through a “hub” or shared MAs).
- Use public procurement policies to encourage apprenticeships.
- Provide greater consistency across the UK.
- Promote MAs to employers and potential apprentices.
- Allow apprentices to access support for more than one apprenticeship.
- Ensure the advisory structure supports developments.

Funding issues

2.47. As well as these suggestions, many respondents stressed a need for sufficient funding for the developments. Several suggested specific costs for funding, including:

- Provide wage subsidies and incentives for apprenticeships.
- Consider the level of Government funding to the cost of an individual apprentice’s training (with suggestions to: increase this; reduce employer contributions; ensure no further funding reductions; and review this).
- Improve wage levels for apprentices (e.g. linking them to progression).
- Provide funding for specific aspects of the costs of apprenticeships (including, in the view of some respondents, all apprentice training costs).
- Ring-fence funding for specific purposes, or provide grants for specific developments relating to apprenticeships.

2.48. Comments were also made about the means of providing Levy funding, including, for example, to: return this to employers and sectors in a way that reflects their contributions; ensure flexibility in its uses; and ensure that it does not displace or replace existing funding, nor lead to employers “re-badging” existing training as apprenticeships.

2.49. Additional comments included the need to take account of the costs of provision in remote and rural areas, as well as higher delivery costs for other reasons. It was also suggested that the needs of non-Levy payers should be considered. A range of further cross-cutting suggestions were also made, which are discussed further in Section 7.

Other comments

2.50. Several respondents made other comments about the use of Levy funding to support other developments covered by Questions 2-5. These will be discussed in Sections 3-6.

2.51. Several provided detailed information about their organisation and role in MAs. A few commented on their potential role in taking developments to apprenticeships forward.

2.52. Comments were also made about the Levy itself, including its impact (positive and negative) and areas for further information and clarity. A few respondents commented on particular aspects of the consultation. These issues are discussed further in Section 7.

3. GRADUATE LEVEL APPRENTICESHIPS

3.1. This section presents the findings relating to Question 2 which asked:

“Should Apprenticeship Levy funding support growth in the number of Graduate Level Apprenticeships in Scotland? a) Yes b) No”

Overall views

3.2. Almost all of the respondents (95%) addressed Question 2. Of these, more than three quarters (79%) either ticked “yes” or expressed clear support for the view that Apprenticeship Levy funding should support growth in the number of Graduate Level Apprenticeships (GLAs) in Scotland.

3.3. Around a sixth (16%) either ticked “no” or expressed clear disagreement with the use of Levy funding for this purpose. The remainder of those who addressed the question (5%), did not express a clear preference, but made other comments.

3.4. By respondent type, there was substantial support across all categories of respondents for the view that funding should support growth in the number of GLAs. The strongest support was found among: local authorities (96%); trades unions (86%); the private sector (82%); and universities, colleges and the training sector (81%).

3.5. There was a small difference in responses to this question by respondents’ overall views of the growth ambition for MAs (explored in Question 1). 82% of those who stated that the Government’s current commitment should be maintained, compared with 74% of those who believed it should be increased, expressed agreement with Question 2.

3.6. The full quantitative analysis of Question 2 is presented in tables A4 to A7 (Annex 3).

Additional comments

3.7. More than four fifths of those who responded to Question 2 (81%) made additional comments. There were three main themes overall:

- Benefits of, or reasons to use Levy funding to support growth in GLAs.
- Concerns about using Levy funding to support growth in GLAs.
- Suggestions about developments to GLAs.

3.8. Many issues were raised within these themes, and these are summarised below.

Benefits of, or reasons to use Levy funding to support growth in GLAs

3.9. Approaching two thirds of those who made additional comments suggested benefits of, or reasons for this. These related to the following broad areas:

- Meeting the needs of employers.
- Demand from specific sectors, or for specific skills.
- Meeting the needs of individual workers.
- Meeting the needs of specific groups.
- Wider issues and the Scottish context.

Meeting the needs of employers

3.10. The most common perceived benefit of using Levy funding for this purpose was that a growth in GLAs would help meet the needs of employers. While some respondents mentioned the general value of GLAs to employers, and an overall demand from employers, several stated that a growth in GLAs would help develop skills in their own workforce, or increase the range of higher or technical skills available to them as an employer.

3.11. GLAs were also seen to help match individuals and their skills to respondents' actual business requirements (e.g. by helping address particular skill shortages, or to meet demand in specific growth areas). Some respondents stated that GLAs also enabled employers to "grow" their own talent internally. They were also seen to help make individuals with technical skills more "work-ready".

3.12. Several respondents indicated that GLAs could help create a pipeline of skilled staff, and would help with staff recruitment and retention. This was also seen to assist with workforce and succession planning. A small number of respondents suggested that GLAs may help businesses to be more productive and innovative.

3.13. A further point made by a small number of respondents was that employers could use GLAs to get a greater return for their Levy contribution. A few stated that a growth in GLAs (along with other changes) could help SMEs take these on, or open up the market for GLAs more generally. One respondent suggested that a growth in GLAs may provide opportunities to strengthen links between organisations and the academic sector.

Demand from specific sectors, or for specific skills

3.14. A further, closely related theme was that an increase in GLAs would help meet the needs of specific sectors, and enable them to grow. Among a number of sectors mentioned, the ones highlighted most commonly were: STEM; construction; Information and Communications Technology (ICT) and digital; health and social care; creative; and energy. A small number of respondents also mentioned benefits to local authorities (in a range of skills areas).

3.15. It was suggested that GLAs would help these sectors to: address skill shortages and difficult to fill vacancies; combine academic and practical learning; develop additional skills for key roles (or particular types of skills, such as financial or management); meet registration or minimum qualification requirements; provide new entry routes to careers; and train technical and professional staff "in-house".

3.16. A small number of respondents (from different sectors) suggested that GLAs could enable skilled technical staff in their sector to gain management or higher level qualifications, or business qualifications. One respondent stated that this could help them to retrain skilled staff displaced by a downturn in the sector.

3.17. A small number of respondents indicated that a growth in GLAs may assist sectors where existing MAs or college-based qualifications are not at a high enough level to meet the sector's needs.

3.18. It was also suggested that a growth in the number of GLAs could extend the reach of MAs into sectors where they are less common or not provided (e.g. finance; arts and culture; the church; some health and social care roles; and others). A few respondents stated that GLAs could be useful in sectors where university places may be limited.

Meeting the needs of individual workers and specific groups

3.19. Another common theme among the benefits of a growth in GLAs was that this would help meet the needs of individual workers, and specific groups.

3.20. A number of respondents stated that a growth in GLAs would give individuals more choice, and offer an alternative to traditional learning styles, particularly in technical or professional roles. It was also suggested that some individuals may perform better out of a purely academic environment.

3.21. Some respondents expressed the view that a growth in GLAs would give individuals a better pathway, and enable progression from an MA or craft or technician-based qualification. A number suggested that GLAs may make individuals more employable, and provide them with both vocational and academic skills. A small number of respondents stated that a GLA route would reduce or prevent individuals' student debt.

Meeting the needs of specific groups

3.22. Several respondents stated that a growth in GLAs could help tackle current under-representation among specific groups, as well as generally increasing opportunities and encouraging diversity and inclusion. Among particular groups mentioned (by small numbers in each case) were: disabled people; BME people; older people; women; and those who may not have had access to higher education.

Wider issues and the Scottish context

3.23. A small number of respondents identified wider benefits of a growth in GLAs. Some expressed general positive views of GLAs, while some stated that using the Levy funding in this way would benefit the Scottish economy as a whole (e.g. making it more competitive; providing a more skilled workforce; and leading to fewer skills shortages). One respondent suggested that GLAs could also provide a means of helping the existing workforce to re-skill or up-skill (and would shift some of the focus away from labour market entrants alone).

3.24. A small number of respondents mentioned potential benefits for those providing education and training. One, for example, identified GLAs as a potential export opportunity. A small number made comparisons to what they considered to be positive developments elsewhere (e.g. the increase in GLAs in England under the Trailblazer initiative).

3.25. Several respondents stated that a growth in GLAs was consistent with, and part of the overall policy approach in Scotland. A small number stated that it would help raise awareness and improve the status and perceptions of the apprenticeship programme.

Concerns about using Levy funding to support growth in GLAs

3.26. A much smaller proportion of respondents than identified benefits (around a fifth of those who made additional comments) identified concerns with this. These were in three broad areas:

- Lack of demand for, or benefit from growth.
- Issues with the use of funding.
- Wider negative impacts.

Lack of demand for, or benefit from growth

3.27. The most common concern about using Levy funding to support growth in the number of GLAs was the view that this was not needed, or would bring limited benefits.

3.28. Some respondents stated that there was little evidence of demand for this either from their own sector, or more generally. Examples of specific sectors where, in the respondent's view, there would be little demand included: hair and beauty; freight; retail; construction; property and cleaning; and building services engineering. Some stated that GLAs would not meet their needs either in terms of the skills needed or in the level of these.

3.29. Additional comments by some respondents included that:

- There were already enough graduate level places to meet their needs.
- They had no difficulty in recruiting graduates.
- They would be unable to sustain or support GLAs (e.g. due to size or location).
- The posts for MAs in their organisation were not suitable for GLAs.
- Some organisations already ran independent graduate programmes.

3.30. Some respondents also believed that growth in GLAs would not address some key priorities (e.g. issues faced by equalities and other under-represented groups; and specific skills shortages).

Issues with the use of funding

3.31. Several respondents raised concerns about the actual use of funding for growth in GLAs, with a number of different points raised (by small numbers in each case).

3.32. One was a view that there were (and should be) other ways of funding and providing graduate programmes (e.g. through existing funding streams). A small number of respondents expressed concern about the Levy (rather than employers) meeting the costs of GLAs. There was also a concern that Levy funding could substitute for existing funding from the Scottish Funding Council (SFC).

3.33. A few also stated that there were both alternative programmes available within the FE/HE sectors, and run by large employers. One respondent suggested that the focus for funding should be on making existing degree level courses more practical and skills-based. Another stated that universities should be doing more to meet employers' needs. A few respondents expressed concern that large employers may re-brand existing graduate programmes to qualify for public subsidy.

3.34. A few respondents argued that the priority should be for the provision of non-graduate level MAs, or MAs for those with low skill levels or at risk from economic changes. A concern was also expressed that GLAs could drain resources from other MAs, or spread the Levy funding too thinly.

3.35. A small number of respondents suggested that it was unfair that some public sector organisations facing higher Levy contributions should subsidise GLAs in well-established organisations with more resources. It was also suggested that the Levy should be used to support those industries and employers paying it.

Wider negative impacts

3.36. A small number of respondents expressed concern about potential wider negative impacts of using Levy funding to support growth in GLAs.

3.37. A few stated, for example, that this may lead to a decline in the number of degree places available, or in the number of young people choosing such a route. One respondent suggested that an increased focus on GLAs could exclude more disabled people.

3.38. An additional concern was that increasing GLAs could, paradoxically, make it harder for graduates to get employment (e.g. as the number of internships could decline, or some companies may choose to employ GLAs, with a public subsidy). One respondent suggested that a growth in GLAs could lead to depressed salaries for graduates.

Suggestions about developments to GLAs

3.39. Over half of those who made additional comments at Question 2 made suggestions about developments to these. The most common related to:

- The overall approach to GLAs.
- Developments for specific sectors or subject areas.
- Developments for specific groups.
- Other suggested developments.
- Funding issues.

