

Flexible Workforce Development Fund (FWDF)

SDS Route: Rules and guidance document
2021-22

August 2021

Version 1

Making skills work for Scotland

Contents

Purpose of guidance	3
Background to the FWDF	3
FWDF – Inclusion of SDS.....	3
Policy Drivers.....	4
National Outcomes and Regional Outcome Agreements	5
National Skills Priorities	5
Fair Work First.....	5
Private Training Provision Expectations	7
Accreditation	7
FWDF SDS Route Eligibility.....	7
Timeframe for funded training activity	9
Assessing Fund Applications	10
Inclusion of supply-chain companies.....	11
Methodology: Allocating funds to supply-chain companies	12
Inclusion of supply-chain staff in training	12
Allocation of funding	12
Subsidy Control	13
Application process	14
Monitoring and Reporting	17
Compliance and Audit	17
Value for Money	18
Responsibilities	19
Further information	22

Purpose of guidance

1. This guidance focuses on Skills Development Scotland (SDS) and the Flexible Workforce Development Fund (FWDF). SDS supports apprenticeship levy-paying employers in Scotland (Levy-payers) to access the FWDF - SDS route (the Fund) via a network of private training providers.
2. This Guidance covers the SDS route for the Fund in academic year (AY) 21-22.

Background to the FWDF

3. In December 2016, the Scottish Government announced the introduction of a Flexible Workforce Development Fund (FWDF) to provide apprenticeship levy-paying employers¹ in Scotland with workforce development training to up-skill and re-skill their existing workforce. The FWDF was introduced in direct response to feedback from the Scottish Government's consultation on the introduction of the UK Government apprenticeship levy.
4. The FWDF was piloted in 2017-18 and, in accordance with the Programme for Government commitment, reviewed by the Scottish Government through commissioning an independent evaluation of fund functionality.
5. The purpose of the FWDF is to provide Levy-payers in Scotland with flexible workforce development training opportunities to support inclusive economic growth through up-skilling or re-skilling employees who reside in Scotland. The fund is in addition to apprenticeship support, access to which is available to all employers in Scotland; and Individual Training Accounts (ITAs), which provide eligible individuals with the opportunity to undertake learning opportunities to develop their skills for employment. Other funds available that also support upskilling and re-skilling include the Upskilling Fund, National Transitional Training Fund and Young Person's Guarantee.
6. The FWDF may be particularly beneficial in addressing skills gaps and training needs of the older workforce and/or employees with one or more protected characteristics listed in section 4 of the Equalities Act.

FWDF – Inclusion of SDS

7. The overarching policy objectives of the FWDF are improved productivity and economic growth. Due to the COVID-19 pandemic, FWDF provision was extended for the first time in ay 2020-21 and will continue for academic year 2021-22. The FWDF is focused on strengthening the employer/employee relationship, with a particular emphasis on upskilling the existing workforce to retain jobs and support employers as they pivot and adapt to a new and very different working in a post pandemic environment, changing skills due to Brexit and a greater focus on the transition to net zero.

¹ From this point forward we refer to UK Apprenticeship Levy-paying employers as 'Levy-payers'

8. Key policy developments of the FWDF include its extension to enable Small to Medium Enterprise's (SME's) to access it and the inclusion of The Open University in Scotland (OUiS) and Private Training Providers (via Skills Development Scotland) as delivery partners. The funding and delivery partners for FWDF in AY 2021-22 are as follows:

Delivery partner	Total funding allocation	Eligibility	Individual employer training allocation
<i>Colleges</i>	<i>£13 million</i>	<i>levy-paying employers</i>	<i>Up to £15,000</i>
<i>Colleges</i>	<i>£4 million</i>	<i>SMEs</i>	<i>Up to £5,000</i>
<i>Open University in Scotland</i>	<i>£1 million</i>	<i>SMEs</i>	<i>Up to £5,000</i>
Private Training providers (SDS Route)²	£2 million	Levy-paying employers	Up to £15,000

9. It is estimated that there are around 4,000 Levy-paying employers operating in Scotland across the private, public and third sector. Levy-payers are now able to access up to a maximum total of £15,000 from either Colleges or Private Training Providers via SDS grant contribution.

