

Consultation on Scottish Government Response to the Apprenticeship Levy



RESPONDENT INFORMATION FORM

Please Note this form **must** be returned with your response.

Are you responding as an individual or an organisation?

- Individual
- Organisation likely to pay the Levy Organisation unlikely to pay the Levy

Full name or organisation's name

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The Scottish Government would like your permission to publish your consultation response. Please indicate your publishing preference:

- Publish response with name
- Publish response only (anonymous)
- Do not publish response

We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for the Scottish Government to contact you again in relation to this consultation exercise?

- Yes
- No

Background

This response is being submitted on behalf of over 200 members of Social Firms Scotland, Sencot and the Employability Social Enterprise Network (SEN).

Sencot is a support agency for social enterprise (SE) – a business that trades to meet a social purpose please see the [code](#) for more information, the voluntary code of practice for social enterprises in Scotland.

Social Firms Scotland is the support agency for Social Firms - **Social Firms** are a distinct type of social enterprise where the social mission is to **create quality employment, work experience, training and volunteering opportunities for people who face significant barriers to employment** - in particular, people with a disability (including mental ill health and learning disability) substance abuse issue, a prison record, homeless issue and young people.

Social Firms operate in any market sector and they all **offer an inclusive workplace environment** where people are valued for their abilities, encouraged to participate and supported to achieve. People undertake meaningful work and contribute to the success of a real business. Social Firms can act as a stepping stone for some people on their way to open employment, or serve as the ultimate employment goal for others who would have difficulty gaining and retaining a job in a mainstream company.

Social Firms contribute to social inclusion, economic activity and health improvement. Because they are a business and earn a proportion of their income through trade, they are a **sustainable vehicle and an effective and cost-efficient solution delivering significant employment and employability outcomes** for people who experience significant barriers to work.

The Employability SEN is a network of connected social enterprises across Scotland delivering employability and employment outcomes.

The SEN was developed in response to the needs of the sector to ensure that within the employability agenda, there is a distinct identity, strong representational voice and influencing capacity for social enterprises.

Social Firms and social enterprises - Size of the Sector

The results of a large-scale census in September 2015 showed the significant size, scale of Scotland's social enterprise businesses and the vital contribution they make to the economy and society. The new research, which shows 5,199 social enterprises, confirms Scotland's position as a world-leading nation in nurturing social enterprise and recognises social enterprise as a fairer and more inclusive way of doing business. This very much aligns with Government's aims of an inclusive, socially-just, equal and prosperous Scotland.

The results

- Over 5,000 social enterprises
- Provides over 112,400 jobs, and additionally over 67,700 volunteers
- £1.15bn in combined traded income
- 501 Social Firms (including Work Integration Social Enterprises) in Scotland
- 45% of social enterprises report a stated objective of 'creating employment opportunities'
- 67% of social enterprises provide training or support to improve employability
- 48% of social enterprises employ people formerly disadvantaged in the labour market; 28% target recruitment of those individuals

See the [full report here](#) and view the [headline stats infographic](#)

We welcome the opportunity to respond to the consultation on the introduction of the apprenticeship levy in Scotland.

CONSULTATION QUESTIONS

Q1. Should the Government's commitment to 30,000 Modern Apprenticeships starts a year by 2020 a) be maintained or b) be increased?

Rather than necessarily increasing the current commitment we would like to see the MA programme redefined and improved to open up more opportunities to social enterprises (SE), breakdown the barriers to their participation and encourage collaboration and a more joined-up approach

- A targeted focus on increasing the number of disabled and disadvantaged people who access MAs; by reserving a proportion of MAs for people furthest from the labour market. Funding to specifically support these individuals into apprenticeships, through apprenticeships and into work following the apprenticeship
- Age limits are relaxed, allowing more flexibility for people furthest from the labour market (for instance most people in recovery from addiction are in the age group 25+ but would currently be unable to access the MA programme)
- Expand the number of training providers to include specialist providers with expertise in supporting disabled/disadvantaged people (furthest from labour market) to increase the number of these individuals able to access MAs
- Streamline the MA programme with Community Jobs Scotland (CJS) – using CJS as a pre-apprenticeship intervention. This would provide a more joined-up approach where individuals have a smoother, more consistent employability pathway. NB – Levy funding should not be used to fund/replace CJS which has been received extremely positively by our members and is seen as one of the most effective employability interventions to date

- A number of our members indicate the programme as it currently operates does not fit with what they can offer and their jobs do not fit the criteria. These are often jobs/training where the recruitment would be targeted at people furthest from the labour market and so is a missed opportunity given the discrepancy on not only employment rates for these client groups but also their current engagement with the MA programme

There is huge potential for SEs to engage with the Modern Apprenticeship programme as an employer, training provider or both. This is not being fully exploited as we know the majority of our membership does not currently engage.

This is a missed opportunity, not only in terms of offering additional MA places but also in providing more opportunities for disabled/disadvantaged people, fitting with the Equality Action Plan priority groups. The MA programme is a strong fit with our members' values and ethos and, as inclusive and supportive employers, SEs have the ability to provide a quality MA experience for individuals in a variety of industry sectors (perhaps not traditionally associated with MAs).

We know that the third sector, of which SEs are a part, is currently under represented in the programme and from SDS statistics we also note that of the 25,691 MA starts in 15/16, only 63 were taken up by people with a declared disability. Generally, there is still a significant and fairly unchanging differential between the employment rates for disabled people (40.1%) and those who are not disabled (81.5%) (Source: Labour Market Monthly Briefing, August 2016). For some groups of disabled people the employment rate is substantially lower; 6.7% for adults with a learning disability (Source: SCLD Learning Disability Statistics Scotland, 2014). A significant proportion of our members specifically look to provide employability support and employment for people furthest from the labour market (as the census figures show) so could offer one potential solution to the unacceptably poor rates of employment for disabled and disadvantaged client groups.

