



Scottish Funding Council
Comhairle Maoineachaidh na h-Alba

Flexible Workforce Development Fund 2020-21

SFC Guidance

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Summary: Programme guidance on the Flexible Workforce Development Fund (FWDF) for colleges and employers in AY 2020-21 (Phase 1 - Year 4).

FAO: Principals/Chairs of colleges and Regional Strategic Bodies; Apprenticeship Levy-paying employers in Scotland.

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Flexible Workforce Development Fund AY 2020-21

Purpose

1. To provide guidance on the Flexible Workforce Development Fund for Academic Year (AY) 2020-21 for both colleges and employers in Scotland.

Background

2. In December 2016 the Scottish Government announced the introduction of a Flexible Workforce Development Fund (FWDF) to provide Apprenticeship Levy-paying employers¹ with workforce development training to up-skill and re-skill their existing workforce. The FWDF was 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 Fund functionality.
4. The continued purpose of the FWDF is to provide Levy-payers with flexible workforce development training opportunities to support inclusive economic growth through up-skilling or re-skilling of employees. The Fund is in addition to apprenticeship support, access to which is available to all employers in Scotland; and Individual Training Accounts (ITAs), which provide eligible individuals with the opportunity to undertake learning opportunities to develop their skills for employment. The FWDF may be particularly beneficial in addressing skills gaps and training needs of the older workforce and/or employees with one or more protected characteristics listed in section 4 of the Equality Act e.g. women, disabled people, black and minority ethnic people.
5. The Scottish Government has allocated £10 million each year for the FWDF since 2017-18. This annual funding was distributed between colleges² across Scotland by the Scottish Funding Council (SFC). **For AY 2020-21, the Scottish Government has increased this allocation for FWDF and is providing £13 million** for a similar distribution by SFC, in what will be the fourth year of the scheme.

¹ From here on in we will refer to UK Apprenticeship Levy-paying employers as 'Levy-payers'.

² All references to 'college(s)' in this document relate to colleges/college regions/ regional strategic bodies (as appropriate), unless specifically identified.

Policy drivers

6. The key policy drivers for the FWDF are:
 - Supporting the needs of Levy-paying employers in Scotland.
 - Supporting employer workforce development in line with the aims of the Scottish Government's [Labour Market Strategy](#), [Disability Employment Action Plan](#), [Race Equality Action Plan](#) and the [Gender Pay Gap Action Plan](#) (particularly in the areas of up-skilling/re-skilling Scotland's existing workforce) and consistent with the ambitions to raise productivity.
 - Ensuring the Fund further strengthens college engagement with Levy-payers.
 - Supporting employers to adapt and respond to the impacts of COVID-19 and help employees upskill and reskill.

National outcomes and regional outcome agreements

7. The FWDF continues to support the delivery of SFC's strategic outcome of greater innovation in the economy and the Scottish Government's strategic priority of high quality learning in a system which is seamlessly connected for the learner. This includes 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.
8. The FWDF also continues to contribute to the following Scottish Government priorities, anchored in Scotland's Economic and Labour Market strategies:
 - 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, to ensure everyone is able to maximise their potential.
 - Increasing productivity.

National skills priorities

9. In addition to increasing business capacity and increasing the productivity of Levy-payers, the FWDF should also continue to address known skills gaps (at national and regional levels) where there is a recognised demand from levy-payers. Based on national labour market information and employer feedback, the Scottish Government continues to recognise several key skills

needs that remain common across the labour market in Scotland.

10. The 2017 Employer Skills Survey (ESS) revealed that 16% of Scottish employers reported skills gaps and estimated that 5% of the workforce lacked 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.
11. The COVID-19 pandemic and associated lockdown has led to an unprecedented impact on our society, economy and labour market. The FWDF has a key role in providing skills interventions that can be flexed to address the very significant employability and skills needs we know employers and employees will have in the coming months.

