

Key messages

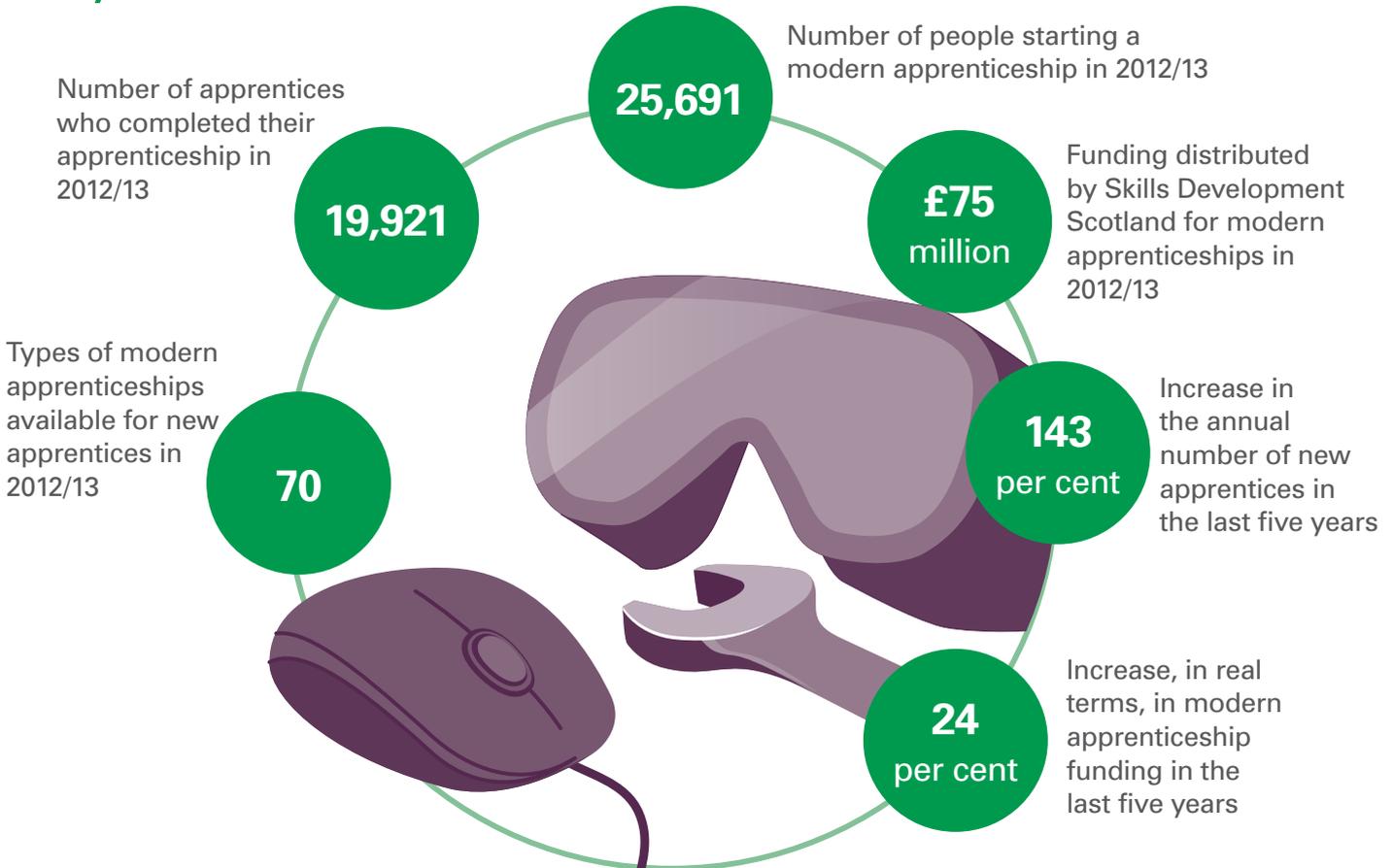
Modern apprenticeships



 AUDITOR GENERAL

Prepared by Audit Scotland
March 2014

Key facts



What's this report about?

Our audit focused on Skills Development Scotland (SDS)'s administration of modern apprenticeships and the funding it distributes to training providers to train and assess apprentices. Our audit assessed whether modern apprenticeships provide value for money. Our objectives were to establish:

- modern apprenticeship costs and activity and roles of the organisations involved
- whether modern apprenticeships are clearly achieving their intended aims and objectives and the targets set for them
- how well modern apprenticeships are managed and if there is scope to make efficiencies.

