

Evaluation of the First Year of the Flexible Workforce Development Fund

Final Report for The Scottish Government

July 2018



Evaluation of the First Year of the Flexible Workforce Development Fund

Final Report for The Scottish Government

July 2018

Contents

1. INTRODUCTION.....	1
1.1 STUDY AIMS AND OBJECTIVES.....	1
1.2 STUDY METHOD	2
1.3 REPORT STRUCTURE	3
2. FLEXIBLE WORKFORCE DEVELOPMENT FUND.....	4
2.1 BACKGROUND.....	4
2.2 FUND GOVERNANCE, MANAGEMENT AND DELIVERY.....	6
3. UPTAKE OF THE FWDF	8
3.1 MONITORING ARRANGEMENTS.....	8
3.2 KEY MESSAGES ON PROGRESS TO DATE.....	11
3.3 WAITING LISTS.....	12
3.4 EMPLOYERS ENGAGED	12
3.5 EMPLOYEES SUPPORTED.....	14
3.6 TYPES OF TRAINING UNDERTAKEN	14
3.7 AWARD SIZE	15
3.8 DURATION OF TRAINING COURSES.....	16
3.9 QUALIFICATIONS	17
3.10 SUMMARY	17
4. COLLEGES AND WIDER STAKEHOLDERS	18
4.1 A WELCOMED AND VALUED FUND	18
4.2 TIME TO RAISE AWARENESS AND STIMULATE DEMAND	19
4.3 THE IMPACT OF CHANGING DEADLINES.....	21
4.4 THE DELIVERY OF TRAINING	22
4.5 BENEFITS AND IMPACTS OF THE FUND	24
4.6 WHAT WORKS WELL	25
4.7 WIDER POINTS RAISED	25
4.8 PROPOSITIONS FOR YEAR 2 OF THE FWDF.....	26

5. WHAT EMPLOYERS TOLD US	28
5.1 CONTEXT	28
5.2 MAIN MESSAGES	29
6. CONCLUSIONS AND RECOMMENDATIONS.....	33
6.1 CONCLUSIONS	33
6.2 EMPLOYERS.....	38
6.3 EMPLOYEES	42
6.4 FUTURE MONITORING AND EVALUATION	43
6.5 RECOMMENDATIONS.....	45
RESEARCH EVIDENCE BASE ADDENDUM.....	I
APPENDIX A: RESEARCH QUESTIONS.....	II
APPENDIX B: PRIMARY RESEARCH CHALLENGES	IV
APPENDIX C: COLLEGES AND STAKEHOLDERS CONSULTED	VI
APPENDIX D: BACKGROUND AND CONTEXT.....	VII
APPENDIX E: EMPLOYERS SURVEY	X
APPENDIX F: CASE STUDIES.....	LIII
APPENDIX G: LOGIC MODEL	LXVII

1. Introduction

This Report presents the findings of an evaluation of the pilot year of the Flexible Workforce Development Fund (FWDF).

The evaluation, which was commissioned by the Scottish Government, was undertaken over the six-month period covering January to June 2018.

1.1 Study Aims and Objectives

The overall aim of the evaluation was to explore what is working more or less well in the first year of the FWDF (covering the period 1st September 2017 to 30th June 2018), and to offer recommendations around monitoring and evaluating the longer term impact of the Fund.

More specifically, the detailed evaluation objectives were to:

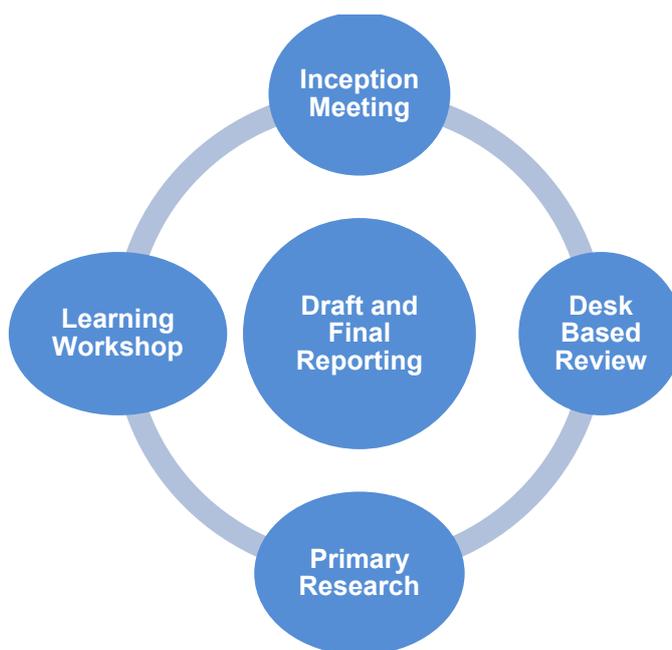
- identify how the FWDF is impacting on employers, employees and colleges;
- explore the extent to which emerging employer demand is being understood and met;
- explore what is working more or less well in the first year of the Fund;
- identify best practice/success factors;
- assess what data are required to monitor and evaluate the impact of the Fund going forward; and
- provide recommendations around monitoring and evaluating the longer term impact of the Fund.

Further, the Scottish Government specified a number of detailed research questions (**Appendix A**), and we return to these in the final Chapter.

1.2 Study Method

The study was undertaken in five main stages, as illustrated in **Figure 1.1**.

Figure 1.1: Study Method



More detail is provided within the individual Chapters of the report, however, a brief breakdown of the primary research undertaken is provided below.

Table 1.1: Primary Research

Stakeholders	Approach
College Network in Scotland	<ul style="list-style-type: none"> • 25 face-to-face and telephone consultations • This represents all colleges involved in the delivery of the FWDF
Wider Stakeholders	<ul style="list-style-type: none"> • 21 face-to-face and telephone consultations with wider partners and stakeholders
Employers Survey	<ul style="list-style-type: none"> • 82 telephone interviews with levy-paying employers: <ul style="list-style-type: none"> ○ 73 employers in receipt of FWDF monies, with training at various stages (e.g. yet to start, underway or completed) ○ four employers who are currently working on an application and/or agreeing training ○ five employers who are aware of the FWDF but decided not to apply

Appendix B provides more detail of the approach to the employers' survey and challenges encountered.

1.3 Report Structure

The remainder of the report is structured as follows:

- **Chapter 2** briefly sets the scene on the background to, and development of the FWDF, including governance, management and delivery arrangements;
- **Chapter 3** presents details of current uptake of the Fund among levy-paying employers;
- **Chapter 4** provides feedback gathered from the college network and wider partners and stakeholders;
- **Chapter 5** presents a summary of the main messages arising from the employers survey; and
- **Chapter 6** provides our overall conclusions and recommendations

The following information is appended:

- **Appendix A** - Research Questions;
- **Appendix B** - Primary Research Challenges Encountered;
- **Appendix C** - Colleges and Stakeholders Consulted;
- **Appendix D** - Background and Context;
- **Appendix E** - Employers Survey;
- **Appendix F** - Case Studies; and
- **Appendix G** - Logic Model.

2. Flexible Workforce Development Fund

This Chapter sets the scene for the evaluation and provides background to the development of the Fund and its governance, management and delivery arrangements. The information presented on the following pages includes a review of background information on the development of the Fund, including various guidance and other documents¹.

Further contextual information on the role of skills and workforce development in a modern economy and on the Apprenticeship Levy is provided in **Appendix D**.

2.1 Background

The Scottish Government introduced the pilot FWDF in response to the strong support expressed through its consultation on the Introduction of the UK Government Apprenticeship Levy. It has been designed to help respond to the immediate skills needs of employers, and the new £10 million Fund was announced by the Minister on 16th December 2016, and was officially launched in September the following year.

The new Fund aims to provide employers with flexible workforce development training opportunities to support inclusive economic growth through upskilling or reskilling of employees who will not benefit from the increase in apprenticeship opportunities. The main policy drivers for the FWDF are:

- supporting the needs of levy payers;
- supporting workforce development in line with the aims of the Scottish Government's Labour Market Strategy, particularly in the areas of upskilling and reskilling workers, and consistent with the ambitions to raise productivity; and
- ensuring the Fund further strengthens college engagement with industry.

Key eligible criteria is that applicants must be levy-payers and the funds cannot be used for qualifications or training required by legislation.

¹ <http://www.sfc.ac.uk/publications-statistics/announcements/announcements-2017/SFCAN132017.aspx>

Employers have the flexibility to train members of their workforce to bring greatest benefit to their business.

Within this, and in line with government priorities, employers are encouraged to give due consideration to specific priority groups such as: older workers; those in low skilled jobs; those working regularly with younger workers/apprentices; veterans/early service leavers; and those who identify as belonging to equality groups.

Tackling persistent issues in the labour market arose in the policy scoping phase for the Fund's development, and the FWDF Project Plan specifies that the following themes should be considered as priorities for the Fund²:

- **infrastructure investment:**
 - work-place coaching and mentoring skills for those employees working regularly with younger workers/apprentices to sustain learning in the workplace
 - HR-related support activities deemed particularly important for SMEs constituting the supply chain of many of the larger levy paying employers; and
- **specific skills gaps/issues:**
 - unmet digital skills needs such as digital literacy
 - Big Data interpretation
 - communication/personal skills – this might be considered in terms of providing wider access to online support already available.

A range of guiding principles have subsequently informed the development of the Fund, namely:

- simplicity;
- minimal administrative burden;
- cost effectiveness of delivery;
- transparency; and
- responsiveness to employer demand.

² FWDF Project Plan (Working Document), 21 June 2017.

2.2 Fund Governance, Management and Delivery

The Scottish Government is the high level governing body for the FWDF, and the day-to-day management and administration of the Fund rests with the Scottish Funding Council (SFC). The delivery model for employer engagement and training lies with the college network in Scotland.

The SFC allocated the £10 million funding for 2017/18 based upon an estimate of the number of levy-paying employers in each region, with greater levels of funding allocated to regions with more levy-paying employers³.

The monies are to be used to respond to employer demand both at a regional and national level. As outlined and considered later, the SFC requires colleges to provide real-time data via an Online Portal reporting system, with information routinely shared with the Scottish Government.

The role of Scotland's colleges is to work with levy-paying businesses in their region to identify their training needs and match them to their training offer, taking account of which training will likely have greatest return on investment – a training needs analysis is required to be undertaken, and the guidance suggests that this should be proportionate in nature.

If a college is unable to provide the training that an employer requires, colleges should broker contact with another college which is better suited to meeting their training needs. Employers may only work with a single college through the Fund, and those operating on a Scotland-wide basis or across more than one college region may submit only one application to the Fund at a college of their choice.

Colleges are required to develop a regional suite of training provision available at their college in support of the FWDF. The suite of training is to be developed in line with national priorities and be informed by wider intelligence⁴.

³ SFC FWDF Allocations Table 2017/18 -

<http://www.sfc.ac.uk/nmsruntime/saveasdialog.aspx?IID=17551&slD=10403>

⁴ For example, local Labour Market Intelligence, Regional Skills Assessments, and Skills Investment Plans, and previous experience of working with employers.

Guidance highlights that a list of possible provision be produced but should not be presented to employers as an exhaustive or prescriptive offer. This is in line with the ethos of the Fund – it is to be driven by employers who can access provision to meet their recognised skills gaps and increase productivity.

An application form is required to be completed and submitted to the chosen college, and is typically worked up with support from college staff. It captures information on:

- company details (name, sector, company registration details);
- details of training to be undertaken (timescales, number of employees, notional hours of study, qualifications to be gained, costs);
- details of skills gaps to be addressed;
- impact of training on productivity;
- course / delivery employer evaluation; and
- proof of levy-paying status.

An employer is eligible for up to £10,000 per year, and funds are allocated on a “first come, first served” basis until the college/region’s funding is exhausted. Any underspend of funds can be reallocated by the SFC to other colleges/regions with evidence of unmet demand.

The initial deadline for applications to the Fund was the 15th December 2017, but has been extended a number of times – first to the 28th February 2018 and latterly to 30th June (deadlines for contractually committing and delivering training have also been extended). Essentially, deadlines have been set to enable SFC to meet its financial obligations to reconcile and report spend against the academic year 2017/18 allocation.

Based on feedback, the latest guidance from SFC is that “*all FWDF training associated with the AY 2017-18 programme, contractually committed by the end of June, must start before the end of September 2018*”⁵. This has provided greater flexibility, and replaces previous guidance that all training required to be contractually committed by the end of June 2018 and that training must be delivered by the end of September 2018.

⁵ <http://www.sfc.ac.uk/publications-statistics/announcements/announcements-2017/SFCAN132017.aspx>

3. Uptake of the FWDF

This Chapter provides an overview of the monitoring arrangements which have been put in place for the FWDF, presents details of uptake, and highlights the main issues encountered in data analysis.