Policy Drivers

10. The key policy drivers for the FWDF – SDS route (the Fund) are:
- Supporting the needs of Levy-payers in Scotland.
 - Supporting employer workforce development in line with the aims of the Scottish Government's [Labour Market Strategy](#), [Disability Employment Action Plan](#), [Race Equality Action Plan](#), [Fair Work Action Plan](#) and the [Gender Pay Gap Action Plan](#) (particularly in the areas of up-skilling/re-skilling Scotland's existing workforce) and consistent with ambitions to raise productivity in Scotland.
 - Supporting employers to adapt and respond to the impact of COVID-19 and help employees to upskill and reskill to support Scotland's economic recovery.
 - Supporting employers to identify and address skills needs resulting from the transition to net zero.

² This Guidance Document is specific to the FWDF fund for Levy-payers accessing grant contributions through SDS for use with Private Training Providers

National Outcomes and Regional Outcome Agreements

11. The Fund supports the delivery of the Scottish Government's strategic priority of high-quality learning in a system which is seamlessly connected for the learner. This includes learning which prepares people well for the world of work and successful long-term careers, while prioritising provision that meets known skills gaps in the economy.
12. The Fund also contributes to the following Scottish Government priorities, anchored in Scotland's economic and labour market strategies:
 - A strong labour market that drives inclusive, sustainable economic growth.
 - A skilled, productive, and engaged workforce capable of meeting the needs of Levy-payers.
 - Equality of opportunity to access work and progress, and to ensure everyone has opportunity to maximise their potential.
 - Increasing productivity.

National Skills Priorities

13. The COVID-19 pandemic (pandemic) and associated restrictions have led to an unprecedented impact on our society, economy, and labour market.
14. [Protecting Scotland, Renewing Scotland](#): The Government's Programme for Scotland 2020-2021 sets clear priorities for dealing with the economic, health, and social crisis created by the pandemic. Central to economic recovery is a **new national mission to help create new jobs, good jobs, and green jobs** and to work with employers and individuals to build the skills and infrastructure that will be required in the industries of the future.
15. The Fund has a key role in providing skills interventions that can be flexed to address the very significant employability and skills needs we know employers and employees will have in the coming months as they respond and adapt to the impacts of the pandemic.

Fair Work First

16. Fair Work First is the Scottish Government's flagship policy for driving high quality and fair work across the labour market in Scotland by applying fair work criteria to grants, other funding and contracts being awarded by and across the public sector, where it is relevant to do so. Through this approach the Scottish Government is asking employers to adopt fair working practices. More information can be found here: [Fair Work First - Guidance](#)

17. Skills Development Scotland is committed to the delivery of high quality public services and recognise that this is critically dependent on a workforce that is well-motivated, well led, has appropriate opportunities for training and skills development and is engaged in decision making at all levels across the organisation where we promote Everyday Leadership. These factors are also important for workforce recruitment and retention, and thus continuity of service.

Skills Development Scotland has adopted Fair Work First practices, which include:

- a fair pay and equal pay policy that includes a commitment to supporting the real Living Wage, including, for example being a Living Wage Accredited Employer;
 - investment in workforce development including a strong commitment to Modern Apprenticeships;
 - no inappropriate use of zero hours contracts;
 - flexible working (flexitime and career breaks) and support for family friendly working and wider work life balance;
 - appropriate channels for effective voice and employee engagement, including trade union recognition; and
 - taking action to tackle the gender pay gap and create a more diverse and inclusive workplace, which reflects the population of Scotland in terms of age, gender, race, and disability.
18. To ensure the highest standards of service for FWDF we expect grant recipients to take a similarly positive approach to fair working practices as part of a fair and equitable employment and reward package for all employees whether permanent, temporary or agency.
 19. Levy-payers must outline what their organisation is currently doing / planning in relation to adopting the Fair Work First approach.
 20. SDS reserve the right to reject any application that does not meet the expectations of Fair Work First practices.

Private Training Provision Expectations

21. Training providers should ensure that due consideration is given to the ethos of the Fund; a fund designed to support Levy-payers to access training provision to help meet their recognised skills gaps outlined in the national priorities outlined previously.
22. Levy-payers and training providers are expected to ensure that any training supported by the Fund delivers value for money for the public purse. This includes a clear link between a levy-payer's training needs, training delivered and improved productivity.
23. SDS must do relevant checks to ensure the training applied for through the FWDF represents value for money and is not provided by the college network.
24. All applications to the FWDF fund must be supported with a relevant training needs analysis as a supporting document. If a Levy-payer does not have one, SDS will supply a template document and can support the levy-payer to complete before submitting the application form.

Accreditation

25. Levy-payers should make every practicable effort to undertake training where it provides accreditation / certification or meets requirements of an appropriate industry qualification. Where this is not possible, the application form must outline details of the development goals for the training being delivered.

