

APPRENTICESHIPS AND EMPLOYABILITY IN SCOTLAND 2026

**A MANIFESTO FOR SCOTTISH APPRENTICESHIPS
AND EMPLOYABILITY 2026**



The Scottish Training Federation

The voice of the training industry in Scotland

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Apprenticeship funding

Modern Apprenticeships are a success story

Modern Apprenticeships have been a success story for Scotland:

- 25,500 new starts and 39,000 in training in 2024-25
- 80% achievement rate
- Employers invest around £10 for every publically funded £1
- 92% of employers are SMEs and half are micro SMEs.

But funding has remained static for more than a decade...

Training providers receive the same level of funding for the delivery of Apprenticeships that they did in 2015. During this time, the value of the funding has been eroded by inflation, national minimum wage, insurance and energy price rises and simply does not reflect the cost of delivery.

A £10,000 Apprenticeship funding rate in 2015 is still £10,000 in 2026. Had it kept pace with inflation it would now be £13,996. Meanwhile, the Scottish Government has continued to increase the funding for the delivery of college programmes ensuring that it rises broadly in line with inflation. This two-tier and unfair funding system must be changed.

In short, from 2015 to 2026, inflation has risen by 39%, the value of college credits has risen by 37%, but MA contribution rates have remained the same.

The impact of underfunding is that businesses are closing

In the last six years, 37 organisations have withdrawn from delivering modern apprenticeships in Scotland causing gaps in provision and reducing opportunity and choice for apprentices and employers. Many businesses have been forced to close down because they cannot cover basic overheads with the current low funding rates. Many other organisations are currently on a financial cliff-edge and face closure without an increase in funding rates.

The Scottish Government does not spend all the funds it receives from the UK Apprenticeship Levy on Scottish Apprenticeships - there is a shortfall of around £100 million. This must change. Scottish Government must spend 100% of its share of the UK Apprenticeship Levy on apprenticeships and work-based learning to ensure apprenticeships continue to be a success story for Scotland.

Key Ask

- **Apprenticeship funding:** 100% of Scotland's share of the UK Apprenticeship Levy / Skills and Growth Levy should be spent on apprenticeships and work-based learning.

Apprenticeship reforms

Building on success

Scottish Apprenticeships have been successful because they have developed and evolved to reflect changes in society and the economy.

To build on this success and ensure that they continue to grow and thrive, the following actions should be addressed:

- **Apprenticeship targets:** The target for Modern Apprenticeships should be reset to at least 30,000 new fully-funded, all-age places each year by 2028. Targets for Foundation and Graduate Apprenticeships should be reviewed in the next 12 months to ensure they continue to meet stakeholder needs.
- **Mixed economy of delivery:** Scottish Government must ensure that the current mixed delivery model of provision which values the role of training providers, employers and colleges is retained. Funding should be routed to the best performing organisations.
- **Foundation Apprenticeships:** The current programme is working well and should be retained. Work by stakeholders to refine and improve the programme should be prioritised.
- **Quality Assurance overlaps:** Organisations engaged in the quality assurance of Apprenticeships, such as Skills Development Scotland, Qualifications Scotland and HMIE, should continue to work together to identify areas of overlap in their auditing processes and take steps to remove these.
- **Multi-year contracts:** The current yearly contracting process is inefficient, time consuming and does not promote longer term planning and investment. Multi-year contracts should be introduced to provide stability and continuity in the training provider delivery infrastructure.
- **Programme refinements:** A range of refinements to the existing Modern Apprenticeship delivery model should be introduced to fine tune delivery and better reflect delivery conditions, including: a reduction in output based funding values; greater flexibilities with key performance indicators and a review of early leaver policies. Existing activity to refine Foundation and Graduate Apprenticeships should continue.

Employability

A changing landscape

The introduction of No One Left Behind (NOLB) which moved employability funding from national to local control has seen significant changes to the procurement and delivery of employability services provision. Private sector providers have seen their market share of employability contracts significantly reduce and many have exited the market. Much of the private sector expertise in the delivery of employability services has now been lost.

Whilst the Scottish Government has committed to promoting a mixed economy of provision which sees a role for the public, private and third sector, little action has been taken to stop private sector organisations being marginalised from the market. The Scottish Government must take steps to address this by reviewing and reporting on the issues that have impacted on private providers since the introduction of NOLB.

NOLB commissioning is often seen as inconsistent, fragmented and sporadic. There is a clear need for a national database or hub which provides information on current and future commissioning opportunities. This would improve engagement, transparency and fairness.

There is growing support for looking at areas of employability support that can be delivered more effectively and efficiently on a national basis. Many feel that the baby was thrown out with the bathwater during the transition to NOLB - and the time is right to re-evaluate this approach. As promised in its Programme for Government, Scottish Government should now investigate running a pilot project on a national basis to evaluate the potential benefits of this approach.

Building on success

The following actions are key to ensuring the success of NOLB and employability services:

- **Commissioning:** Steps must be taken to ensure there is a fair, transparent and evidence-based commissioning process which meets the needs of - and reflects the different trading conditions of - the public, private and third sectors.
- **National delivery pilot:** Scottish Government should, via a pilot project, examine the merits of of running some employability support programmes on a national basis to evaluate the potential benefits of this approach.
- **Central hub:** A national database or hub which provides information on current and future commissioning opportunities should be set up to improve engagement, transparency and fairness.

Key Ask

• **Employability Commissioning:** Ensure there is a fair, transparent and evidence based commissioning process across the public, private and third sectors.

STF is the voice of the training industry in Scotland

The Scottish Training Federation (STF) represents over 120 organisations operating in the field of work-based training and employability support across Scotland.

STF members comprise a broad mix of independent training providers, group training associations, colleges and local authority training departments – and cover a wide range of occupational areas, from traditional craft apprenticeships through to service sector occupations.

STF members are involved in the delivery of a range of different training, including Modern Apprenticeships, Foundation Apprenticeships, Graduate Apprenticeships, short courses and employability support courses.

STF is widely regarded as the ‘voice of training providers in Scotland’ operating in the work based training industry and is regularly consulted by all of the key stakeholders on policy development and implementation.

The STF Chief Executive and Board Members have regular meetings with senior staff at Skills Development Scotland, Scottish Government, Scottish Funding Council, Qualifications Scotland and other stakeholders to lobby on behalf of members.