

The Apprenticeship (Scotland) Bill

June 2008

Introduction

The Federation of Small Businesses is Scotland's largest direct member business organisation, representing almost 20,000 members. The FSB campaigns for an economic and social environment that allows business to grow and prosper.

We welcome the opportunity to respond to this consultation as the Modern Apprenticeship programme is extremely important to the continued drive to improve the skill level of the Scottish workforce and the small business community has a key role to play in the continued success of the programme.

1. In what ways do you think apprenticeships enhance employee skills?

The Modern Apprenticeship programme has an important role to play in enhancing employee skills. Some school leavers may find that being supported as they train by an employer is less daunting than going to an institutional environment such as a college. Work based education can often be the form of training that is most suited to many individuals. Another important aspect of apprenticeships is that they provide experience of work and create a routine – an important skill for life which many other forms of training or education cannot achieve. The self-esteem which comes from achieving a nationally recognised qualification should also not be overlooked.

2. In what ways do you think apprenticeships benefit employers?

Apprenticeships are central to the training of Scotland's workforce and make a valuable contribution to the delivery of economic growth. Employers value the opportunity to train new employees in the workplace and most small businesses highly rate the effectiveness of hands-on training. The intensive training associated with apprenticeships also offers a sense of loyalty to both employer and

apprentice and offers more tangible benefits in allowing the employer to bring new talent in to the business.

3. What incentives do you think are required to encourage 16-18 year olds to take on apprenticeship positions?

Modern Apprenticeships offer a number of benefits to 16-18 year olds. For example, the scheme offers them work experience combined with the opportunity to earn a wage and develop a career, with many employers offering the chance for further professional development within the company. While apprenticeships offer a range of career benefits as outlined above, it is clear that appropriate remuneration remains a key incentive for encouraging new entrants to the apprenticeship scheme but the wage has to strike the right balance between valuing the apprentice as a member of the workforce whilst acknowledging that they are still 'in training'.

4. What incentives do you think are required to encourage employers to take on apprentices?

Small businesses have a good record of employing apprentices but flexibility to train at a rate appropriate to their business is central to encouraging participation.

Employers feel that the Modern Apprenticeship programme should be more flexible and relevant to them as employers. They feel that the programme needs to be more focused on the needs of their businesses and that they should be given more choice within the framework about which modules and qualifications are most appropriate for their businesses.

It is also worth considering that the majority of businesses in Scotland employ only a handful of people and many simply do not have the capacity to take on an apprentice because they cannot afford the time commitment this would entail in the short term. Consideration should be given as to how employers could be better supported, both financially and practically, to participate in the scheme. Small businesses often operate in very tight financial circumstances, so the proposed funding support for participation is welcome. Small businesses also have little time for bureaucracy and paperwork, so it is important to remember that they do not have HR departments to look after the form filling, so minimal paperwork would also encourage small businesses to participate in this process.

5. Are there any disadvantages in stimulating a growth in apprenticeship places?

FSB Scotland supports Modern Apprenticeships and believes that there is room to expand and improve upon the existing scheme. We would suggest that there is a need to review the existing supply of apprenticeship places before introducing a wider entitlement, since it is important that expansion of the scheme is demand-led and meets the needs of the economy.

If there were a rapid expansion in apprenticeships, we would be concerned that at the end of the initial apprenticeship period a significant number of trained individuals would have gone through the process and there would potentially not be a job for them, due to supply outstripping demand. The last thing that we should be seeking to do in Scotland is to diminish the value of the apprenticeship.

We are keen to ensure that small businesses can participate widely in any expansion in apprenticeships but are also unsure about what part small businesses would play in the proposals outlined in the Bill. As mentioned above, many small businesses feel that the process offers a number of barriers to them. We would like to see a review of the bureaucratic and regulatory basis in order that small businesses can participate in the scheme with confidence. The FSB would support a review of the number of apprenticeship places needed in Scotland as we are unclear whether this has happened following previous commitments to expand apprenticeship numbers in Scotland. Such analysis should seek to ascertain what our national skills requirements are in the various sectors of the economy.

6. What costs will be involved in delivering an increase in apprenticeship places?

Government: There will clearly be an additional cost to the Government in terms of advertising the programme to a wide cross section of the public and private sectors. Also, as noted earlier, there would be an increased support cost through employer support to small businesses. There may also be a cost to the FE sector, which often trains apprentices in elements of their course.

Employer: For the employer, there are obviously cost increases associated with recruiting an additional employee, as well as cost in terms of time, as discussed above. This would be particularly evident in the small business sector where the role of trainer would, in most cases, fall to the same person. That person would also be the administrator for the bureaucracy which would come with participating in the programme. This cost could eventually have a financial impact on the business, although being partially offset by any employer support, which would assist with the cost of employing an apprentice.

7. Who do you think should bear the cost of creating apprenticeship places?

As outlined in this submission, FSB Scotland supports the role of Modern Apprenticeships as a key tool in economic growth but we are unsure about expanding the number of apprenticeship places as outlined in this draft Bill. However, we remain supportive of the current

arrangement, whereby the enterprise networks fund the Modern Apprenticeship programme from their budget. We would however repeat our call for a review of the skills needs of Scotland over the medium to long term. It is only by conducting this sort of research that we can identify skills gaps and discover whether the aims of this draft Bill are appropriate for the needs of Scotland's economy.

8. Are there any equal opportunity impacts that may arise from this proposal?

It is not immediately apparent that there would be an equal opportunity impact arising from this proposal but it is clearly important to challenge traditional gender stereotypes when encouraging new entrants to the Modern Apprenticeship scheme.

For further information on any of the points raised in this submission, please contact: Susan Love, Policy Manager, on: susan.love@fsb.org.uk or 0141 221 0775.