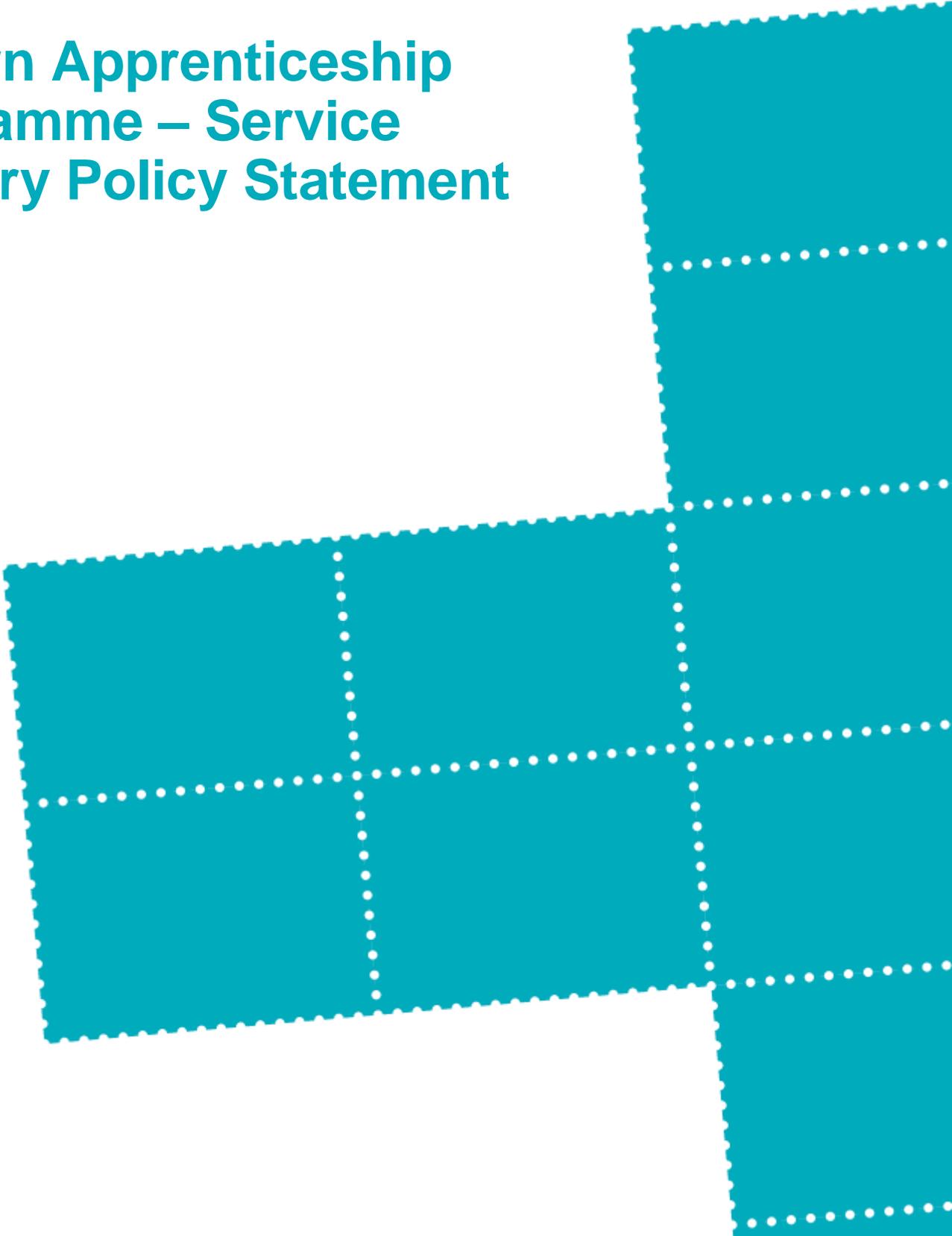


# Modern Apprenticeship Programme – Service Delivery Policy Statement

2016/17

October 2015



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# 1. Introduction

- 1.1 As Scotland's skills body, we are central to driving the success of Scotland's economy. We work with our partners to create a Scotland where:
- employers are able to recruit the right people with the right skills at the right time
  - employers have high performing, highly productive, fair and equal workplaces
  - people have the right skills and confidence to secure good work and progress in their careers
  - there is greater equality of opportunity for all
- 1.2 We administer Modern Apprenticeships (MAs) on behalf of Scottish Government. The Scottish Government provides funding support for MAs as a key investment in promoting Scotland's economic growth. Apprenticeships are an important component of the Scottish Government's measures to promote sustained employment and contribute to developing Scotland's workforce.
- 1.3 Modern Apprenticeships continue to perform well:
- Between 2008/09 and 2014/15, the proportion of individuals completing their MA increased from 67% to 74%
  - There are strong employment outcomes for individuals six months after completion of the MA
  - Compared to the rest of the UK, Scotland has relatively high proportions of Level 3+ MAs (73%) and young apprentices (85%) in training
- 1.4 Continuous improvement is a key driver of SDS activity and we will continue to use a process of formative evaluation and review to inform the development of the MA programme over time.

## 2. Operating Context

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### 2.1 The economy and labour market

At the time of writing (summer 2015) Scottish gross domestic product, output and employment have risen above pre-recession levels, and although unemployment in Scotland has tended to be lower than the UK as a whole, economic recovery and growth has been disjointed.

Some difficult economic challenges remain, including:

- youth unemployment which, although less than the UK average, remains at almost three times the working age unemployment rate
- underemployment – where individuals are either working fewer hours than they would like or are over-skilled for the jobs they hold
- low real wages - currently below their 2008 level, putting pressure on household incomes and raising in-work poverty
- Low productivity rates - in comparison to UK and European averages

