

---

*improving living in scotland*



**RESPONSE TO THE SCOTTISH GOVERNMENT'S CONSULTATION  
ON THE APPRENTICESHIP LEVY**

**29 AUGUST 2016**

---

## ABOUT HOMES FOR SCOTLAND

---

Homes for Scotland is **the** voice of the home building industry.

With a membership of some 200 organisations together providing 95% of new homes built for sale in Scotland each year as well as a significant proportion of affordable housing, we are committed to improving the quality of living in Scotland by providing this and future generations with warm, sustainable homes in places people *want* to live.

Visit [www.homesforscotland.com](http://www.homesforscotland.com) for further information and follow us on twitter @H\_F\_S

## PROCESS

---

Homes for Scotland represents members on a wide range of issues affecting their ability to deliver much needed homes.

Our views are endorsed by committees and advisory groups utilising the skills and expertise of key representatives drawn from member companies.

This consultation response has been discussed, drafted and approved by the Technical & Environment Advisory Group on Skills & Training (TEAG2).

# RESPONSE TO THE SCOTTISH GOVERNMENT'S CONSULTATION ON THE APPRENTICESHIP LEVY

---

## 0. Introduction

- 0.1. Homes for Scotland (HFS) is the voice of the home building industry in Scotland, with a membership of some 200 organisations together providing 95% of all new homes built for sale across the country as well as a significant proportion of affordable housing.
- 0.2. We make submissions on national and local government housing, planning and policy issues affecting the industry. Our views are endorsed by committees utilising the skills and experience of key representatives drawn from our member companies.
- 0.3. Housing need in Scotland has never been greater and with demand continuing to rise, Scotland is having to confront a very real crisis. Building Capacity and skills through schemes such as apprenticeships is vital if the industry is to increase the supply of much needed housing of all tenures.
- 0.4. The home building industry in Scotland is already committed to the training and development of employees, in particular young people. The construction industry is a sector that already operates an industry training levy with HFS members contributing significant sums to the Construction Industry Training Board (CITB) in support of construction training, qualifications and apprenticeships. Research undertaken by Nathaniel Lichfield & Partners<sup>1</sup> identified that in 2014 the home building industry in Scotland supported around 380 apprenticeships, 200 graduate roles, and the employment of over 1,000 16 to 24 year olds. The introduction of the Apprenticeship Levy places a significant and additional financial burden on a construction industry already investing heavily in its current and future skills needs, and also undermines employer confidence in the role and remit of the existing industry training body.
- 0.5. Despite this commitment to skills development, the industry continues to face significant shortages across both trade and associate professions. Given the significant challenges facing the industry HFS is keen that funds from the Apprenticeship Levy be directed into supporting the home building industry increase capacity to return to pre-recession levels of output as well as support the Scottish Government deliver its manifesto commitment of 50,000 affordable homes by the end of the current parliament.
- 0.6. HFS would advocate that Apprenticeship Levy funds should be ring-fenced for skills development in Scotland with access to the funds made simple, business-led, and driven by shared objectives that support the delivery of the Scottish

---

<sup>1</sup> [The Economic and Social Benefits of Home Building in Scotland](#) – Nathaniel Lichfield & Partners 2015

Government's key priorities, supporting economic growth and strengthening productivity. We would wish that employers obtain direct access to funds with flexibility to support their own business needs.

- 0.7. We would strongly encourage the Scottish Government to ensure that companies operating across devolved administrations are not disadvantaged in any way, and that the Levy can be used to fund training activities that support their overarching national training priorities.
- 0.8. HFS welcomes this opportunity to feed into the Scottish Government's consultation on the Apprenticeship Levy and would welcome the Minister for Employability and Training to meet with HFS and its members to further discuss the impact the introduction of an additional levy will have on the home building sector.

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

- 1.1. The Scottish Government should assess whether the current Modern Apprenticeship (MA) target is realistic and achievable before committing to maintaining or increasing future targets. HFS would advocate that the focus should be on quality, not quantity, ensuring that the overarching MA ambition is driven by business demand and that the right skill areas are being addressed. Thus, headline targets should be an accumulation of sector specific targets set by the Scottish Government for key priority industries with figures published from regular analysis of robust labour market intelligence and forecasts.
- 1.2. Support from the Apprenticeship Levy could therefore be channelled to proportionally support increases in MAs that target identified skills gaps.

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

- 2.1. Graduate Level Apprenticeships (GLA) are welcomed by the industry and are seen as a positive approach to skills development in Scotland, and a useful way to develop employees within professional and technical occupations.
- 2.2. HFS would support Apprenticeship Levy funds being utilised to support the expansion of GLAs, where these cover a wider range of technical and professional occupations that support construction and home building.

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

- 3.1. HFS understands that the Apprenticeship Levy will be payable by a wide range of organisations who do not traditionally engage in apprenticeship training, and that these organisations will likely seek some form of support from the levy to

fund wider workforce development.

- 3.2. We would welcome the introduction of a Flexible Skills Fund that could support businesses to widen training provision to address their own skills needs as well as address wider workforce development in priority skills areas.

#### **4. Should Apprenticeship Levy funding be used to support the expansion of Foundation Apprenticeships?**

- 4.1. HFS is keen that Apprenticeship Levy funds support initiatives that lead to long-term outcomes for both employers and individuals. Further information would be required to understand how Foundation Apprenticeships are established and operate, their benefits and outcomes to date, and how they could be introduced with regard to the home building sector.

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

- 5.1. HFS would encourage the Scottish Government to utilise Apprenticeship Levy funds to support both unemployed and employed people move into employment within the key sectors identified under proposals included in the response to question one.
- 5.2. Along with greater flexibility with regard to the age criteria for apprenticeships, Levy funds could be utilised to better support adult apprenticeships and retraining initiatives, encouraging businesses to expand their apprenticeship offer. Given the cyclical nature of the global economy there is a need for flexibility in how both government and industry approach skills development and what support can be provided to individuals wishing to retrain and transition to other career paths. Consideration should be given to how Levy funds could be used to reduce financial burdens and encourage people to consider careers within key growth sectors.

#### **6. Are there any additional suggestions on how Apprenticeship Levy funding might be used?**

- 6.1. Apprenticeship Levy funding could be used to support organisations develop and resource significant sector wide skills and training initiative. This kind of support could help encourage organisations to collectively engage in skills and training activities, ensuring that initiatives are resourced efficiently helping maximise their benefit to industry.
- 6.2. Consideration should also be given to how Levy funds can go to supporting business partners and supply chains that help underpin the success of the industry.

- 6.3. Unlike most Modern Apprenticeships (MA) which can be completed within two years, construction craft apprenticeships traditionally take four years to complete with apprenticeship rates set above the prescribed national minimum wage levels. This makes training construction apprentices in Scotland more expensive than their MA counterparts. We ask that the Scottish Government consider how Apprenticeship Levy funds take into account these differences, and assess how the construction apprenticeships framework can be modernised to ensure funding provides best value.

**Prepared by:**

Name: Michael Barton-Maynard

Position: Policy Officer

Email: [m.barton-maynard@homesforscotland.com](mailto:m.barton-maynard@homesforscotland.com)

**Homes for Scotland**

5 New Mart Place, Edinburgh EH14 1RW

t: +44 (0)131 455 8350

f: +44 (0)131 455 8360

e: [info@homesforscotland.com](mailto:info@homesforscotland.com)

w: [homesforscotland.com](http://homesforscotland.com)

🐦: @H\_F\_S