

## **Future Funding of Foundation and Graduate Apprenticeships**

### **Purpose**

1. This paper provides the committee with an update on the development of plans to establish a sustained funding model for Foundation and Graduate Apprenticeships.

### **Background**

2. Foundation Apprenticeships (FA) were first launched in AY2014/15 jointly funded by SFC and SDS. At that time SFC core college resource funded the academic delivery supplemented by additional funding from SDS for development and travel costs. In the first two years delivery was exclusively through Colleges.
3. From AY2017 FAs were funded through European Structural Funds (ESF) accessed by SDS and matched against core SG funds for Modern Apprenticeship expansion. The move to ESF funding also facilitated a shift to a wider delivery model which included local authorities and independent training providers as delivery partners.
4. Graduate Apprenticeships (GAs) were introduced in AY 2017/18 to address the specific needs of employers. They provide a full-time contract of employment and a tailored degree programme, co-designed with industry and funded by ESF funds accessed by SDS.
5. Currently applications to deliver both FAs and GAs are made through Public Contract Scotland through a procurement / commissioning methodology. Delivery partners bid for number of places and frameworks and are evaluated against set criteria.
6. The ESF funding stream that supports the current delivery of the FA and GA programmes ended in 2019-20 and there are no opportunities to secure additional funding to address the loss.
7. In October 2019 SG confirmed to both organisations that it was the intention to utilise Further and Higher Education core teaching budgets to fund FAs and GAs from 2021/22 with costs subsumed within existing budgets.
8. A joint working group, led by the Director of Skills Alignment, Maggie Wightman, was established to develop a project plan setting out how SDS and SFC would work together to develop and deliver a new funding and operational delivery model. The work of this group was undertaken against the backdrop of an extremely challenging fiscal environment and with full recognition that there was

no opportunity to secure additional funding to address the loss of ESF funds arising from the UK Government's decision to leave the EU.

9. In March of this year our immediate response to COVID-19 delayed the work of the joint working group as we concentrated on the financial sustainability of our institutions and our response to the economic crisis.
10. COVID-19 presents many significant challenges for the sector and students, in terms of face to-face learning, practical skills acquisition, campus living, and business models.
11. As in many countries, the Covid-19 crisis in Scotland has accelerated and accentuated some of the trends that were already in play before the crisis. These include the financial sustainability of our institutions; pressures on public spending; the pace of digital, artificial intelligence and technological change; demographic shifts; the changing world of work and of student, employer, government and the public's expectations of further and higher education. In this context, Scottish Government Ministers commissioned SFC to review how best it can fulfil its mission of securing coherent provision by post-16 education bodies, and the undertaking of research, in these changing times.
12. It is therefore essential that this next phase of planning recognises these challenges, the learning gained from the review and the impact that both may have on the operating model for FA's and GA's.
13. In a letter to both CEO's in July 2020 the DFM reinforced his commitment to work based learning and confirmed his expectation that both organisations would work together to deliver a new funding and operational delivery model for Foundation and Graduate Apprenticeships from 2021/22.
14. To accelerate the process the DFM commissioned the CEO of SFC to lead on the development of a plan, including in relation to core teaching funds.

### **Next Steps**

15. The report on phase one of the SFC review reflects the submissions received and details the key areas for development in phase two. The key areas include the development, planning and funding of FAs and GAs with SDS and stakeholders. Our engagement with employers and industry through Phase 2 will ensure their views and expertise help inform and improve student outcomes.
16. A scoping document has been produced and shared with both organisations outlining the work to be undertaken and timelines required to finalise a plan that will culminate in the delivery FAs and GAs from AY21/22.
17. A short life joint FA/GA working group will be established to:
  - Review, assess and evaluate demand for FAs and GAs mid and post COVID.

- Address at pace the AY 2021-22 allocations and funding.
  - Develop an engagement plan to involve key stakeholders in this process.
  - Deliver a plan for the delivery of FAs and GAs as part of the Further and Higher Education offer for AY 21/22 and identify the benefits and risks of the model.
18. It is important to recognise that the work of this group will build on the previous work undertaken by both organisations whilst reflecting the challenging and changing circumstances that we are operating in.
19. Timing is of the essence. Under normal circumstances commissioning for FAs and GAs would be underway at this point in the year. Both organisations are aware of the time pressures to engage meaningfully with the sector around the 2021 allocations and are committed to reporting on progress mid-November.

### **Recommendation**

20. The SEAL Committee is invited to note and comment upon this update on steps being taken to develop a plan to establish a sustained funding model for Foundation and Graduate Apprenticeships.

### **Publication**

21. This paper will be published on the Council website following the meeting.

### **Further information**

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