

**Written submission from Skills Development Scotland to the Public Audit
Committee, dated 16 May 2014**

Audit Scotland Report – Modern Apprenticeships

Skills Development Scotland (SDS) welcomes the Auditor General's focus on Modern Apprenticeships and the opportunity to contribute to the evidence session on the report.

Modern Apprenticeships offer people of all ages the opportunity to develop skills in the workplace and gain a qualification whilst in paid employment, through a combination of workplace training and, if required, off-the-job learning. It is important to note that all MAs must have employed status before commencing their training. The uptake of apprenticeships in specific sectors is determined by industry. This is because the programme is demand-led and thereby reflects labour market skills requirements in Scotland. The curriculum for MAs is designed by industry and frameworks are only developed where employers feel that there is a need for a qualification. There are now around 70 frameworks covering a diverse range of occupations, and they are approved by the Modern Apprenticeship group (MAG), which is chaired by the Scottish Government and includes representatives such as SDS, Colleges Scotland and the Scottish Training Federation. There is no set timescale for the completion of a Modern Apprenticeship - they are tailored to meet the specific needs of the individual and the employer and typically take from six months to three years to complete. On completion of Modern Apprenticeship training, the individual will have an industry recognised qualification.

SDS's role in Modern Apprenticeships is primarily to administer the funding for training on behalf of the Scottish Government and ensure Scottish Government programme priorities are met. SDS does not deliver Modern Apprenticeship training; we contract with around 250 Training Providers each year who carry this out. They can be colleges, private or third sector Training Providers, employers or Sector Skills Councils. Funding contributions are aligned to the method of training employers prefer, such as in-house training or college assessment. We also play a role in promoting the programme to individuals (particularly young people), employers, industry and training providers, as well as those from under-represented groups.

The report acknowledges that Modern Apprenticeships are under-pinned by a strong partnership approach, with employers, apprentices, Government, its agencies, industry and awarding bodies, Training Providers and Colleges having differing roles to play. SDS works collaboratively with these partners and customers to enable individuals to reach their potential and contribute to employer and industry competitiveness through work-based learning. SDS welcomes the acknowledgement that we have performed well against the Scottish Government's Modern Apprenticeship targets and priorities in challenging circumstances. We have considered the recommendations made in the report. This submission provides an overview of our response to some of the recommendations which are within our remit. We also present two additional points relating to Modern Apprenticeships which the Committee may wish to consider.

1. Contribution rates

Recommendation: *SDS should:*

- *determine the effect revised contribution rates might have on training providers' and employers' involvement with apprenticeships, and establish processes for monitoring the impact of any changes on the overall value for money achieved*
- *clearly explain, to training providers and employers, the extent to which they expect revised contribution rates to reflect the costs of training*
- *consider how to use contribution rates, along with other incentives, to encourage employer participation, for example in areas of lower employment*

It is important to note that government funding for MAs represents just a fraction of their total cost. It is just that: a contribution towards the cost of training and or assessment. For example, it costs around £85,000 in total to fund a four year engineering apprenticeship for a 16-19 year-old of which the public funding contribution makes up just £9000¹. SDS has undertaken work, in response to calls from stakeholders and emerging Skills Investment Plans (SIPs), to review contribution rates and make the structure more transparent. The key principles and parameters of the review were agreed in consultation with a Funding External Advisory Group. Work involved examining every framework to identify achievement requirements, including the degree of work-based learning in each qualification, the level of competency needed and how it should be evidenced.

The review considered the place of incentives within contribution rates for specific groups. However, it was determined that incentives would make funding rates unnecessarily complicated, and would be better attached to other recruitment incentives. There is currently a wide range of recruitment incentives being administered across Scotland, by SDS and a range of partners, including Local Authorities, to incentivise the recruitment of young people and specific disadvantaged groups into apprenticeships and other jobs.

The first phase of changes contribution rates and the rationale for them have been published on our website, alongside the bidding documentation for 2014-15 contracts. Changes are being phased over five years to allow the market and providers to adjust and the rates for future phases will be published this summer. The Funding External Advisory Group will continue to meet to consider the impact of funding changes and as framework requirements change, funding will be re-reviewed.

2. Contracting process

Recommendation: *SDS should:*

- *better communicate its decisions on contract awards to training providers, including providing reasons for significant variations in the number of apprenticeship training places that training providers request and that SDS awards*
- *develop baseline costs for its annual contracting process to assess the potential efficiencies of moving to three-year contracts with training providers*

¹ http://www.scottish.parliament.uk/ResearchBriefingsAndFactsheets/S4/SB_12-20.pdf

We are continuing to refine the contracting process. The award criteria have been simplified and relate largely to Training Providers' achievement rate performance and the ability to deliver starts promised. As the report points out, we are considering options to change some Training Provider contracts from annual to multi-year contracts, which could reduce the time spent on the process, as well as reward high-performing training providers.