It should be noted that the information provided on the following pages is based on a review of Reporting Templates submitted by the college network to the SFC and dated between October 2017 and March 2018.

Therefore, the picture provided below on uptake reflects activity across a limited timescale and further awards will have been made by the college network since this time. We would also highlight that there are also many data gaps. The SFC is, however, currently collating a more up-to-date picture of actual and pipeline awards as of 30th June 2018.

3.1 Monitoring Arrangements

Prior to setting out our analysis of uptake and how the funding is being used by employers for upskilling/reskilling, it is worth setting out information about the monitoring process itself, and some challenges faced in undertaking the data analysis piece.

The Process

The SFC designed a Reporting Template for colleges to use to keep track of awards made (and to capture information on waiting lists). The information is uploaded by colleges via an Online Portal, and was designed so that the SFC could have easy access to “real time” data on the Fund’s uptake and pipeline of applications.

The Reporting Template, which is a Microsoft Excel sheet, captures information and data across the following indicators (some guidance is also provided to aid completion):

- date of application approval;
- name of employer;
- business type (e.g. private sector, etc);

- type(s) of training to be undertaken;
- number of employees to be involved in the training;
- training start and end dates;
- number of hours of training;
- qualification level (if any); and
- cost.

Challenges Encountered in Data Analysis

The monitoring process and form has been designed to be simple and easy for colleges to complete. This is a sensible approach. However, from a review of the templates there are a number of issues that:

- make data analysis challenging; but which;
- provide useful learning and insights for how the process could be improved for Year 2 of the Fund.

The main issues are detailed below.

1. Incomplete data fields

There are a number of data gaps across the Reporting Templates. This spans data gaps against the following indicators: business type, type(s) of training to be undertaken, number of employees involved, training start and end dates, number of hours of training, qualification level (if any), and cost. It should be noted that this reflects instances of data gaps and where colleges have inserted "*to be confirmed*".

2. Not all colleges are routinely updating the Online Portal

As highlighted above, the Reporting Templates reviewed are dated between October 2017 and March 2018. This suggests that routine updating of the Online Portal is not happening across the college network.

3. Not all colleges are using the Reporting Template provided

While colleges have been provided with a Reporting Template, some have created their own templates and have included other information/data which is not required (e.g. date of approval meeting, key sector, top-up funding fee, and additional comments). In part the inclusion of additional information might reflect that each college is responsible for keeping their internal position up-to-date, and some have adjusted the form to record wider information from the application process. This seems sensible.

For Year 2 all colleges should, however, provide the same “core” information in the same format (but should still be allowed to record additional information where this is used to inform the colleges’ internal reporting requirements).

4. Interpretation of what is meant by a waiting list

The guidance specifies that the waiting list part of the form (a separate tab) should be completed with details of employers who have applied for funding but there is insufficient funds (i.e. the college budget is over-subscribed).

It would appear that some colleges are completing the form correctly, while others are providing details of employers who they are having an active conversation with about the Fund but funding has not yet been approved (the college still has sufficient funds left to meet demand – i.e. it is not unmet demand). Others have put waiting list information in the part of the form that sets out actual awards (but do highlight that it is a waiting list).

5. Consistency of Input

There are various inconsistencies of data input. The main issue is that while the guidance specifies that there should be separate entries where employers have chosen more than one training course (e.g. both IT and Leadership and Management), most colleges have provided one entry for each employer regardless of whether one or multiple courses have been agreed.

As such this makes it very difficult and indeed time consuming to try and cluster the training into meaningful categories for analysis purposes (i.e. the data is not easily filtered).

There are wider inconsistencies in terms of data input on qualifications, the duration of training courses and notional hours of study. In part this might reflect that there is no guidance provided on how to complete these indicators and/or the information was not available when the form was completed (e.g. conversations ongoing with employers).

Monitoring arrangements are considered in the final Chapter which also includes suggested areas for improvement.

3.2 Key Messages on Fund Progress to Date

As highlighted earlier, the information presented below is based on the Reporting Templates dated between October 2017 and March 2018, and further awards are likely to have been made since this time. Waiting lists are considered later.

Key headline findings from the data are that:

- similar to any new programme or fund, it has taken longer than expected to raise awareness of the FWDF and to generate interest and demand – there is likely to be an underspend in the 2017/18 budget;
- part of the thinking for the £10,000 funding cap was that it was anticipated that the Fund might be over-subscribed in the first year - this has, however, not materialised;
- progress across the college network (and in some cases within regions) in allocating their 2017/2018 FWDF budget is considerably varied – as highlighted earlier, application deadlines have, however, been extended various times to help address timing challenges; and
- a few colleges have almost fully allocated their budget, and the advice to these colleges from SFC has been to continue to invite applications, as there will be potential underspend within the overall 2017/18 FWDF budget to accommodate any new awards.

3.3 Waiting Lists

In examining Fund uptake, it is important to also consider any waiting lists colleges have, as this shows additional interest and demand for the Fund. Some colleges have a waiting list which suggests that more applications will be approved by colleges by the 30th June 2018 deadline⁶. In many cases it appears that these employers are looking to tap into multiple training courses with the funding

3.4 Employers Engaged

The following information is based on awards to date (and does not include waiting lists).

Number of Employers Supported

The data in **Table 3.1** shows that there has been:

- 508 employers awarded funding from the FWDF; and
- a total of 1,041 awards made.

The number of awards made is greater than the number of employers. This reflects the fact that colleges have completed the Reporting Templates in different ways. Some have included a single entry for each employer that captures all of the training to be delivered (i.e. it might be more than one course). While others have inserted multiple entries for the same employer which provides details of every single course to be undertaken separately.

⁶ The latest deadline is that training must be committed by the end of June and must start before the end of September 2018.

Table 3.1: Number of Employers Engaged and Awards Made

College	Nos. Awards Made	Nos. Employers Engaged
Ayrshire College	35	4
Borders College	11	11
Dumfries and Galloway College	11	11
Dundee and Angus College	40	40
Edinburgh College	51	51
Fife College	265	59
Forth Valley College	18	18
Glasgow Region	81	81
Highlands and Islands Region	66	64
Lanarkshire Region	168	47
North East Scotland College	86	52
SRUC	3	3
West College Scotland	188	49
West Lothian College	18	18
Total	1,041	508

Source: Flexible Workforce Development Fund Reporting Templates 2017-2018

Note: Some colleges also have waiting lists of pending awards – these are not included above.

Employer Type

Where data is available, the most common type of employer supported is Private Limited Companies, **Table 3.2**.

Table 3.2: Employer Type

Employer Type	Nos. Employers	%
Private Limited Company	130	70%
Public Limited Company	20	11%
Public Sector Body	18	10%
Registered Charity	16	9%
Partnership	1	1%
Total	185	100%

Source: Flexible Workforce Development Fund Reporting Templates 2017-2018.

Note: Information Not Provided/TBC = 323 entries.

3.5 Employees Supported

The total number of employees to be trained through the FWDF is estimated as 15,245. This ranges from one employee to a high of 360 employees (average is 18). As might be expected, the majority of training courses had less than 20 employees participating in the training, **Table 3.3**.

Table 3.3: Employees Enrolled in Training Courses

Number of Employees	Nos. Awards	%
Less than 10	424	49%
10 to 20	382	44%
21 to 50	47	5%
51 to 100	11	1%
Over 100	2	<1%
Total	866	100%

Source: Flexible Workforce Development Fund Reporting Templates 2017-2018.

Note: Information Not Provided/TBC = 175 entries.

3.6 Types of Training Undertaken

As highlighted earlier, a key issue is that colleges have completed the Reporting Template in different ways, in particular the recording of information on training undertaken (see **Section 3.1**). This means that it is somewhat difficult and time-consuming to undertake any meaningful analysis.

Our approach to analysis has therefore been the following:

- where colleges reported awards individually, these are fully captured in the **Table 3.4** below; but
- where colleges reported multiple training types within the same award entry, one type of training has been selected for inclusion in the analysis - this is typically the most expensive course.

The most commonly accessed types of training being provided via the FWDF are:

- Leadership and Management;
- Health and Safety;

- IT and Digital; and
- technical or specialist training relating to employers specific needs (e.g. welding, electrical training and PAT testing, etc).

Table 3.4: Types of Training Undertaken

Type of Training	Nos. Awards	%
Leadership and Management	292	30%
Health and Safety	213	22%
IT and Digital	172	17%
Technical and Specialist	166	17%
Communication/Personal Skills	43	4%
Customer Service	34	3%
Coaching and Mentoring	31	3%
Business Administration	25	3%
Food Safety/Hygiene	10	1%
Total	986	100%

Source: Flexible Workforce Development Fund Reporting Templates 2017-2018.

Note: Information Not Provided/TBC = 55 entries.

3.7 Award Size

The amount of funding available from the FWDF to each employer is a maximum of £10,000. The [average award size is £8,900](#).

It can be seen in **Table 3.5** that awards have varied in size, however, the bulk of awards are £5,000+.

There are, however, a number of entries which are greater than £10,000, and our understanding is that employers are covering the additional cost where this exceeds the maximum possible award size.

Where the total cost is greater than £10,000, this goes up to circa £16,000. This suggests that the FWDF is in some cases leveraging in additional match-funding towards the total cost of the training.

Table 3.5: Total Cost of FWDF Training

Final Cost	Nos. Employers	%
Less than £100	1	<1%
£100 to £999	11	2%
£1,000 to £4,999	37	7%
£5,000 to £9,999	184	37%
£10,000	226	46%
Over £10,000	35	7%
Total	494	100%

Source: Flexible Workforce Development Fund Reporting Templates 2017-2018. Note: Information Not Provided/TBC = 14 entries.

3.8 Duration of Training Courses and Notional Hours

The Reporting Template requires colleges to provide information on the duration of training courses (i.e. start and end dates). It would appear, however, that the data provided by colleges is a mix of:

- actual start and end dates for the training; and
- a longer period of time during which the training will likely be undertaken (i.e. actual start and end dates not yet firmed up).

It is not possible to provide any meaningful analysis of this data.

The guidance also asks colleges to report on the “*notional hours of study for training courses per employee*”, however, as above there are instances where this has been completed correctly and instances where this does not appear to be the case.

An example is an entry of 15,000 hours for a total of nine employees – which on first glance seems incorrect, and would certainly skew any wider analysis of the data.

It is therefore not possible to provide any meaningful analysis of this data.

3.9 Qualifications

The Reporting Template also requires colleges to provide information on the types of qualifications employees will gain as direct result of completing the training.

There is no specific guidance provided around what colleges could insert for this indicator. As above, input is also inconsistent and makes any meaningful analysis difficult.

While some colleges provided responses (e.g. SCQF Level 5), others have stated “yes”, “no”, “college level”, or it has been left blank which may or may not be the correct response.

3.10 Summary

The main summary points to note are that:

- the Fund has got off to a slow start, however, it would appear that some traction and momentum is now being made;
- a positive sign is that some colleges also have waiting lists – however, this is not necessarily unmet demand, rather it reflects ongoing conversations that colleges are having with employers (and the colleges have unallocated funds to enable additional awards to be made); and
- the development of an Online Portal is a good idea to be able to access real time data on the Fund – however, there is scope for improvements to be made across a number of areas, and as highlighted above in order to be effective and of practical use the data must be accurate, complete and up to date, and needs to feed directly into policy-making – it is not enough to collect it - see **Conclusions and Recommendations Chapter**.

4. Colleges and Wider Stakeholders

This Chapter presents the main messages arising from the consultations undertaken with the college network and wider stakeholders. The findings should be viewed in the context of the different ways those consulted are involved in the FWDF:

- the college network are closely involved in the day-to-day delivery and operation of the Fund - we consulted all colleges that have accessed FWDF monies; and
- the wider stakeholders consulted are a diverse group that span those involved in the management of the Fund (i.e. SFC), numerous agencies and organisations that have an employer facing role (e.g. Skills Development Scotland, Scottish Council for Voluntary Organisations, etc), and a large national employer (Police Scotland). It should also be noted that we often consulted with multiple representatives from the same organisation.

Table 4.1 provides details of the consultation programme undertaken, and further details are provided in **Appendix C**.

Table 4.1: Primary Research Undertaken with Colleges and Stakeholders

College Network in Scotland	<ul style="list-style-type: none">• 25 face-to-face and telephone consultations
Wider Stakeholders	<ul style="list-style-type: none">• 21 face-to-face and telephone consultations

Where differing views are provided between the college network and some wider stakeholders this is highlighted where appropriate.