FWDF SDS Route Eligibility

26. The FWDF – SDS Route (the Fund) in AY 2021-22 is available to each **Levy paying employer** in Scotland across the private, public and third sector.
27. The Fund has a budget of £2,000,000 to support eligible applicants.
28. The Fund is aimed at supporting Levy-payers where private training provision is the only route to support the employer's needs.
29. If during audit check, SDS identify that the training can be delivered by the College Network in its entirety, SDS will refer the levy-payer to their local College and reject the application through SDS.
30. Each Levy-payer can access training, delivered via Private Training Providers, up to a maximum of £15,000.
31. Eligible applications will be approved on a "first-come, first-served" basis and eligible applicants are advised to make an early application.

32. Levy-payers are required to provide evidence of their business status as part of their FWDF application to Skills Development Scotland. Further information is available below (see paragraphs 59-68).
33. Levy-payers must be based or operate within Scotland, either wholly or partially.
 - “Partially” is defined as having an operation in Scotland with employees who reside in Scotland.
 - The FWDF fund must be used to support the development of employees who reside in Scotland.
34. As Levy-payers accessing the fund can only make claims against training for employees who reside in Scotland. Information on how to access funding in other parts of the UK is contained in the FAQ’s.
35. A levy-payer that has received funding from the FWDF College route, in the AY 2021/22 cannot access the FWDF – SDS Route.
36. An employer that is both a levy-payer and an SME can access the FWDF from either route, **but not both**, unless a previous application has been rejected during AY 21/22.
37. An employer that is both a levy-payer and an SME who wishes to apply for FWDF can apply using either the SDS Route (£15,000 funding cap for Levy Payer) **or** the SFC-College Route (£5,000 funding cap for SME) **but not both**, unless a previous application has been rejected during AY 21/22.
38. The FWDF does not support provision of industry qualifications/training where there is a **statutory** obligation required by law, e.g. training legally required for businesses to operate. This remains the employer’s responsibility and will not be funded through FWDF. However, where employers can evidence additional training needs over and above those usually provided to meet statutory requirements, potentially as a result of COVID-19 and as training is adjusted to meet (for example) physical distancing and hygiene guidance, this training will be eligible for funding.
39. **Mandatory** training associated with specific job roles where employers are looking to provide additional training relating to skills out with their employees’ core role or relating to a new area of work would be considered as upskilling/reskilling and therefore may be supported by FWDF. These would be considered on a case by case basis. Further details on courses not eligible for FWDF funding can be found in the Frequently Asked Questions. Any queries relating to mandatory training should be directed to fwdf@sds.co.uk.

40. The FWDF Fund will NOT support:

- Training that can be fully delivered through college provision unless there is a clear reason that this route is not an option. Please direct any queries to fwdf@sds.co.uk.
- Company teambuilding away days, attendance at conferences, workshops delivered at conferences.
- Staff backfill costs.
- Travel costs or accommodation.
- Training supported by other public sector funds e.g. Modern Apprenticeships.
- Value Added Tax (VAT).
- Using FWDF Fund to top up any “contribution” funding provided by other Public Bodies and/or SDS.
- The provision of industry qualifications or training where there is a statutory obligation required by law.

Timeframe for funded training activity

41. The Fund covers AY 2021-22, with the SDS application window opening from August 2021.

42. The table below sets out the timeframe for Fund training activity.

Training contractually agreed	Training Commenced	Training completed and paid for
No later than 31 st July 2022	No later than 31 st August 2022	No later than 31 st December 2022

43. To be eligible for the Fund, Levy-payers and training providers must have contractually agreed training contracts in place for eligible training by 31 July 2022 and have commenced this training by 31 August 2022.

44. To be eligible for the Fund, the training provider must have delivered all eligible training, eligible employees must have completed the eligible training and the training provider must have invoiced the employer for the eligible training by 31st December 2022. The employer must have paid for the training by 31st December 2022.

45. SDS will pay the invoice after the training has been completed, paid for and relevant invoice and claim form has been submitted to SDS. Supporting documents will be required to demonstrate the completion of training and proof that it has been paid for.
46. Where there are exceptional or extenuating circumstances such as training delivery disruptions or longer-term courses, employers should contact SDS to discuss any possible revision to these deadlines (fwdf@sds.co.uk). SDS is aware that ongoing COVID-19 related social distancing restrictions may impact on training delivery timeframes.

