

Flexible Workforce Development Fund (FWDF) - 2019-20

Guidance for Scotland's UK Apprenticeship Levy-paying Employers

August 2019



Scottish Government
Riaghaltas na h-Alba
gov.scot

Flexible Workforce Development Fund (FWDF) 2019-20 Guidance for Levy Paying Employers

Purpose

1. This guidance contains details of the Flexible Workforce Development Fund (FWDF) and sets out how levy-payers can access it.

Background

2. In December 2016 the Scottish Government announced the introduction of a Flexible Workforce Development Fund (FWDF) to provide Scotland's UK Apprenticeship Levy Paying employers (**from here on in we will refer to UK Apprenticeship Levy-paying Employers as 'levy payers'.**) with workforce development training to up-skill and re-skill their existing workforce. The FWDF is in direct response to feedback from the Scottish Government's consultation on the introduction of the UK Government Apprenticeship Levy.
3. The FWDF was piloted in 2017-18 and, in accordance with the Programme for Government commitment, reviewed by the Scottish Government through commissioning an independent evaluation of FWDF functionality.
4. The purpose of the FWDF is to provide levy payers, with flexible workforce development training opportunities. This will be to support inclusive economic growth through up-skilling or reskilling their employees.
5. The FWDF is **in addition** to apprenticeship support which all levy payers are eligible to access in Scotland; and, Individual Training Accounts (ITAs) which provide eligible individuals with the opportunity to undertake learning opportunities to develop their skills for employment. This FWDF may be particularly beneficial in addressing skills gaps and training needs of the older workforce and those with protected characteristics.
6. The Scottish Government will provide £10 million to the Scottish Funding Council (SFC) for the FWDF to be made available through regional colleges/strategic bodies and Scotland's Rural College in 2019-20, to continue a further third year of the FWDF.

Policy drivers

7. The key policy drivers are:
 - Supporting the needs of Scotland's UK Apprenticeship Levy-payers.

- Supporting workforce development in line with the aims of the Labour Market.
- Strategy, particularly around upskilling and reskilling Scotland's workforce consistent with the ambition to raise productivity.
- Ensuring the FWDF further strengthens college engagement with levy payers.

National Outcomes

8. The FWDF contributes to the following Scottish Government priorities rooted in Scotland's Economic Strategy and Scotland's Labour Market Strategy:
 - A strong labour market that drives inclusive, sustainable economic growth.
 - A skilled productive and engaged workforce capable of meeting the needs of levy payers.
 - Equality of opportunity to access work and to progress in work, to ensure everyone is able to maximise their potential.
 - Increasing productivity.
9. The FWDF will also support the delivery of SFC's strategic outcome of greater innovation in the economy. It also supports the Scottish Government's strategic priority of high quality learning in a learning system which is seamlessly connected for the learner, including learning which prepares people well for the world of work and successful long term careers, prioritising provision that meets known skills gaps in the economy.

National skills priorities

10. In addition to increasing organisational capacity and increasing the productivity of levy-payers, the FWDF should also address known skills gaps where there is a recognised demand from levy-payers in the region. Based on national labour market information and employer feedback, the Scottish Government recognise there are several key skill needs common across the labour market in Scotland.
11. The 2017 Employer Skills Survey (ESS) revealed that 16% of Scottish employers reported skills gaps and estimated that 5% of the workforce lacks full proficiency: largely unchanged since 2015. Among those organisations that reported skills-shortages both technical and personal skills were cited. For example, 59% suggested that specialist skills were needed, while 46% suggested that the ability to manage and prioritise were required."
12. Colleges are required to develop a regional suite of training provision available at their institution in support of the FWDF. The suite should be developed in line with the national priorities and be informed by local Labour Market Intelligence (LMI), Regional Skills Assessments, and Skills Investment Plans. It is

expected this would be further enhanced by previous experience of working with levy-payers in the region. This should be produced as the basis of a list of possible provision and should not be presented as an exhaustive or prescriptive 'offer' to levy-payers. Colleges should ensure that due consideration is given to the ethos of the FWDF - a Fund driven by levy-paying employers who can access provision to meet their recognised skills gaps.

Eligibility

13. The FWDF will be available to all levy –paying employers in Scotland across the private, public and third sector. The SFC will provide the funds to colleges to help them to respond to employer demand both at a regional and national level.
14. Levy-paying employers are required to submit evidence of their eligibility to pay the Levy to accompany their application to the FWDF. This should take the form of a copy of the relevant part of the most recent Employer Payment Summary (EPS) which reports the level of Apprenticeship Levy contribution. The HMRC guidance can be found at: <https://www.gov.uk/guidance/what-payroll-information-to-report-to-hmrc#eps-what-to-report>
15. The FWDF will not support provision of industry qualifications/training where there is a statutory employer obligation as required by law.
16. In year 3 (2019-2020) of the FWDF, levy - payers who are eligible for the FWDF will have the ability to bring benefit to their supply chain in two ways;
 - (a) Levy payers can relinquish their access to the FWDF and nominate up to two of their supply chain companies to receive all or part of their allocation, or
 - (b) Levy payers can include supply chain company staff in training they have identified as a collective priority.
17. This is specifically with the purpose of bringing greater benefit to the employer through investing in the development of their supply chain. In each of these methodologies the supply chain companies involved should not be Levy-payers in their own right.