The overall approach to GLAs

3.40. The largest number of suggestions about GLAs related to the overall approach to these. The most common were the need to ensure that GLAs: meet the needs of employers and the economy; and involve joint working between industry, FE/HE and training providers.

3.41. Other requirements for GLAs, mentioned by smaller numbers, included a need for: a focus on quality and standards; flexibility (e.g. in the model, funding, timescale and delivery); alignment to existing qualifications and employers' in-house programmes; and the promotion of fairness and equality.

Developments for specific sectors or subject areas

3.42. A number of respondents made comments about specific sectors or subject areas for development of GLAs. Several stated generally that the GLA model should be extended to a wider range of sectors than is currently the case. Some suggested targeting areas of strategic priority or skills shortages.

3.43. Some respondents highlighted a need to target their own or other specific sectors (with many suggestions made, including those highlighted at para 3.14 and others). A small number of respondents suggested targeting SMEs, or employers within a recognised supply chain.

3.44. One respondent suggested that Levy funding should be used to broaden the skills areas covered by GLAs. Specific suggestions included developing management and financial skills.

Developments for specific groups

3.45. Several respondents made comments about developments for specific groups, and the most common related to older people. A view expressed frequently was that GLAs should not be restricted to under-25s, or should be targeted at all ages (although one respondent stated that this should not be at the expense of 16-19 year olds).

3.46. Smaller numbers of respondents identified other groups for a specific focus in any development of GLAs. These included: disabled people; women; people from BME groups; people from disadvantaged areas; those furthest from the labour market; care leavers and looked after young people; young carers; and others who may not otherwise be able to access these opportunities. One respondent stated that GLAs should be available to existing employees.

Other suggested developments

3.47. A number of additional developments were suggested. A small number of respondents, for example, mentioned that they should be offered at a number of levels (including higher levels and masters/postgraduate) and that they should include work-based and off-the-job training. One respondent suggested having an allocation of GLAs for those finishing tertiary education.

3.48. Other suggested developments included to:

- Ensure fair pay for graduate level apprentices.
- Provide a clear career route.
- Review eligibility criteria and funding options.
- Involve in the design and delivery of GLAs: employers; industry and public sector bodies; trades unions; and higher education and skills providers.
- Develop an understanding of GLAs (e.g. by mapping provision and gaps; secondment of academics to industry and vice versa; support to employers; awareness raising and information about GLAs; and evaluation).
- Provide a consistent approach to GLAs across the UK (although a few respondents also suggested that the scheme in Scotland should be distinctive).
- Provide clarity in terminology relating to GLAs.

Funding issues

3.49. As well as the above suggestions, a few respondents mentioned a general need for adequate funding to support developments. A small number mentioned particular GLA costs for funding (e.g. wages; training; and assessment). A few suggested using Levy funding to contribute to existing graduate level training programmes or to support training schemes in sectors which will pay the Levy but do not provide apprenticeships. Several suggested that GLAs should not be developed at the expense of other MAs.

3.50. A small number of respondents made additional suggestions about funding arrangements. These included that funding for GLAs should be:

- Linked to evidence of need and evidence of a joint approach.
- Ratified by the Scottish Apprenticeship Advisory Board (SAAB) Employer Engagement Group.
- Ring-fenced, with some allocated specifically to SMEs.
- Matched by funding from the SFC.
- Provided on a co-investment basis for non-Levy payers.

3.51. One respondent stated there should be one funding source for those operating across the UK.

Other comments

3.52. Some respondents made additional comments about the consultation or the Levy itself, which will be discussed in Section 7.

3.53. Several gave examples of how their organisation had been, or was involved in developing or providing GLAs, or suggested how they might be involved in this in the future.

4. FLEXIBLE SKILLS FUND

4.1. This section presents the findings relating to Question 3, which asked:

“Should Apprenticeship Levy funding be used to establish a flexible skills fund to support wider workforce development? a) Yes b) No”

Overall pattern of views

4.2. Nearly all of the respondents (96%) addressed Question 3. Of these, just over three quarters (79%) either ticked “yes” or expressed clear support for the view that Apprenticeship Levy funding should be used to establish a flexible skills fund to support wider workforce development.

4.3. Just over a sixth (17%) either ticked “no” or expressed clear disagreement with the use of Levy funding for this purpose. The remainder of those who addressed the question (4%) did not express a clear preference, but made other comments.

4.4. By respondent type, there was strong support for the establishment of a flexible skills fund among organisational respondents, regardless of category. Individual respondents were split, with 58% who favoured the establishment of a fund, and 42% who did not.

4.5. There was little difference at Question 3 by respondents’ overall view of the growth ambition for MAs. 78% of those who stated that the Government’s current commitment should be maintained, compared with 75% of those who believed it should be increased, expressed agreement.

4.6. The full quantitative analysis of Question 3 is presented in tables A8 to A11 (Annex 3).

Additional comments

4.7. More than four fifths of those who responded to Question 3 (85%) made additional comments. There were three main themes overall:

- The benefits of, or reasons to use Levy funding to establish a flexible skills fund.
- Concerns about using Levy funding to establish a flexible skills fund.
- Suggestions about the development of a flexible skills fund.

4.8. Many issues were raised within these themes, and these are summarised below.

Benefits of, or reasons to use Levy funding to establish a flexible skills fund

4.9. Over two thirds of those who made additional comments suggested benefits of, or reasons for this. These related to the following broad areas:

- Meeting the needs of employers and the Scottish economy.
- Meeting the needs of specific sectors.
- Meeting the needs of individual workers.
- Promoting equality.
- Addressing current gaps in, and limitations to provision.

Meeting the needs of employers and the Scottish economy

4.10. The most common perceived benefit of using Levy funding to establish a flexible skills fund was that this would help to meet the needs of employers. Several respondents stated, for example, that this would address the needs of Levy payers (in all sectors) who may not be able (or wish) to offer sufficient apprenticeships, enabling them to use the fund to meet other training needs, and to recover, and benefit from, their Levy costs.

4.11. Several respondents mentioned the general value of this type of fund, or cited evidence of need or demand from their own sector (or more generally). Another comment made frequently was that MAs are not always the most appropriate (nor only) training route for some sectors or employers, and a flexible skills fund would allow them to seek the best solution(s) for their own staff, and develop the skills most relevant to them.

4.12. A further perceived benefit to employers and the Scottish economy was that a flexible skills fund would help to develop a workforce to meet future needs, as it would help: fill current skills gaps; and support recruitment, retention, progression and succession planning.

4.13. It was also suggested that it would help promote overall economic growth, as it would: support innovation; sustain key industries; enable adjustment to changing circumstances; and improve productivity, effectiveness and competition.

Meeting the needs of specific sectors

4.14. Closely related to the benefits to employers, many respondents stated that a flexible skills fund would help meet the needs of specific sectors. Those mentioned most frequently (each by a small number) were digital/IT; health and social care; construction; the third sector; oil, gas and energy; and retail. A number of others were highlighted.

4.15. Some respondents gave examples of challenges they faced as an organisation or employer (such as, for example, an ageing workforce and changing requirements for the future). Some identified particular skills gaps, and how a flexible skills fund could help address them (although not all respondents in each sector expressed such views).

Meeting the needs of individual workers

4.16. A further benefit of using Levy funding to establish a flexible skills fund, identified by many respondents, was that this would help to address individual workers' needs. Comments made frequently were that it would enhance their learning and skills, and improve their career development opportunities. It was also seen to provide learning and training options for those for whom an apprenticeship may not be the best option.

4.17. Other benefits of such a fund for individuals were that would: enable upskilling and expansion of their roles; enable retraining; and promote continuing professional development (CPD). It was also suggested that it would increase their employability, improve their earning capacity and enhance their job satisfaction.

4.18. More widely, it was suggested that it would increase workforce and social mobility and encourage flexible working, again benefitting individual workers.

Promoting equality

4.19. Many respondents stated that a flexible skills fund would help promote equality (generally and for particular groups). It was suggested, for example, that this could help to: provide opportunities for the whole workforce; remove barriers to learning and progression;

promote inclusion; reduce discrimination. One respondent stated it would help promote parity of esteem between vocational skills and academic qualifications. Another suggested that it would help address in-work poverty.

4.20. A number of specific groups were mentioned as benefitting from a flexible skills fund. The group mentioned most often was older workers, and respondents mentioned a range of training needs among them. These, coupled with demographic changes and current gaps in funding for over-25's were mentioned as reasons to support the need for a flexible skills fund.

4.21. Other groups mentioned (by small numbers in each case) which could benefit from the establishment of such a fund included: disabled people; women (or men) experiencing occupational segregation or other barriers; BME people; looked after young people; returners to work; people in rural areas or areas of economic downturn; and people who have been unemployed for a long period.

4.22. Some respondents made reference to additional groups which may experience barriers to training (e.g. self-employed people; freelance workers; part-time, casual or seasonal workers; those on zero hours contracts; agency workers; and volunteers) who may also benefit.

Addressing current gaps in, and limitations to, provision

4.23. Several respondents cited current gaps in, and limitations to provision as a reason to support establishing a flexible skills fund. The issue raised most commonly was the current cost of training to employers (particularly SMEs). One respondent also mentioned that there could be a reluctance to train staff who may move on quickly.

4.24. A few respondents stated that the Levy may lead to a decrease in employers' spending on wider training. Some also cited gaps in, or reductions to current funding for wider training. It was suggested that a flexible skills fund could help address these issues.

Concerns about using Levy funding to establish a flexible skills fund

4.25. A smaller proportion of those who made additional comments (under a sixth) expressed concerns about using Levy funding for a flexible skills fund. These related to:

- Issues with the use of funding.
- Lack of need for, or benefit from a flexible skills fund.
- Wider negative impacts.

Issues with the use of funding

4.26. The main issue with this use of Levy funding was a view that it should only be used for apprenticeships (or, in the view of some respondents, for directly related provision). A number of additional comments were made, including that:

- Funding is limited, with a need for more apprenticeship funding. This would deplete this or, detract from the primary purpose.
- The focus should be on young people or particular industries.
- The UK apprenticeship growth model should be supported.

4.27. A few respondents stated that wider workforce development should be funded in other ways (e.g. by employers; sectoral initiatives; or Scottish Government / Skills Development Scotland [SDS] funds). A small number suggested that the training required could be integrated into the apprenticeship frameworks.

Lack of need for, or benefit from a flexible skills fund

4.28. A few respondents stated that there was no need for a flexible skills fund. Comments (by small numbers in each case) included that: wider training is already funded (e.g. by companies or an existing levy); and this would not address the key priorities for MAs.

4.29. A small number of other concerns were raised about the impact of such a fund. A few respondents questioned how it might be used or prioritised, or suggested that it may not deliver value. It was also suggested that the Levy itself would require significant change, and that the opportunities to implement a flexible skills fund may be limited.

Wider negative impact

4.30. A few respondents expressed concerns about a wider negative impact, including that such a fund may: reduce the incentive for apprenticeships; replace existing funding; or undermine the role of an existing industry training levy.

Suggestions about the development of a flexible skills fund

4.31. Around two thirds of those who made additional comments at Question 3 made suggestions about developments. The most common related to:

- The overall approach to a flexible skills fund.
- The overall purpose and potential uses of a fund.
- Developments for specific sectors or subject areas.
- Promotion of equality and meeting the needs of specific groups.
- Implementation suggestions.
- Funding arrangements.

