

# **Flexible Workforce Development Fund (2018-19)**

## **Guidance for Levy-paying Employers**

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**Scottish Government**  
Riaghaltas na h-Alba  
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## **Annex E**

### **Flexible Workforce Development Fund 2018-19**

#### **Guidance to Employers**

#### **Purpose**

1. This guidance contains details of the Flexible Workforce Development Fund and sets out how employers can access it.

#### **Background**

2. In December 2016 the Scottish Government announced the introduction of a Flexible Workforce Development Fund (FWDF) to provide employers with workforce development training to up-skill and re-skill their existing workforce. The Fund is in direct response to feedback from the Scottish Government's consultation on the introduction of the UK Government Apprenticeship Levy.
3. The Fund 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 purpose of the Fund is to provide employers with flexible workforce development training opportunities to support inclusive economic growth through up-skilling or reskilling of employees. The Fund is **in addition** to apprenticeship support which all employers 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 Fund may be particularly beneficial in addressing skills gaps and training needs of the older workforce.
5. 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 2018-19, to continue a second year of the Fund.

#### **Policy drivers**

6. The key policy drivers are:
  - Supporting the needs of Levy-payers.
  - Supporting workforce development in line with the aims of the Labour Market Strategy, particularly around upskilling and reskilling workers consistent with the ambition to raise productivity.
  - Ensuring the Fund further strengthens college engagement with employers.

## **National Outcomes**

7. 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 employers.
  - Equality of opportunity to access work and to progress to ensure everyone is able to maximise their potential.
  - Increasing productivity.
8. These funds 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 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.

## **National and regional skills priorities**

9. In addition to increasing organisational capacity and increasing the productivity of Levy-paying employers, the Fund should also address known skills gaps (national and regional) where there is a recognised demand from employers 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.
10. The first is the need to invest in employer infrastructure, specifically in the areas of:
  - Workplace coaching and mentoring.
  - HR-related support activities.
11. The second is addressing specific skills gaps including:
  - Unmet digital skills needs such as digital literacy and big data interpretation.
  - Essential skills such as communication and inter-personal skills.

12. Colleges are required to develop a regional suite of training provision available at their college in support of the FWDF. The suite should be developed in line with the national priorities outlined in paragraph 9 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 employers 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 employers. Colleges should ensure that due consideration is given to the ethos of the FWDF - a Fund driven by employers who can access provision to meet their recognised skills gaps.

### **Eligibility**

13. The Fund 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. The Fund will not support provision of industry qualifications/training where there is a statutory employer obligation as required by law.

### **Access for employers**

15. 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 employers to support the application process. An application template will be provided for employers to submit to colleges with their identified training needs.
16. If the training provision an employer requires is not available at the college, the college should advise the employer on the most appropriate college to meet their identified training needs and broker contact.
17. The Fund will be open for applications throughout the academic year 2018-19, depending on availability. All training must be contractually agreed by 31 July 2019 (and have commenced by 30 September 2019) to be included as part of colleges' year 2 (2018-19) FWDF allocations.
18. Employers operating on a Scotland-wide basis or across more than one college region may submit only one application to the Fund at a college of their choice. On application, employers will be required to declare that their application is on behalf of the whole company and that this is the only application to the Fund. 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 an employer has made more than one application, SFC will contact the college and advise on next steps.

19. It is estimated there are around 4,000 Apprenticeship Levy-payers operating in Scotland across the private, public and third sector. In this second year, following the evaluation of the pilot year programme and feedback from employers and colleges, Ministers have agreed that **each Levy-payer will be able to access up to a maximum total of £15,000 in 2018-19; up from £10,000 in 2017-18.**
20. Employers are required to submit evidence of their eligibility to pay the Levy to accompany their application to the Fund. 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>

### **Inclusion of Supply Chain Companies**

21. In year two of the fund 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-paying employers can include supply chain company staff in training they have identified as a collective priority.
22. 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 change companies**

23. The Levy-payer 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.

24. 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
<b>Total</b>	<b>£15,000</b>	<b>£15,000</b>	<b>£14,000</b>

### **Inclusion of supply chain staff in training**

25. Training which includes supply chain company staff should have been agreed as a collective priority for both the levy payer and the supply chain.
26. 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**

27. Employers 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, employers 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 Fund.
28. Employers 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 employers on training needs and skills gaps. Employers 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**

29. 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.

30. 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**

31. A list of regional college contacts is available for employers on the SFC's website ([www.sfc.ac.uk](http://www.sfc.ac.uk)).
32. We have provided a 'Frequently Asked Question' (FAQ) list as an appendix to this document.
33. 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](mailto:fwdfappeals@sfc.ac.uk).

## **Flexible Workforce Development Fund 2018-19**

### **Frequently Asked Questions - employers**

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

Establishing the Fund 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 employers develop their workforce.

#### ***Q2. Why is an employer cap applied to FWDF?***

It is designed to maximise the potential number of Levy-paying employers able to access the Fund and provide a degree of simplicity for employers and colleges. The Scottish Government don't currently have access to HMRC data which would enable us to provide access to the Fund on a proportionate basis. This remains a development ambition for the Fund. The cap on funding has been lifted by 50% from its initial level in this second year of the Fund.

#### ***Q3. Why doesn't the Fund cover training required by law?***

The Scottish Government expects employers 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 Fund 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 employers to support the application process.

#### ***Q5. What happens if the cost of an employer'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 an 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 an employer, make an application to access FWDF?**

Once in this 2<sup>nd</sup> year of the Fund (Academic Year 2018-19).

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

Academic Year 2018-19 (from August 2018). All funded activity must be contractually agreed by 31 July 2019.

**Q9. 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.

**Q10. How are the Scottish Government and SFC going to monitor the Fund?**

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

**Q11. An employer found out about the FWDF too late to make an application – what can they do?**

The employers' 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 employers in Scotland. Information on SDS workforce development services is available at [www.ourskillsforce.co.uk](http://www.ourskillsforce.co.uk) and can be contacted on 0800 917 8000.

**Q12. 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 Fund criteria and priorities. Employers 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 Fund, the application was unsuccessful, in which case, the employers 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.

**Q13. What is available to employers from the Scottish training and skills offer?**

As well as the FWDF, employers in Scotland can benefit from a number of publicly funded programmes. Examples include a contribution towards training costs for Modern Apprentices including Graduate Apprentices, and recruiting Employability Fund programme participants.

**Q14. What evidence are employers 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>

**Q15. Can FWDF deliver training at an employer's premises?**

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