2.2 According to the UKCES Employer Skills Survey 2013<sup>1</sup>, the proportion of all vacancies that Scottish employers found hard-to-fill because of a skills shortage increased from 15 per cent in 2011 to 25 per cent in 2013. As the economy starts to expand, increased employer competition and demand for skills could mean skill shortages have the potential to act as a brake on economic recovery. Skills Investment Plans<sup>2</sup> and the newly developed Regional Skills Assessments<sup>3</sup> play a crucial role in informing provision through MA frameworks. These, combined with accurate information from employers and their demand for skills going forward, will help us to ensure that the appropriate volumes of supported MAs are offered in the right sectors and at the right levels.

### 2.3 Apprenticeship Levy

In July 2015 the UK Government announced plans to introduce an Apprenticeship Levy for large employers to fund Post 16 Apprenticeships in England. Undoubtedly, there will be policy implications for the Modern Apprenticeship programme in Scotland and SDS will continue to work closely with Scottish Government to consider any changes to current policy as more detail emerges.

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<sup>1</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/326641/UKCESS\\_2013\\_Scotland\\_Slide\\_Pack\\_FINAL.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/326641/UKCESS_2013_Scotland_Slide_Pack_FINAL.pdf)

<sup>2</sup> <http://www.skillsdevelopmentscotland.co.uk/resources/skills-investment-plans/>

<sup>3</sup> <http://www.skillsdevelopmentscotland.co.uk/resources/regional-skills-assessments/>



### 3. Policy Environment

3.1 The Scottish Government's **Youth Employment Strategy**<sup>4</sup> and Audit Scotland's **Review of MAs**<sup>5</sup> were published in 2014. They have significant policy implications for the MA Programme and SDS is already working with Scottish Government and other partners on the areas highlighted below:

- Increasing the number of MA starts to 30,000 each year by 2020.
- Aligning MAs with the skills required to support economic growth, with a focus on Science, Technology, Engineering and Mathematics (STEM) areas.
- Using robust evidence, including Skills Investment Plans and Regional Skills Assessments, to inform the allocation of Modern Apprenticeship opportunities across the economy.
- Increasing the number of MA starts - focused at higher levels (level 3 and above) and should continue to concentrate on the 16-24 year old cohort where the long term returns are likely to be greatest. By 2020, the aim is that two-thirds (20,000) of MA starts are at level 3 and above.
- Improving access to and progression from the MA Programme.
- Promoting equality of opportunity throughout the MA Programme.
- Promoting the Scottish Employer Recruitment Incentive, a recruitment incentive package to equip and support smaller and micro businesses to recruit and train more young people.
- Independent external review of off-the-job components of MA delivery led by Education Scotland.