The overall approach to a flexible skills fund

4.32. The largest number of suggestions about a flexible skills fund related to the overall approach to such a fund. A common issue note was that funded activities should be integrated with current provision.

4.33. A further issue raised frequently was the need for quality assurance, and the view that there should be standards, outcomes and monitoring arrangements. Several respondents argued that any training should be approved, and lead to qualification or other accreditation. A few mentioned that a Scottish Credit and Qualifications Framework (SCQF) benchmark should be used (although a small number disagreed with this, or with the potential use of Level 6 and above, as mentioned in the consultation paper).

4.34. Another common suggestion was that the fund should be based on employer needs, demand and priorities. Some respondents also stated that employers, industry and their representative bodies / organisations should be involved in the development of the fund, with a joined-up, partnership approach.

4.35. A related view was that the use of the fund should be aligned to skills shortages, and area needs (e.g. informed by Regional Skills Assessments and Skills Investment Plans). A small number mentioned that a fund should also meet client demand.

4.36. Several respondents stated that the fund should be flexible, in order to allow employers to: recover training costs; target different workforce needs and shape training to suit their needs. It was also suggested that this would enable support for regional skills priorities and different forms of learning. Several respondents stated that the fund should cover a wide range of training, and should not be too narrowly focused.

The overall purpose and potential uses of a fund

4.37. Many respondents commented on the overall purpose and uses of a flexible skills fund. Overall suggestions included that it could be used to promote: general workforce skills development; personal and career development; upskilling, cross- and re-skilling; work readiness; return to work; redundancy avoidance; equality and diversity.

4.38. A small number of respondents stated that the Apprenticeship Levy should be seen as, and renamed a “Skills Levy” or “Training Levy”, accessible to the wider workforce.

4.39. Several specific uses of a flexible skills fund were identified (by small numbers in each case). These included that such a fund could be used to support:

- Internal and external courses and work-based learning.
- Employer input to the design and development of vocational training.
- Identification of learning needs, workforce planning and job re-design.
- In-work support (e.g. supported employment and post-apprenticeship input).
- In-fill learning and training costs.
- Skills competitions and “talent bootcamps”.
- Sharing of facilities, research findings and resources.
- Promotion and signposting of opportunities.

Developments for specific sectors or subject areas

4.40. Several respondents (although small numbers in each case) mentioned specific sectors for support, or developments that could be supported in their own sector. Some suggested that there should be opportunities in all sectors.

4.41. A few respondents mentioned a specific need to support SMEs. A few third sector respondents suggested that the fund could be used to provide training and support for staff who manage volunteers and for those in social enterprises, as well as for volunteer development, training and expenses.

4.42. A small number of respondents suggested specific types of skills that could be developed using the fund, or particular subject matter for training (e.g. “soft” skills; leadership and management skills; human resource skills; financial skills; and equality and diversity training). It was also suggested that the fund could support training for trainers, mentors and coaches, as well as for on-the-job training personnel.

Promotion of equality and meeting the needs of specific groups

4.43. Another common suggestion was that the fund should be used to promote equality, and to address the needs of specific groups. It was suggested that it could be used to develop opportunities and assist integration to the workforce for excluded or disadvantaged groups.

4.44. The most common suggestions related to using the fund to support workforce development for older workers. Other groups suggested for targeting or prioritisation, mentioned by smaller numbers, included those highlighted at paras 4.20-4.22.

Other suggested developments

4.45. A small number of other actions relating to a flexible skills fund were suggested (by a few respondents in each case). These included:

- The use of workforce development plans.
- Development of a UK-wide Government employment and skills strategy.
- Identification of clear funding criteria.
- Improved alignment and co-ordination across the UK.
- Cross-border flexibility.
- Mapping and review of sectoral needs and skill shortages annually.
- Consideration of lessons from the previous Flexible Training Opportunities Fund.

Funding arrangements

4.46. Many comments were made on funding arrangements. The most common related to the need to ensure that a flexible skills fund provides benefits to Levy payers, with suggestions that:

- Some or all of the fund should be confined to Levy payers (and, in the view of some, their supply and distribution chains).
- Levy payers' sectors should benefit directly from the fund.
- Levy payers should have first call on the fund, and easy / direct access to this.
- Levy payers or sectors should be able to distribute their own allocation of the fund.

4.47. A few respondents suggested making funding available to those working with the specific groups mentioned, or promoting the types of activities highlighted.

4.48. Several respondents stated that a flexible skills fund should not reduce or replace existing sources of funding, but should increase investment and add value. A few made suggestions about activities that should not, in their view be funded (e.g. local goods and services; administration; salary or expenses costs; or company-specific training).

4.49. Additional suggestions, made by small numbers of respondents, included that funding should be: capped; strictly controlled; transparent; and non-bureaucratic. A few stated that funding could be ring-fenced for, for example: "biddable" projects; grants; or individual skills account funding for young people. It was also suggested that this funding could be used in conjunction with existing funding.

4.50. One respondent expressed the view that there should be a mixture of sectorally-based and cross-sectoral funds, rather than one large "pot", while another stated that there should be a single fund. A small number of respondents suggested that existing practice could offer potential insight or models.

Other comments

4.51. Several respondents (with differing overall views) raised questions about particular aspects of the flexible skills fund, or mentioned a need for further clarification or definition.

4.52. A few made comments on the Levy itself, and some highlighted their own potential role in taking proposals for a flexible skills fund forward. These issues are discussed at Question 6.

5. FOUNDATION APPRENTICESHIPS

5.1. This section presents the findings relating to Question 4, which asked:

“Should Apprenticeship Levy funding be used to support the expansion of Foundation Apprenticeships? a) Yes b) No”

Overall views

5.2. Almost all of the respondents (94%) addressed Question 4. Of these, just under two thirds (65%) either ticked “yes” or expressed clear support for the view that Apprenticeship Levy funding should be used to support the expansion of Foundation Apprenticeships (FAs).

5.3. Just over a quarter of respondents (27%) either ticked “no” or expressed clear disagreement with the use of Levy funding for this purpose. The remainder of those who addressed the question (8%) did not express a clear preference, but made other comments.

5.4. By respondent type, support for this use of Levy funding was strongest among individuals (83%) and the NHS (82%). The majority of respondents in almost all other categories also expressed support, although views were more mixed among trades union respondents, where they were evenly split.

5.5. There was little difference in responses to this question by respondents’ overall view of the growth ambition for MAs. 63% of those who stated that the Government’s current commitment should be maintained, compared with 61% of those who believed it should be increased, expressed agreement with Question 4.

5.6. The full quantitative analysis relating to Question 4 is presented in tables A12 to A15 (Annex 3).

Additional comments

5.7. Four fifths of those who responded to Question 4 (80%) made additional comments. There were three main themes overall:

- Benefits of, or reasons to use Levy funding to support the expansion of FAs.
- Concerns about using Levy funding to support the expansion of FAs.
- Suggestions about developments to FAs.

5.8. Many issues were raised within these themes, and these are summarised below.

Benefits of, or reasons to use Levy funding to support the expansion of FAs

5.9. Just under half of those who made additional comments suggested benefits of, or reasons for this. These related to the following broad areas:

- Meeting the needs of individuals.
- Meeting the needs of employers.
- Meeting the needs of specific sectors.
- Promoting equality and inclusion and meeting the needs of specific groups.
- Wider issues and the Scottish context.

Meeting the needs of individuals

5.10. The most common perceived benefit relating to the expansion of FAs was that this would help to meet the needs of individuals. While some respondents mentioned the general value of FAs to individuals, several mentioned specific benefits, including to:

- Help equip individuals for work and increase their employability.
- Increase relevant skills; help individuals to learn about business and industry, or specific sectors; and improve confidence and self-esteem.
- Increase opportunities available and provide a “first step” and pathway for progression to MAs.
- Assist with career choices or career planning and transition to employment.

5.11. Other perceived benefits to individuals of an expansion of FAs included that this could provide additional support to those who may otherwise struggle to cope with MAs or the world of work (for whom provision could be patchy) and provide a more suitable learning environment for those who may be disenfranchised by traditional pathways.

Meeting the needs of employers

5.12. A further common theme was that the expansion of FAs would help meet the needs of employers. An issue raised frequently was that this would help them engage with, recruit and retain young people. It was also suggested that it would increase the uptake of MAs and employment opportunities, and help address skills gaps and shortages.

5.13. Additional benefits to employers were seen to include that an expansion of FAs could help provide them with recruits with relevant skills and understanding, and enable them to develop individuals to meet their own needs. A few stated that FAs could bring financial benefits to employers (e.g. improving their return on investment or saving money). A few cited specific demand for such provision.

Meeting the needs of specific sectors

5.14. Several respondents stated that using the Apprenticeship Levy to support an expansion of FAs could help address need and demand in specific sectors.

5.15. At a general level, one respondent mentioned that some sectors have a high number of jobs requiring few qualifications, which may be suitable for FAs. Others mentioned that some sectors could benefit from the early introduction of young people.

5.16. Some respondents identified particular sectors which they believed could benefit from expansion of FAs. Those mentioned most commonly were: health and social care; construction; energy; retail; land-based work; STEM careers; and finance (although others were also mentioned). One respondent suggested that an expansion in FAs could enable third sector training providers to become involved in delivering these.

Promoting equality and inclusion and meeting the needs of specific groups

5.17. Several respondents stated that the expansion of FAs could help promote equality and inclusion, address existing inequalities and improve workforce diversity.

5.18. A small number expressed the view that an expansion in FAs could help address inequalities and barriers for specific groups, providing them with skills, opportunities and experience (e.g. in under-represented areas) and enabling their transition to work.

5.19. Groups highlighted included: women; disabled people (including people with learning disabilities); BME people; people in rural areas; looked after young people; and young

carers. Some mentioned “non-academic” people, those working in “non-traditional” ways; or from disadvantaged or deprived backgrounds.

Wider issues and the Scottish context.

5.20. A further common theme was that an expansion of FAs could bring wider benefits, and several respondents stressed their general commitment to this type of provision, or mentioned the need for early intervention. It was also suggested that this would be consistent with, and assist in achieving the ambitions of the DYW policy.

5.21. Additional wider benefits included that an expansion of FAs could have a positive impact on the future needs of the Scottish workforce and on tackling youth unemployment. It was also suggested that this could raise the profile of vocational routes, and promote greater parity of esteem between vocational and academic routes.

5.22. A small number of respondents stated that the use of Levy funding to support the expansion of FAs could address some current funding problems.

Concerns about using Levy funding to support the expansion of FAs

5.23. A smaller proportion (around a third) of those who made additional comments identified concerns with using Levy funding to support the expansion of FAs. These were in three broad areas:

- Lack of demand for, or benefit from expansion.
- Issues with the use of funding.
- Wider negative impacts.

Lack of demand for, or benefit from expansion

5.24. Among the concerns expressed, the most common related to a lack of demand for, or benefit from the expansion of FAs.

5.25. Several respondents stated that FAs are not required by particular employers or sectors, or do not meet their needs. Some respondents suggested that there is a lack of demand for FAs, or that provision is already sufficient. A few stated that they (or their sector) already have relevant provision in place, and one expressed the view that the MA framework already offers varying levels, ensuring inclusion for all.

5.26. It was also suggested that FAs can be unpopular or challenging for some employers or sectors. Some respondents stated that employers may not be able to provide the level of support needed by the client group, or that there may be health and safety issues with work-based training for FAs. Concerns were also raised about the maturity level of the client group, and about a lack of structured career path from school to employment.

