

ECONOMY, ENERGY AND FAIR WORK COMMITTEE

DRAFT BUDGET 2019-20

SUBMISSION FROM GREENE KING

Scottish Government Draft Budget 2019-2020

Greene King employs over 3,000 team members in Scotland, at our brewery in Dunbar and in pubs across the country. We own 140 pubs which are covered by varying tie agreements - and enjoy a strong and constructive relationship with all of our tenants.

We are the largest hospitality sector provider of apprenticeships and are delighted to have won numerous awards, including being a National Apprenticeship Service Top 100 Employer for three years running.

Greene King is proud to have supported over 600 team members in Scotland through its award-winning apprenticeship programme, which has been running since 2011. We have also worked with the Prince's Trust to develop our 'Get Into Hospitality' programme, which has supported over 160 young people in gaining this qualification ahead of going on to work for a pub company or participating in the Greene King Apprenticeship Programme.

We are pleased to submit our response to this consultation and would be delighted to discuss its contents further with members of the Economy, Jobs, and Fair Work Committee.

How is Apprenticeship Levy money being used in Scotland?

Although Greene King contributes £200k to the Scottish apprenticeship system through the Apprenticeship Levy, there is currently no guarantee that we will be able to access those funds from Skills Development Scotland (SDS) for use in delivering our apprenticeship programme. Last year only 18 of the 76 new starters in Scotland were funded by SDS.

To meet this shortfall and to ensure we support all of our apprentices in Scotland, we have therefore had to agree a commercial cost for delivery from our training provider, Lifetime Training. Last year this equated to £27,000 worth of funding based on a funding rate of £1,500 per apprentice.

In effect, this approach means that we are paying twice for our apprenticeships – which is clearly an unsustainable model.

Our provider, Lifetime Training, is currently unable to access the full amount of funding required to provide a successful programme in Scotland. We hope that any review of the Apprenticeship Levy will take into account the importance of making funds available to providers.

Going forward, we would welcome the opportunity to deliver Apprenticeship Standards in Scotland alongside those we launched in England in 2017. This would allow us to deliver a consistent offer across our business and reduce internal marketing costs which are currently spent on producing different versions for each nation.

Has this UK Government policy led to employers taking on more apprentices?

Greene King is proud to have supported over 10,000 apprentices through our award-winning apprenticeship programme, since it began in 2011. With 10,000 new participants expected between 2016 and 2019 alone, we are keen to support the sector and UK and devolved government in promoting and improving, where appropriate, this important route to skilled employment and training.

Although we feel that a positive start has been made through UK Government policy, our experience in delivering high numbers of quality apprenticeships has informed the following suggestions for improving the Levy system for the future:

- a) **Forecasting tools:** Improved forecasting tools, beyond the simple calculator already provided, are required to support employers considering a further 10% co-investment with UK Government.
- b) **Unused levy funding:** The 24-month deadline for using Apprenticeship Levy funding risks becoming a de facto form of taxation for those businesses without the capacity to utilise it in time.

Rather than being absorbed by HM Treasury, we recommend that UK Government redistributes these funds to those employers with capacity to deliver further quality apprenticeships – thereby continuing to incentivise all employers, whilst supporting more young people into quality training.

At present, the system of co-investment places additional costs on employers who provide more apprenticeships than their allocated Levy funds cover. Meanwhile, millions of pounds from unused Levy funding from employers who underuse their allocation are returned to HM Treasury. Changing this system, as set out above, would support more leading apprenticeship employers to improve the impact of apprenticeships, in line with government's ambitions to deliver 3 million more apprentices by 2020.

Equally, UK Government may wish to consider using these funds to recognise 'in kind' contributions by employers to cover those costs which currently fall outside of the levy spending terms, but which are integral to ensuring high quality delivery. E.g. marketing, celebration events, school and college engagement.

- c) **Devolved government:** We encourage the Scottish Government to move quickly in transitioning to apprenticeship standards, in line with England, to ensure a level playing field for young people across the UK. Currently, the differing systems of funding and apprenticeship models make it difficult for employers to deliver consistent programmes across the UK. These differences also have a significant impact on resourcing and business costs – with three different versions of marketing materials and communications required for each nation.