4.1 A Welcomed and Valued Fund

The college network and wider stakeholders welcome the introduction of the Fund. Here, feedback centres on:

- strong support for an approach that seeks to utilise the levy to foster skills investment and inclusive growth;

- strong support for the growing recognition that upskilling and reskilling of the existing workforce is equally important from a skills perspective to interventions that aim to ensure new entrants have the right mix of skills, attitudes, and competences; and
- that the Fund provides a real opportunity to improve support and address specific current and future skills needs – and to improve the productivity of employers.

The college network further emphasise the value of the Fund as an additional mechanism in its “tool box” through which they can actively engage and support:

- not only some of their existing employer contacts – i.e. strengthening existing college-employer relationships;
- but also that the Fund provides an opportunity for new college-employer engagement – i.e. relationships with employers they have not engaged with previously; and
- the Fund also supports the college network’s wider objectives and ambitions on developing Scotland’s young workforce.

A further point raised by some wider stakeholder is that the Fund needs to deliver on its name - i.e. the FWDF needs to be seen as being sufficiently “*flexible*” – scale of funding, choice of any accredited training provider, etc.

4.2 Time to Raise Awareness and Stimulate Demand

The general consensus among the college network (and wider stakeholders) is that it has taken much longer to raise awareness of the Fund among levy-paying employers than had been envisaged at the outset. This view is supported both by the review of Reporting Templates which shows that it has taken time to stimulate demand (**Chapter 3**), and through the Employers Survey (**Chapter 5**).

There are reported to be a number of factors at play which help contextualise slower than envisaged uptake of the Fund in its first year, namely:

- [there is no levy-payer employer list](#) - it has therefore taken much longer for colleges to identify levy-paying employers on their patch and to make that initial contact and communication about the Fund.

HMRC has confirmed that it is not able to share this information, and this has certainly impeded progress in the Fund's early stages. That being said, colleges report that some of the larger levy-paying employers are immediately obvious (e.g. Local Authorities, NHS, etc);

- [lead-in times have been challenging for both colleges and employers](#) - this largely relates to feedback on the late issue of the Fund's guidance document (day before the formal launch of the Fund). While some colleges had progressed some initial planning work, others were caught on the back foot and had to make up ground following the official launch of the Fund;
- [a lack of awareness of the Fund among employers](#) - with no national marketing or promotional campaign on the Fund (promoted individually by each college), there is considered to have been limited awareness of how the Apprenticeship Levy income was to be used in Scotland, and a lack of awareness of the Fund among employers more generally; and
- [some employers did not know they are levy-payers](#) – when communications were issued by colleges and contact made with employers, some colleges report that many employers did not even know they are indeed levy-payers and assumed that the Fund was not for them.

Taken together, these issues would seem to have constrained initial uptake of the Fund.

Without a list of levy-paying employers, the starting point for colleges in identifying and engaging with employers was to take stock of their existing employer contact lists. Colleges report that they typically engage with SMEs (not large employers), but that it made sense to start here, as some larger SMEs are levy-payers.

As is to be expected, colleges report the use of a whole host of other mechanisms as a means to identify and engage with levy-paying employers. This spans:

- data mining (purchase of employer contact details);
- engagement with other agencies (SDS, Enterprise Agencies, Chambers of Commerce, Federation of Small Businesses, etc);
- emails and mailshots;
- cold calling;
- social media campaigns;

- business breakfasts/dinners;
- piggy-backing onto other business events being held by other agencies; and
- press articles.

Most (but not all) colleges have a Business Development team (or similar), and the FWDF has become part of that team's responsibility (i.e. one of a number of things that they do). The main feedback from the college network is that employer engagement activity is resource intensive, and colleges with no or very small Business Development teams expressed some internal capacity constraints. It has also impacted on other work commitments (e.g. engagement with SMEs).

Feedback is that a broad range of approaches have worked well in practice, and that "*boots on the ground*" – having direct face-to-face employer engagement works best, where capacity for this allows.

Awareness levels among levy-paying employers is reported to be increasing. While it is reported that it took time to raise awareness of the Fund, the general consensus is that good progress is being made, and that employer engagement continues to be an ongoing process among colleges to reach a wider audience.

Interest in, and demand for, the Fund is also reported to have been affected by the £10,000 funding award cap. While many colleges reported that up to £10,000 can go a long way for some employers (and this is further evidenced in the review of Reporting Templates which shows that most employers selected multiple training courses), the general consensus among the college network and wider stakeholders is that £10,000 may be too small to be of interest to some levy-paying employers. This view is further supported through the Employers' Survey.

4.3 The Impact of Changing Deadlines

The original and changing deadlines for the submission of employer FWDF applications and the delivery of training is raised by the college network and wider stakeholders alike as challenging.

When the Fund was launched (September 2017), the original deadline for applications was December 2017. The main feedback is that this was far too tight for both colleges and employers, and in the main relates to the points raised earlier (e.g. no access to a levy-paying employer list, etc).

Wider challenges encountered by colleges and employers which made meeting initial timescales somewhat difficult include:

- making the right contact within each employer also took time, especially for some of the larger levy-paying employers;
- time taken to agree training plans and complete applications – in part this is associated with the timescales originally set for application submissions, but is also reflective of the internal channels that employers are required to go through in order to get training plans approved; and
- some employers had already been through a process of agreeing their training plans for the year, and so were not in a position to access the Fund (yet).

The general sense from the college network and many of the wider stakeholder is that the initial timescales were “*too rushed*”, and did not allow sufficient planning and development time for colleges and employers alike.

The college network and wider stakeholders appreciate that timescales for the submission of applications and contractual arrangements for the training to start have been extended by the SFC (twice to date), however, some wider stakeholders in particular emphasised that “*changing goalposts*” has been a source of both confusion and frustration for employers, and that communications could be improved. Again, this is a finding that is supported through the Employers Survey.

An interesting point to also note, which is raised by some colleges and wider stakeholders, is that in some cases employers might have chosen other training had timescales for the contracting and delivery of training been different.

4.4 The Delivery of Training

Mixed views are provided on the training that has been delivered to date, and this in part reflects the make-up of the stakeholders consulted.

On the one hand, the college network confirm that the training taken up by employers has been a mix of off-the-shelf training (e.g. Leadership and Management) and more bespoke and customised training to meet the specific needs of employers.

On the other hand, the feedback from many of the wider stakeholders (exception being SFC) is that the feedback they have received from employers is that colleges have typically approached employers with a “*menu*” of existing training courses, and that it has been much less about the design and delivery of bespoke training, or indeed pointing employers in the direction of another Scottish college(s) who could provide the training employers are looking for.

In addition, some wider stakeholders report that some colleges appear to be more proactive than others, that some have made better use of the Fund, and that there is “*no incentive*” for colleges to develop bespoke training products.

In part this links to a point made earlier – there is a sense that some employers might have been encouraged to choose particular training courses to meet the Fund’s timescales, and that had timescales for contracting and delivery of training been different then some employers might have chosen alternative training.

The college network report that there has been strong interest and demand for training on Leadership and Management and IT and Digital (and this is supported by a review of the Reporting Templates and the Employers Survey), but that a much broader range of training has also been delivered.

The college network report that much of the training has been delivered by college staff. Most report, however, that they are also utilising their pool of “bank staff⁷” to support delivery and/or backfill lecturers’ posts who are delivering the training.

The use of bank staff is considered necessary to overcome certain challenges, most notably to:

- address capacity constraints - lecturers are typically fully timetabled for the teaching of students and/or the delivery of commercial training work; and
- meet the timescales for the delivery of training.

As such, the use of bank staff has provided the college network with much needed additional capacity and flexibility to support delivery – as well as enabling some colleges to bring in others with particular specialisms.

Now that Year 2 of the Fund is confirmed, some colleges report that they have already begun the planning phase to support employer engagement and delivery of

⁷ Bank staff are college employees – essentially retained lecturers who have gone through all of the college’s processes and procedures from a quality assurance and PVG perspective, etc. They are likely to have other jobs (bank staff for other colleges, training providers, etc).

training (and its wider commercial activities of which the FWDF is part). For example, there is recognition that there might be a need for additional part-time lecturing staff or a staff post that supports the delivery of commercial work alone to address internal capacity constraints now that the Fund is gaining traction.

Linked to a point raised earlier by some wider stakeholders around a perceived menu of existing training being offered to employers rather than bespoke training to meet specific skills needs, most wider stakeholders support an extension of the current delivery model to include the college network and all other accredited training providers (e.g. private training providers). There is some support for this from the Employers Survey and being able to access training from more than one college.

4.5 Benefits and Impacts of the Fund

Even though the Fund is still at an early stage, the college network and wider stakeholders all report that the Fund is already benefiting those involved, and in a range of different ways. The main benefits and impacts are summarised below.

Table 4.2: Benefits and Impacts Reported

Benefits for Different Stakeholder Groups	
College Network	<ul style="list-style-type: none"> • Strengthened employer engagement • New employer relationships developed • Increased college-employer engagement • Development of new training in response to industry need • Additional commercial income stream
Employers	<ul style="list-style-type: none"> • Increased awareness of the college network's products/services • Improved perceptions of the college network and its capabilities • Increased engagement with colleges (tapping into the FWDF and other products/services)

Some wider stakeholders report that it is perhaps too early to undertake a full evaluation of the Fund, but that it is important that the Scottish Government and SFC more clearly articulate and communicate with stakeholders (and others) what success looks like for the Fund, how success will be measured, and to regularly report on progress and achievements (e.g. through the use of case studies to share with levy-paying employers, etc).

4.6 What Works Well

Some aspects identified about the Fund that work well are:

- application process - generally considered to be easy and straightforward, and college staff typically support employers through the process;
- issues raised about the funding cap aside, the £10,000 is considered to go a long way for many employers;
- face-to-face engagement with employers works best – taking the time to have a conversation and to understand issues and training needs;
- the opportunity to build on and further strengthen college-employer relationships;
- provides the time and space for employers to consider their training needs and skills gaps, and the different ways that these can be addressed;
- there is some evidence that colleges are sign-posting employers to other college(s) if they cannot provide the training the employer is looking for – albeit this might not yet be across the board; and
- feedback from employers is that they value the training.

4.7 Wider Points Raised

It is worth noting some wider points on the first year of the FWDF raised during the consultation process, including:

- some wider stakeholders, who were consulted and/or submitted a response as part of an earlier Scottish Government consultation to inform the design and delivery of the Fund, report that their feedback has not all been fully taken into account. However, this is in part likely to reflect the diverse range of agencies and organisations consulted (each has their own goals and priorities, etc) and the inherent challenge in taking everything on board;
- FWDF guidance document and clarifications:
 - a general sense that there could be greater clarity on the Fund (what is eligible, what is not eligible, etc)

- some examples include: whether colleges themselves are eligible for training as they are levy-paying employers, the same holds true for whether the Fund can support provision of qualifications/training required by legislation;
- many levy-paying employers operate nationwide and/or have multiple sites across the country:
 - some colleges raised points around discussions having progressed to a relatively late stage with an employer before then finding out that the employer is in discussion with another college already (e.g. a different contact in the company) - and the need to find this out at an earlier stage
 - some employers might want to work with more than one college and/or a college in a different region to its HQ – the guidance seems clear that employers operating on a Scotland-wide basis can work with a college of their choice, but it is not clear the extent to which this is known by, and communicated to, employers. A picture is emerging that some colleges might be informing employers on their patch that they need to work through that college (or a college in the region), and employers are perhaps then working with the college that contacts them first; and
- additionality of the FWDF – some wider stakeholders questioned the extent to which employers would have undertaken the training anyway in the absence of the funding. Feedback from the Employers Survey, however, suggests a relatively high level of additionality (74% of employers report that either none or only some of the training would have been undertaken in the absence of the FWDF).

4.8 Propositions for Year 2 of the FWDF

A wide range of propositions were made by consultees in relation to Year 2 of the Fund, and these are articulated below:

- [access to a levy-paying employers list](#) – albeit there is recognition that this might not be feasible;
- [scaling the funding available](#) – perhaps up to £25,000 and a tier system based on amount of levy paid;

- [longer lead-in times and less arbitrary deadlines](#) – for submission of applications, for contracting training, and for training to be delivered;
- [longer term strategic approach to funding](#) – a two-year Fund going forward would enable better planning by colleges and employers, including allowing for more strategic conversations to be had about how the Fund could be used to address current and future skills gaps. A longer-term commitment would also allow colleges sufficient comfort to give due consideration to the need for additional staff to support engagement and/or delivery;
- [early issue and communication with colleges about the guidance for Year 2](#) – possibly involving a face-to-face session with the college sector, FAQs, etc, plus ongoing early notice of changes in timescales and improved (more timely) communications more generally:
 - two phase application process – note of interest, then develop more detailed application (some colleges are already doing this)
 - a rolling application process as the general feedback is that deadlines have been set somewhat arbitrarily (albeit from an SFC perspective there is a need to be able to draw a line from one financial year to a next)
 - development of case studies to showcase and share employers experience of the Fund, how it has benefited employers and employees, and to generate more interest in the Fund among other levy-paying employers;
- [not unanimous but most wider stakeholders felt training should be delivered by all accredited trainers perhaps through the college network](#) (the colleges as might be expected have a different view on the delivery model); and
- [some support for opening up the Fund \(e.g. top-slice\) to SMEs⁸ \(supply chains\)](#) who make up the vast majority of the business base in Scotland (or if not via the Fund another solution required) – for example, up to £5,000.