College training

12. Colleges are required to develop a suite of training provision available at their institution(s) in support of the FWDF. The suite of training provision should be developed in line with the national priorities previously outlined and be informed by local Labour Market Intelligence, Regional Skills Assessments, and Skills Investment Plans. SFC expects this will be further enhanced by previous experience of working with employers in each college region. This training 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.
13. Colleges should ensure that due consideration is given to the ethos of the FWDF; a fund driven by Levy- payers who can access training provision to help meet their recognised skills gaps.
14. Colleges are expected to have due regard to public value for money with the training that they offer through the FWDF. There should also be a clear link between a Levy-payer's training needs analysis and the impact on the employer's productivity.

Eligibility

15. The FWDF is available to all Levy-paying employers in Scotland across the private, public and third sector.
16. Levy-payers are required to provide evidence of their Levy-paying status as part of their FWDF application to colleges. Further information is available below (see paragraph 42-43).
17. The FWDF does not support provision of industry qualifications/training where there is a statutory obligation required by law. This remains the employer's

responsibility and will not be provided through FWDF. However, where employers can evidence additional training needs, over and above those usually provided to meet statutory requirements, as a result of COVID-19 and as training is adjusted to meet (for example) physical distancing and hygiene guidance, this training can be provided. Further details on courses not eligible for FWDF funding can be found in the Frequently Asked Questions ([FAQ](#)) section at the end of this guidance.

Timeframe for funded activity

18. Year 4 of the FWDF covers AY 2020-21, with the application window open from 1 August 2020 to 31 July 2021.
19. The table below sets out the timeframe for FWDF activity:

Training contractually agreed	Training commenced	Training delivered and completed
by 31 July 2021	by 31 August 2021	by 31 March 2022

All training must be contractually agreed by 31 July 2021 (and have commenced by 31 August 2021) to be included as part of colleges' Year 4 (2020-21) FWDF allocations. We expect all training provision associated with Year 4 (2020-21) funding to be delivered and completed by the end of March 2022. Where there are exceptional or extenuating circumstances (e.g. delivery of SVQ training) colleges should contact SFC to discuss any possible revision to this deadline. SFC is aware that ongoing COVID-19 related social distancing restrictions may impact on delivery timeframes.

Access for Levy-payers

20. Colleges should work with Levy-payers in their region to provide the training they require that will help make a demonstrable return on investment. This may be commonly understood as a 'training needs analysis' and should be proportionate in nature. The college should work with employers to identify priority groups such as women, disabled and BAME employees. The analysis should form the basis of the employer's application, and colleges should work with Levy-payers to support the application process. This analysis should take into account the current circumstances arising from the COVID-19 pandemic and show how this investment is positively responding to those circumstances.
21. If a college is unable to provide the training provision the Levy-payer requires, the college should advise the employer of the most appropriate alternative college to meet their identified training needs and broker contact with the employer.
22. Levy-payers operating on a Scotland-wide basis or across more than one college

region may submit only one FWDF application to the college of their choice. (This also applies to supply-chain companies – see paragraphs 24-28). On their application, Levy-payers are required to formally declare that their application is on behalf of the whole company and is their sole FWDF application. If through the SFC’s national monitoring it is found that an employer has made more than one application, SFC will contact the college and advise on next steps.

23. It is estimated there are around 4,000 Levy-payers operating in Scotland across the private, public and third sector. In this, the fourth year of the FWDF, **Levy-payers will continue to be able to access up to a maximum total of £15,000 in 2020-21.**

Inclusion of supply-chain companies

24. Introduced last year, Levy-payers who are eligible for the FWDF 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.
25. 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

26. The Levy-paying employer will be required to demonstrate their eligibility at the college of their choice. The Levy-payer should then identify the training required through discussion with the college and supply-chain company. The Levy-payer is required to state on their FWDF application whether they wish to pass on access to some or all of their FWDF to one or two of their supply-chain companies.
27. 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	£5,500
Supply-chain co. A	£15,000	£9,000	£3,000
Supply-chain co. B	£0	£6,000	£1,000

Total	£15,000	£15,000	£9,500
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Inclusion of supply-chain staff in training

