

# **Flexible Workforce Development Fund (2017-2018)**

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

**September 2017**



## Flexible Workforce Development Fund 2017-18

### Guidance to Employers

#### Purpose

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

#### Background

2. In December 2016 the Scottish Government announced the introduction of a new Flexible Workforce Development Fund 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 recent consultation on the introduction of the UK Government Apprenticeship Levy.
3. The purpose of the fund is to provide employers 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 which all employers are eligible to access in Scotland; and, Individual Training Accounts (ITA's) 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.
4. The Scottish Government will provide £10 million to the Scottish Funding Council (SFC) for the FWDF to be made available through regional colleges and Scotland's Rural College.

#### Policy drivers

5. The main 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 industry.

#### National Outcomes

6. 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.
7. 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 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 and regional skills priorities**

8. 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.
9. The first is the need to invest in employer infrastructure, specifically in the areas of:
- Workplace coaching and mentoring.
  - HR related support activities.
10. 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.
11. 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 8 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 and increase productivity.

### **Eligibility**

12. The Fund will be available to all levy paying employers in Scotland across the private, public and third sector. Scottish Funding Council will provide the funds to colleges to help them to respond to employer demand both at a regional and national level.
13. The fund will not support provision of qualifications / training required by legislation.

## Access for employers

14. 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. *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.*
15. With the aim of managing initial employer demand, initial applications can be submitted to colleges during the period from 11<sup>th</sup> September to the 15<sup>th</sup> December 2017. Providing the employer and training identified meets fund eligibility criteria, regional colleges will allocate funds on a first come first served basis.
16. 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 aggregation of applications, it is found an employer has made more than one application SFC will contact the College and advise on next steps.
17. It is estimated there are around 4,000 levy payers operating in Scotland across the private, public and third sector. In this pilot year the fund will be £10 million and Ministers have therefore agreed that **each levy payer will be able to access up to a maximum total of £10,000 in 2017/18.**
18. 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>

## Priority groups

19. 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, employers are encouraged to give due consideration to specific groups such as; older workers; those in low skilled jobs; those working regularly with younger workers/apprentices; veterans/early service leavers; and those who identify as belonging to equality groups. Colleges should be aware of these priorities when consulting with employers on training needs and skills gaps.

## **Accreditation**

20. 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.
21. 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**

22. SFC will compile a list of regional college contacts which will be available for employers on the SFC website.
23. We have provided a frequently asked question list as an appendix to this document.
24. 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 employers feel they have grounds for an appeal this should be made through the SFC mailbox [fwdfappeals@sfc.ac.uk](mailto:fwdfappeals@sfc.ac.uk).

## Frequently Asked Questions - employers

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

Establishing the new fund is in direct response to the level of employer support expressed in the consultation the Scottish Government undertook last year. The pilot Flexible Workforce Development fund, 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 in this pilot year and providing a degree of simplicity for employers and colleges. The Scottish Government don't have access to HMRC data which would enable us to provide access to the fund on a proportionate basis. It is anticipated that this will be reviewed as part of the analysis of the pilot year of the fund.

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

The Scottish Government expects employers to meet their mandatory responsibilities.

**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. *Can FWDF be used to cover the cost of accreditation?***

Yes.

**Q6. *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.

**Q7. *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.

**Q8. *How many times can I, as an employer, make an application to access FWDF?***

Once, within the application window - which starts from the FWDF launch in September and closes on 15 December 2017.

- Q9. What is the timeframe for funded activity to take place under FWDF?**  
Funded activity must take place no earlier than 11th September 2017 until no later than the end of June 2018.
- Q10. 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 fund.
- Q11. 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.
- Q12. How are the Scottish Government and SFC going to monitor the success of the fund in its first year of operation?**  
There will be two main methods used to gather evidence of fund performance. The first will be through the regular college reporting on the quantitative outputs of the fund using the SFC reporting template provided and employer feedback on their qualitative experience. The second will be an independent evaluation of the pilot fund delivery model.
- Q13. 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.
- Q14. 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.
- Q15. What is available to employers from the Scottish training and skills offer?**  
As well as the FWDF, employers in Scotland can benefit from publicly funded programmes paid for by the proceeds of the Levy. Examples include: a contribution

towards training costs for Modern Apprentices; cost of training Graduate Level Apprentices; and, recruiting Employability Fund programme participants. Examples include a contribution towards training costs for apprenticeships and recruitment incentives for people who require additional support.

**Q16. *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#eps-what-to-report>

**Q17. *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.