However, the above needs to be seen in context. There was overall support for the Fund (in principle) and any changes would be seen as evolution and not revolution.

⁸ Note – some SMEs are levy-paying employers.

5. What Employers Told Us

This Chapter provides a brief summary of the main messages arising from the employers' survey, and the detailed write-up is provided in **Appendix E**.

5.1 Context

In **Appendix B** we provide an overview of the challenges encountered and the approach taken to progressing this element of the evaluation.

By way of summary, a total of 187 responses were received to the opt-in-opt-out survey, of which 172 employers opted-in to the telephone survey. A total of 82 telephone interviews were subsequently undertaken with levy-paying employers (response rate of circa 50%).

While we received opt-ins from most of the colleges employers are engaging with on the Fund, there are some gaps⁹. In these cases, we are not certain that the colleges issued the opt-in-opt-out link to employers on their patch despite reminders from EKOS and the SFC.

Among other things, the survey sought to find out more about employers level of awareness of the FWDF, views on accessing and using the Fund for workforce development, satisfaction levels, and whether employers plan to access the Fund in future years.

Table 5.1: Employers Primary Research

	Number	% of Total
Employers in receipt of FWDF	73	89%
Aware of the FWDF but decided not to apply	5	6%
Aware of the FWDF and working on an application/agreeing training	4	5
Total	82	100%

⁹ The five colleges that we did not receive any opt-in responses from employers are South Lanarkshire College, Argyll College UHI, Lews Castle College UHI, North Highland College UHI, and North Atlantic Fisheries College.

In addition, case studies have been developed to showcase employers and employees experience of the Fund and training (**Appendix F**)¹⁰.

5.2 Main Messages

Awareness of the Fund

All employers that took part in the survey were aware of the FWDF, and the main way they found out about it was direct contact from a college they had an existing relationship with (38%). This was followed by signposted to the Fund by another organisation (16%) or signposted by another college or employer (both 13%).

Prior to FWDF

The majority of employers had previously engaged with college(s) prior to the Fund (75%), and in the main this related to workforce development and Modern Apprenticeships. However, the Fund is also beginning to reach some employers who are engaging with colleges for the first time.

While many employers reported a good understanding of how the college sector could help with workforce development prior to engagement with the FWDF (71%) - and in part this is reflective of the fact that many had prior experience of college engagement – there has still been a positive shift in levels of understanding:

- an increase of good/very good ratings from 71% before to 90% now; and
- a corresponding decrease in employers reporting a poor/very poor understanding (18% before to only 2% now).

Workforce Development and Skills Gaps

A positive finding is that over four-fifths of employers reported that the delivery of skills and training is a key activity for their business, and in the main use a mix of internal on-the-job training and external training providers to meet their needs.

The main skills gaps identified by employers were leadership and management, IT and digital, technical/specialist skills, succession planning, and health and safety.

¹⁰ Employers agreed to be cases studies. The draft case studies were shared with employers for review and comment prior to inclusion in the report.

As reported later, these match the types of training most commonly accessed via the Fund.

Views on the Fund

Overall, there are high levels of satisfaction with employers' initial contact with colleges on the FWDF. This ranged from 77% for college's understanding of the business's needs to a high of 96% for clarity on how much funding was available. Feedback on initial contact centred on colleges being very clear, helpful, flexible and supportive through the application process.

The main area of dissatisfaction in terms of initial contact was ease of finding out about the Fund, with employers stating that they had seen little or no promotion of the Fund, and only became aware of it when, for example, a college contacted them.

Employers in receipt of funding are in the main satisfied with many aspects of the application process. Highest levels of satisfaction are for help received with the application form, the time taken to receive a decision on the application, and ease of completing the form (satisfaction ranges from 85% to 96%).

Employers are, however, less satisfied with application deadlines (25% dissatisfied), and this mainly relates to changes to deadlines over the first year of the Fund (and communications). Some employers felt that the application had to be rushed to meet deadlines, and in some cases then found out that the deadline had been extended again.

A wide range of upskilling and reskilling training has been/is being provided through the FWDF, and in the main this relates to leadership and management, health and safety, and IT and digital skills, which directly match onto the skills gaps reported earlier.

Some wider points are that:

- 70% of employers report that training will lead to formal qualifications; and
- a wide range of employees are taking part in the training – with a particular emphasis on older workers (50+) and those belonging to equalities groups.

A number of wider positive messages emerged from the survey:

- almost all employers report that the training provided by the colleges will help address skills gaps (90%);
- the majority report that colleges were able to provide the training needed (75%);
- 79% agreed/strongly agreed that the training was value for money; and
- 79% reported that the training has either met or exceeded their expectations, of which almost one-third report that their expectations have been exceeded.

There was some support, however, among employers for:

- having had the opportunity to choose another college(s) to provide the training or a private sector provider (55% and 40% respectively). In part this interest was expressed from national or multi-site employers, as well as those looking to access specific forms of training; and
- having access to increased funding, proportionate to money paid into the levy.

While the Fund is still at an early stage, almost all employers reported at least one current or future benefit.

Table 5.2: Benefits Achieved Now and Future (Top 4 Reported)

Achieved Now		Expected to Achieve Over Next year	
Increased skills levels of employees	53%	Increased skills levels of employees	63%
Saved money in training budget	53%	Increased confidence of employees	52%
Strengthened an existing relationship with college	48%	Employees have gained increased levels of qualifications	46%
Increased engagement with college	42%	Development new/improved process/procedures	41%

The findings from the survey suggest relatively high levels of additionality which is a positive message – 74% of employers report that either none or only some of the training would have been undertaken in the absence of the FWDF.

The largely positive experience of the Fund is further evidenced by the fact that 29% of employers have already accessed follow-on support from the college as a direct result of the FWDF training, and 59% report that they are likely to engage with the college in the future (e.g. Modern Apprenticeships and additional workforce development training).

Future Workforce Development Needs

The majority of employers reported that workforce development and training will be important/very important to their business over the next few years (98%).

Anticipated skills gaps are largely in line with those reported earlier (e.g. leadership and management, technical/specialist, IT and digital, succession planning, and health and safety).

The main future drivers of skills/labour problems are reported as:

- an ageing workforce (66%);
- technological change (58%); and
- Brexit (46%).

Recommend to Others and Strong Repeat Business

Further positive findings include that:

- almost all employers would recommend the FWDF to another employer (96%); and
- all expressed an interest in accessing the FWDF in future years (100%).

6. Conclusions and Recommendations

This final Chapter presents our overall conclusions and recommendations, and is based on all of the evidence presented in earlier Chapters.

6.1 Conclusions

We present the evaluation conclusions in line with the research questions identified by the Scottish Government at the outset of the study.

6.1.1 Fund Management and Administration

Is The FWDF Well Managed

The FWDF is a brand new programme that supports workforce development within levy-paying employers in Scotland. The evaluation findings (and conclusions) need, however, to be considered within the context that the Fund is still at a relatively early stage in its delivery. The Fund was formally launched in September of last year, and its first year of delivery is due to come to an end on 30th June 2018 (albeit training contracted by this date will continue after this point).

Like any other new grant-giving project or programme, the first year has been rightly pitched by partners as a pilot year, and it has been a learning curve for the main partners' involved. In particular, for those most closely involved in the Fund. This includes the SFC (responsible for the day-to-day management and administration of the Fund) and the college network (delivery vehicle).

Our overall assessment is that based on employer and stakeholder interviews, the Fund appears to be well managed, although there is some scope for improvement in certain areas.

The SFC has long-established relationships with the college network in Scotland, and has allocated the £10 million across the colleges/regions using an appropriate rationale and approach. In year one, the Fund has not been over-subscribed (as had perhaps been expected), and it seems entirely practical that there is flexibility in the management and administration of the Fund so that any unallocated funds can be reallocated to other colleges/regions where there is a clear unmet demand. Indeed, this point has almost been reached for Borders College and Fife College.

Deadlines for the submission of applications and for the contracting and delivery of training have changed several times in the first year, and it is apt that the SFC has listened and responded to feedback on this issue.

That being said, this posed certain challenges for the college network and employers (employers also found it confusing and frustrating), and suggests a need to think through appropriate timescales as these have not always been workable or practical. There needs to be sufficient time for initial enquires/contacts to be dealt with, for colleges to undertake a training needs analysis, and for applications to be fully worked up and agreed. Making timely (and consistent) communications messages about any planned changes to the process will also be important.

Guidance documents for the Fund have been developed for colleges and for employers, an application process adopted (covered below), and an Online Portal and Reporting Templates designed to enable access to real-time data on the Fund. Some points worth noting including:

- guidance documents – there appears to be some signs of different levels of knowledge and understanding of different aspects of the Fund (among both colleges and employers). This suggests a need for the guidance documents to be reviewed in the first instance to ensure clarity for those using it; and
- online portal and reporting templates – there is scope for improvement both in the monitoring process and the range of information and data collected. The main issues with the online portal/template are incomplete data fields, different interpretations of the guidance, and consistency and regularity of input. In the main it collects the right information, however, there is scope to add a few more indicators. A balance will, however, require to be struck between capturing the right data and not over-burdening the college network.

The final point on Fund management centres on the lack of a national promotional campaign to raise awareness of the Fund at the outset. Responsibility has rested with each college to promote the Fund – good efforts have been made and the Fund is beginning to achieve some traction. However, the inherent risk is that this leads to inconsistencies of approach, language, messages and communications.

Ease of finding out about the Fund was one of the main areas of dissatisfaction (Employers Survey). Marketing and promotional efforts will therefore continue to be required to make further inroads, and for the college network to reach more levy-paying employers.

How Well Does The Application Process Work

An application process (and associated forms) have been designed by the SFC, and responsibility then rests with the college network to identify, engage, and support employers through the application and approval process.

The application process appears to work well in the main. This is evidenced through feedback from the college network, wider stakeholders and employers. The process itself is considered to be relatively straightforward and simple, and the majority of employers were satisfied with initial contact and support from colleges, the ease of completing the form, and the time taken to receive a decision. It is worth noting, however, that there has been a considerable amount of hand-holding through the process by college staff, including support to complete application forms.

One aspect worthy of further comment is the training needs analysis. A relatively high proportion of employers did not recognise that this had been undertaken, and possibly reflects a number of factors. In part this might relate to the informal nature of the training needs analysis (and the guidance specifies that it should be proportionate), however, it might also relate to the tight timescales as discussed earlier. The training needs analysis is a crucial element in the process, and one that should be undertaken.

What Lessons Can Be Learned From The First Year of Fund Implementation

Lessons learned have been identified in the sections above.

One of the main lessons relates to the collation of monitoring data on the Fund. Our review found various issues, including significant data gaps and inconsistency of input, which made analysis difficult and at times time-consuming. Good monitoring and availability of data is a pre-requisite for future evaluations, and is hugely important as a useful management tool for organisations.

Our conclusion is that in order to be truly effective and of practical use, the data must be accurate, complete and up to date, and needs to feed directly into policy-making through regular management reporting.

6.1.2 Colleges

How Well Is The FWDF Working for Colleges

The FWDF has provided the college network with an additional (and valued) mechanism in its “tool box” through which colleges can actively engage and support not only some of their existing employer contacts but also larger employers that it might not have engaged with previously. A broad range of approaches to employer engagement have been undertaken, and are what we might expect for a programme of this nature. Good progress is being made to raise awareness of the Fund – but there is more to do to reach to and engage a wider audience.

Despite the Fund getting off to a slow start, some traction and momentum is beginning to be made in its delivery. Uptake of the Fund is, however, varied across the college network – although it is important to also consider any waiting lists.

Some colleges are, however, doing better than others, and a number of factors are likely to be at play. While the Fund generally works well for colleges, there have been some issues, namely:

- the lack of a levy-employers contact list;
- tight lead-in times and changing deadlines (see above); and
- resource intensive nature of some of the activity (e.g. marketing and promotion, time taken to raise awareness and stimulate demand, hand-holding employers through the process, including support with application form completion, etc).