Assessing Fund Applications

47. SDS will assess applications to ensure the training support being applied for will help employers to make a demonstrable return on investment. Applicants are therefore required to submit as a key part of their application what is commonly referred to as a **training needs analysis** (TNA). This should reflect and be proportionate to the employer's business.
48. The TNA should consider current circumstances arising from COVID-19 and show how the proposed investment in training will support the business to positively respond to those circumstances. It should also set out how the employer is addressing SDS and Scottish Government priority groups such as women, disabled and BAME employees.
 - (a) The Equality Act 2010 includes nine protected characteristics: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation. It is against the law to discriminate based on these protected characteristics. Skills Development Scotland is a Corporate Parent and to that end includes care experienced in a similar way, as a protected group, in all its funded programmes and services.
 - (b) SDS expects any of its funded training to be available to all eligible employees with no discriminatory access for employees in any of the protected characteristic groups. SDS expects FWDF grant recipients to make appropriate adjustments (where required) for employees from any of the protected characteristic groups.
49. If a business already has a TNA developed through another route, e.g. Skills for Growth, Business Gateway, this can be used and thereby avoid unnecessary duplication. SDS will provide support, on request, to any employer to help them prepare a TNA which reflects the training needs of their business.
50. SDS may refer employers to the FWDF – college route, administered through the Scottish Funding Council, if, in the view of SDS, there is college provision available which can cover the identified training. This decision will be at the sole discretion of SDS.

51. Employers may submit only **one** FWDF application either to the college of their choice, OUiS or Skills Development Scotland. The applicant is required to formally declare that the application is on behalf of the whole company and is their sole FWDF application. If SDS, the Scottish Funding Council or OUiS identify that an employer has made more than one application, this will be escalated in line with due process and appropriate steps taken, which may include rejection of each application.
52. SDS will make a Grant Award to successful applicants who can then arrange the training with the nominated Private Training Provider listed in the Application Form. **Training cannot start before the Grant Award letter is signed and returned.**
53. Once the Grant Award has been received, signed, and returned to SDS, there is a requirement to set the grant recipient up on our finance system to ensure prompt payment once training has been completed and evidenced. SDS will send the appropriate paperwork and require this returned in a timeously manner.

Inclusion of supply-chain companies

54. Introduced in 2019/20, Levy-payers who are eligible for the FWDF may enable their supply-chain to benefit from the FWDF in two main ways:
 - (a) Levy-payers can relinquish their access to the FWDF and nominate up to two of their supply-chain companies to receive all or part of their allocation.
 - or
 - (b) Levy-payers can include supply-chain company staff in training they have identified as a collective priority.
55. For the avoidance of doubt, supply chain companies benefiting from inclusion under (a) or (b) are **NOT** permitted to receive funds from college funding for SMEs and supply-chain companies are not eligible for support if they are Levy-payers in their own right.
56. The inclusion of supply chain companies is designed to bring greater benefit to the levy-payer employer through an improved supply-chain.
57. Levy-payers may be responsible for providing evidence from the supply chain employer with regards to the Subsidy Control rules and Levy Payment proof (refer to paragraph 61 & 66 below for the most up to date information).

Methodology: Allocating funds to supply-chain companies

58. To nominate a supply chain company for the Fund, the Levy-payer is required to demonstrate the eligibility of the supply chain company. The Levy-payer should agree the training required with the supply-chain company(s) and state on their Fund application whether they wish to pass on access to part or all of their eligible expenditure cap to one or two of their supply-chain companies.
59. There is flexibility in how the Fund allocation, up to a maximum of £15,000, can be allocated between (up to) two supply-chain companies, for example:

	Example 1	Example 2	Example 3
Levy-payer	£0	£0	£5,500
Supply-chain co. A	£15,000	£9,000	£3,000
Supply-chain co. B	£0	£6,000	£1,000

Inclusion of supply-chain staff in training

60. Training which includes supply-chain company staff needs to be agreed as a collective priority for both the levy-payer and the supply-chain company. The levy-payer must identify in their application that their employees and/or those of their supply-chain companies will be undertaking training involving the same learning outcomes. The number of supply-chain companies which can have employees attend Levy-payers training is not limited, providing they are not Levy-payers in their own right. For the avoidance of doubt this means that a Levy-payer can allocate part or all their allocation under the Fund to a maximum of 2 supply-chain employers and their employees.

Allocation of funding

61. Consistent with principles established by the Scottish Government (sections 13-20), SDS will allocate funds based on these principles outlined in sections 26-53
62. All Levy-payers wishing to access the Fund should note that:
- (a) Employers must adhere to the SDS Terms and Conditions for the Fund.
 - (b) Employers must complete all parts of the SDS application and will be bound to the information provided.