3.2 The MA expansion programme will see the steady growth of MA starts from 25,000 to 30,000 per year by 2020. We are working with partners and have secured European Social Funding to help us achieve this and to ensure that additional starts focus on growth sectors and L3+.

3.3 Part of our work improving accessibility to MA opportunities has seen the launch of [www.apprenticeships.scot](http://www.apprenticeships.scot)

3.4 We have also begun to expand our 'Apprenticeship family', with foundation apprenticeships currently being piloted across Scottish schools

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<sup>4</sup> Developing the Young Workforce: Scotland's Youth Employment Strategy (2014) <http://www.gov.scot/Resource/0046/00466386.pdf>

<sup>5</sup> Audit Scotland's review of Modern Apprenticeship Programme: [http://www.audit-scotland.gov.uk/docs/central/2014/nr\\_140313\\_modern\\_apprenticeships.pdf](http://www.audit-scotland.gov.uk/docs/central/2014/nr_140313_modern_apprenticeships.pdf)

## 4. Purpose and objectives of the MA programme

- 4.1 The dual purpose of the MA Programme is to support individuals to learn while in work; and economic growth across Scotland. MAs are a **joint** investment between employers and public funding. Employers invest the greater amount through wage costs and on-going support and public funding **contributes** towards the cost of training.
- 4.2 SDS administers the Scottish Government's funding **contribution** toward the cost of training for employees that employers wish to support through an approved MA framework.
- 4.3 We have priority areas that influence our funding decisions:
- Increasing the proportion of **young people** supported through MAs, particularly those **aged 16 to 24** years old
  - Increasing the proportion of apprenticeships at **Level 3 and above** - particularly those related to STEM subjects/occupations
  - Increasing the proportion of apprenticeships which support our growth and key sectors
  - Supporting **older workers** where they are employed in prioritised frameworks
  - Aligning funding with the Skills Investment Plans and Regional Skills Assessments
  - Maximising opportunities for the wider availability of **higher level Apprenticeships** including Technical Apprenticeships at SCQF Levels 8 and 9, and Professional Apprenticeships at SCQF Level 10
- 4.4 In addition, there are priorities in developing the Programme as follows:
- Addressing any **occupational segregation** issues
  - Encouraging greater participation from **small and micro businesses**
  - Increasing the participation of individuals from **under-represented groups** including BME, disabled and care leavers

## 5. MA Eligibility

5.1. The age groups eligible for Modern Apprenticeship support are as follows:

- **Individuals aged 16-24:** Individuals in this age group are eligible for support in completing any approved MA frameworks.
- **Individuals aged 25+:** Government support for individuals in this age group is targeted towards specific sectors and only the relevant MA frameworks are eligible for funding.

5.2. Funding for the Public Sector

- Government funding for individuals aged 16-19 who work within the Public Sector is available for any MA framework, with no restriction on the length of time in employment.
- Government funding for individuals aged 20-24 who work within the Public Sector is only for new employees who have been in the job no longer than 6 months.
- Government support for individuals aged 25+ who work within the Public Sector is restricted to the construction sector only. There is no restriction on the length of time in employment.

## 6 Advancing Equalities

- 6.1. SDS is committed to addressing equality issues, within education and working environments and in outcomes for young people. We recognise the importance of MAs as an integral part of an individual's journey to employment for people from all backgrounds.
- 6.2. Providers must actively encourage equality of opportunity within their MA provision. To help advance equality of opportunity within the MA programme, there will be more explicit requirements for training providers to:
  - Identify their level of pro-activity when bidding to deliver MA starts
  - Provide evidence of how they analyse and evaluate their equality monitoring information
  - Review their approach to improving representation from minority groups as part of their quality assurance (continuous improvement) process
- 6.3. To meet these requirements, SDS will expect training providers to consider their activity and how it:
  - addresses gender disparities across MA frameworks;
  - promotes MA opportunities to young people and parents from the BME community;
  - undertakes specific actions to increase the number of young disabled people engaging in MAs;
  - encourages and supports employers to employ young disabled people; and
  - supports parents and carers of young people from low participation groups in accessing MA opportunities
- 6.4. Providers are asked to actively encourage and support disabled young people, care leavers, young females and those from Black and Minority Ethnic (BME) communities to participate in provision where it is appropriate for them. The focus on these groups reflects their under-representation in training and employment.