The college network do not receive any funding from the FWDF to support administration and delivery, and given that the Fund is only part of the college network’s commercial activity, for some this has impacted on other work commitments (e.g. engagement with SMEs). This is not a sustainable position, and colleges will therefore require to consider how commercial work, of which the FWDF is part, is adequately resourced in the future.

This process is happening now that Year 2 of the Fund has been announced, however, short-term year-to-year project funding could make this difficult for colleges to appropriately plan for (i.e. short-term funding does not address the longer term revenue implications associated with employing additional staff to support project delivery).

In order to make the Fund work as flexibly and efficiently as possible, most colleges are drawing on bank staff to support delivery of training and/or backfill timetabled lecturers' posts who also deliver FWDF training. This seems a sensible approach, and there is some evidence that colleges are bringing in bank staff with particular specialisms to meet the training needs of employers.

Do Colleges Have Adequately Staffed and Skilled Business Development Departments To Provide Employers With The Right Support

The college network in Scotland generally has well-established structures and processes in place to support employer engagement, and are well placed to support delivery of the FWDF. The Further Education sector has an existing close working relationship with employers – this includes the development and delivery of work-based skills and producing a pipeline of skilled employees across different sectors - and ensuring that courses remain relevant. Of course, much of this pre-existing engagement and support is aimed at SMEs (some of whom will be, but the vast majority are unlikely to be levy-payers).

Typically this activity has been led through each college's Business Development teams (or similar), albeit some of the smaller colleges do not have this function, and it therefore rests with various members of college staff. As might be expected, those colleges with larger Business Development teams have had greater capacity to undertake employer engagement activity, and without a levy-paying employer contact list it has been resource intensive. As such, an issue might be more about capacity rather than not having the appropriate skills.

As highlighted above, a broad and appropriate mix of approaches have been adopted by the college network to identify and engage employers, and feedback from the Employers Survey is that the majority of employers were satisfied with initial contact and help and understanding of the business's needs.

A good example is North Lanarkshire College who put some staff through Training Needs Analysis training to enable its team to provide employers with the right support.

Impact On College Employer Engagement

Evidence on impact on college-employer engagement comes from the consultations with the college network and employers survey, and there are a number of positive messages.

The main feedback from the college sector is that the Fund has provided a new opportunity to not only engage with some of its existing clients but also that it has brought the colleges closer to larger employers. Strengthening existing and developing new employer relationships was unanimous feedback.

Some wider points to note from the Employers Survey were that:

- 25% had not previously engaged with the college sector prior to the Fund;
- 29% have accessed follow-on support from the college since the FWDF, and 59% report that they are likely to access additional support in the future (e.g. Modern Apprenticeships, workforce development training);
- 48% reported strengthened relationships with colleges, and 22% expect this to be achieved in the future; and
- 42% reported increased engagement with college(s).

6.2 Employers

How Well Is The FWDF Working For Employers

Overall, a fair assessment is that the FWDF is working well for employers. This is evidenced by the relatively high levels of satisfaction with initial contact and help, the application process, with the training delivered, etc (see also later sections for wider evidence on how the Fund works well for employers).

Wider evidence from the Employers' Survey that helps show that it is working well includes the following:

- 79% reported that the training was value for money;

- almost all would recommend the Fund to others (96%); and
- all employers expressed an interest in accessing the Fund in future years.

These are all positive messages and suggest the potential for a strong level of repeat business for the FWDF in Year 2.

Where the Fund is perhaps not working as well for employers – and some of the points below were raised by employers, colleges, and wider stakeholders - include:

- ease of finding out about the Fund and timescales (see above);
- the scale of the funding available - £10,000 may be too small to be of interest to some levy-paying employers;
- in some cases employers appear to be offered a prescriptive “menu” of training; and
- there seems to be some confusion among employers about which college they need to work with (i.e. in the region they are based) – this is not the case, but seems to be a strongly held view among employers.

In addition, there is some support among wider stakeholders for an extension of the current delivery model to include the college network and all other accredited training providers (e.g. private training providers). There is some support for this from the Employers Survey and being able to access training from more than one college. This would help the Fund work better for national and/or multi-site employers.

How Many Employers Accessed The Fund

The monitoring data shows that 508 employers have accessed the Fund in its first year, and there are a further 115 employers working through the application process (i.e. waiting lists). Taken together, this is 623 levy-paying employers. As no Fund level targets have been set, it is difficult to comment on whether this is good, bad or somewhere in between.

However, there are estimated to be 4,000 levy-paying employers in Scotland, and the figure of 623 employers therefore represents 16% reach. This is a good start, however, there is plenty of scope for this to be increased as awareness of the FWDF increases, and as the Fund moves into its second year of delivery.

What Are Employers Using The Fund For

Both the monitoring data and employers' survey show that employers are using the Fund for a wide range of training. In the main this has been leadership and management, health and safety, IT and digital, and technical/specialist training. These were the main areas in which employers reported skills gaps.

Did Training Address Employers' Skills Gaps

As highlighted above, the main skills gaps identified by employers match the main types of training undertaken. Wider feedback from the survey is that:

- 75% agreed/strongly agreed that the training the college can provide matches training needs; and
- 90% agreed/strongly agreed that the training has/will help address skills gaps.

To What Extent Are There Sectoral / Regional Differences In How Employers Access The Fund

Some 70% of employers that have accessed the Fund are private sector employers, which is broadly in line with the proportion of large businesses (250 employees+) in Scotland (72%)¹¹.

The monitoring data does not currently collate data on the business sector (e.g. food and drink, construction, etc) the employers operate in. The information is, however, captured in the application forms, and could be captured via the Online Portal in future. The employers' survey did, however, engage with employers operating across a diverse range of sectors which is a positive sign.

In terms of Fund uptake by region, as highlighted above this has varied. This is likely to reflect different levels of pro-activeness across the network, internal capacity within the college network, and wider factors including the size of the patch and FWDF budget.

¹¹ Source: UK Business Counts

To What Extent is Emerging Employer Demand Being Understood and Met

A mixed picture has emerged from the evaluation regarding the extent to which employer demand is being understood and met.

On the one hand, feedback from the Employers Survey was positive regarding the extent to which colleges understood their needs, and whether the training has/will meet their skills gaps. This suggests that in the main employer demand is largely being understood and met.

On the other hand, a relatively high proportion of employers did not recognise having had a training needs analysis undertaken as part of the application process, and a picture has emerged of a menu of training being offered to employers rather than the Fund being demand-led. The extent to which the latter is happening across the college network is hard to tell, and in part might reflect the nature of initial timescales for colleges to have employers' training contractually agreed and delivered.

How Consistent Is Employer Support

The college sector appear to have adopted a broadly similar approach to its engagement with employers, but as highlighted above some have had more success in converting engagement to approved awards.

In many cases, as a starting point, colleges have pulled together their list of existing training provision as part of the conversations they have with employers – however, while this might not have been the intention, there is a sense from the Employers Survey (and some wider stakeholders) that this menu is viewed by employers as an exhaustive or prescriptive offer.

Did The FWDF Meet Employer Expectations

A positive message from the Employers' Survey is that employers' expectations are largely being met. Where training is underway or complete, 79% of employers reported that the training has either met or exceeded their expectations.

Can Employers Easily Access The Fund

As reported earlier, while there have been some issues raised on the ease or otherwise of employers finding out about the Fund, the main feedback from employers on the application process was largely positive.

Why Are Eligible (Levy Paying) Employers Choosing Not To Access The Fund

The approach that required to be adopted for the primary research with levy-paying employers resulted in a sample of employers that a) were all aware of the Fund, and b) the vast majority were engaged in some way (i.e. training underway/complete, working on an application, etc).

The survey therefore only consulted a handful of eligible (levy-paying) employers who have chosen not to access the Fund. Some of the factors identified by these employers in informing their decision not to apply were:

- tight (and changing) timescales for application form to be submitted and for training to be delivered; and
- the training the college is able to offer does not match up to needs.

Wider factors include scale of funding (too little) and would prefer to choose which college or more than one college to provide the training.

6.3 Employees

How Well Is The FWDF Working For Employees

Given the early stage at which the Fund is at, much of the primary research focussed on employers. That being said, employers were asked whether the training has/will benefit employees, and in what ways.

While some employee benefits achieved to date were reported, benefits were typically expected to be achieved over the next year (and in part reflects the fact that training was underway or not yet started in some cases).

The main benefit achieved to date for employees was reported as increased skills levels (53%), and the expected benefits reported include:

- increased skills levels – 63%;
- increased confidence – 52%; and
- gained increased levels of qualifications – 46%.

These findings are further supported through the Case Study interviews with employees (**Appendix F**).

How Many Employees Were Trained

A review of the monitoring data shows that circa 15,000 employees were to be trained by the FWDF. However, what the data does not provide detail of is how many employees were actually trained and completed the training.

To What Extent Does Learning/Training Result In Qualifications/Certification Gained

Given some of the challenges described earlier regarding the monitoring data for the Fund, it is not possible to report on qualifications/certification gained in any robust or meaningful manner (data gaps, etc). In addition, the data captures information on the training to be undertaken, and not on the final outcome of that training for employees.

As highlighted above, however, 70% of employers reported that training would lead to qualifications/certification.

6.4 Future Monitoring and Evaluation

How Should The Long-Term Impact Of The Fund Be Monitored and Evaluated

Data being gathered via the Online Portal currently captures some information and data on inputs (e.g. cost of training), activities (e.g. type of training), and some immediate outputs (e.g. number of employees to be trained, etc). It does, however, not move beyond this to capture any emerging outcome and impact data (i.e. what difference the Fund has made).

Good monitoring and availability of data is a pre-requisite for evaluation. There is scope for current monitoring arrangements to be adapted and strengthened to allow for the wider capture of outcome data (e.g. number of employees completing training, number/type of qualifications gained, etc).

We outlined earlier some wider challenges encountered in the analysis of monitoring data (e.g. data gaps, etc). A more structured process needs to be put in place to improve both the quality and consistency of data provided by the college network, and which can then feed into any future evaluations of the Fund.

Routine monitoring will only be able to provide so much information on impact. There will always be a requirement for wider independent evaluation work to be undertaken to assess the longer-term impact of the Fund.

The evaluation of the first year of Fund has sought to capture benefits and outcomes achieved (especially for employers), however, given the early stage of the Fund it was not appropriate to undertake an Economic Impact Assessment. However, this could be considered towards the end of Year 3.

See also **Appendix G** for logic model.

What Data Are Required To Monitor and Evaluate The Impact Of The Fund Going Forward

As highlighted above, there is scope to enhance current monitoring arrangements, and this is covered in more detail in the Recommendations section.

Are There Any Employer Trends Or Indicators To Help Decide How A Second Phase of the FWDF Is Best Delivered

We outlined above some of the ways in which the Fund does not currently work well for employers (**Section 6.2**).

The Fund is, however, largely working well for employers, and anticipated future skills gaps appear to match current issues (e.g. leadership and management, technical, IT and digital, and succession planning). More of the same is therefore required.

An ageing workforce and technological change (as well as Brexit) were identified by many employers as the main drivers of future skills/labour problems – albeit the Fund on its own cannot address all of these issues.

Are There Any Recommendations Around Measuring Fund Impact On Productivity

Measuring Fund impact on productivity should be assessed as part of any future evaluation work (Economic Impact Assessment).

Potential approaches to measuring productivity include capturing both the gross and net additional effects on Gross Value Added (GVA) and/or GVA per head. Essentially, increased productivity results in greater returns from the resource input – which can be driven by a decrease in resource inputs, an increase in outputs, or a combination of both.

GVA is the Scottish Government's preferred measure of impact, and there are well established approaches to measuring the economic impact of company level interventions, see the Scottish Enterprise guidance¹².

The guidance provides an example question set to interrogate both the gross and net impact of the intervention. Any survey questions will therefore require to seek employers' views on issues such as the counterfactual position (what would have happened in the absence of FWDF support), displacement effects, and other factors necessary to calculate estimates of net additional economic impacts.

6.5 Recommendations

Overview

Overall, the Fund is welcomed and valued by all stakeholders, and is providing benefit to colleges, employers and employees. Many of the recommendations outlined below are process related, and based on learning from the first year of the Fund.

¹² <http://www.evaluationsonline.org.uk/evaluations/Search.do?ui=basic&action=show&id=547>

At this stage and based on the above conclusions, we would not recommend any major or wholesale changes, but instead an incremental approach which can show that we have listened and made some adjustments. However, it will still require a few years to understand how well the Fund works before any macro changes should be considered or progressed.

We have therefore highlighted some short term improvements to the Fund together with some longer term issues for further consideration, once the FWDF has run for a few years.