Key messages

1 The annual number of new apprentices increased in the last five years to around 25,700 in 2012/13. In 2011/12, the Scottish Government introduced an annual target of 25,000 new modern apprenticeship starts, which SDS has

achieved in each of the last two years. SDS is also performing well against the Scottish Government's other modern apprenticeship priorities, including improving achievement rates and maximising places for 16-19-year-olds and higher levels of apprenticeships. These are significant achievements, due to challenging economic circumstances and because SDS depends on employers' demand for apprentices.

2 Between 2008/09 and 2012/13, the Scottish Government's annual spending on apprenticeships, through SDS, increased from around £60 million to £75 million in real terms (ie, allowing for inflation). There are greater costs associated with achieving the Scottish Government's apprenticeship priorities. This makes it important for SDS to continue to monitor the financial sustainability of meeting the 25,000 start target within current budget limits.

3 The Scottish Government's 2007 skills strategy states the aim of modern apprenticeships is economic development, through enabling individuals to develop skills while in paid

employment. The Scottish Government has set various priorities for modern apprenticeships but existing performance measures do not focus on long-term outcomes, such as sustainable employment. This means it is difficult to measure their long-term contribution to national outcomes. More specific long-term aims and objectives, along with information on their benefits and appropriate outcome measures, would make it easier to assess the extent to which modern apprenticeships provide value for money. It would also help direct funding in ways that offer the best value to individuals, employers and the economy.

- 4** SDS administers modern apprenticeships well although this is complex for various reasons, including the number of organisations involved and the uncertainty of employer demand. Administration of modern apprenticeships could be improved. For example, SDS's contracting process is time-consuming and it could share more information with training providers about how it awards contracts. There is also scope to improve monitoring and quality assurance arrangements to ensure training is delivered to a high standard. The role of apprenticeship contribution rates in influencing employers' recruitment plans is not clear. By understanding this better, SDS could direct funding to encourage more employers to take on apprentices.

Recommendations

We make a number of recommendations to help improve the administration of modern apprenticeships. The Scottish Government and SDS should consider these as part of their response to the findings of the Commission for Developing Scotland's Young Workforce.

The Scottish Government, working with SDS, should:

- confirm that its overall aim for modern apprenticeships is still valid and develop specific objectives in support of this. These should be publicised to all organisations involved in their delivery, and to employers and apprentices
- develop appropriate outcome-based measures to assess the long-term benefits of modern apprenticeships, such as sustainable employment and increased earnings, and publish performance against these

- review the long-term benefits of modern apprenticeships and ensure that funding is directed to those which demonstrate the best value for individuals, employers and the economy
- work with awarding bodies and SQA Accreditation to improve quality assurance arrangements. This should include formalising arrangements to share information, including good practice, and agreeing who is responsible for acting on and reporting any concerns about training provider performance
- further develop IT systems to capture and share education and training data across relevant public bodies and to help minimise duplication.

SDS should:

- implement the results of its contribution rates review, which includes monitoring the impact of any changes on employer and training provider demand, and on the value for money achieved
- review its contracting and apprenticeship allocation processes, which includes improving transparency and developing baseline costs to determine the potential efficiencies of moving to three-year contracts with training providers
- monitor funding for higher levels of apprenticeships and those in key sectors, to assess affordability within current budgets limits, particularly if the Scottish Government decides to increase its new starts target
- target specific groups of employers to raise awareness of apprenticeships and to encourage them to take on apprentices. This should be focused on businesses in areas of low employment and those in the key economic growth sectors where appropriate
- in conjunction with other partners, including schools and industry leadership groups, better promote the value of apprenticeships to young people, parents and teachers to encourage greater participation by young people
- develop its improvement plan to take account of the recommendations in this report, prior to initiating the 2015/16 contracting process.

Key messages

Modern apprenticeships

This report is available in PDF and RTF formats, along with a podcast summary at:

www.audit-scotland.gov.uk 

If you require this publication in an alternative format and/or language, please contact us to discuss your needs: 0845 146 1010 or info@audit-scotland.gov.uk

For the latest news, reports and updates, follow us on Twitter or subscribe to our email delivery service:

 [@AuditScotland](https://twitter.com/AuditScotland)

 [Subscribe to updates](#)



Audit Scotland, 110 George Street, Edinburgh EH2 4LH
T: 0845 146 1010 E: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk 

ISBN 978 1 909705 28 9 AGS/2014/2

This publication is printed on 100% recycled, uncoated paper