5.27. Several respondents mentioned perceived limitations with current FAs. Concerns included, for example: the quality of provision and assessment; limitations to the level, areas and topics covered; and access and equality issues.

5.28. Some respondents expressed the view that FAs are too early in their development for expansion. Comments included that there is a lack of evidence and evaluation of the effectiveness of FAs, and a lack of proof of their “added value”. It was also suggested that it is not yet clear how well these may attract the potential client group.

Issues with the use of funding

5.29. Several respondents raised concerns about the use of funding. The most common issue raised was that this work would (or should) be carried out in schools as part of the curriculum, and should be funded from mainstream education funding. A few stated more generally that FAs should be funded in another way, and not through the Levy.

5.30. A few respondents stated that there is already funding available for the development and expansion of FAs and that current support is sufficient. It was also suggested that, in some sectors, there are other funding options available.

5.31. A further view, expressed by several respondents, was that Levy funding should be used for other purposes (e.g. MAs, GLAs, in-work and wider workforce development). A few gave specific examples of particular uses (e.g. a wider vocational programme; an alternative pathway to MAs; and careers information and advice).

5.32. A small number of respondents expressed concerns that expanding FAs would waste resources, or divert funding from other activities. A few stated that budgets are already under pressure, or that employers would not consider this to be financially beneficial (or may want to see a quicker return on investment).

Wider negative impacts

5.33. Several respondents identified potential wider negative impacts of using Levy funding to support the expansion of FAs.

5.34. A number, for example, expressed concern that this could reduce or diminish the perceived value or status of apprenticeships. Comments included that: the introduction of FAs for some occupations could undermine existing standards; and if those undertaking FAs were not employed, this would depart from a core principle of apprenticeships. It was also suggested that an FA was not a “full” apprenticeship.

5.35. Some respondents expressed concern that the expansion of FAs could have a negative impact on employer support for apprenticeships, or could reduce other training opportunities. One respondent stated that the design of FAs was not consistent with a skills pathway approach, and another that there could be conflict with other entry frameworks.

5.36. A small number of respondents stated that the wider development of FAs may have a negative impact on training providers (e.g. with schools arranging work placements directly with employers; and difficulties for private training providers in getting involved in this provision). One respondent stated that FAs would change the existing model of SVQs for this age group.

Suggestions about developments to FAs

5.37. Just under half of those who made additional comments at Question 4 made suggestions about developments to these. The most common were about:

- The overall approach to FAs.
- Developments for specific sectors / subject areas.
- Developments for specific groups.
- Other suggested developments.
- Funding issues.

The overall approach to FAs

5.38. The largest number of suggestions about FAs related to the overall approach. The most common issue raised was that these should link to existing pathways and be integrated with school and college curricula, MAs and GLAs.

5.39. Another common suggestion was that FAs should meet employer demand, or fill specific skills gaps or hard to fill vacancies. Some respondents stated that there should be a joint working approach to the development of FAs, or that employers should be involved in this. A small number of respondents mentioned other participants they felt should be involved, including: training providers; regulatory bodies; and education / FE and HE providers.

5.40. The need for good quality, robust FAs, with quality assurance standards was also highlighted, as was the need for FAs to be flexible and accessible to all.

Developments for specific sectors / subject areas

5.41. While some respondents stated that FAs should be expanded to a range of sectors, or expanded to sectors with particular workforce needs, several suggested specific sectors and subject areas which they believed FAs should target or include.

5.42. A number of individual sectors were mentioned (by small numbers of respondents in each case). These reflected the sectors mentioned at 5.16 above, and other potential target sectors. A number of respondents mentioned the role of the third sector and other independent training providers in delivering FAs.

5.43. Among the subject or skills suggested for inclusion in FAs were: “life” and “soft” skills; confidence-building; “functional” skills; communication; timekeeping; and general “work-readiness”. A few respondents suggested a focus on STEM-related or ICT skills.

Developments for specific groups

5.44. A further common theme was that there should be developments to FAs to address the needs of specific groups. While some respondents stated generally that FAs should be accessible to all, barrier-free and promote equality, others (a small number in each case) identified specific groups to focus on in developing FAs.

5.45. These reflected the groups mentioned at para 5.19 above, with a need to ensure provision to those who need additional support, and for under-represented and disadvantaged groups.

Other suggested developments

5.46. A range of suggestions were made about other developments to FAs.

5.47. Several respondents commented on the level for FAs. Suggestions included that they should be reviewed and widened to include, for example, SCQF levels 4, 5 and 7 (rather than 6) and to ensure that there are options which do not require formal academic results. A small number suggested that FAs should be targeted at young people in S4, or could be an alternative to the curriculum in senior years at school.

5.48. It was also suggested that lower level schemes should continue to be supported, and some respondents suggested that there should be work undertaken in schools (e.g. with greater emphasis on pre-employment support, and pathways for direct entry to employment).

5.49. Some additional comments were made on the nature of FAs. It was suggested, for example, that: they should include non-traditional methods of work-based learning; those undertaking FAs should receive appropriate advice and support (including in the workplace); and health and safety requirements should be considered. One respondent suggested that employers should receive specialist preparation for FAs.

5.50. A few respondents suggested raising awareness of FAs (e.g. among employers, schools and training providers, parents and young people). It was also suggested that this should include development of a clear definition of FAs, and guidance on criteria.

5.51. Several respondents suggested that FAs should be piloted and evaluated, with any expansion informed by the results of this, and by lessons learned from other relevant provision. A small number of comments were also made about timing for the expansion of FAs (e.g. that this should take place beyond 2018; be in the longer term; or staggered).

Funding issues

5.52. Suggestions on funding issues were also common. These included the identification of specific costs relating to FAs for funding (e.g. course provision; training provider and employer costs; piloting; and provision of existing programmes used by employers).

5.53. Comments were also made about funding arrangements for FAs, including that this should be flexible, straightforward and stable. A number of respondents suggested that funding for the expansion of FAs should not be at the expense of MAs, GLAs, or in-work developments, nor should it replace education funding or existing provision. A small number suggested that financial modelling should be carried out for FA provision.

5.54. Additional suggestions (by small numbers in each case) included having: an open tender process for FA contracts; ring-fenced funds; changes to allow colleges to draw down specific funding for FAs; and diversion of funds to the DYW regional groups.

Other comments

5.55. A very small number of respondents made other comments. These related to the consultation question itself (and the need for further information); and respondents' potential involvement in future work.

6. SUPPORT TO MOVE INTO EMPLOYMENT

6.1. This section presents the findings relating to Question 5, which asked:

“Should Apprenticeship Levy funding be used to help unemployed people move into employment, and to help meet the workforce development needs of employers? a) Yes b) No

Overall views

6.2. Nearly all of the respondents (94%) addressed Question 5. Of these, around two thirds (66%) either ticked “yes” or expressed clear support for the view that Apprenticeship Levy funding should be used to help unemployed people move into employment, and to help meet the workforce development needs of employers.

6.3. Just over a quarter (28%) either ticked “no” or expressed clear disagreement with the use of Levy funding for this purpose. The remainder of those who addressed the question (5%) did not express a clear preference, but made other comments.

6.4. There were some variations by category of respondent. Support for this use of Levy funding was highest among respondents from the Third Sector (92%) and NHS (90%). It was lower among respondents in the Colleges, Universities and training sector category (65%) and private sector (57%), although the majority of respondents in all categories expressed agreement.

6.5. There was little difference in responses to this question by respondents’ overall view of the growth ambition for MAs. 63% of those who stated that the Government’s current commitment should be maintained, compared with 68% of those who believed it should be increased, expressed agreement with Question 5.

6.6. The full quantitative analysis relating to Question 5 is presented in tables A16 to A19 (Annex 3).

Additional comments

6.7. Four fifths of those who responded to Question 5 (80%) made additional comments. There were three main themes overall:

- Benefits of, or reasons to use Levy funding to help unemployed people move into employment, and to help meet employers’ workforce development needs.
- Concerns about using Levy funding to help unemployed people move into employment, and to help meet employers’ workforce development needs.
- Suggestions about developments to help unemployed people move into employment, and to help meet employers’ workforce development needs.

6.8. Many issues were raised within these themes, and these are summarised below.

Benefits of, or reasons to use Levy funding to help unemployed people move into employment and to help meet employers' workforce development needs

6.9. Just under half of those who made additional comments suggested benefits of, or reasons to help unemployed people move into employment, and to help meet the workforce development needs of employers. These related to the following broad areas:

- Meeting the needs of employers.
- Meeting the needs of specific sectors.
- Promoting equality and inclusion and meeting the needs of specific groups.
- Meeting the needs of individuals.
- Wider issues and the Scottish context.

Meeting the needs of employers

6.10. The most common benefit cited for this use of Apprenticeship Levy funding was that it would help meet the needs of employers.

6.11. Some mentioned generally that it would help to align support with employers' requirements, while others identified more specific benefits such as access to:

- An improved pool of candidates (e.g. enabling selection).
- A more skilled workforce (including with basic core skills).
- Workers for areas of current skill shortages and hard-to-fill vacancies.

6.12. A small number of respondents stated that employers may see an improved return on their investment by developing tailored pathways, or that this would enable them to recover their Levy contribution. One respondent stated that it would help employers discharge their social responsibility, and another that it would benefit small employers.

6.13. Several respondents provided detailed examples from their own organisation of current or previous experience of work to help unemployed people move into employment, citing the benefits of this type of work to them.

Meeting the needs of specific sectors / specific subjects

6.14. Several respondents identified specific sectors, or particular subject areas / skills which may benefit from this use of Levy funding.

6.15. Those mentioned most commonly (albeit by small numbers) were: digital/IT; health and social care; construction; STEM; and retail (although a number of others were also mentioned).

Promoting equality and inclusion and meeting the needs of specific groups.

6.16. A further common perceived benefit of the use of Apprenticeship Levy funding to help unemployed people move into employment, and to help meet the workforce development needs of employers was that this would help to promote equality.

6.17. Some respondents focused on overall opportunities for improved equality and inclusion, and the development of a diverse workforce. Comments included that this use of Levy funding would: demonstrate a commitment to equality; promote fair work; provide opportunities for all (including people from disadvantaged backgrounds and under-represented groups); and address current inequalities.

6.18. Several respondents suggested that this would increase the opportunities available to specific groups and the largest number of comments focused on providing opportunities for those aged over 25.

6.19. Other groups mentioned were: women (including returners to the labour market); disabled people; those with health and social care needs; people from BME communities; care leavers; young people (particularly those not in education, employment or training); people in rural areas; and others experiencing poverty or disadvantage.

6.20. Comments were also made about addressing issues for people who have been unemployed for a long time or those facing redundancy. Also mentioned were: people in low paid or seasonal work; ex-service personnel; people who are self-employed; and people currently volunteering.

Meeting the needs of individuals

6.21. A further common theme was that this use of Levy funding would provide benefits to individuals. While some mentioned that it would have a general positive impact on individuals, more specific benefits to them were also cited.

6.22. These included that this would:

- Help individuals obtain specific and general skills.
- Increase employability and opportunities.
- Provide a pathway or bridge and enable them to access work and MAs.

6.23. It was also stated that this use of Levy funding would assist those requiring additional support to overcome barriers to employment. It was also seen to be a means of assisting people already in employment to sustain work, and to progress to higher levels, and move away from low wage or insecure employment.

