

## ECONOMY AND FAIR WORK COMMITTEE

### EVIDENCE SESSION ON SKILLS: 2 APRIL 2025

#### SCOTTISH TRAINING FEDERATION

##### Overview

The Scottish Training Federation (STF) welcomes the opportunity to meet with the Committee to discuss skills and apprenticeships.

##### Background

STF represents 130 organisations operating in the field of work-based training across Scotland. STF members comprise a broad mix of independent training providers, group training associations, colleges and councils. Most STF members are independent training providers.

Collectively, STF members deliver more than 75% of all Modern Apprenticeship places in Scotland.

##### Modern Apprenticeships in context

###### Delivery

1. Most Modern Apprenticeships are delivered by independent training providers. Over each of the last five years, independent training providers have secured **71%** of direct MA contracts from Skills Development Scotland (SDS), with employers securing **20%** and colleges securing **8%**. Colleges also provide sub-contracted services for employers and independent training providers and SDS estimates this to account for 21% of MA places delivered.
2. More than 70% of Modern Apprentices have no engagement with a college.

###### Achievement Rates

1. The [apprentice achievement](#) rates for independent training providers and employers are significantly higher than for colleges. In 2022-23, the achievement rate for colleges was **64%**. For independent training providers and employers, it was **74%**.
2. This gap in achievement rate has been consistent over the last five years.

###### Availability of Frameworks

1. Independent training providers deliver a wider choice of Modern Apprenticeships than colleges.
2. In 2022-23, independent training providers delivered 97 different MA Frameworks in Scotland. The number for colleges during the same period was 61.

###### Public funding

1. College delivery of Modern Apprenticeships is more costly for the public purse.
2. In addition to the funding received from SDS, colleges may draw down funding via credits from SFC. SFC estimates the value of this to be £50 million each year.

## **A success story**

Modern Apprenticeships are a success story for Scotland. The current procurement and funding of Modern Apprenticeships supports a mixed economy of delivery partners – independent training providers, colleges and employers – each with their own area of expertise. This mixed economy performs very well and delivers high quality apprenticeships with high achievement rates and significant buy-in from employers.

## **Withers and the ‘college first’ approach**

The Withers call for a ‘college first’ approach is unhelpful. As the data above demonstrates, an increased role for colleges is likely to result in a reduction in choice, more expensive delivery and lower achievement rates for the MA programme.

Some colleges have excellent programmes and are centres of excellence and these should be developed. Equally, employers and providers also have examples of excellence which should be developed. Accordingly, apprenticeship funding should be routed to the best performing organisations, irrespective of them being an employer, training provider or college.

To continue to meet employer demand for apprenticeships, it is essential that the mixed economy of delivery organisations is maintained.

## **Demand for Modern Apprenticeships**

The number of Modern Apprenticeships currently being funded (up to 25,500 new starts in each of the last three years) is inadequate to meet employer demand. STF member survey data indicates there is currently employer demand for a further 3,000 new start places each year.

## **Reform agenda is destabilising the independent training provider network**

The current reform of the skills system is destabilising the delivery infrastructure of independent training providers. Whilst the challenges facing colleges and universities is well reported, little is documented about the fragility of the independent network which, as noted above, delivers most of Scotland’s Modern Apprenticeships.

The thousands of staff employed by independent training providers face an uncertain future whilst the ‘college first’ approach remains an option. Motivation is low and many staff have already left the sector.

## **Contribution Rates have not risen for more than a decade**

Currently, the main challenge facing all organisations that deliver Modern Apprenticeships is the low level of funding or contribution rates. In the main, these have remained static for over a decade and have been eroded by inflation, NMW, energy price rises, insurance requirements etc and simply do not reflect the cost of delivery.

Contribution Rates need to urgently be reviewed to stop job losses, businesses closing and the erosion of the training infrastructure.