For the 2014-15 contracting year, the contract award letter issued to all bidders explained the reasons for the variation between the number of places requested compared with the number awarded.

3. Data collection on Modern Apprenticeships

Recommendation: *SDS should assess the information it needs to manage the administration of modern apprenticeships and identify how it could develop IT systems that would support this*

SDS acknowledges that the technology underpinning the Corporate Training System (CTS), which supports the administration of Modern Apprenticeships, is reliable for internal and external reports, but limits the ability for further data collection. We are therefore planning a replacement for CTS which has begun with high level system requirements being scoped out. Going forward we will seek to work with other public sector bodies, such the Scottish Qualifications Authority and the Scottish Funding Agency, with the aim of ensuring a joined-up approach to data reporting. Committee members will be aware that IT projects demand significant development time and investment and thus require careful planning to provide scope for future changes relating to policy and programme changes; as well as taking advantage of synergies and efficiencies relating to other partner IT and data exchange developments.

4. Promotion of Modern Apprenticeships to industry

Recommendation: *SDS should target specific groups of employers to raise awareness of the operation and benefits of apprenticeships and to encourage them to take on apprentices. This should be focused on businesses in areas where there is low employment and those in the key economic growth sectors where appropriate*

SDS works closely with businesses and industry throughout Scotland to ensure employers and industry views are recognised and that investment in the skills system better reflects their needs and priorities. We work in close collaboration with partners, including Sector Skills Councils and Industry Leader Groups.

Skills Investment Plans (SIPs) provide a framework for businesses and employers to articulate the skills needed to support the development of Scotland's growth sectors. SIPs are developed by SDS in partnership with the Scottish Funding Council and the relevant industry. They are particularly useful in identifying which sectors are more successful in recruiting apprentices than others. Where there are difficulties, the SIP will propose actions to improve uptake and SDS will take these forward. An example

of this can be seen in the Life Sciences SIP² which includes an action to increase the attractiveness of the sector to new entrants by reviewing the uptake of Life Sciences apprenticeships and considering factors to support and encourage employers to make use of apprenticeship frameworks as an additional pathway to the industry.

Working closely with partners allows us to promote the programme to a wider audience of companies and industries, which is crucial given the demand-led nature of the programme. Our employer web service, Our Skillsforce,³ which is SDS's web service for employers and has been developed in consultation with key partners, is a key tool which allows SDS to promote Modern Apprenticeships to employers looking to upskill their workforce.

We also use high-profile initiatives such as the SDS-led annual Scottish Apprenticeship Week (May 19-23 2014),⁴ the Modern Apprenticeship Awards and the Make Young People Your Business⁵ campaign to promote the benefits of the programme to employers, Training Providers and individuals in specific sectors. Furthermore, we lead on campaigns which target promotion at specific industries and geographies where potential for greater apprenticeship engagement has been identified.

5. Promotion of Modern Apprenticeships to young people

Recommendation: *SDS should, in conjunction with other partners, including schools and industry leadership groups, better promote the value of apprenticeships to young people, parents and teachers, to encourage greater participation by young people*

As a result of extensive research and surveys of young people, we know that their key influencers on career choice are parents, teachers, peers and employers. We therefore aim to engage positively with them, by driving forward campaigns aimed at positively promoting our programmes and services. For example, Scottish Apprenticeship Week will strongly promote the programme as a quality training opportunity offered to individuals from employers of all sizes and in a wide range of industries.

We strive to, through our Careers, Information, Advice and Guidance (CIAG) work in schools, promote apprenticeships to pupils in their formative years. We lead on a programme of employer visits to schools to ensure that young people gain a more in-depth knowledge of the workplace, and different types of jobs – including Modern Apprenticeship training - so that they can make informed choices about the kind of career they want to pursue. If an apprenticeship would be an appropriate route for a young person to pursue, SDS Career and Work Coaches will encourage them to consider it.

Our online web service, My World of Work, is also an essential tool in promoting Modern Apprenticeships to young people, as well as their parents. The service

² http://www.ourskillsforce.co.uk/media/473843/sds_life_science_invest_plan_full_aw_02_2_.pdf

³ <http://www.ourskillsforce.co.uk/modern-apprenticeships/>

⁴ www.scottishapprenticeshipweek.com

⁵ <http://www.ourskillsforce.co.uk/recruit/make-young-people-your-business/>

features case studies on different frameworks, video clips showing individuals in non-traditional roles and local events providing information on Modern Apprenticeships. The aim is to challenge negative perceptions about the programme and demonstrate parity of esteem with other routes to success. Our intention is to demonstrate that no matter what your background, gender or ethnicity, the programme and its full range of frameworks are open to you.