There is a low take up rate currently from SE, however we know there is a huge interest and appetite from our members to be involved in the MA programme (either as an employer or a training provider) but there are a number of barriers that need to be addressed:

- Financial - particularly for smaller SE
- Capacity – both to create MA opportunities and also administratively
- Lack of knowledge of the programme/how it works/what's involved etc

Feedback from our members suggests that the profile of the MA programme needs to be increased. Importantly, and key to making it more accessible to our members, the pathway to the MA programme needs to be simplified and made clearer, currently it is difficult to find out information about it. In addition the administration needs to be proportionate for smaller SEs (the majority).

In relation to this, SFS and Senscot would be happy to work with Scottish Government/SDS to provide briefing sessions across the country for SEs to increase their awareness and understanding of the MA programme, and the processes/practicalities involved. Similarly we would also welcome the opportunity to work alongside SDS to raise awareness of the opportunities and quality of these opportunities available within the SE sector increasing the sector's profile with MAs entering the programme.

We also believe it would be extremely helpful for our members if there could be a named contact for SEs within SDS.

To build capacity and enable increased involvement of SE to deliver more sustainable outcomes for people we would like to see

A flexible fund for social firms/enterprises enabling them to access the MA scheme which could

- Make MAs financially viable for smaller SEs
- Allow them to add capacity to create more opportunities for young people
- Enable them to meet the additional cost of providing support to people furthest from the labour market
- Fund part of MA wages, possibly tapered over time as the individual builds up their skills/experience and productivity and dependent on the length of the MA
- Allow SE to develop/ have delivered in-house accredited courses; a number of SEs are put off by the cost of external training or the potential difficulty in accessing it

The critical element here however is that the fund is flexible and can be used flexibly and appropriately bespoke to the SE offer and the individuals being supported

A shared or collaborative MA

- This would be particularly useful for SE who may not have the capacity or the range of industry experience required for a full MA or those who do not feel they can commit to a MA that could be up to 4 years
- Collaboration or sharing would be around the outcome for the MA/individual rather than the organisation
- Could work well via a 'hub' approach geographically or thematically – e.g. creative hubs which could encourage micro enterprises to provide the individual with a range of MA skills and experience
- Allow the development of a diverse range of skills that are transferable, increasing an individual's employability prospects

Modern Apprenticeships have been an increasingly important post-16 pathway for young people in Scotland. We would like to see social entrepreneurship included within the apprenticeship framework, enabling young people to incubate their own social enterprise while being mentored and gaining experience in a host charity or social enterprise. The new Enterprise Allowance Scheme should also be strengthened to support the apprentice social entrepreneur, ensuring a fair wage and appropriate learning provision

as they work steadily towards a recognised qualification. This should be an important part of the Scottish Government's drive to provide at least 30,000 new Modern Apprenticeship opportunities every year by 2020.

Q2. Should Apprenticeship Levy funding support growth in the number of Graduate Level Apprenticeships in Scotland?

Our members report that apprenticeships can often be inaccessible for key groups of disabled people; with many unable to achieve the high SCQF level within the core skills element, set by the sector skills council.

People furthest from the labour market need to be encouraged and supported to apply for and to take up appropriate Graduate Level Apprenticeships. We would like to see much more flexibility here to reduce the discrimination against disabled individuals. Without this, a focus on the Graduate MA level will just move the target higher and exclude more individuals.

Q3. Should Apprenticeship Levy funding be used to establish a flexible skills fund to support wider workforce development?

Wider workforce development beyond apprenticeships is welcomed.

Within this we would like to see funding supporting workforce development prioritised for SE and the third sector (currently under represented in the supply chain for MA).

Q4. Should Apprenticeship Levy funding be used to support the expansion of Foundation Apprenticeships?

We would like to see part of the Apprenticeship Levy used through Foundation Apprenticeships to support the transition of disabled and disadvantaged people (particularly those with learning disabilities) from education to employment; we know, currently, the transition can be difficult and is more likely to result in people being unemployed on leaving education.

We would also, in general, like to build the capacity of training providers to work with people furthest from the labour market.

Q5. Should Apprenticeship Levy funding be used to help unemployed people move into employment, and to help meet the workforce needs of employers?

- Support rural provision of employability services incl MAs where more flexible funding is required and the cost to deliver is higher (due to lower numbers and the geographical spread)

- Pre- apprenticeship support – people furthest from the labour market are not always ready for a MA and need significant/further support to get that to that stage. This needs to be funded
- Post- apprenticeship support – again disabled/disadvantaged individuals may need further support following their MA to enable them to sustain their employment (or other destination)
- A fund to complement the (limited) support available from Access to Work so that MA training providers can be creative and flexible in meeting the costs associated with making reasonable adjustment to help someone sustain their MA and into employment

Q6. Are there any additional suggestions on how Apprenticeship Levy funding might be used?

Overall we believe it is important that the funding generated through the Apprenticeship levy is **additional money** for Scotland; rather than being used to subsidise existing programmes/budgets. Priority should be given to extending and enhancing employability support and employment for those at risk of exclusion who face significant barriers to employment.

The MA programme offers important routes for many young people in Scotland but we need a more joined-up approach and a wider reach and choice for individuals, especially individuals with additional support needs to benefit from longer term engagement and wrap around support.