Short Term Improvements for Consideration

- [continue to adopt a flexible approach to budget allocation](#)
 - the inbuilt flexibility of the Fund to reallocate additional budgets to those colleges/regions with evidence of unmet demand should continue;
- [college allocation](#)
 - consideration should be given to allowing employers to choose which college they engage with in the delivery of training – this could be a college in their region, a college outwith their (main) region, and/or more than one college
 - review ways to reduce competition within regional networks to ensure that it is the most appropriate college who delivers the training;
- [training needs analysis](#)
 - while some colleges/employers are completing this step not all appear to be (albeit this might be being undertaken relatively informally). In many cases a training needs analysis might not be required, but some form of justification/rationale should be provided. Consideration of alternatives should be considered;
- [improve marketing and awareness](#)
 - consideration should be given to a national marketing programme

- at a minimum, marketing materials and communications issued by the college network need to convey consistent and common messages to avoid any unnecessary confusion or misinterpretation among employers;
- **data monitoring and reporting**
 - in order to provide meaningful and robust information about the performance of the Fund, there are some steps which could be taken to improve both the consistency and quality of data provided, and this should be undertaken in partnership between the SFC and college representatives:
 - guidance should be reviewed to ensure that it is clear what is being asked for – more detail is perhaps required in places, and some worked up examples could be provided
 - there is a role for the SFC to review the forms when they are submitted, and to go back to colleges regarding any points of clarification and/or to plug any gaps
 - there might be value in hosting a session on monitoring with key college personnel to ensure that there is a clear and shared understanding of how the form should be completed, and what data would be useful to record
 - consideration could be given to developing a “drop-down” list of options under each indicator based on experience from Year 1. This would aid consistency (and ease) of input;
- **output and outcome indicators**
 - there would also be merit in expanding the indicators used for monitoring purposes to capture the following data:
 - business sector
 - size of business
 - existing relationship with college or new employer contact
 - existing training course and/or new/bespoke training course
 - cost of training should be broken down by FWDF award
 - number of employees completing the training
 - number/type of qualification/certification gained

- private leverage; and
- **aiding evaluation**
 - in light of the challenges encountered with the Employers Survey, consideration could be given to amending the application form - and that a condition of the award is that employer contact details might be passed to a third party organisation for the purposes of evaluation only. The same could hold true for employees.

Long Term Recommendations for Consideration

- **level of grant**
 - consideration should be given to increasing the scale of funding available per employer. For example, this could range from £10,000 to £25,000 and could be scaled on the amount of levy paid by employers;
- **widen delivery of training**
 - consideration of allowing employers to access non-college and commercial training providers to deliver training if they are more appropriate; and
- **future evaluations**
 - any future evaluation work should include an economic impact assessment, and include a greater emphasis on securing feedback from employees and from eligible (levy paying) employers who have chosen not to access the Fund (albeit there are challenges in doing this in the absence of a levy-paying employer contact list).

We would recommend that these should be reviewed as part of an interim impact evaluation which should be undertaken towards the end of Year 3.

Research Evidence Base Addendum

This following Appendices are attached:

- **Appendix A** - Research Questions;
- **Appendix B** - Primary Research Challenges Encountered;
- **Appendix C** - Colleges and Stakeholders Consulted;
- **Appendix D** - Background and Context;
- **Appendix E** - Employers Survey;
- **Appendix F** - Case Studies; and
- **Appendix G** – Logic Model.

Appendix A: Research Questions

The following research questions were specified in the Invitation to Tender.

Fund Management and Administration

- Is the FWDF well managed?
- How well does the application process work?
- What lessons can we learn from the first year of Fund implementation?

Colleges

- How well is the FWDF working for colleges?
- Do Colleges have adequately staffed and skilled business development departments to provide employers with the right support?
- What impact has the introduction of the FWDF had on college employer engagement?

Employers

- How well is the FWDF working for employers?
- How many employers accessed the fund?
- What are employers using the Fund for?
- Did training address employers' skills gaps?
- To what extent are there sectoral / regional differences in how employers access the fund?
- To what extent is emerging employer demand being understood and met?
- How consistent is employer support?
- Did the FWDF meet employer expectations?
- Can employers easily access the Fund? Why are eligible (levy paying) employers choosing not to access the Fund?

Employees

- How well is the FWDF working for employees?
- How many employees were trained?
- To what extent does learning / training result in qualifications / certification gained?

Future Monitoring and Evaluation

- How should the long-term impact of the Fund be monitored and evaluated?
- What data are required to monitor and evaluate the impact of the Fund going forward?
- Are there any employer trends or indicators to help decide how a second phase of the FWDF is best delivered?
- Are there any recommendations around measuring Fund impact on productivity?
- Are there any success factors / examples of best practice?

Appendix B: Primary Research Challenges

It is worth commenting on the Employers' Survey, and some challenges encountered. The original intention was to undertake the following number of telephone interviews with employers: 100 in receipt of a grant from the FWDF; 10 choosing not to apply to the FWDF; and 10 small businesses not eligible for funding.

A total of 187 responses were received, of which 172 employers opted-in to the telephone survey. We received responses from employers engaging with almost all colleges involved in the delivery of the FWDF¹³.

A total of 82 telephone interviews were completed, which is a good response rate given the total number of contacts who opted-in to the survey (i.e. 48%).

A further challenge, however, was that most employers who opted-in to the survey were those engaging in some way with a college regarding the FWDF (e.g. in receipt of funding, working up an application, considering an application).

The extent to which the communication issued by the college network reached employers not aware of the Fund, or deciding not to apply, would appear to be limited. As such, the majority of interviews undertaken with employers were with those actively engaging with the FWDF – which is in line with the original plan for the primary research.

The Employers' Survey was delayed for a number of reasons, with the main challenge being our initial inability to secure contact details of levy-payers who have accessed the Fund (or indeed a list of all employers who are eligible for the FWDF)¹⁴.

The SFC, who administer the funding, do not hold contact details for employers (it is not provided by colleges on their Reporting Templates), as such we subsequently approached the college network directly with regards to progressing this aspect of the evaluation.

¹³ The five colleges that we did not receive any opt-in responses from employers are South Lanarkshire College, Argyll College UHI, Lews Castle College UHI, North Highland College UHI, and North Atlantic Fisheries College.

¹⁴ HMRC is not able to share the data for Scotland.

In line with new General Data Protection Regulation (GDPR) guidelines, colleges are not allowed to pass employer contact details directly to third party organisations unless they have permission to do so. EKOS provided colleges with introductory email text and a link to an online survey that asked employers to:

- specify which college they are engaging with;
- indicate whether they wanted to opt-in or opt-out of the telephone survey;
and
- if selected opt-in – we gathered some basic contact details (company name, contact name, telephone number, etc).

Reminder emails were sent to the college network by EKOS and SFC, and the deadline extended to boost responses.

Other organisations also helped distribute the opt-in-opt-out survey link to employer contacts, including Skills Development Scotland, NHS Scotland, and Coalition of Care and Support Providers.

Appendix C: Colleges and Stakeholders Consulted

Colleges Consulted	
Edinburgh College	Perth College UHI
Borders College	SRUC
Glasgow Clyde College	Dumfries and Galloway College
Forth Valley College	Glasgow Kelvin College
Shetland College UHI	Orkney College UHI
West Highland College UHI	Dundee and Angus College
North Atlantic Fisheries College	Moray College UHI
Inverness College UHI	North East Scotland College
Lews Castle College UHI	West Lothian College
Fife College	North Highland College UHI
City of Glasgow College	South Lanarkshire College
New College Lanarkshire	Ayrshire College
West College Scotland	

Wider Stakeholders Consulted
CBI Scotland
Coalition of Care and Support Providers
Colleges Scotland
COSLA
Federation of Small Businesses
Oil & Gas UK
Police Scotland
Scottish Council for Voluntary Organisations (x2)
Scottish Funding Council (x4)
Skills Development Scotland (x9) – includes conference call with Employer Relationship Team
Scottish Trades Union Congress

Appendix D: Background and Context

This Appendix sets the context for the evaluation, and covers:

- the role of skills and workforce development in a modern economy; and
- background on the Apprenticeship Levy.

Skills in a Modern Economy

A strong and growing economy is the ultimate aim of the Scottish Government, and in order to achieve this a vibrant, fair, and inclusive labour market¹⁵ is required. Skills in their wider sense are crucial for both individuals and employers. For individuals, it will impact on their ability to obtain, sustain, and progress in well paid (fair) employment, while for employers, skilled employees are a key component of all business models - they need skilled employees to deliver their work effectively and efficiently.

It is no coincidence that economies with higher level skills tend to be more competitive, achieve higher economic outputs, and have higher income profiles. It is also crucial to recognise that skills are not static and that once acquired they will need to be refreshed and developed in line with new employer requirements, technological progress, and/or new ways of working. Workforce development is a key approach to ensuring that employees develop and improve their skills to support businesses to grow and prosper.

Stimulating sustainable economic growth is a key priority for the UK and Scottish Governments, and is with a view to increasing competitiveness and productivity at all levels.

There has long been a supportive policy environment at a UK and Scotland level to deliver a wide range of projects, programmes and interventions that seek to further support skills, training, and employment. This includes for example, pre-employment support, apprenticeships, and sector-specific skills support.

¹⁵ Scotland's Labour Market Strategy 2016.

This is in recognition that education, skills, and a strong labour market are crucial to ensuring economic success. In a policy context, the Scottish Government¹⁶ highlight a continuing commitment to:

- building on the strengths of, and fully utilising, a highly skilled workforce;
- developing the human capital and productivity of all of the workforce;
- creating a more educated, flexible, engaged, and innovative workforce;
- ensuring equality of opportunity to access employment opportunities; and
- preparing people for the world of work and career progression.

The Scottish Government has developed a strategic labour market framework which seeks to deliver “*a strong labour market that drives inclusive, sustainable economic growth, characterised by growing, competitive businesses, high employment, a skilled population capable of meeting the needs of employers, and where fair work is central to improving the lives of individuals and their families*”.

Essentially, workforce development is about how to make current employees more productive through upskilling or reskilling. Having a trained and skilled workforce is vital to ensure that the immediate and future needs of an area (or country) are met. Indeed, there are a number of internal and external factors at play that will require adjustments to be made by employers (and others), and in particular highlight the need for a more flexible and skilled workforce. This includes for example, an ageing workforce, technological progress and change, and Brexit.

Apprenticeship Levy

The UK Government announced the introduction of the UK-wide Apprenticeship Levy at the Summer Budget 2015, and it came into effect in April 2017. The Levy affects employers in all sectors (public, private, third), and is to be paid on annual paybills in excess of £3 million (all other employers are exempt). It equates to a Levy of 0.5% of their total payroll.

¹⁶ Scottish Government, Scotland's Economic Strategy, 2015, and Scotland's Labour Market Strategy, 2016.

The funding generated by the Apprenticeship Levy from larger employers is being used by the UK Government to support its commitment to boosting productivity by investing in human capital (e.g. via apprenticeships). Levy-paying employers in England receive their Levy payments back in the form of Digital Vouchers to spend on apprenticeships.

Scotland's settlement from the Apprenticeship Levy is £690 million (over a three year period of 2017/18 to 2019/20), and there are estimated to be circa 4,000 levy-affected businesses in Scotland. At a Scotland level skills policy is, however, a devolved matter and responsibility for the investment of the Levy rests with the Scottish Government.

The Scottish Government undertook a wide-ranging consultation exercise during 2016 to determine how best the Levy income could be spent to further support skills, training and employment in Scotland. A total of 374 responses were received, primarily from the private sector (45%)¹⁷. In response, the Scottish Government announced in December 2016 that the Apprenticeship Levy would be used to deliver action against four identified priorities¹⁸:

- continuing expansion of the number of Modern Apprenticeship opportunities as part of the planned growth to 30,000 new starts each year by 2020, alongside an increase in the number of Graduate Level and Foundation Apprenticeships during 2017/18;
- support measures to tackle structural unemployment issues and challenge inequalities and under-representation in the labour market by supporting people who face barriers to education, training or employment;
- continuing implementation of the Youth Employment Strategy: Developing the Young Workforce, including the development of the network of Developing the Young Workforce Regional Groups and the delivery of employment-focused college provision for young people; and
- workforce development - responding to the immediate skills needs of employers, through:
 - the establishment of a new FWDF (which is the focus of this evaluation)
 - on-going and sector-specific skills support for priority sectors in the economy such as digital, care and early years.

¹⁷ Other main responses: education establishments (17%) and individuals (14%).

¹⁸ Scottish Government Response to Apprenticeship Levy <https://consult.gov.scot/employability-and-training/apprenticeship-levy/results/scottish-government-response-to-the-uk-government-apprenticeship-levy----.pdf>

Appendix E: Employers Survey

This Appendix presents the main findings of a survey of employers on the FWDF which sought their views and experiences of engagement with the college network and the Fund.