Additional points for consideration

6. Level 2 Modern Apprenticeships

Frameworks at any level are only developed where evidence is provided of demand from industry. We survey Sector Skills Councils (SSCs) annually and this highlights a demand for levels of frameworks. The need for a minimum of Level 2 training at work was first identified by the Leitch Review of Skills in 2006.⁶ The increased availability of entry level opportunities, such as Level 2 apprenticeships to assist young people to enter the workplace, is also a recommendation of the Interim report from the Commission for Developing Scotland's Young Workforce. The Leitch Review recommendation was then taken forward by the Scottish Executive in 2006 following a consultation with stakeholders which revealed that employers and SSCs welcomed the extension of Modern Apprenticeships to Level 2 and that the Skillseekers programme should be phased out.⁷

Like Level 3 Modern Apprenticeships, the composition of the MA at Level 2 has been developed from the Skillseekers framework of an appropriate competence-based vocational qualification at that Level. Core skills attainment was also added to the framework, together with any other mandatory or optional learning identified as necessary by the industry, as well as the requirement for apprentices to be employed.

7. Equal access to Modern Apprenticeships

Although the Audit Scotland report only touches lightly upon the issue of gender segregation within the Modern Apprenticeship programme, we are keen to discuss and understand how we can recruit more of those from underrepresented groups to the programme, should the Committee wish to explore the topic in more detail.

It is a complex issue, and SDS considers the challenges to be employer recruitment patterns, societal and cultural barriers, gender choice in school, further and higher education subjects, and in occupations. In respect of gender segregation, SDS's approach is guided by three critical areas:

1. Structural barriers
2. Cultural bias/misconceptions
3. Personal choice

⁶ http://webarchive.nationalarchives.gov.uk/+/http://www.hm-treasury.gov.uk/leitch_review_index.htm

⁷ <http://www.scotland.gov.uk/Publications/2006/08/11114908/4>

1. As a non-departmental public body we are legally required to deliver on the gender, race and disability equality duties. SDS is subject to rigorous annual checks to ensure no individuals are discriminated against. One of the ways in which we can ensure our equalities duties are met is by undertaking Equality Impact Assessments (EIA).⁸ We are currently revising our Equality Impact Assessment of National Training Programmes, which will see the development of an action plan to encourage Modern Apprenticeship uptake not only by women, but also those with disabilities and those from black and ethnic minority communities.
2. As discussed in point five above, research has shown that those with the greatest influence on a young persons career choice are parents, teachers, peers and employers and we actively engage with these groups in order to encourage participation in Modern Apprenticeships. Encouraging uptake of Modern Apprenticeships by women is however, more complex. Although we vigorously promote women in non-traditional roles in our marketing material, hold events to encourage female participation in the programme and challenge gender stereotypes in schools through our CIAG work, there are deep seated cultural and societal barriers which must still be overcome which are not within SDS's gift to change.
3. Nevertheless, one specific way in which SDS can have an impact is through our CIAG work and Career Coaches work hard in schools to ensure young people make informed subject choices and challenge gender stereotypes. However, it is important to recognise that personal choice at the time of choosing school subjects can have a dramatic impact on whether or not females will go on to participate in the Modern Apprenticeship programme. It is difficult to break down traditional and long held views about "female" and "male" oriented subjects. To illustrate this, typically candidates starting on an engineering framework will have a range of highers from school, including physics, to cope with the demands of the level 3 engineering framework and yet only 28% of school leavers with an A-C pass in Higher or Advanced Higher Physics were women⁹. This automatically means that there will be a smaller number of females who will be in a position to enter an engineering Modern Apprenticeship. If you then consider that a higher proportion of females (70.7%) than males (58.1%) will go on to Further and Higher Education,¹⁰ instead of choosing a Modern Apprenticeship, this further reduces the proportion of females available to begin an engineering apprenticeship. This could suggest that on average just over 8% of females leaving schools would be in a position to consider an engineering Modern Apprenticeship. And this is without taking into account gender stereotypes of certain professions and personal choice.

⁸ National Training Programmes Equality Impact Assessment (2010)

<http://www.skillsdevelopmentscotland.co.uk/media/167071/ntp%20equality%20impact%20assessment.pdf>

⁹ Scottish Government - Attainment and leaver destinations, supplementary data - revised October 2013 (Table A1.13 and Table A1.14) <http://www.scotland.gov.uk/Topics/Statistics/Browse/School-Education/Datasets/attainmentandleavers>

¹⁰ School Leaver Destinations Initial Follow-up 2012/13 National <http://www.skillsdevelopmentscotland.co.uk/media/954104/SDS%20National%20SLDR%202012-13%20Initial%20Report.pdf>

Conclusion

This paper attempts to highlight where SDS, with partners, is already tackling specific challenges discussed in the report and particular areas where we are continually striving to do more. Our continuous improvement activities are key to providing efficient and effective administration of the programme within the available budget. At the heart of the programme lie the needs of individuals and employers, with the aim of boosting individual careers, employer performance, and the Scottish economy.