Wider issues and the Scottish context

6.24. Several respondents made comments on benefits relating to wider issues and the Scottish context. Common issues raised were that this would have a positive impact on overall policy and the pattern of provision, and that it would benefit the wider economy.

6.25. It was suggested that this use of Levy funding would be consistent with the aims of the DYW strategy. It was also suggested that it would help to align resources and employability support, as well as to address issues relating to the reduction in, or loss of other funding for work with this client group (e.g. European Social Fund [ESF] funding; Employability Fund).

6.26. In terms of wider benefits to the Scottish economy, comments included that it is in the interests of Scotland to support increased employment opportunities, reduce unemployment and tackle skills gaps.

6.27. Other benefits were that this use of Levy funding would: address issues caused by a downturn in particular areas (industry, sector or geographical area); promote economic growth; and help attract inward investment. It was also suggested that it would help to: promote social mobility, reduce pressure on public services and address the “waste of talent” among some excluded groups.

Concerns about using Levy funding to help unemployed people move into employment, and to help meet employers' workforce development needs

6.28. Around a third of those who made additional comments raised concerns about using Levy funding to help unemployed people move into employment, and to help meet employers' workforce development needs. These were in three broad areas:

- Lack of need for this provision.
- Issues with the use of funding.
- Wider negative impacts.

Lack of need for this provision

6.29. A common theme among those who expressed concerns about this use of Levy funding was that there is a lack of need for this provision, with schemes and support already in place for this purpose. Some respondents provided particular examples of existing training programmes (including MAs) and other employability resources (including work by Jobcentre Plus) which they felt would address these needs.

6.30. A small number of respondents stated that this type of work would not meet employers' needs, nor enable them to recoup their Levy contribution. It was also suggested that there could be a risk of confusion between this and other forms of support. A few respondents expressed concerns about the quality of current employability support.

Issues with the use of funding

6.31. A closely related common theme was that, given the provision of existing funding for this purpose, this type of work should not be funded by the Apprenticeship Levy. Several respondents mentioned the existence of current sources of funding to support employability programmes and meet the needs of unemployed people.

6.32. Several respondents stated that this type of provision should be funded through other sources (e.g. Department for Work and Pensions [DWP]; and the Government). A few stated generally that funding should be allocated separately for this purpose.

6.33. Further comments included that the use of Levy funding to help unemployed people move into employment could: divert resources from other uses (including apprenticeships), replace existing funding; become a "catch-all" to fund all routes into employment and training; or spread resources "too thinly". Concern was also expressed about the potential for its administration to become complex, bureaucratic and onerous.

6.34. Several respondents stated that Levy funding should be used only to fund apprenticeships, or to "up-skill" those already in employment.

Wider negative impacts.

6.35. A number of comments were also made about possible wider negative impacts of using Levy funding to help unemployed people move into employment.

6.36. Among these, some respondents stated that this would represent a departure from the principles, or main purpose of the Levy funding (although some added that the actual type of work itself was valuable).

6.37. Additional comments included that this could undervalue work done by employers, or risk duplication with other services. A small number of respondents expressed the view that it could limit support for MAs and hinder the achievement of the proposed target of 30,000 by 2020.

Suggestions about developments to help unemployed people move into employment, and to help meet employers' workforce development needs

6.38. Around half of those who made additional comments at Question 5 made suggestions about developments to such provision.

6.39. The most common were about:

- The overall approach.
- Developments for specific groups.
- Other suggested developments.
- Funding issues.

The overall approach

6.40. Many respondents made comments about the overall approach to helping unemployed people move into employment and meeting employers' workforce development needs.

6.41. Among these, a very common theme was that such work should meet the needs of employers and the economy, by addressing skills needs and gaps (for employers and specific areas).

6.42. Related to this, several respondents stated that this work should involve a partnership with employers, with a need for their support for, and input to developments. It was also suggested that there should be involvement from, and links with, for example: DYW groups; Local Employability Partnerships; CJS employers; third sector organisations; education and training providers; and trades unions.

6.43. Additional comments made frequently included that there should be a robust and outcome-focused approach to this type of work (e.g. that it should lead to qualifications, or progression to an MA or real and sustainable job opportunities / employment). A further suggestion was that it should be integrated with other, related provisions.

6.44. A small number of respondents stated that provision should be robust, flexible and focused on quality. Several stated that provision to this client group should not be at the expense of other provision.

Developments for specific groups

6.45. Several respondents stated that this work should focus on promoting equality, and that provision should be available to all. It was also suggested that there should be specific initiatives to target those facing barriers to employment (e.g. equalities groups; those currently under-represented; furthest from the labour market; and at risk of exclusion).

6.46. A number of specific groups were identified which, in the view of some respondents, required a particular focus. These reflected the groups mentioned at paras 6.18-6.20. As such, the largest number of comments related to older people, with several respondents suggesting that these interventions should not only be available to young people, but to all ages (particularly those aged over 25).

6.47. A small number of respondents stated that eligibility for support should not be linked to unemployment. It was also suggested that funding should be available for those re-entering, as well as entering the labour market.

6.48. Comments were also made about the need for support to be available to all employers and to particular types of employers (e.g. small employers and those in rural areas) and Levy payers.

Other suggested developments

6.49. A small number of respondents suggested other developments or requirements relating to this use of Levy funding. While some stressed the general importance of work to help unemployed people move into employment, one suggested that a working party could explore whether unused or forfeited training funds could be used in this way. Other specific suggestions included the need for:

- Clear criteria and parameters for use.
- Work to develop awareness of the provision.
- Support for employers to implement this work.

6.50. A few respondents mentioned the importance of having devolved employment services, and / or the potential to support the development of this with Levy funding.

Funding issues

6.51. Many suggestions were made about funding issues. Most focused on the types of work which should be funded and suggestions included, for example:

- Pre-employment, or pre-apprenticeship programmes.
- Transition.
- Workplace support.
- Up-skilling; and lifelong learning.

6.52. Other suggestions included funding for:

- Specific types of desired outcomes (e.g. practical or sector-specific skills; and entry level skills / qualifications).
- Particular approaches (e.g. work in remote or deprived areas or with particular groups; and flexible programmes).
- Costs for employers, or colleges.

6.53. A few respondents stated that this provision should be integrated with Government schemes and existing support to unemployed people. A few suggested expanding the ERI or Employability Fund, or that Levy funding could complement Access to Work.

6.54. Several respondents stated that involvement in this type of work should be on the basis of participant choice, and neither linked to payment of benefits or a “tick-box” exercise. Several expressed the view that Levy funding should not duplicate or replace existing sources of funding. A few suggested that it should directly benefit employers or be ring-fenced; or that it should be targeted at specific sectors or those with a “track record”.

Other comments

6.55. A small number of additional comments were made. These focused on the consultation question and the impact of the Levy, and are discussed in Section 7.

7. ADDITIONAL SUGGESTIONS AND OTHER COMMENTS

7.1. This section presents the findings relating to Question 6, which asked:

“Are there any additional suggestions on how Apprenticeship Levy funding might be used?”

7.2. A large proportion of respondents (80%) made comments at Question 6. Some of these related specifically to the material in questions 1-5, and have been included there. Others are discussed below, along with additional comments made by respondents about issues which were not the subject of a specific question.

Additional suggestions - overall themes

7.3. It is clear from the findings of the analysis of questions 1-5 that a number of recurrent themes and suggestions have emerged throughout. Although the relative emphasis and detailed comments varied according to the issue under consideration, there were a number of broad common themes.

7.4. These provided the focus for many of the additional comments and suggestions made at Question 6 about how the Apprenticeship Levy funding might be used. Respondents' comments focused on:

- The overall approach to the use of Levy funding.
- Specific developments and suggestions to promote learning, training, skills development and employment.
- Developments in specific sectors / subject areas.
- Developments for specific groups.
- Types of funding arrangements.

7.5. Each of these themes was mentioned by many respondents who addressed Question 6 (always at least 1 in 6, and up to around a third for some themes).

7.6. It is important to note, however, that, as respondents as a whole were not asked for their views of these issues specifically, they are indicative only of the most common themes, rather than representing a majority view.

7.7. Within each of the overall themes, it should be borne in mind that specific suggestions were often mentioned by a small number (or sometimes one) respondent. The purpose of Question 6, however was to identify a range of additional suggestions, rather than provide a “weighting” of views (which would have required a “closed” question).

7.8. It should also be noted that, while it is impossible, in a summary report, to provide a detailed account of each individual additional point made, further information is contained within the individual responses, which are available on the Scottish Government website.

The overall approach to the use of funding

7.9. Many respondents commented on the overall approach to the use of Levy funding. The main issues raised related to identifying key principles and highlighting the overall purpose of the funding.

Key principles

7.10. Many respondents reiterated the importance of some key principles which they considered should guide the overall approach to the use of Apprenticeship Levy funding.

7.11. Among these, the general need to promote quality was mentioned frequently, with comments including that there should be a focus on recognised and approved training programmes, standards and quality control.

7.12. A further common recurrent principle was the need to ensure a flexible approach to:

- Access to, and use of the funding by employers.
- Delivery models.
- Criteria (e.g. age and previous attainment).
- Potential for spending in different locations (e.g. cross-border spending; addressing local needs).

7.13. The importance of meeting the needs and demands of employers and the Scottish economy was a further frequent theme throughout. Comments included the importance of meeting the needs of all sizes and sectors of employers (including large employers and SMEs) and responding to the needs of local areas. Some suggestions were made about a need to address strategically important sectors, and to support other areas of need and skill shortages. A few respondents stated that the funding must add value for employers.

7.14. The need for joint working, collaboration and partnership was a further common theme. Comments included the need for further engagement and input from employers and joint working between: employers in all sectors (particularly Levy payers); training providers in all sectors; professional bodies and trades unions; and the Scottish Government / SDS. A few respondents mentioned a need for collaboration between the Scottish and UK Governments. A small number suggested that trainees should help shape developments, and that provision should meet their needs.

7.15. A further common cross-cutting issue was the need for coherence with systems in other parts of the UK. Many respondents mentioned the importance of this, particularly for employers operating UK-wide. An issue raised frequently was the need for employers to be able to spend across borders and to develop UK-wide programmes to meet their needs. Some respondents also mentioned a need for clarity and simplicity in the arrangements.

7.16. The provision of fairness, equality and social justice was another cross-cutting theme mentioned by several respondents. This was seen to relate, for example, to: availability of the funding for different employers and sectors; provision of opportunities for all of those requiring training, including under-represented groups; the promotion of workforce diversity and inclusion; and the provision of fair work principles and pay.

7.17. Several respondents mentioned that the use of Levy funding must be consistent with wider policy work, existing provisions and funding streams (including: employer provisions; employability support; existing levies etc.).

7.18. Further comments were made about the need for a coherent overall approach and clear pathways. There was also seen to be a need for: simplicity (and minimal bureaucracy); transparency; cost-effectiveness and value for money. A small number of respondents stated that the revenues received from the Levy should be published.

The overall purpose of the funding

7.19. Many comments were also made about the overall purpose of the funding. A number of respondents reiterated their support for the use of Levy funding to promote the developments mentioned in previous sections (MAs; GLAs; a flexible skills fund; FAs; and work to improve access to employment).