Access for Levy paying Employers

18. Colleges will work with levy paying employers in their region to identify the training they require to make a demonstrable return on investment. This may be commonly understood as a 'training needs analysis' and should be proportionate in nature. The analysis should form the basis of the application and colleges should work with levy paying employers to support the application

process. An application template will be provided for levy paying employers to submit to colleges with their identified training needs.

19. If the training provision a levy payer requires is not available at the college, the college should advise the levy payer on the most appropriate college to meet their identified training needs and broker contact.
20. The FWDF will be open for applications throughout the academic year 2019-20, depending on availability. All training must be contractually agreed by 31 July 2020 (and have commenced by 31 August 2020) to be included as part of colleges' Year 3 (2019-20) FWDF allocations. We expect all training provision associated with 2019-20 funding to be delivered and completed by the end of December 2020. Where there are exceptional circumstances (e.g. delivery of SVQ training) levy payers should contact their local college to discuss any possible revision to this deadline.
21. Levy paying employers operating on a Scotland-wide basis or across more than one college region may submit only one application to the FWDF at a college of their choice. On application, levy payers will be required to declare that their application is on behalf of the whole company and that this is the only application to the FWDF.
22. If colleges require confirmation of the status of the application, they should discuss this with SFC in advance of entering into a commercial agreement. If through the SFC's national monitoring it is found that a levy paying employer has made more than one application, SFC will contact the college and advise on next steps.

Inclusion of Supply Chain Companies

23. Levy paying employers who are eligible for the FWDF will have the ability to bring benefit to their supply chain in two ways;
 - (b) Levy payers can also relinquish their access to the FWDF and nominate up to two of their supply chain companies to receive all or part of their allocation, or
 - (b) Levy payers can include supply chain company staff in training they have identified as a collective priority.
24. This is specifically with the purpose of bringing greater benefit to the Levy-payer through investing in the development of their supply chain. In each of these methodologies the supply chain companies involved should not be Levy-payers in their own right.

Methodology

Allocating funds to supply chain companies

25. Levy payers will be required to demonstrate their eligibility at the college of their choice. Levy payers should then identify the training required through discussion with the college and supply chain company. Levy payers are required to state on their FWDF application whether they wish to pass on access to some or all of their allocation to one or two of their supply chain companies.
26. There is flexibility in how the FWDF allocation, up to a maximum of £15,000, can be fully passed on and split between two supply-chain companies or between the levy-payer and one/two supply chain companies. For example:

	<i>Example 1</i>	<i>Example 2</i>	<i>Example 3</i>
Levy-payer	£0	£0	£7,000
Supply-chain co. A	£15,000	£9,000	£4,000
Supply-chain co. B	£0	£6,000	£3,000
Total	£15,000	£15,000	£14,000

Inclusion of supply chain staff in training

27. Training which includes supply chain company staff should have been agreed as a collective priority for both the levy payer and the supply chain.
28. Levy-payers should identify in their application that their employees and/or those of their supply chain companies will be undertaking training involving the same learning product. The number of supply chain companies through this avenue is not limited providing they are not levy payers in their own right.

Priority groups

29. Levy payers will have flexibility to train members of their workforce through college provision to bring greatest benefit to their organisation. Within this and in line with Scottish government priorities of reducing the gender pay gap and tackling occupational segregation; halving the disability employment gap; inclusive growth and Fair Work, levy payers should consider as part of their application how they can support those with one or more of the protected characteristics listed in section 4 of the Equality Act 2010 to gain access to training through the FWDF.

30. Levy payers should also give due consideration to other specific groups in their workforce where training could bring disproportionately positive benefits such as care experienced; carers, those in low skilled jobs; younger workers/apprentices; and veterans/early service leavers. Colleges should be aware of these priorities when consulting with levy payers on training needs and skills gaps. Levy payers must have due regard to the provisions of the Equality Act 2010, and the relevant guidance produced by the Equality and Human Rights Commission.

Accreditation

31. Research highlights that secure, well-paid jobs which give fulfilment and offer opportunities for progression in organisations where employees have an effective voice are the key to increasing workplace innovation. We believe that this can help to deliver a measurable shift in productivity. Provision of accredited training is one way to support this.
32. Colleges will ensure certification is arranged for each employee participating in funded activity. Colleges will make every practicable effort to deliver training recognised by the SCQF framework and/or, training that meets the requirements of an appropriate industry or employer standard. At the absolute minimum, the application form will require details of the projected developmental goal for the employees involved.