28. Training which includes supply-chain company staff should have been agreed as a collective priority for both the Levy-paying employer and the supply-chain company. The Levy-payer 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 have the choice and flexibility to train members of their workforce (through college provision) to bring the greatest benefit to their organisation. Businesses with diverse workforces, where everyone is supported to reach their full potential, are more productive and more innovative. In line with Scottish Government priorities on reducing the gender pay gap, halving the disability employment gap, inclusive growth and Fair Work, levy-payers should consider as part of their application how they can support women workers, disabled workers, Black and minority ethnic workers, and other groups protected under the Equality Act 2010 to gain access to training through the FWDF. Upskilling and reskilling these priority groups is a way to tackling occupational segregation which also addresses skills gaps.
30. Levy-payers should also give due consideration to other specific groups in their workforce where training could bring disproportionately positive benefits such as carers (who are mainly women), care experienced workers, older workers, those in low skilled jobs (who are often predominantly women), those working regularly with younger workers/apprentices, and veterans/early service leavers.
31. Colleges should be aware of these priorities when consulting with Levy-payers on training needs and skills gaps, and be mindful of their responsibilities to advance equality and reduce discrimination under the public sector equality duty. Under the Equality Act, when deciding which staff will access training, Levy-payers must not discriminate on the grounds of a protected characteristic such as race, disability or race. The Equality and Human Rights Commission has published [guidance for employers meeting the requirements of the Equality Act when making decisions on staff training](#).

Accreditation

32. Colleges should make every practicable effort to deliver accredited training. In the context of the FWDF, that is training that is recognised by the Scottish

Credit & Qualifications Framework (SCQF) and/or training that meets the requirements of an appropriate industry/employer standard. At the absolute minimum, the application form will require details of the projected developmental goal for the employees involved.

33. Colleges should also ensure that certification is provided for each employee participating in FWDF-funded training.

Allocation of funding

34. Consistent with principles established by the Scottish Government, SFC has set out AY 2020-21 funding allocations to colleges in **Annex A**. Allocations continue to be based on the estimated number of Levy-paying employers, and their employees, in each region, but also reflect the uptake of funding by each college.
35. In liaison with the Scottish Government, SFC may adjust individual college allocations in-year based on college uptake in 2020-21 if there is evidence that any funding is underutilised (and therefore at risk of being unspent) and there is evidence of unmet demand elsewhere.
36. Colleges are expected to draw-down funding each month, based on actual need. This will ensure we do not pay in advance of need and are able, if necessary, to redistribute funds between colleges. In multi-college regions, the regional strategic body is responsible for the allocation of funds to their assigned colleges.

Unspent funding from AY 2019-20

37. SFC is aware that there will be contractually agreed training that did not take place in AY 2019-20 due to the national lockdown in March. This funding, and any other non-committed or unspent funding from 2019-20 FWDF allocations, can be carried-forward for utilisation in 2020-21 (to be contractually committed by 31 July 2021 and delivered by 31 December 2021). Colleges should continue to report separately on their 2019-20 training spend.
38. Levy-payers are eligible to access up to £15,000 from both the 2019-20 (Year 3) and 2020-21 (Year 4) FWDF programmes.

Application process

39. Colleges must work with Levy-paying employers in their region to identify the training they require to help make a demonstrable return on investment, and should support Levy-payers in developing their applications.
40. In instances where the Levy-payer wishes to pass on their allocation to

supply-chain companies, it should ultimately be on the basis of what benefits the Levy-paying employer (although there should also be obvious benefits to the supply-chain company). The Levy-payer, along with the proposed supply-chain company/companies, should therefore be involved in the process of engagement with the college, the training needs analysis and the application; which must be signed by both the Levy-payer and the supply-chain company.