7.20. While some of the ways in which the Levy funding could be used to support specific developments in these areas have been highlighted in the relevant sections, several respondents suggested additional costs which could be met to enable access to such learning, training and employment. These included that Levy funding could be used for:

- Wage subsidies and incentives to employers (e.g. contribution to wage costs; increased wages for trainees [e.g. to at least the National Living Wage]; expansion of the Employer Recruitment Incentive [ERI]).
- Design, development and management of learning and training.
- Pre-selection, marketing and recruitment costs.
- Practical costs relating to individuals' employment or training (e.g. Protecting Vulnerable Groups [PVG] applications; special clothing or equipment; travel and subsistence; qualification costs; membership of relevant bodies; reasonable adjustments).
- Administrative costs to support learning and training.
- In-house infrastructure (e.g. staff supervisory costs; materials; building maintenance).

Specific developments to promote learning, training, skills development and employment

7.21. A further common theme at Question 6 was the identification of specific developments to promote learning, training, skills development and employment (across different forms of provision).

7.22. Suggestions were made relating to:

- Standards.
- Certification and qualifications.
- Specific forms of training.
- Training delivery.
- Awareness raising and promotion.
- Strategy and infrastructure for learning and training.
- Research and innovation.

7.23. Some respondents mentioned the general need to use Apprenticeship Levy funding in these areas, and many gave detailed reasons for their suggestions. These generally related to the benefits cited in previous sections.

7.24. Although these will not be reiterated in detail here, these cross-cutting benefits related to the view that the proposed uses of Levy funding would help to: meet the needs of employers, sectors and the Scottish economy; meet the needs of individuals and specific groups; promote equality; address gaps in current provision; and support the overall policy approach.

7.25. Many specific suggestions were made about uses of Levy funding, or further developments required. These are presented below.

Standards

7.26. Suggested uses of Levy funding, or developments relating to standards included:

- Development of a network of training providers.
- Assessment, registration, regulation and inspection of training providers.
- Auditing of provision.
- Maintenance, review, revision and development of National Occupational Standards (NOS).
- Development of coherent standards (e.g. through a single body with UK-wide oversight of standards; piloting and assessing the relevance and applicability of Trailblazer standards in Scotland; and identifying how different training standards equate).
- Development of a new “quality mark” for apprenticeships.
- Regular reviews of standards.
- Ensuring a mechanism to take on the role of the Institute of Apprenticeships in Scotland.

Certification / qualifications

7.27. Suggested uses of Levy funding, or developments relating to certification and qualification included:

- Development of shorter qualifications (e.g. Professional Development Awards [PDAs]).
- Scottish Vocational Qualifications (SVQs) not currently on the framework.
- HNCs and HNDs linked to skills needs / gaps.
- Preparation for professional qualification, and the Technical Report Route.
- Mandatory qualifications for particular employers.
- Development and accreditation of suitable industry qualifications and “in-house” programmes.
- Development of “general skills products / qualifications at different levels.

Specific forms and models of training

7.28. Suggested uses of Levy funding, or developments relating to specific forms of training included:

- Innovative training models (e.g. shared apprentice schemes; joint training).
- Industry, profession or organisation-specific training.
- Pre-apprenticeship training and pre-employment / work-readiness provision.
- Further and higher education training and qualifications across sectors.
- Development of apprenticeships (e.g. the design of new MA frameworks; the inclusion of different levels, sectors, subjects; lengths and types of apprenticeships).
- Post-apprenticeship training and in-work support.
- Jobs with training.
- Internships and work placements.
- Training for transition to employment or full employment (e.g. further funding for the Employability Fund).
- Employers’ internal training programmes.
- Re-training for existing staff in new disciplines.
- Increased provision and quality of work experience at a range of stages.
- Additional off-the-job training.
- A skills development programme (similar to the Adult Skills Budget).

Training delivery

7.29. Suggested uses of Levy funding, or developments relating to training delivery included:

- Support to FE/HE to provide relevant qualifications and learning, and to increase places (e.g. in subjects with high delivery costs).
- Training and support for employers and assessors (e.g. training and support for managers and trainers; development of “communities of practice”; funding for dedicated trainers).
- A resource bank for training providers (and availability of core material online).
- Increased use of IT and online methods (e.g. online and distance learning; online assessment development; community digital skills building; and pilot projects).

Information and support

7.30. Suggested uses of Levy funding, or developments relating to information and support included:

- Advice to trainees / employees on options at all stages (e.g. careers advice in schools; careers fairs and careers guidance [including via websites]; job shops; employer initiatives).
- Provision to enable individuals to choose their own learning.
- Mentoring and coaching.
- “Buddy system” / work shadowing schemes for specialist posts.
- Workplace support and pastoral care (e.g. for apprentices; young people).
- Streamlining support and information to individuals and employers (e.g. national information; “one-stop shop”).
- Support and information to specific groups of individuals and to employers in particular sectors (see below).

Awareness raising and promotion

7.31. Suggested uses of Levy funding, or developments relating to awareness raising and promotion included:

- Work to improve understanding of vocational learning and training among supporting organisations and staff (e.g. schools; careers advisors).
- General promotion of vocational pathways as a good quality option, and public awareness raising (e.g. promotional campaigns; events; improved information to trainees and employers; development of a “brand”; Scottish Government leading by example).
- Outreach programmes.
- Programmes to broker provision.
- Advertising and marketing opportunities (e.g. exhibitions; open days; an app; web page; digital apprenticeship service; local employer marketing).
- Mechanisms to share examples of good practice in learning and training (e.g. workshops; workgroups; dissemination of information; improved communication).

Strategy and infrastructure for learning and training

7.32. Suggested uses of Levy funding, or developments relating to the strategy and infrastructure for learning, training and skills development included:

- Supporting DYW Boards and Regional Groups.
- Strategic projects relating to the DYW agenda.
- A structure for the co-ordination of work-based learning.

- Skills development / innovation partnerships.
- Implementation of Skills Investment Plans.
- Links and partnerships between businesses / industry, education and training providers.
- Establishment and development of industry / sector representative or umbrella bodies, and mechanisms for links to these.
- Exploration of co-investment; co-funding and shared models.
- Development of Regional Skills Hubs.
- Development of “skills academies” (e.g. Small and Micro Business; regional skills).
- Consultation with employers.
- Representation and involvement of trainees.
- Governance structures for the administration of Levy funding.

Research and innovation

7.33. Suggested uses of Levy funding, or developments relating to research and innovation included:

- Enterprise Innovation Partnerships and joint training for new ventures.
- An Innovation Fund.
- A “Transferable Talent Bank” focusing on innovation and technology.
- Core skills and local needs mapping and other improvements to intelligence.
- Further work on Regional Skills Investment Plans.
- Information-gathering on take-up of opportunities (e.g. by specific groups).
- Development of a small group of industry experts to consider the evidence base.
- Piloting of new programmes.
- Development of new markets.

Developments in specific sectors / subject areas

7.34. As has been the case at individual questions, a further common area for additional comments was the use of the Levy funding to promote developments in specific sectors or subject areas.

Sectoral needs

7.35. Several respondents made reference to using Levy funding to address learning and training requirements in a particular sector, or specific issues affecting a sector.

7.36. Those mentioned most frequently (although by small numbers in each case) were: engineering and construction; health and social care; public sector (particularly local authorities); science and technology (including IT and digital); and the third sector (and individuals and communities supported by third sector organisations).

7.37. Many other sectors were also highlighted, as was the need to support developments across a wide range of sectors and types of employer (including SMEs).

7.38. Suggested uses of Levy funding, or developments relating to support for specific sectors included:

- Skills development and the provision of learning and training to meet the range of needs identified in particular sectors (including in “supply chain” and “supporter” employers).
- Sector-specific research to establish learning and training needs and barriers.
- Review of funding to identify gaps for particular sectors.
- Capacity-building relating to the provision of learning and training.

- Implementation of skills development measures identified in sectoral strategies and plans.
- Support to develop and provide relevant programmes and qualifications to meet sectoral needs (including the extension of existing programmes).
- Development and expansion of existing initiatives.
- Development of induction support packs for specific sectors.
- Incentives for particular sectors / employers, and work to increase take-up of provision.

Particular subjects

7.39. Some of the specific subject areas for skills development mentioned included:

- Management and leadership skills.
- STEM skills (including IT and digital skills).
- Coaching and mentoring.
- “Soft” skills.
- Organisation-specific skills (with a variety mentioned).

7.40. Some respondents highlighted particular roles within their own sector for which Levy funding could help to address gaps in learning and training.

7.41. Suggested uses of Levy funding, or developments relating to support for particular subjects included:

- Development and provision of learning and training in relevant subject areas (including preparatory work in schools).
- Development and provision of core skills (e.g. digital skills; “life” and employment skills) within learning and training.
- Development and provision of learning and training relevant to specific roles within sectors.
- Promotion of specific subjects.

Developments for specific groups

7.42. Many respondents made suggestions about the use of Apprenticeship Levy funding to promote equality, and to reduce inequalities, both generally and for specific groups.

Promotion of equality

7.43. Suggested uses of Levy funding, or developments to promote general equality included:

- Equality assessment of provision for accessibility.
- Development of inclusive processes and improved access to learning, training and employment.
- Development of opportunities at a range of different levels.
- Mapping of equalities activities and preparation of local action plans.
- Further reporting on equalities issues.
- Extending employability support for those facing barriers to employment.
- Development of a Quality and Access Fund for apprenticeships.
- A flexible fund for social firms and support for entrepreneurs.
- Enhancing an employers’ Equality Action Fund or similar.
- Developing equality interventions in schools.
- Greater engagement with specialist providers (e.g. Community Jobs Scotland [CJS] employers; disability specialists).

Meeting the needs of specific groups

7.44. Suggestions were also made about particular developments, or uses of Apprenticeship Levy funding to meet the needs of specific groups. Those groups mentioned most frequently were: older people; women; and disabled people (including people with learning difficulties).

7.45. Suggestions were also made relating to addressing the needs of a number of other groups experiencing disadvantage or barriers to learning, training, skills development and employment. These included, for example: BME people; people from “chaotic” backgrounds; people unemployed for a long period; low-paid workers and those working in “non-traditional” ways; people in rural areas; young carers; and care experienced young people.

7.46. Suggested uses of Levy funding, or developments to meet the needs of specific groups included:

- Specific initiatives and programmes to deliver tailored advice, skills and opportunities for people from under-represented groups.
- Incentives to employers and / or trainees, to target particular groups or meet additional costs.
- Pro-active recruitment initiatives.
- Promotion of awareness among employers of issues for specific groups.
- Increased funding for older learners / trainees (and work to enable all ages to benefit from the funding).
- Provision of in-work support (e.g. for people with learning disabilities; people working in non-traditional roles in gender segregated areas; returners to work).
- Supported routes to self-employment.
- Use of a “key worker” model or similar to increase individuals’ capacity to engage with opportunities on offer.
- Gender-balance initiatives and work to tackle occupational segregation (e.g. pilot work in “non-traditional” areas).
- Support for learners to benefit from mobility programmes.
- Grants for specialist equipment (e.g. for visually impaired people).
- Accredited volunteer training and associated expenses.

Types of funding arrangements

7.47. In addition to all of these suggested developments or uses of funding, many respondents made additional comments on actual funding arrangements for the use of the Apprenticeship Levy. Comments related to:

- Beneficiaries of the funding.
- Means of use and distribution of the funding.