Further information

33. A list of regional college contacts is available for levy payers on the SFC's website (www.sfc.ac.uk).
34. We have provided a 'Frequently Asked Question' (FAQ) list as an appendix to this document.
35. Scotland's' UK Levy-paying employers have the right to appeal a decision made by the college on their application for training. In practical terms an appeal is only liable to occur where there are insufficient funds available to enable the college to undertake the training or where an application does not meet the eligibility criteria. Where Levy-payers feel they have grounds for an appeal, this should be made through the SFC mailbox fwdfappeals@sfc.ac.uk.

Flexible Workforce Development Fund (FWDF) 2019-20

Frequently Asked Questions – Levy payers

Q1. Why is it only UK Government Apprenticeship Levy payers who can access the FWDF?

Establishing the FWDF is in direct response to the level of employer support expressed in the consultation the Scottish Government undertook on Introduction of the Levy. The FWDF is a further expansion of the package of skills and training measures available in Scotland to support levy payers develop their workforce.

Q2. Are public funded bodies eligible for FWDF?

A: The FWDF is available to all levy payers in Scotland across the private, public and third sectors.

Q3. Why doesn't the FWDF cover training required by law?

The Scottish Government expects levy payers to meet their statutory obligations as required by law.

Q4. Why is a training needs analysis necessary?

Through engagement between employer and college, an agreement should be reached about what the employer needs are, based on increasing productivity and tackling known skills gaps, and what they will apply to the FWDF for. This process should be proportionate to the size of the business and Fund size available. The analysis should form the basis of their application and colleges should work with levy payers to support the application process.

Q5. What happens if the cost of a levy payer's training needs exceeds the capped amount for the FWDF?

FWDF can be used as part-contribution towards training of a higher cost.

Q6. As a levy paying employer, the training provision I require is not available at my regional college. What do I do now?

Your regional college (in your area) should advise on the most appropriate regional college to meet your business/training needs and put you in touch with them.

Q7. How many times can I, as a levy paying employer, make an application to access FWDF?

Once.

Q8. What is the timeframe for funded activity to take place under FWDF?

Academic Year 2019-20 (from August 2019). All funded activity must be contractually agreed by 31 July 2020.

Q9. How will decisions be made on the success of a FWDF application?

Applications will be processed by the college on a 'first-come first-served basis' and will be assessed on whether they meet the criteria for the FWDF.

Q10. How were the college allocations of FWDF devised?

Allocations are based on the estimated number of levy payers, and their employees, in each college region.

Q11. How are the Scottish Government and SFC going to monitor the FWDF?

The FWDF will be monitored through regular college reporting on the quantitative outputs using the SFC reporting form provided.

Q12. An employer found out about the FWDF too late to make an application – what can they do?

The levy payer's details should be retained on a waiting list and they will be contacted in advance of any possible future funding rounds. In the meantime, the employer should contact Skills Development Scotland (SDS) who will advise on how to gain access to the broader skills and training offers available to levy payers in Scotland. Information on SDS workforce development services is available at www.ourskillsforce.co.uk and can be contacted on 0800 917 8000.

Q13. What happens if an employer's FWDF application is unsuccessful?

The 'training needs analysis' undertaken between the college and employer should ensure an employer's identified training needs reflect the FWDF criteria and priorities. Levy payers should be notified by the college, in writing, if their application has been unsuccessful. It may be that as a result of high demand for the FWDF, the application was unsuccessful, in which case, the levy payers application would be held on a waiting list until funds were redistributed or until future rounds of funding became available. If an employer wishes to appeal a decision taken by a college they should make an approach to the Scottish Funding Council (SFC) in the first instance (see further information in Employer Guidance). Approaches will be handled on a case-by-case basis and led by an overseeing group of SFC and Scottish Government officials.

Q14. What is available to levy payers from the Scottish training and skills offer?

As well as the FWDF, levy payers in Scotland can benefit from a number of publicly funded programmes. Including the Apprenticeship family, Individual training Accounts and recruiting Employability Fund programme participants.

Q15. What evidence are levy payers required to demonstrate that they are eligible to pay the UK Apprenticeship Levy?

Evidence should take the form of a copy of the relevant part of the most recent Employer Payment Summary (EPS) which reports the level of Apprenticeship Levy contribution. HMRC guidance is available at the following link:

<https://www.gov.uk/guidance/what-payroll-information-to-report-to-hmrc>

Q16. Can FWDF deliver training at a levy paying employer's premises?

The most appropriate and practicable arrangements for delivery of the training should be discussed and agreed by the college and employer.