41. Levy-payers are required to submit evidence of their eligibility to pay the Levy to accompany their FWDF application. This should normally 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. See [HM Revenue & Customs guidance](#).
42. SFC is aware that these documents can vary greatly in layout, presentation and ease of production, depending on the payroll systems in use by the Levy-payer. We will therefore also accept P32 documents (that summarise the monthly amounts Levy-payers have paid to HMRC) or other documents generated by employers' payroll systems that show Levy payments.
43. In addition to evidence of employer Levy eligibility, the following information is required in all funding applications (for both the Levy-payer and the supply-chain company if applicable):
 - Company name and sector.
 - Company registration detail and number.
 - Details of skills gap(s) to be addressed.
 - Impact of training on productivity (particularly in the context of the COVID-19 pandemic).
 - Cost of training.
 - Training identified/to be delivered.
 - Timescale for training delivery.
 - Number of employees to be enrolled.
 - Number and level of qualifications to be achieved.
 - Number of notional hours of study.
44. SFC has provided an application template and process flow-chart at **Annex B**. Colleges may use their own application form, but must include all the information required by SFC.

45. Where demand from Levy-payers is greater than their regional allocation, colleges should create a waiting list and include this in their reporting process to SFC (see **Annex C**).
46. Levy-payers have the right to appeal a decision made by the college on their application for training. In practical terms, an appeal is only likely to arise where there are insufficient funds available to enable the college to undertake the training or where an application does not meet eligibility criteria. Levy-payers should be directed to appeal through the SFC FWDF mailbox fwdfappeals@sfc.ac.uk.

Monitoring and reporting

Monitoring the use of funds

47. While there is no credit target associated with the delivery of FWDF, SFC will monitor the uptake of activity through college reporting and Further Education Statistics (FES) returns.
48. Personal student/employee data should also be supplied and reported via FES. This information is to enable the Scottish Government to improve and inform policy options for the development of Scotland's workforce, to tackle poverty and to improve opportunities for future employment. Guidance on FES reporting requirements can be found in **Annex D**.
49. Additional information on data requirements is also included in the Reporting Template in **Annex C**.
50. In addition to using this data to monitor the use of funds, SFC will use student data to calculate a Full-Time Equivalent (FTE) student figure to contribute to the c.116,000 FTEs sector activity target.

Value for money

51. SFC continues to expect colleges to have due regard to public value for money in the use of their FWDF allocations for training, and we will monitor the activity delivered and the volume of learners benefitting.

Reporting to SFC

52. Colleges must use the template provided to report agreed/committed activity. This reporting process will ensure that both SFC and the Scottish Government are able to evidence the level of employer demand in each college region and that the activity delivered meets the needs of Levy-payers and addresses SFC and Scottish Government priorities. Colleges are required to report separately on activity funded through both 2019-20 and 2020-21 FWDF allocations.

53. Colleges are required to report to SFC every two months - at the end of September 2020, November 2020, January 2021, March 2021, May 2021 and a final report at the end of July 2021. Reports should identify all agreed/committed training to date and **should advise of any projected underspend by 31 January 2021** to enable SFC to redistribute funding to other colleges where there is evidence of unmet demand.
54. The reporting template (shown in **Annex C**) must be completed and updated on an ongoing basis and submitted to the SFC FWDF mailbox fwdf@sfc.ac.uk by the required reporting date. The reporting template should record when training has been agreed or committed with the Levy-payer. Colleges are asked to submit a separate reporting template for both 2019-20 and 2020-21.
55. SFC and the Scottish Government are also interested in monitoring unmet demand. If any college is unable to meet the demand from Levy-payers due to a shortage of funds, they should develop a waiting list and this information should be reported back to SFC on the reporting template provided (**Annex C**).
56. In order to develop an evidence base which captures information about Levy-payer requirements and the ability of the college sector to meet them in a responsive and agile manner, colleges should retain employer application information for the purpose of ongoing and future reporting to SFC and the Scottish Government.

Further information

57. In addition to this guidance document, the following annexes are also available to support this process:
 - Annex A: Funding allocations to colleges.
 - Annex B: Process flow-chart and application form.
 - Annex C: College reporting forms.
 - Annex D: FES reporting requirements.
58. We have also provided an [FAQ](#) list as an Appendix to this document.
59. It is a condition of funding that colleges must provide data returns requested by SFC to the deadlines and standards specified, including FES reporting requirements (as set out in **Annex D**). SFC is committed to processing any personal data fairly, transparently and in accordance with the law. [SFC's privacy notice](#) is available on our website.
60. SFC will use the information submitted by colleges to provide regular updates to the Scottish Government on the current uptake and use of the Fund. The

[Scottish Government's privacy notice](#) is available on their website.