Beneficiaries of the funding

7.48. Many respondents made further comments about the potential beneficiaries of the Apprenticeship Levy funding, and the most common issue raised was the need for Levy-paying employers to benefit from this. Comments included that:

- Levy-paying employers should have their funding returned to them (in full, in the view of some respondents; or an agreed portion in the view of others).
- Levy-paying employers should have first call on the funding.
- The money paid by a particular sector should remain in that sector, to meet employers’ and sectoral requirements.
- Levy-paying employers should have direct access to the funding (e.g. rather than through a third party).

7.49. As noted previously, comments were also made at various points in the consultation about the need for the funding to be available to employers not paying the Levy. Several respondents stated that some of the funding should be passed to “supply chain” employers (and those employers addressing the needs of a particular sector) and SMEs generally.

7.50. Suggestions included the general view that supply chain employers should be able to benefit from the resources, while some stated that Levy-payers themselves should be able to share their Levy funding with, or deploy unused funds or underspend, to their own supply chain employers or smaller organisations in their sector. A few suggested that this should exceed the UK Government’s commitment of 10% of an employer’s Levy funds.

7.51. One respondent suggested that, where the funding is not used by a Levy-payer within a reasonable time, it should be re-invested to smaller employers and / or charitable organisations. Several respondents mentioned more generally the need for funding to be provided to small employers, and for the needs of SMEs to be taken into account in the distribution of the funding. Some stated that Levy-payers should advise on this, or that it should be guided by the skills needs in a sector.

Means of use

7.52. A number of comments were also made on the means of use of Levy funding. A common issue was the need for employers to have flexibility to use the funding in the way most relevant to their business or sectoral needs.

7.53. Additional suggestions included that there should be:

- Ring-fenced funding for specific employers or sectors.
- A grant allocation directly to Levy-paying employers.
- Ring-fenced funding for specific purposes or to address the needs of particular groups.
- Grant funding for specific initiatives.

7.54. Other comments and suggestions relating to the means of use of funding (by small numbers of respondents in each case) included that:

- The amount of the Levy fund that can be spent on anything other than training and assessment (e.g. overheads and supporting activities) should be capped.
- Funding should recognise those with a track record and commitment to training and those with specific expertise required.
- There should be a minimum period before employers’ funds expire.
- The digital account method should be used to allocate funds.

7.55. A few respondents proposed specific models. One, for example, proposed a detailed model which would combine the Apprenticeship Levy funding with an industry levy. Another suggested a national approach for their own sector, with the funds which are collected from that sector being managed through a national body.

7.56. A few respondents suggested that there should be a forum or board (e.g. an employer-led board; a national partnership forum; or an expert group) to consider and / or manage the delivery of the Levy funding. One respondent suggested that there should be a review of “forfeited funds”.

7.57. Some respondents reiterated the view that the Levy funding should not be used to replace current funding, and should not be seen as an additional tax. A few stated that current arrangements (e.g. those provided by local authorities) should be protected.

Other comments

7.58. Many respondents made other comments which were not covered by specific questions. These related to the following broad themes:

- Current issues and concerns.
- Additional implementation suggestions.
- Comments on the consultation.
- Information about the respondent.

Current issues and concerns

7.59. Many respondents mentioned current issues or concerns. Among these, the most common were about the impact of the Levy itself. Some made general comments about this, while others raised specific concerns. These included concerns about the cost to employers, and a potential lack of benefit, or negative impact (e.g. on existing levies, other funding or training provision).

7.60. Concerns were also raised about the perceived short timescale for implementation of the Levy and many comments were also made about a lack of clarity about the operation of the Levy in Scotland. Further concerns were raised about: loss of control of funding; potential disparities in implementation across the UK; and uncertainty about arrangements.

7.61. Comments were also made about other current concerns, such as: insufficiency of current training to address the needs highlighted; low pay for trainees; the impact of the UK's vote to leave the EU; and current economic and funding pressures.

Additional implementation suggestions

7.62. Some respondents made a small number of additional suggestions about the implementation of the Levy, including that there should be:

- Governance and infrastructure arrangements.
- Clear guidance.
- Information on a range of issues in Scotland (e.g. the distribution of funding; administration and access to resources; and cross-border arrangements).
- An implementation timetable.
- Continuing input from the Scottish Government to UK developments (e.g. to ensure representation of Scottish issues and views; and to monitor implementation in England and learn lessons from experiences there).

7.63. Several respondents expressed the view that the introduction of the Levy should be postponed (with some stating that this should be pushed back to April 2018). A few suggested specific exemptions. One stated that there should be a further round of consultation with employers once more details are available about the distribution.

7.64. Several respondents expressed a willingness to be involved in future work, and some mentioned specific ways in which they believed they could have an input.

Comments on the consultation

7.65. Many comments were also made on the consultation, most commonly welcoming the opportunity to comment on the issues. Several respondents gave details of the nature of their response (e.g. how it was generated; whose views were represented; links to, or support for another response; and how they addressed the questions).

7.66. A few respondents raised concerns about the actual consultation process, including:

- A lack of detailed information in the consultation (including costs of proposals).
- Lack of time to respond (e.g. with concurrent UK Government consultations).
- Issues relating to the nature of specific questions.

Information about the respondent

7.67. Many respondents provided additional (often detailed) information about their own organisation. Common themes included.

- The nature of the organisation, aims and objectives, and focus of their work.
- Their size, geographical area and contribution to the Scottish economy.
- Their expertise and involvement in learning, training, skills development and employability policy and / or practice.

7.68. Further details of all of these issues are available in the individual responses.

7.69. All of the material summarised in this report, along with the detailed material within the responses, will help to inform the Scottish Government's consideration of the way forward.

8. Summary

8.1. It is clear from the findings that the majority of respondents supported all of the proposals in the consultation document. These are summarised below, along with the proportion of respondents who agreed with each:

- To maintain the Scottish Government's commitment to 30,000 Modern Apprenticeship starts a year by 2020 (63% agreed).
- For Apprenticeship Levy funding to support growth in the number of Graduate Level Apprenticeships in Scotland (79% agreed).
- To use Apprenticeship Levy funding to establish a flexible skills fund (79%).
- To use Apprenticeship Levy funding to support the expansion of Foundation Apprenticeships (65%).
- To use Apprenticeship Levy funding to help unemployed people move into employment, and to help meet the workforce development needs of employers (66%).

Benefits of the proposals

8.2. Many of the comments focused on the benefits of, and reasons to support the proposals.

8.3. The analysis identified the following reasons to maintain the current level of commitment to MAs. This was seen to be:

- Appropriate, ambitious, challenging and based on evidence of need.
- Consistent with current capacity; the overall approach to MAs; and the wider economic context.
- The best way to ensure and maintain the quality of MAs.

8.4. The analysis also identified a number of common themes in the reasons given to support the other proposed uses of Apprenticeship Levy funding. These were that the proposals would help to:

- Meet the needs of employers.
- Meet the needs of specific sectors, or for specific skills.
- Meet the needs of the Scottish economy.
- Meet the needs of individuals.
- Promote equality and diversity and address the needs of specific groups.
- Address gaps in, or limitations to current provision.
- Support the overall policy approach.

Concerns about the proposals

8.5. A smaller number of respondents identified concerns about the proposals at each of the questions.

8.6. Just over a quarter (28%), for example, favoured an increase in the level of commitment to MAs, suggesting that this would help to: meet the needs of employers and the wider economy; address gaps in current provision; and make use of the Levy funding which will be available.

8.7. Around a sixth of respondents in each case disagreed with the use of Apprenticeship Levy funding to support growth in the number of Graduate Level Apprenticeships in Scotland (16%) and to use it to establish a flexible skills fund (17%).

8.8. Just over a quarter of respondents in each case disagreed with the use of Apprenticeship Levy funding to support the expansion of Foundation Apprenticeships (27%) and to use it to help unemployed people move into employment, and to help meet the workforce development needs of employers (28%).

8.9. Some common themes were identified in the issues or concerns raised about these proposed uses of the funding. Concerns related to views that:

- There is a lack of demand for, or benefit from the proposed use of funding.
- The proposals represent an inappropriate use of Apprenticeship Levy funding.
- They may divert funding from the main priority.
- They should be funded in other ways.
- The proposals may have a negative impact on wider issues, such as other opportunities for learning, training, skills development and employment.

Suggested developments

8.10. The findings identified many suggestions about developments to learning, training, skills development and employment. Again, while there many specific, detailed suggestions, the analysis highlighted a number of common themes. These related to:

- The overall approach to the use of Apprenticeship Levy funding (with a number of suggestions about common principles for the use of this).
- Specific developments in each of the types of provision examined (e.g. MAs, GLAs, wider workforce development, FAs and work to improve access to employment).
- Developments in specific sectors / subject areas.
- Developments for specific groups.
- Types of funding arrangements for using the Apprenticeship Levy.

Other comments

8.11. A number of other comments were made in the consultation, relating to the following broad themes:

- Current issues and concerns (particularly the impact of the Apprenticeship Levy).
- Additional implementation suggestions for the Apprenticeship Levy.
- Comments on the consultation.
- Provision of additional (often detailed) Information about the respondent.

8.12. All of the consultation findings, and the detailed material within the full report and the individual responses, will help to inform the Scottish Government's consideration of the way forward for the use of Apprenticeship Levy funding in Scotland.

Annex 1: The consultation questions

Question 1: Should the Government's commitment to 30,000 Modern Apprenticeships starts a year by 2020; a) be maintained or b) be increased?

Question 2: Should Apprenticeship Levy funding support growth in the number of Graduate Level Apprenticeships in Scotland? a) Yes b) No

Question 3: Should Apprenticeship Levy funding be used to establish a flexible skills fund to support wider workforce development? a) Yes b) No

Question 4: Should Apprenticeship Levy funding be used to support the expansion of Foundation Apprenticeships? a) Yes b) No

Question 5: Should Apprenticeship Levy funding be used to help unemployed people move into employment, and to help meet the workforce development needs of employers? a) Yes b) No

Question 6: Are there any additional suggestions on how Apprenticeship Levy funding might be used?

Annex 2: The respondents

The table below contains those respondents who agreed that their response could be published, along with their name.

2 Sisters Food Group
Aberdeen and Grampian Chamber of Commerce
Aberdeenshire Council
Action for Children Scotland
Activate-HR Ltd.
Aegon UK
Alison Goring
Angus Council (2 departments)
Apex Hotels Ltd.
Arnold Clark Automobiles Ltd.
ASDA
Audrey
Ayrshire College
Barnardo's Scotland
BECTU
Bell & Bain Ltd.
BP PLC
BPIF
British Bankers' Association
British Hospitality Association
British Universities Finance Directors Group
BSW Timber Group
BT Scotland
Care UK
Career Ready
Carol Gillespie
CBI Scotland
Certas Energy (UK) Ltd.
Charity Tax Group
Chemical Industries Association
CIPD
City and Guilds
Civil Engineering Contractors Association Scotland
Clackmannanshire Council
CLD Standards Council
Colleges Scotland
Competence Matters Ltd.
Construction Scotland Industry Leadership Group (ILG)
Coralshore Ltd.
CoSLA
Dawnfresh Seafoods Ltd.

