

Improving Modern Apprenticeships

November 2006

Introduction

The Federation of Small Businesses is Scotland's largest direct-member business organisation, representing over 19,000 members. The FSB campaigns for an economic and social environment which allows small businesses to prosper.

FSB Scotland welcomes this opportunity to comment on the *Improving Modern Apprenticeships* consultation. Modern Apprenticeships (MAs) are central to the training of Scotland's workforce, and ultimately the delivery of economic growth. FSB Scotland members therefore have a keen interest in the structure and delivery of Modern Apprenticeships. In our response, we have focused our comments on the issues of most concern to our members.

Issues

1. Extension of MAs to Level 2

FSB Scotland opposes the incorporation of Skillseekers into the MA programme, thereby phasing out the Skillseekers programme. If the Scottish Executive considers the Skillseekers 'brand' to be tarnished, merely rebranding Skillseekers as Modern Apprentices is not the answer.

The Scottish Executive must focus on addressing the substantive problems that have led to the tarnishing of Skillseekers. Rebranding may be part of the solution, but rebranding as MAs is not appropriate. Skillseekers reflects demand for a certain level of skills and requirements of both trainees and employers. Level 2 should remain distinct from the MA programme.

FSB Scotland members - including training providers and employers - are particularly concerned that incorporating Skillseekers into the MA programme will devalue MAs, and the relative success of MAs should not be jeopardised to address the perceived failings of another scheme.

Moreover, this proposed change may serve to confuse employers, by introducing different levels of MAs within and between sectors.

2. Employed Status

FSB Scotland supports the retention of employed status for MAs. Our members believe that employed status allows for an appropriate blend of on-the-job and academic training.

However, this support is conditional on the basis that Skillseekers is not incorporated into the MA programme. In fact, our support for employed status is yet another reason why we are cautioning the Scottish Executive against the absorption of Skillseekers into the MA programme. As stated in the Scottish Executive's consultation document, around 20% of all current Skillseekers are not employed. If Skillseekers were to become part of the MA programme, which would subsequently require them to be employed, this could cause problems for employers, trainees and Scotland's skills base, and limit capacity. If employed status was effectively extended to Skillseekers, then Scotland's economy could lose a number of employers who currently offer training to Skillseekers, but who cannot afford to take on their trainees as employees. We would therefore risk losing a number of good employers as training providers, along with the skills they pass on to their trainees.

3. Setting a Minimum Wage for MAs

As stated in the consultation document, a majority of employers already pay their apprentices more than £80 per week, so FSB Scotland is comfortable with the Scottish Executive's proposal to encourage employers to pay Modern Apprentices this as a minimum. However, we would appose any moves to make this a mandatory minimum wage. Modern Apprentices are in receipt of state subsidised and employer subsidised training, which should be considered as part of the overall financial package for apprentices. Apprentices are not yet fully productive members of the workforce, and should not therefore be regarded in quite the same way as ordinary employees.

We would also like to highlight the potential problems of the Scottish Executive's proposed minimum wage guidelines if Skillseekers was to be absorbed into the MA programme, for the reasons outlined in the above sections.

Furthermore, FSB Scotland would like to highlight an additional issue relating to the financial support of Modern Apprentices, which could help in part to address high drop out rates. A number of our members have highlighted some of the disparities between those undertaking vocational training like MAs, and individuals in Higher Education. The Scottish Executive may like to consider how to better reflect the equal value of vocational, Further and Higher Education in the support offered to individuals undertaking these different types of education and training.

4. Age

FSB Scotland strongly supports the proposition that the MA programme should remain open to over 25s. Given the need for the general upskilling of all of Scotland's workforce and our ageing workforce, this should be reflected in training opportunities. If the Scottish Executive is to realise its number one priority of economic growth, then investment in Scotland's entire workforce must be a priority.

Currently MA funding is targeted at under 25s, and a significant number of our members have highlighted this as a barrier to their participation in the MA scheme and to the growth of their business. A number of our members have investigated enrolling employees over 25 into the MA programme only to discover they cannot access MA funding. There is clearly employer (and employee) demand to participate in the MA programme, which is currently being blocked by a lack of funding for over 25s. FSB Scotland would therefore urge the Scottish Executive to remove age restrictions on MA funding.

5. Employer Involvement

FSB Scotland has identified two main groups who should be considered if the Scottish Executive wants to better involve small businesses in the MA programme. Firstly, there are a number of small businesses who would like to participate in the MA programme, but face barriers to participation. Secondly, there are a number of employers who train Modern Apprentices who feel that the MA should be more focused on the needs of their business.

Many FSB Scotland members would like to be able to access the MA programme, but they simply don't have the resources to employ or train an apprentice. Many businesses don't have the capacity to take on an apprentice because they cannot spare the time to train an apprentice, or afford to take on an additional member of staff. Nor can many small businesses absorb the temporary loss of productivity that naturally accompanies an apprentice in the workforce. Consideration should be given as to how employers could be better supported – both financially and practically - to participate in the scheme.

As well as financial barriers, many small employers cite bureaucracy as a barrier to their participation in the MA programme. A huge number of our members already feel swamped by regulation, particularly ever-evolving employment legislation, and have expressed concerns that participation in the MA programme would be yet another burden on their business.

FSB members participating in the Modern Apprenticeship programme have identified measures which could better engage employers in the programme. Firstly, MAs could be far more flexible and relevant to employers. Many of our members feel that MAs need to be more focused on the needs of their business. Employers should be given some choice within the MA framework about what modules and qualifications are most appropriate for their business and employees.

Secondly, employers should also be given the option to draw down funding from Local Enterprise Companies to pay for the training of their Modern Apprentice, or the choice to continue to have funding for their Modern Apprentice channelled through training providers. This could allow employers to become more engaged with training providers and the MA programme, should they wish to. Our members have stressed that regular contact and a good relationship with training providers is crucial to the success of MAs.

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