61. Any queries/requests for further information should be directed to SFC's FWDF mailbox fwdf@sfc.ac.uk, in the first instance.

Flexible Workforce Development Fund 2020-21

Frequently Asked Questions

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

Establishing the Fund was in direct response to the level of employer support expressed in the consultation the Scottish Government undertook on the 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?

The Fund is available to all Levy-paying employers in Scotland across the private, public and third sectors.

Q3. Will SFC provide a list of Levy-payers in each college region?

This information is currently unavailable because the Levy is not collected by the Scottish Government.

Q4. What evidence is required from Levy-payers to demonstrate eligibility?

Levy-payers are required to submit evidence of their eligibility to pay the Levy to accompany their FWDF application. This should normally 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>

Alternatively, a P32 or other document generated by employers' payroll systems that show Levy payments is also acceptable.

Q5. Why is a training needs analysis necessary?

Through engagement between a Levy-paying employer and college (and supply-chain company where relevant), an agreement should be reached about what the Levy-payer needs are, based on increasing productivity and tackling known skills gaps, including those of priority groups, and what they will apply to the FWDF for. This should also reflect on the impact of COVID-19. 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.

Q6. What training courses are NOT supported by the FWDF?

- Training which is a statutory requirement for the individual's continuing employment, including any training which an employee is required by law to undertake in order to carry out the duties associated with his or her employment (e.g. certain health & safety training).
- Lessons towards attaining a driving licence category A or B.
- Outward bound type courses; and leisure or sporting activities other than those that lead to a recognised coaching or teaching qualification.

Q7. Does the FWDF cover training required by law?

The FWDF does not normally support provision of industry qualifications/training where there is a statutory obligation required by law. This remains the employer's responsibility and will not be provided through FWDF. However, where employers can evidence additional training needs over and above those usually provided to meet statutory requirements as a result of COVID-19, and as training is adjusted to meet (for example) physical distancing and hygiene guidance, this training can be provided.

Q 8. Why is an employer cap applied to FWDF?

The FWDF is designed to maximise the potential number of Levy-paying employers who are able to access the Fund, while providing a degree of simplicity for employers and colleges.

Q 9. What happens if the cost of an employer's training needs exceeds the capped amount capped amount for the FWDF?

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

Q10. How were the college allocations of FWDF devised?

Allocations are based on the estimated number of Levy-paying employers, and their employees, in each college region; adjusted to reflect the uptake of funding. In liaison with the Scottish Government, SFC may further adjust individual college allocations in-year if funding is underutilised and there is evidence of unmet demand elsewhere.

Q11. What is the timeframe for funded activity to take place under FWDF?

All training must be contractually agreed by 31 July 2021 (and have commenced by 31 August 2021) to be included as part of colleges' Year 4 (AY 2020-21) funding allocations. We expect all training provision associated with 2020-21 funding to be delivered by the end of March 2022. Where there are exceptional or extenuating circumstances (e.g. delivery of SVQ training) colleges should contact SFC to discuss any possible revision to this deadline. SFC is aware that ongoing COVID-19 related social distancing restrictions may impact on delivery timeframes.

Q12. What happens if the college declines an employer's FWDF application?

The 'training needs analysis' undertaken between the college and employer should ensure an employer's identified training needs reflect FWDF criteria and priorities, including priority groups outlined in the guidance. 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; if so, the employer's 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 SFC in the first instance. Approaches will be handled on a case by case basis and led by an overseeing group of SFC and Scottish Government officials.

Q13. Where can FWDF training be delivered?

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

Q14. 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. SFC expects colleges to have due regard to public value for money in the use of their FWDF allocations for training. As part of the reporting process SFC will monitor the activity delivered, costs associated with delivery and the volume of learners benefitting from the training.