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The Apprenticeship Levy in Scotland: a distinctive approach December 2016	

"a distinctly Scottish approach to the way we respond to the apprenticeship levy"

Jamie Hepburn, Minister for Employability and Training

Following a public consultation, the Scottish Government has chosen "a distinctly Scottish approach" to the management of the Apprenticeship Levy which starts in April 2017.

In addition to the funds available to support Modern Apprenticeships, the Government has announced that it is diverting a part of the national Levy pot to other training, including creation of a new £10m Workforce Development Fund.

Many details are yet to be settled, and the Government will be consulting on them.

Background

The UK Government is introducing an Apprenticeship Levy from April 2017 which means that employers with a paybill over £3m will pay a levy of 0.5% of that paybill (*see MSA Briefing Paper 2*).

In England employers will only be able to draw on the Levy pot to support statutory apprenticeships. In Scotland, by contrast, the Government consulted on widening the scope of the Levy fund to cover other training, and it announced on 16th December that it will be doing just that.

The UK Government has agreed with the governments of Scotland, Wales and Northern Ireland what their share of the UK-wide Levy pot will be (Scotland's share in 2017-18 will be £221m) and the Scottish Government's announcement is about the best way to spend those funds.

16th December announcements

In explaining the Government's decision, the Minister said this:

> *We will use the apprenticeship levy to give the workplace more options and flexibility. While we will boost Modern Apprenticeships we will also address skills gaps and the training needs of existing employees where a full apprenticeship might not be appropriate.*

The Minister announced the following:

- there is to be **stability in the main features** of Modern Apprenticeships (ie no major reforms running in parallel to the introduction of the Levy, which is what is happening in England), including the national target of 30,000 starts a year by 2020;

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- some of the Levy funds will be diverted to **a new £10m Workforce Development Fund**, available from Autumn 2017, "which will help employers work in partnership with colleges to up-skill and re-skill their existing workforce and address skills gaps". The Minister will consult on the detail;
- employers will also be able to use the Levy for **Foundation Apprenticeships** (SCQF Level 6 programmes which start in school), and also **graduate apprenticeships**. The maritime sector currently does not use either route, and there are no plans to do so;
- the Levy pot will also be used to implement the Government's Young Employment Strategy, with a particular focus on **measures to tackle structural employment issues**, ie particular help for those who are unemployed or disadvantaged, and for priority sectors 'such as' digital, the care sector and young children;
- there will be a new **Rural Supplement** of between £250 and £1000, paid to training providers, in recognition of the additional costs of delivering in rural areas;
- **public sector eligibility restrictions are being removed**, meaning that from April 2017 public sector employers will have the same access to Modern Apprenticeship funding as those in the private and third sector;
- funding for apprentices aged **over 25** will be available in more sectors;
- Government support for **young disabled people** and those who have been in care is being increased, and will be available to them until they are 30;
- the Government also re-affirmed its commitment to **National Occupational Standards** (NOS) as the foundation for qualifications. In light of the decision in England to move away from NOS, the Scottish Government committed itself to working through Skills Development Scotland to continue to support them, working with colleagues in Wales and Northern Ireland.

In most cases the announcements were headlines only, with further details to follow.

Further consultation

The Government said more about how it would consult on the design of the new Workforce Development Fund, saying in particular that it would look for the "input of employers through the industry-led Scottish Apprenticeship Advisory Board", and work with Colleges Scotland and the Scottish Funding Council.

When he announced the Fund, the Minister said that it "will bring *the college sector* [our emphasis] together with industry to better support in-work training". While some parts of the maritime sector work very closely with colleges, others also work, or work instead, with private providers, and some run extensive in-house training programmes.

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