- (c) Employers must NOT arrange training outlined in the application form before approval. Grant Award letter will be issued which must be signed and returned.
- (d) Employers must claim payment for training paid using the grant process as outlined in the SDS terms and conditions for the Fund.
- (e) As payments are made as grant contribution there are state aid (subsidy Control) implications for employers applying to the Fund. Refer to Section 60.
- (f) Payment will be paid on proof that eligible training has been completed and paid for.

Subsidy Control

63. In relation to subsidy control all Levy-payers wishing to access the Fund should note that:
- (a) Subject to clause 55 (d), in full reliance on the accuracy of the Recipient's application for the Contribution, the Contribution is exempt from the subsidy control provisions set out in the UK/EU Trade and Co-operation Agreement, ("UK/EU TCA") agreed on 24 December 2020 under Article 3.2 paragraph 4 of Chapter 3 of that agreement. There is a ceiling of 325,000 Special Drawing Rights for all subsidy provided to any single economic actor (as defined in the UK/EU TCA) over a 3-year fiscal period. ('Special Drawing Rights' is defined by the International Monetary Fund, which organisation also publishes the exchange rate of Special Drawing Rights with currencies including Euros and Sterling from time to time). Any Contribution awarded to the Recipient in terms of the Agreement will be relevant if the Recipient wishes to apply, or has applied, for any other subsidy. It is strongly recommended that the Recipient retains this offer for 3 fiscal years from the date on this offer and produces it on any request by the UK public authorities. (The Recipient may need to keep this offer for longer than three years for other purposes.) In this clause 55 "Recipient" includes a single economic actor of which the Recipient is part.
 - (b) SDS may withhold payment of any instalment(s) of the Contribution and/or reclaim any instalment(s) of the Contribution either (a) to the extent necessary to ensure that any assistance given under the Agreement, taken together with any other assistance which has been or is likely to be received towards the project for which the Contribution is required, is within the rules on subsidy control laid down in the UK/EU TCA or otherwise implemented within the UK, or (b) if required to so do by any duly authorised UK body. Any amount reclaimed as aforesaid shall be payable by the Recipient within fourteen days of notification to the Recipient of any such decision.

- (c) SDS reserves the right, if required so to do, to provide any such duly authorised UK body with information about the subject matter of the Agreement. In respect that any such body is empowered in certain circumstances to require SDS to supply it with any information it deems necessary to enable it to determine that the Agreement complies with the terms of the UK/EU TCA and/or any other rules on subsidy control implemented within the UK, the Recipient shall so far as lawfully obliged to and within its power supply SDS with such information related to the Agreement as may be required, as intimated by SDS.
- (d) At the date of this offer, the provisions of the UK/EU TCA remain subject to clarification, further government guidance and additional regulation. Without prejudice to any of SDS's other rights and remedies, SDS reserves the right under this clause 55 (d) to vary the terms and conditions of this Agreement to the extent reasonably required to meet the requirements and/or recommendations of any such guidance and/or regulation, as applicable. The Recipient agrees to comply with any such variation.

Non-compliance with the requirements of the applicable subsidy control requirements may, without prejudice to any rights of SDS under the Agreement, result in the Recipient and or the Recipient Supply Chain Entity being under a legal obligation to repay the Contribution to SDS together with interest.

Application process

64. Levy-paying employers accessing the Fund are responsible for sourcing, co-ordinating and reporting on the training requirements. SDS will support employers, on request, to prepare a TNA i.e. identify the training they require to help make a demonstrable return on investment. SDS is also available to support employers to complete their applications.
65. SDS reserves the right to reject applications which we consider will provide poor value for money. For example, where training similar to the proposed training can be purchased with better value for money from another provider or proposed costs are unreasonable given market rates.
66. SDS will review applications to confirm training requirements are appropriately evidenced by a Training Needs Analysis, which is proportionate for each employer. Where employers have a prior diagnostic/training needs analysis, this can be used.
67. In instances where the levy-payer wishes to pass on their allocation to supply-chain companies, SDS will assess the application based on the benefits identified for the Levy-payer as well as the benefits to the supply-chain company. Therefore, both sets of benefits must be included within the application and accompanying training needs analysis.