Context

An online opt-in survey was promoted and distributed on behalf of EKOS via colleges to employers on their patch. EKOS provided colleges with an introductory email text and a link to an online survey that asked employers to:

- specify which college they are engaging with;
- indicate whether they wanted to opt-in or opt-out of the telephone survey; and
- if selected opt-in – we gathered some basic contact details (name, telephone number, etc.).

Other organisations also helped distribute the opt-in - opt-out survey link to employer contacts, including SDS, NHS Scotland, and Coalition of Care and Support Providers.

A total of 187 responses were received of which 172 employers opted-in to the survey. These employers were then contacted and asked to take part in a telephone survey.

A breakdown of opt-in responses by college is provided below, **Table E.1**. It should be noted that there were no responses from employers engaging with South Lanarkshire College, Argyll College UHI, Lews Castle College UHI, North Highland College UHI, and North Atlantic Fisheries College

Table E.1: Employers Opting-In to Telephone Survey

College	Nos of Opt-Ins	College	Nos. of Opt-Ins
Ayrshire College	9	Inverness College	8
Borders College	5	Moray College	3
City of Glasgow College	7	North East Scotland College	3
Dundee and Angus College	24	New College Lanarkshire	7
Dumfries and Galloway College	6	Orkney College	2
Edinburgh College	16	Shetland College	1
Fife College	11	Perth College	1
Forth Valley College	15	West College Scotland	15
Glasgow Kelvin College	7	West Highland College	2
Glasgow Clyde College	4	West Lothian College	7

N=153.

Not all employers provided details of college engaging with, and might reflect early stage of conversation.

A total of 82 telephone interviews were completed, which represents a response rate of 48%.

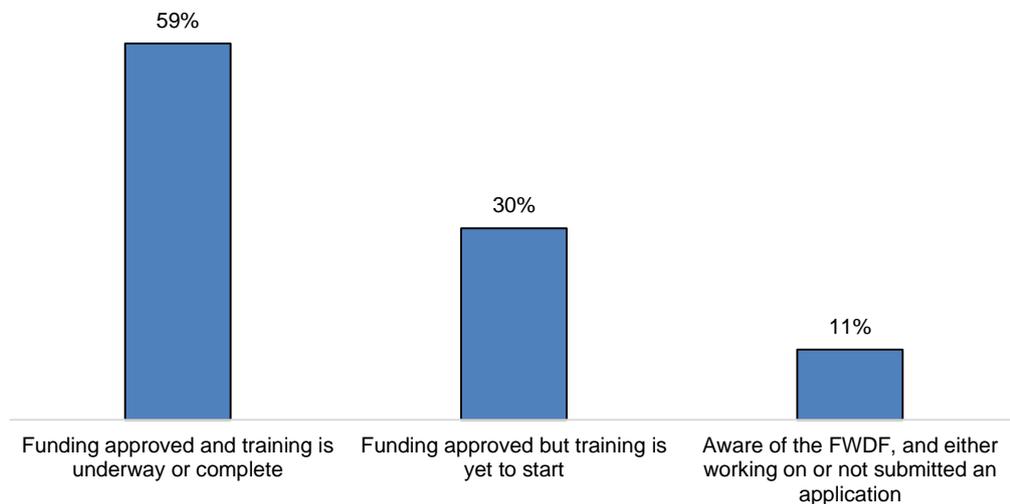
Employers Stage in the FWDF Process

Most employers surveyed have accessed funding from the FWDF, but are at different stages – for example the training is either underway, complete, or yet to start (89%),

Figure E.1.

All other employers consulted are aware of the FWDF (11%) – four employers are currently working on an application and/or agreeing training, and five have decided not to apply.

Figure E.1: Employers' Stage in the FWDF Process



N=82.

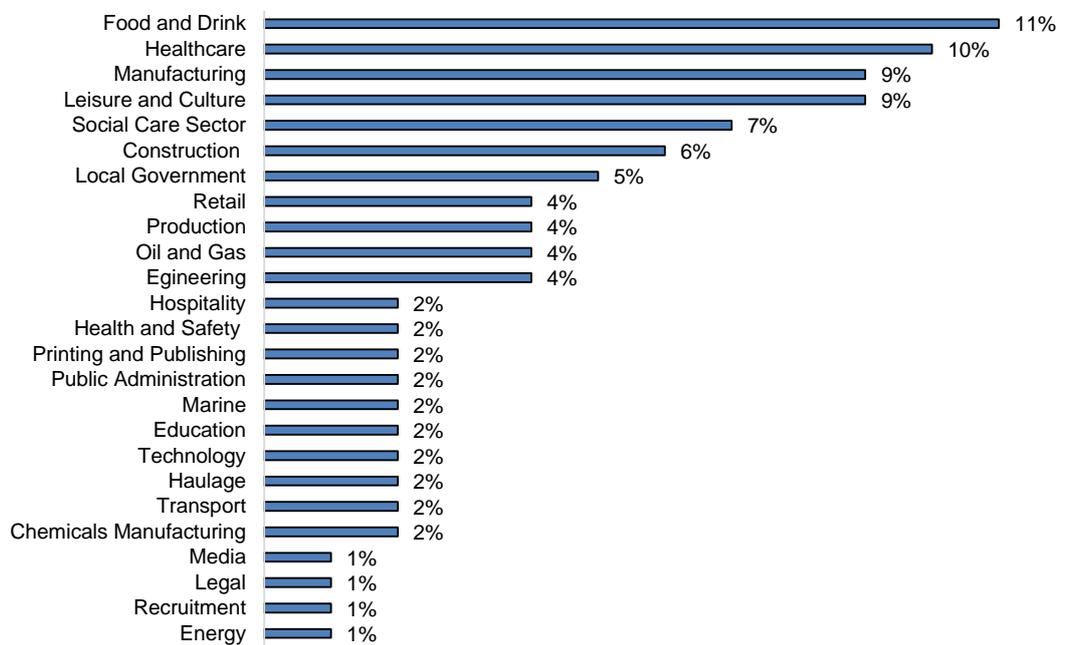
It should be noted that there are some common question areas asked of all employers, and specific question areas depending on what stage employers are at with the FWDF. Base numbers are provided in Figures and Tables for ease of reference.

Employers Profile

Business Sector, Type and Local Authority

As might be expected, employers operate across a range of sectors, with the most common responses from employers in the Food and Drink, Healthcare, Manufacturing, and Leisure and Culture sectors, **Figure E.2**.

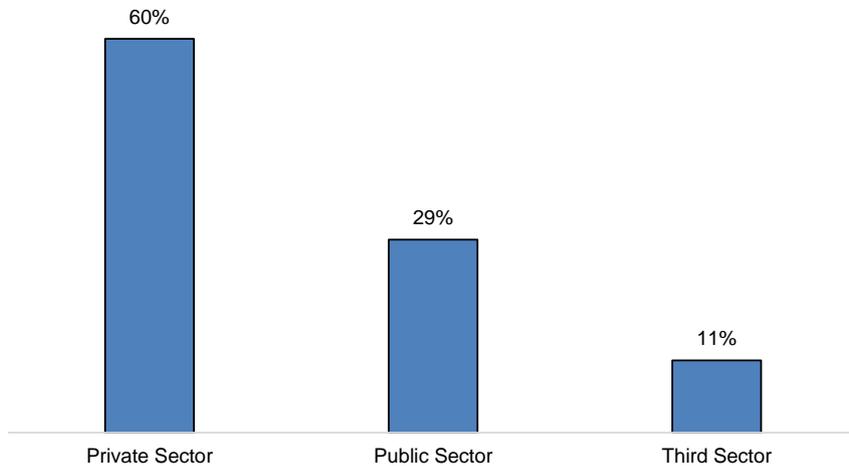
Figure E.2: Business Sector



N=82.

A mix of employers took part in the survey, with more private sector (60%) followed by public sector (29%) employers, **Figure E.3**. In part, this is likely to reflect the make-up of employers that have accessed the Fund and the reach of the opt-in – opt-out survey.

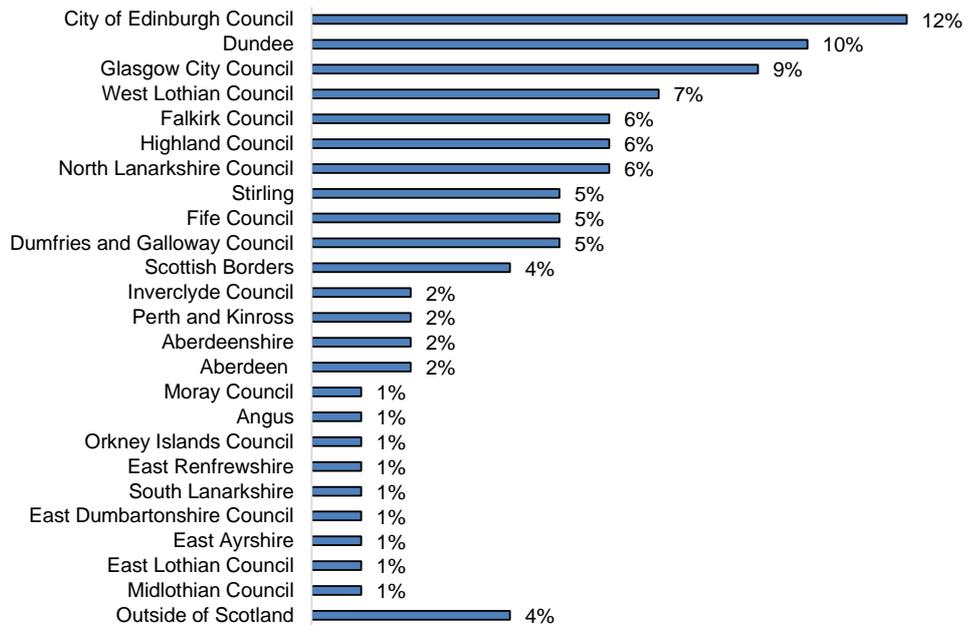
Figure E.3: Business Type



N=82.

Employers' company HQs are based across Scotland, with the survey securing responses from employers with HQs within 24 of Scotland's 32 Local Authority areas. The most common responses were from employers with HQs in Edinburgh City, Dundee, and Glasgow City – all are key population and business centres, **Figure E.4.**

Figure E.4: Employer HQ Location



N=81.

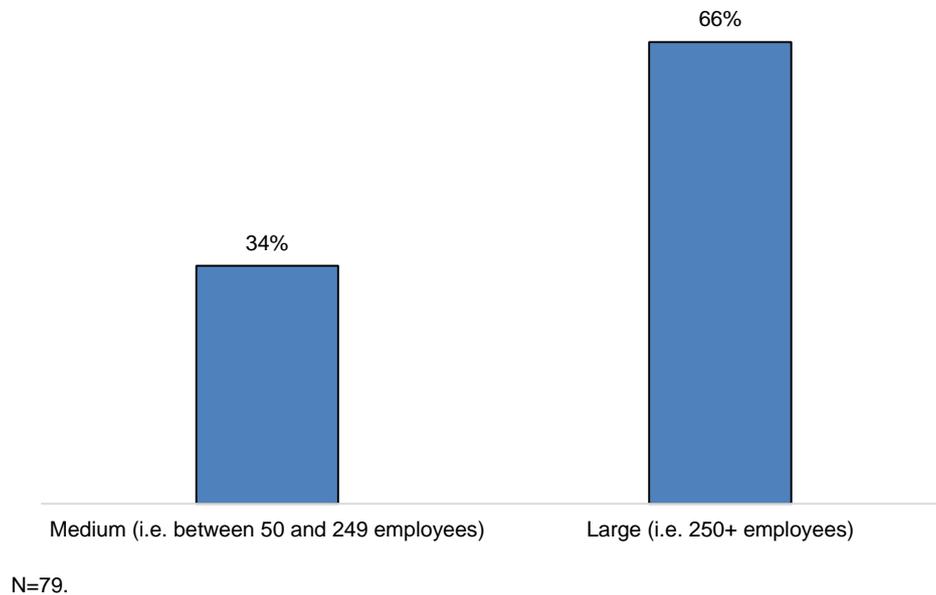
Outside of Scotland HQ's were all based in England.

The majority of employers operate from multiple-sites across the country (e.g. national employers) - 76%, with the remainder operating from a single site (24%).

Business Size

All are medium or large employers, of which two-thirds have more than 250 employees (i.e. large employer), **Figure E.5**. The number of employees ranged from 85 to 24,000 (average is 1,600).