Developing the Young Workforce - Glasgow
Developing the Young Workforce - West Region
Diageo
Direct Partners Ltd.
Disability Agenda Scotland (DAS)
Dobbies Garden Centres
East Ayrshire Council
East Lothian Council
EDF Energy
EEF
Employment Support Scotland
Energy and Utility Skills
Engineering Construction Industry Training Board
Equality and Human Rights Commission
Equate Scotland
Falkirk Council
Family Action in Rogerfield and Easterhouse (FARE)
Federation for Industry Sector Skills and Standards
Federation of Master Builders
Federation of Small Businesses
Forestry Contractors Association
George Martin Builders
Georgina Parker
Glasgow City Council
Glasgow Clyde College
Glasgow Kelvin College
GTG Training Ltd.
Heriot-Watt University
Hewlett Packard Enterprise
Highlands and Islands Enterprise
Homes for Scotland
Hospitality Training
ICAS
Impact Results Ltd.
Institute for Sustainable Construction, Edinburgh Napier University
Institute of Civil Engineers
Institute of Directors
ITCA Ltd.
Jacobs UK Ltd.
Kelvin Pate
Kier Construction Scotland and North East
Learning and Work Institute
Les Sinclair
Lesley Daniel
Lloyds Banking Group
MacTaggart Scott

Maritime Skills Alliance
Maritime Studies Dept., Orkney College
Museums Galleries Scotland
Napier University
National Day Nurseries Association (NDNA)
National Hairdressers' Federation
National Parent Forum of Scotland
National Waiting Times Centre Board
NFU Scotland
NHS Dumfries and Galloway
NHS Education for Scotland
NHS Grampian
NHS Greater Glasgow and Clyde (2 departments)
NHS Scotland Heath Boards Chairs' Group
NHS Tayside
North Ayrshire Council
North East Scotland College
Nuclear Skills Strategy Group
NUS Scotland
Oilean (Training and Nurture) Ltd.
Open University in Scotland
OPITO
Patricia Blain
PCS Scotland
People 1st
Perth and Kinross Council
PGL Travel
PwC
Recyke-a-bike (Fallin Community Enterprises)
Renaissance Care (Scotland) Ltd.
Ringlink Scotland
RNIB Scotland
Royal Botanic Garden Edinburgh
Royal College of Nursing (RCN) Scotland
Royal Scottish Forestry Society
Science Industry Partnership
Score Group plc
Scotch Whisky Association
ScotlandIS
Scottish Ambulance Service
Scottish Bakers
Scottish Beer and Pub Association (SBPA)
Scottish Borders Council
Scottish Building Federation
Scottish Care
Scottish Children's Reporter Administration

Scottish Contractors Group
Scottish Council for Development and Industry
Scottish Council of Voluntary Organisations (SCVO)
Scottish Courts and Tribunals Service
Scottish Engineering
Scottish Federation of Meat Traders
Scottish Food and Drink Federation
Scottish Forest and Timber Technologies Industry Leadership Group
Scottish Further and Higher Education Funding Council
Scottish Gas / Centrica
Scottish Local Authority Economic Development (SLAED)
Scottish Meat Training
Scottish Natural Heritage
Scottish Power
Scottish Retail Consortium
Scottish Social Services Council
Scottish Training Federation Ltd.
Scottish Water
SECTT
SELECT (The Electrical Contractors' Association of Scotland)
SEPA
Scottish Federation of Housing and Chartering Institute of Housing
SNIPeF
Social Firms Scotland & Senscot
Society of Personnel and Development Scotland (SPDS)
South Lanarkshire Council
SSE plc
St Andrews Links Trust
StepChange Debt Charity and StepChange Debt Charity Scotland
Stephen Telford
STUC
STV Group PLC
SummitSkills
Technip UK Limited
Tesco Bank
Tesco plc
The Highland Council
The Institute of Physics and Engineering in Medicine (IPEM)
The Investment Association
The Moray Council
The National Federation of Roofing Contractors
The Prince's Trust
Theresa Allison
Third Sector Employability Forum
Timothy Kelly
Trade Right International CIC

Training Initiatives Ltd. t/a TIGERS
Training Matters
Training Provider
Transport Salaried Staffs' Association
Treeline Forestry Ltd.
Turnbull and Scott (Engineers) Ltd.
UK Chamber of Shipping
Union of Construction, Allied Trades and Technicians
United Kingdom Forest Products Association
Universities Scotland
University of Strathclyde (2 departments)
Venture Trust
VisitScotland
West Dunbartonshire Council
Wheatley Group
William Hill PLC
Worldskills UK
Youthlink Scotland
YouTrain Ltd.

Annex 3: Tables

This section summarises the quantitative information for Questions 1-5.

Question 1: Should the Government's commitment to 30,000 Modern Apprenticeships starts a year by 2020; a) be maintained or b) be increased?

Table A1: Question 1 (including "not answered")

	Number	%
Stated and implied "a"	226	60
Stated and implied "b"	99	26
No preference	31	8
Not answered	18	5
	374	

Table A2: Question 1 (excluding "not answered")

	Number	%
Stated and implied "a"	226	63
Stated and implied "b"	99	28
No preference	31	9
	356	

Table A3: Question 1, breakdown by sector of respondent (excluding "not answered")

	Stated and implied "a"		Stated and implied "b"		No preference		Total
	no	%	no	%	no	%	
Academic and Training Industry	34	54	21	33	8	13	63
Government and NDPB	9	60	4	27	2	13	15
Individuals	31	58	22	42	0	0	53
Local Authorities	14	58	7	29	3	13	24
NHS	9	90	0	0	1	10	10
Private Sector	110	68	37	23	14	9	161
Third Sector	17	74	5	22	1	4	23
Trades Unions	2	29	3	43	2	29	7
	226		99		31		356

Question 2: Should Apprenticeship Levy funding support growth in the number of Graduate Level Apprenticeships in Scotland? a) Yes b) No

Table A4: Question 2 (including “not answered”)

	Number	%
Yes and implied yes	281	75
No and implied no	58	16
No preference	16	4
Not answered	19	5
	374	

Table A5: Question 2 (excluding “not answered”)

	Number	%
Yes and implied yes	281	79
No and implied no	58	16
No preference	16	5
	355	

Table A6: Question 2, breakdown by sector of respondent (excluding “not answered”)

	Yes and implied yes		No and implied no		No preference		Total
	num	%	num	%	num	%	%
Academic and Training Industry	50	81	9	15	3	5	62
Government and NDPB	12	80	2	13	1	7	15
Individuals	36	68	16	30	1	2	53
Local Authorities	23	96	0	0	1	4	24
NHS	8	73	2	18	1	9	11
Private Sector	132	82	22	14	7	4	161
Third Sector	14	64	7	32	1	5	22
Trades Unions	6	86	0	0	1	14	7
	281		58		16		355

Table A7: Question 2, breakdown by response to Question 1

Answer to Q1	Answer to Q2								Total
	Yes	%	No	%	NP ⁷	%	NA ⁸	%	
a) be maintained	185	82	37	16	2	1	2	1	226
b) be increased	73	74	21	21	3	3	2	2	99
No preference	23	74	0	0	8	26	0	0	31
Not answered	0	0	0	0	3	17	15	83	18
Total	281	75	58	16	16	4	19	5	374

⁷ Indicates “no preference” in this table and in tables A11, A15 and A19.

⁸ Indicates “not answered” in this table and in tables A11, A15 and A19.

Question 3: Should Apprenticeship Levy funding be used to establish a flexible skills fund to support wider workforce development? a) Yes b) No

Table A8: Question 3 (including “not answered”)

	Number	%
Yes and implied yes	283	76
No and implied no	62	17
No preference	15	4
Not answered	14	4
	374	

Table A9: Question 3 (excluding “not answered”)

	Number	%
Yes and implied yes	283	79
No and implied no	62	17
No preference	15	4
	360	

Table A10: Question 3, breakdown by sector of respondent (excluding “not answered”)

	Yes and implied yes		No and implied no		No preference		Total
	num	%	num	%	num	%	
Academic and Training Industry	51	82	7	11	4	6	62
Government and NDPB	11	73	3	20	1	7	15
Individuals	31	58	22	42	0	0	53
Local Authorities	21	88	2	8	1	4	24
NHS	10	91	0	0	1	9	11
Private Sector	131	80	26	16	7	4	164
Third Sector	22	92	1	4	1	4	24
Trades Unions	6	86	1	14	0	0	7
	283		62		15		360

Table A11: Question 3, breakdown by response to Question 1

Answer to Q1	Answer to Q3								
	Yes	%	No	%	NP	%	NA	%	Total
a) be maintained	177	78	41	18	6	3	2	1	226
b) be increased	74	75	21	21	3	3	1	1	99
No preference	27	87	0	0	4	13	0	0	31
Not answered	5	28	0	0	2	11	11	61	18
Total	283	76	62	17	15	4	14	4	374

Question 4: Should Apprenticeship Levy funding be used to support the expansion of Foundation Apprenticeships? a) Yes b) No

Table A12: Question 4 (including “not answered”)

	Number	%
Yes and implied yes	229	61
No and implied no	94	25
No preference	29	8
Not answered	22	6
	374	

Table A13: Question 4 (excluding “not answered”)

	Number	%
Yes and implied yes	229	65
No and implied no	94	27
No preference	29	8
	352	

Table A14: Question 4, breakdown by sector of respondent (excluding “not answered”)

	Yes and implied yes		No and implied no		No preference		Total
	num	%	num	%	num	%	
Academic and Training Industry	36	62	14	24	8	14	58
Government and NDPB	9	60	4	27	2	13	15
Individuals	44	83	9	17	0	0	53
Local Authorities	16	67	8	33	0	0	24
NHS	9	82	2	18	0	0	11
Private Sector	95	59	53	33	13	8	161
Third Sector	17	71	3	13	4	17	24
Trades Unions	3	50	1	17	2	33	6
	229		94		29		352

Table A15: Question 4, breakdown by response to Question 1

Answer to Q1	Answer to Q4								
	Yes	%	No	%	NP	%	NA	%	Total
a) be maintained	143	63	64	28	13	6	6	3	226
b) be increased	60	61	29	29	7	7	3	3	99
No preference	23	74	1	3	7	23	0	0	31
Not answered	3	17	0	0	2	11	13	72	18
Total	229	61	94	25	29	8	22	6	374

Question 5: Should Apprenticeship Levy funding be used to help unemployed people move into employment, and to help meet the workforce development needs of employers? a) Yes b) No

Table A16: Question 5 (including “not answered”)

	Number	%
Yes and implied yes	234	63
No and implied no	100	27
No preference	18	5
Not answered	22	6
	374	

Table A17: Question 5 (excluding “not answered”)

	Number	%
Yes and implied yes	234	66
No and implied no	100	28
No preference	18	5
	352	

Table A18: Question 5, breakdown by sector of respondent (excluding “not answered”)

	Yes and implied yes		No and implied no		No preference		Total
	num	%	num	%	num	%	
Academic and Training Industry	39	65	14	23	7	12	60
Government and NDPB	12	80	3	20	0	0	15
Individuals	38	72	15	28	0	0	53
Local Authorities	19	79	5	21	0	0	24
NHS	9	90	1	10	0	0	10
Private Sector	90	57	59	37	10	6	159
Third Sector	22	92	2	8	0	0	24
Trades Unions	5	71	1	14	1	14	7
	234		100		18		352

Table A19: Question 5, breakdown by response to Question 1

Answer to Q1	Answer to Q5								
	Yes	%	No	%	NP	%	NA	%	Total
a) be maintained	143	63	69	31	9	4	5	2	226
b) be increased	67	68	27	27	4	4	1	1	99
No preference	22	71	4	13	5	16	0	0	31
Not answered	2	11	0	0	0	0	16	89	18
Total	234	63	100	27	18	5	22	6	374



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