68. Levy-payers are required to submit evidence with their FWDF application that they are Levy-payers. This will normally take the form of a copy of the relevant part of their most recent Employer Payment Summary (EPS) which reports their level of Apprenticeship Levy contribution. See [HM Revenue & Customs guidance](#). Levy-payers must be a legal entity in their own right.
69. SDS is aware that EPS documents can vary greatly in layout, presentation, and ease of production, depending on the payroll systems in use by the levy-payer. We will therefore also accept P32/P35 documents (that summarise the monthly amounts Levy-payers have paid to HMRC) or other documents generated by employers' payroll systems that show Levy payments. ([EPS](#))
70. To avoid delay in processing the application, the evidence submitted to support proof of Levy payments must include:
- Employer name that matches the name of the application.
 - HMRC number for employer.
 - Levy payment line demonstrating monthly payments being made to HRMC.
71. Given the nature of the Levy and collection from HRMC, evidence must be within a reasonable timeframe (within 90 days) and must be provided on an annual basis when applying for FWDF in future years.
72. In addition to evidence of Levy-paying status, the following information is required for all applications:
- Company name and sector.
 - Company registration detail and number.
 - Details of skills gap(s) to be addressed, including impact of training.
 - Cost of training.
 - Training identified/to be delivered.
 - Timescale for training delivery.
 - Number of employees to be enrolled, names and contact emails.
 - Number and level of qualifications to be achieved.
 - Number of notional hours of study.
 - Outline what the organisation is currently doing / planning in relation to Fair Work.

73. SDS require Levy-payers to complete an application form. Levy-payers are responsible for completing all aspects of the application form and confirming the training provider and costs.
74. Once SDS is satisfied that the application form has been fully completed and internally verified against the award criteria, SDS will provide a "Grant Award" letter to the value of the application (up to a maximum award of £15,000) that the applicant must sign and return.
75. All Grant Awards will be made exclusive of VAT. It remains the responsibility of the applicant to claim the VAT back.
76. The Grant Award must be used for the training specifically outlined within the application form, including the number of participants.
77. SDS require supporting evidence that the training has taken place and has been paid for, this includes:
 - (a) Completion of Grant Claim form.
 - (b) Relevant invoices from training providers.
 - (c) Evidence of payment to the relevant training provider. For example, a copy of the bank transfer/ bank statement/ BACS verification clearly showing payments have been made to the training provider.
 - (d) Evidence held/supplied to SDS must clearly identify bank details for each party: bank account name, sort code and account number.
78. To be eligible for payment SDS must receive the Grant claim within four weeks of the completion of the eligible training. In exceptional circumstances, SDS may permit Grant recipients who have applied for and received written approval from SDS to submit claims more than 4 weeks after the completion of the training. For the avoidance of doubt, where SDS has not provided approval in writing and SDS receives a Grant claim more than 4 weeks after the completion of eligible training, SDS may reject a claim for Grant or alter the value of the Grant to be paid to the Grant recipient.
79. For the avoidance of doubt completion of training is classified training undertaken and invoiced by training provider and **NOT** when certificates/accreditation or similar has been received.
80. SDS reserve the right to withhold up to the full value of the grant contribution if it is found that the training has **NOT** been delivered in the way outlined within the application form for the number of participants outlined.
81. Where demand for training from Levy-payers is greater than the allocated funding, SDS will create a waiting list, or Levy-payer(s) may be referred to the

college route of the FWDF managed through SFC. This is due to the limit of £2,000,000 on the FWDF SDS route.

82. Levy-payers have the right to appeal a decision made on their application for the Fund. Levy-payers should direct any appeal to SDS (fwdf@sds.co.uk).

Monitoring and Reporting

83. Levy-payers are required, as outlined in the Fund Terms and Conditions, to provide contact name and email of employees undertaking training. These employees are required to complete required monitoring forms when participating in the learning (SDS to provide).
84. SDS will contact all participants to conduct an equalities evaluation on behalf of the Scottish Government. All information will be aggregated, and no individuals will be identified.
85. Monitoring information is required to enable the Scottish Government to improve and inform policy options for the development of Scotland's workforce, to tackle poverty and to improve opportunities for future employment.

Compliance and Audit

86. The recipient of the grant shall retain full and accurate records, accounts and supporting evidence of the operation of the agreement including details of the approved activity performed, the amounts requested by the training supplier (such as invoices) and paid by the recipient for the eligible training (such as bank statements).
87. The recipient of the grant shall afford SDS and/or such representatives, public appointed auditors (including representatives of the European Commission, the European Court of Auditors or the Competition and Markets Authority) (as applicable) (in any case, "Auditor") immediate and unlimited access to such Supporting Evidence as may be requested from time to time. Such access shall be at the recipient's premises (or the premises of the Recipient's agents, if such Supporting Evidence is ordinarily stored there) or, if requested by the auditor, at premises identified by the auditor within Scotland. For the avoidance of doubt, auditors may require access to supporting evidence containing personal data of employees, and the recipient's financial information.
88. The recipient of the grant shall provide such supporting evidence during the term of the agreement and for the relevant period (as per T&Cs) to SDS and/or the auditor promptly on request by SDS or the auditor (as applicable). Such provision shall be made at the Recipient's premises (or the premises of the recipient's agents, if applicable) or, if requested by auditor, at premises within Scotland or by electronic submission to such portal or email address as the auditor may specify.

