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The Scottish Parliament
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Dear Lewis,

Thank you for inviting me to attend your care home sustainability evidence session this week. I promised to provide more information on the issue of the Apprenticeship Levy which was raised during the session.

By way of background, the UK Government's Apprenticeship Levy is a new way of the UK Government raising funding by directly taxing large employers. It was introduced without any prior consultation with the Scottish Government or the other devolved administrations. Following the introduction of the Levy in April 2017, employers across private, third and public sectors are required to pay 0.5% of their paybill in excess of £3 million pounds to Her Majesty's Revenue and Customs. The Scottish Government acknowledges the negative impact its introduction has had on all Levy paying employers in Scotland across the third sector, public sector and private sector. It is estimated that in Scotland 2% of employers will pay this levy.

Despite the introduction of the Levy, we have been clear that we will continue our investment in skills, training and workforce development to meet the needs of employers, the workforce, young people and Scotland's economy. Although the levy settlement forms part of the Scottish block grant, it is important to note that it does not result in additional money coming to the Scottish Government, and instead largely replaces previous skills funding. The Scottish Government has undertaken extensive engagement and consultation with employers and stakeholders in Scotland on the introduction of the Levy. Through this, both a clearer understanding of the impact that the levy in Scotland has been developed, as was a clear direction on how best the Scottish Government should respond. Details can be found here:

<https://consult.gov.scot/employability-and-training/apprenticeship-levy/results/scottish-government-response-to-the-uk-government-apprenticeship-levy----.pdf>

We continue to fund a package of measures to improve wider skills development and drive closer engagement with industry in our efforts to enhance productivity and economic growth. This includes modern apprenticeships and support for care sector skills training through the voluntary sector development fund.

This year we introduced the Flexible Workforce Development Fund pilot; a new £10 million skills fund targeted at Levy-paying employers. Launched in September 2017, it is being delivered through the college sector bringing it together with industry to better support in-work training through up-skilling or re-skilling of existing employees. The new fund has been developed with the input of employers and is available to all levy payers including those in the social care sector.

In addition the voluntary sector development fund (VSDF) has been in place for over 12 years, and in 2017/18 is providing over £1m to support third sector care providers to develop a confident, competent workforce by contributing to the costs associated with meeting required registration qualification criteria set by the Scottish Social Services Council (SSSC) and to help employers in achieving a qualified workforce.

Employers in Scotland are encouraged to consider how to make best use of the publicly funded skills, training and employability programmes available to improve performance and productivity across their workforce.

Scottish Government will continue to meet with employers in the sector and the Scottish Apprenticeship Advisory Board, which has representation from social care stakeholders, to ensure that their views continue to shape the policy on apprenticeships. This engagement is greatly valued by Ministers, to ensure the sector continues to shape the policies that will help people enter and remain in the health and care sector.

I trust you find this response helpful, however if you require further information please get in touch.

Finally I look forward to continuing to work with the Committee on care home sustainability in Scotland.

Best wishes



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