89. The recipient of the grant shall on demand provide SDS and the auditor with all reasonable co-operation and assistance in relation to each review / audit, including:
- (a) Providing unlimited access to the supporting evidence as requested by SDS and/or the Auditor including the names and designated contact details (either an applicable telephone number or email address) of any staff or other personnel engaged in the activities relating to the agreement, including those in receipt of training forming part of the approved activity for the purposes of enabling SDS (or an SDS agent) to verify relevant claims made by the recipient under the agreement.
 - (b) Providing unlimited access to sites controlled by the recipient and to any equipment and/or training materials (including digital and hard copies) used in relation to the approved activity.
 - (c) Providing SDS and the auditor with unlimited access to recipient staff, agents, representatives; and
 - (d) Providing SDS and the auditor with suitable oral or written explanation as requested.
90. Where the agreement is terminated prior to the last date for submission of claims for payment of the contribution, or SDS otherwise requests, the Recipient shall immediately forward to SDS such supporting evidence as SDS may request.
91. As set out in paragraphs 62 & 63, SDS may require extending audit rights in relation to any replacement State Aid scheme.
92. The recipient agrees to co-operate with SDS and Scottish Ministers and to provide such additional information as SDS and/or Scottish Ministers may request relating to the agreement, any and all claims and the use of the payments made, promptly on request and no later than one working day following any request.

Value for Money

93. SDS is required to meet value for money duties in the use of the Fund. Amongst other things SDS will monitor and review the activity delivered and the volume of Levy-payers and individual learners benefitting from the Fund.
94. In order to develop an evidence base which captures information about employer training requirements and the ability of the sectors to meet training needs in a responsive and agile manner, SDS will retain employer application information for the purpose of ongoing and future reporting within SDS and to the Scottish Government. (aggregated information)

Responsibilities

95. Applicants will:
- (a) follow the process as outlined in this document.
 - (b) inform SDS of any changes to the application as soon as possible and prior to any training taking place.
 - (c) inform SDS of any information relevant to this application that may affect the decision for SDS to award any grant. SDS will seek to recover any payments where information was not disclosed.
 - (d) work with SDS and provide any information required during the programme evaluation and to investigate any claims of fraud.
96. SDS will:
- (a) act in a responsible and fair manner when processing applications and claims.
 - (b) provide information and feedback on your application within 10 working days of receiving a fully completed application form.
 - (c) inform you of any delay to the application process.
 - (d) ensure that the application and claims process is managed in line with this guidance.
 - (e) fully investigate and seek to recover any funds where it believes there is evidence of any fraudulent activity.
97. As Grant Recipients carry out the activities that are being funded by grant awards, SDS expects that their performance should be in accordance with the spirit of the Grant Agreement, as well as its letter. And we expect our Grant Recipients, in carrying out activities that are funded by SDS Grant, to act in a manner that is compatible with public service values, where possible to promote innovation and expertise, and where applicable to contribute to the public good within in the UK and abroad.
98. We also have high expectations of SDS employees in this regard. We recognise that in many cases effective grant management requires a good working relationship between Grant Recipients and SDS employees. We expect our officials to treat Grant Recipients with fairness and respect. In return we expect Grant Recipients to treat our officials in the same way and seek to build trusting and effective collaborative relationships that are focused on delivering for the public good.

99. Professional behaviour: We expect Grant Recipients to be prepared to invest in their relationships with SDS and establish trust with our staff and with other entities and organisations involved in the activities being funded. We also expect Grant Recipients to speak out, without fear of consequences, when a grant funded project or activity is unlikely to succeed because of our behaviours or a lack of good governance. We expect the same behaviour when a grant is no longer fit for purpose, for example, in the grant agreement stipulations or measures.
100. Continuous improvement: We expect our Grant Recipients to use recognised sector specific best practice in the delivery and commissioning of activities being carried out that are funded by SDS.
101. Reputation: We want to work with Grant Recipients who are proud of their reputation for fair dealing and quality delivery. We also want working with SDS to be seen as reputation enhancing for the Grant Recipient. Equally, we expect Grant Recipients, in delivering the funded activity, to ensure that neither they, nor any of their partners, intermediaries or even subcontractors, engage in any act or omission, which is reasonably likely to diminish the trust that the public places in SDS or the Scottish Government.
102. Environmentally Sustainable Grant Funding: We expect our Grant Recipients to be aware of and to support SDS in complying with its legal and operational obligations under social value legislation, in delivery of the wider policy that sits behind the grant agreement, and in the delivery of the targets as defined within the Scottish Government Environmental Commitments.
103. We expect our Grant Recipients to assist SDS in the understanding and (if possible) reducing the potential impact that grant funded activities may have on our environment.
104. We expect Grant Recipients to be open and transparent in assisting government in reporting publicly on any environmental impacts.
105. Standards of Behaviour: SDS employees are required to uphold the [Seven Principles of Public Life](#) in their dealings with third parties and we expect fully reciprocal behaviour from Grant Recipients. We expect the highest standards of ethics from Grant Recipients, their agents, their chosen intermediaries, and possible subcontractors in carrying out the activities funded by SDS. We expect Grant Recipients to be explicit about the standards they demand of their executives, managers, employees, partners, volunteers, and subcontractors and to have in place governance and audit processes to monitor and enforce these standards.
106. Counter Fraud and Corruption: We expect that at all times, Grant Recipients adhere to anti-corruption laws, including but not limited to the Bribery Act 2010, the Fraud Act 2006 (England) and anti-money laundering regulations. We expect Grant Recipients to have robust processes to ensure that their agents, intermediaries, and possible subcontractors also comply with these laws. We will not tolerate any form of corrupt practices, including extortion and fraud, and

we expect Grant Recipients to be vigilant and proactively look for corrupt practices, fraud, and the risk of such forms of criminality, in the conduct of their activities.

107. Grant Recipients should immediately notify SDS where corrupt or fraudulent practice is suspected or uncovered and disclose any interests that might impact their decision-making or the advice that they give to SDS. SDS also has a confidential Concerns Portal where concerns about financial irregularity or fraudulent practice can be reported.
108. Transparency: We expect Grant Recipients to be open and honest in their dealings with SDS. Where required within the grant agreement, we expect full and prompt disclosure of costs, in line with the terms of the grant agreement.
109. Directors: We expect Grant Recipients to declare all directorships of 3rd party entities that may impact on the award of this grant. This includes any training provider named in the application form where an individual is director of both the recipient business and the 3rd party service provider.
110. Social Responsibility: We expect our Grant Recipients to promote social responsibility; by upholding the values of this code and supporting key Scottish Government social responsibility policy areas, such as (but not limited to) diversity and inclusion, sustainability, prompt payment, small and medium sized enterprise engagement, apprenticeships and workforce learning and skills development.
111. Compliance: SDS wants to drive improved performance throughout SDS grant funding, by building trusting and open relationships with our Grants Recipients. Grants Recipients that carry out activities that are funded by SDS grants are expected to comply with all aspects of the grant guidance, and the terms and conditions of their Grant Agreement.
112. Grant Recipients should be open and transparent with SDS in relation to breaches or suspected breaches of their Grant Agreement and should promptly notify SDS of any such breach. If non-compliance with the requirements of their Grant Agreement is identified, reported, or alleged, SDS will take steps in line with our contract management and fraud and financial irregularity policies. Where the issue is not resolved, or in cases where the breach is sufficiently grave, SDS may consider suspension or termination of the grant agreement, and may take action to recover some or all of the funds paid and in addition take the case forward for prosecution.
113. To meet the needs of delivering the fund and making it available to business SDS have opened access to the fund at the earliest opportunity, however we will periodically carry out a review of the guidance and rules and will notify the Business of any changes made.

Further information

114. In addition to this Guidance, SDS have also produced:

- FAQ for the Fund
- Training needs analysis template
- Guide to support the completion of the application form

115. SDS must provide data returns requested by Scottish Government, including reporting requirements. SDS is committed to processing any personal data fairly, transparently and in accordance with the law. SDS privacy notice is available on our website at www.sds.co.uk/privacy

116. SDS will use the information submitted by employees participating in training to provide regular updates to the Scottish Government on the current uptake and use of the Fund. The [Scottish Government's privacy notice](#) is available on their website.

117. The Guidance has been produced as a response to the current pandemic situation and therefore can be subject to amendments throughout the academic year 21-22.

118. Any queries/requests for further information on the Fund should be directed to SDS's FWDF mailbox fwdf@sds.co.uk, in the first instance.