Figure E.5: Business Size



Prior to the FWDF

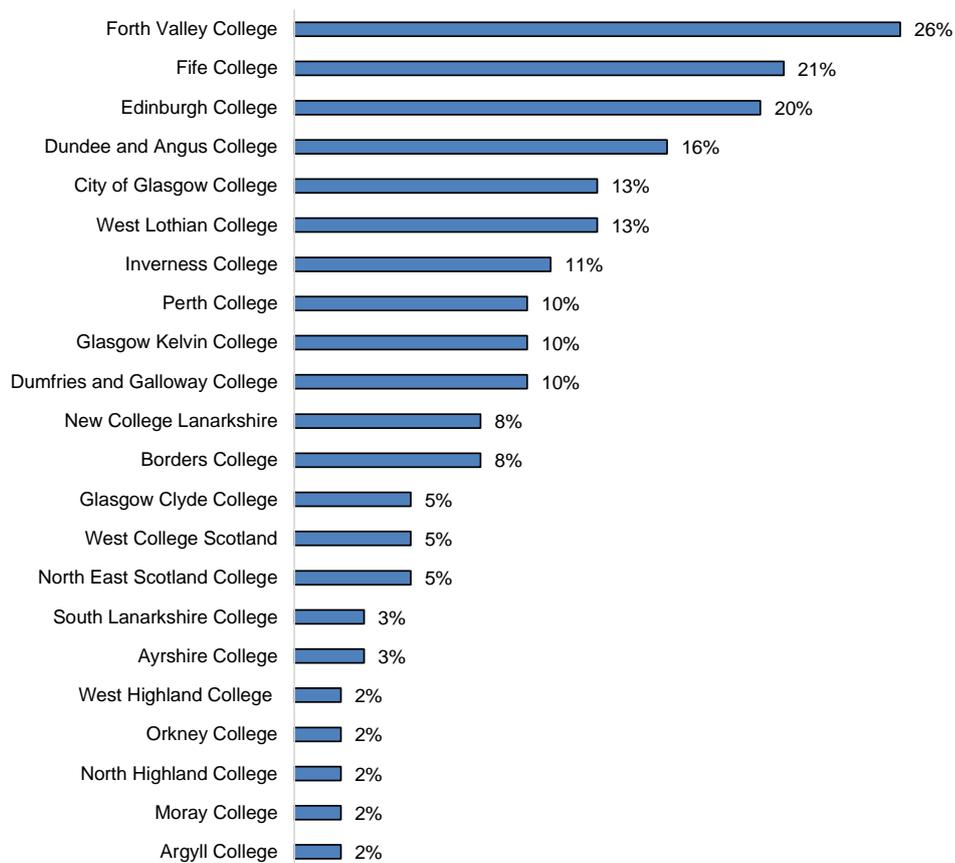
The following questions in this section all relate to employers' experience prior to the FWDF.

Previous Engagement with a College

Almost 75% of employers had engaged with a Scottish college prior to the FWDF – this suggests that much of the engagement to date has been with existing clients. That being said, the Fund is also reaching some employers who have no prior experience of college engagement (25%).

The top four colleges where college engagement had previously taken place are Forth Valley, Fife, Edinburgh, and Dundee and Angus, **Figure E.6** – and is largely reflective of the make-up of the sample.

Figure E.6: Previous Engagement with a Scottish College

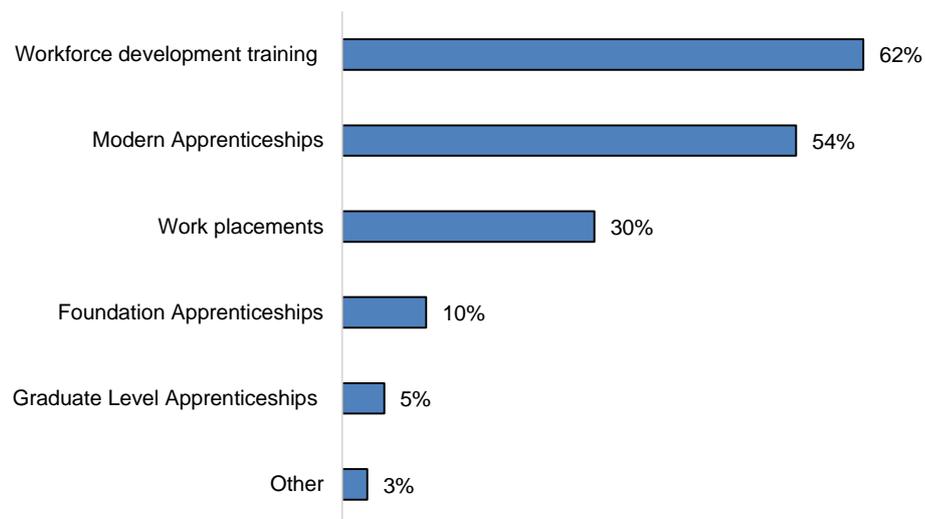


N=61. N.B. Multiple responses possible.

Type of Previous Engagement with Colleges

Prior to the FWDF, colleges have engaged with colleges in a range of ways. The main ways are workforce development training (62%) and Modern Apprenticeships (54%), followed by work placements (30%), **Figure E.7**.

Figure E.7: Nature of Previous College Engagement



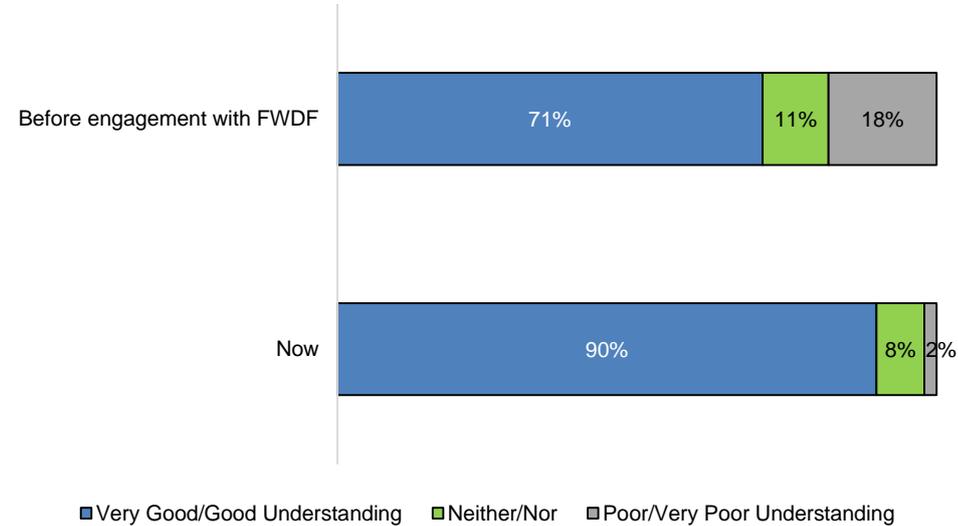
N=61. N.B. Multiple responses possible.
Other includes: developing a course with a college and attending careers fairs.

Understanding of the College Sector

While many employers reported a good understanding of how the college sector could help with workforce development prior to engagement with the FWDF (71%) - and in part this is reflective of the fact that almost 75% of employers had previous experience of college engagement – there has still been a positive shift in levels of understanding, **Figure E.8**:

- an increase of good/very good ratings from 71% before to 90% now; and
- a corresponding decrease in employers reporting a poor/very poor understanding (18% before to 2% now).

Figure E.8: Previous and Current Understanding of College Sector’s Services

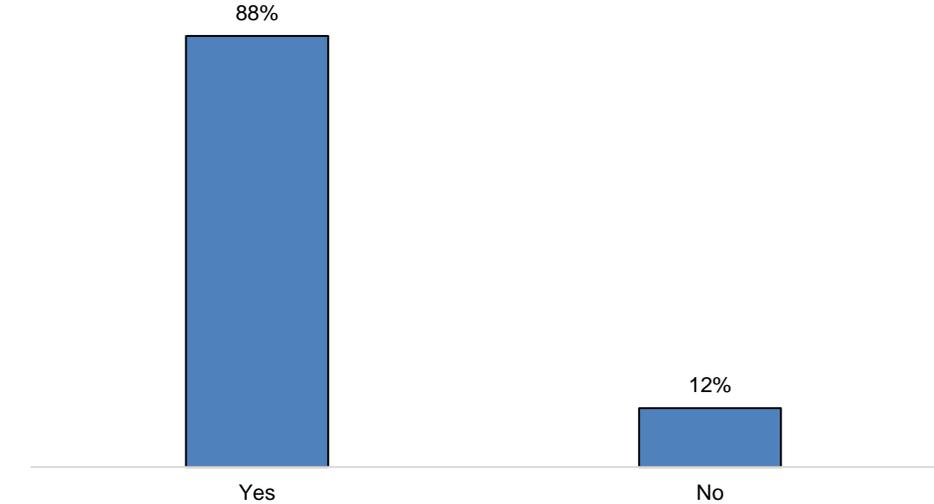


N=61.

Workforce Development

A positive finding is that the over four-fifths of employers report that the delivery of skills and training is a key activity for their business, **Figure E.9**.

Figure E.9: Delivery of Skills and Training Activities a Key Priority



N=82.

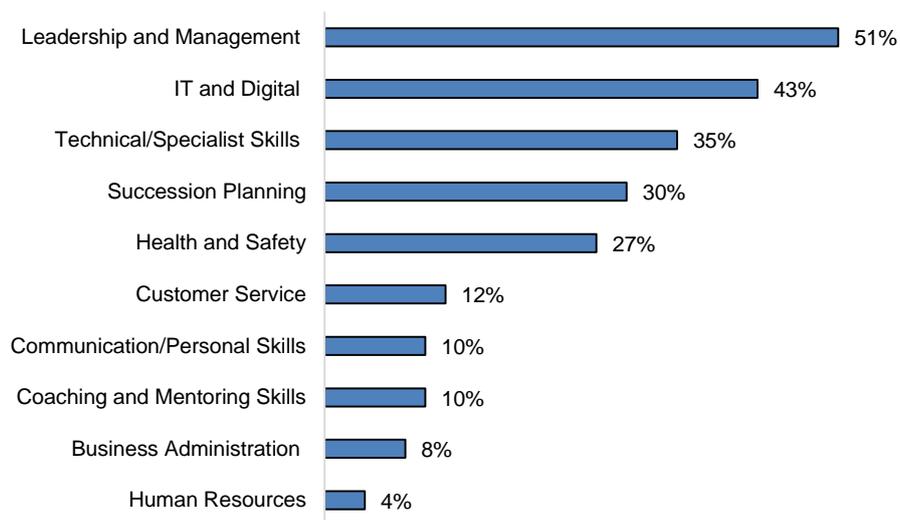
Where workforce development is not considered a top priority (12%), the main reasons provided centre on the following:

- where employers must undertake mandatory training they do so, however they do not place emphasis on other general staff development/training;
- cost factors; and
- it is one of a number of priorities.

Current Skills Gaps

Employers identified a range of current skills gaps, with the most common skills gaps leadership and management, IT and digital, technical/specialist skills, succession planning, and health and safety, **Figure E.10**.

Figure E.10: Current Skills Gaps



N=78. N.B. Multiple responses possible.

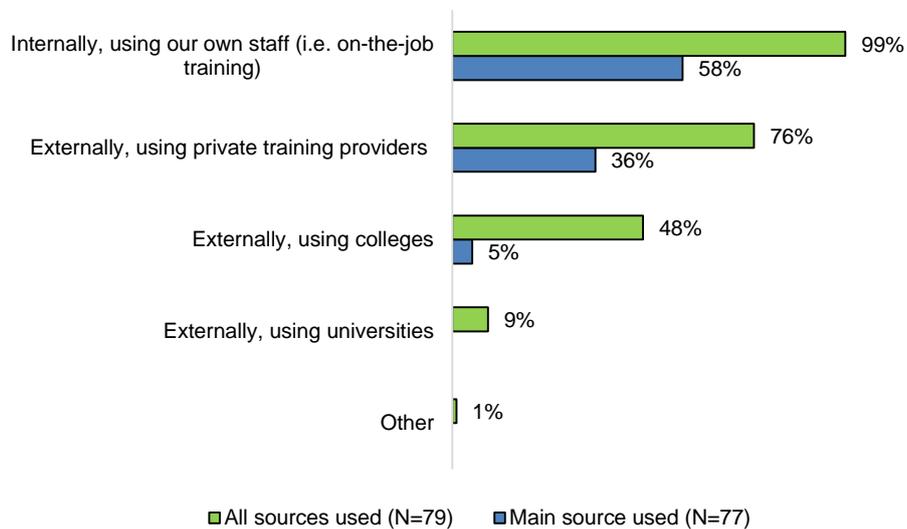
The technical/specialist skills gaps employers noted are those specific to their sector of operation, and include skills associated with job roles such as chefs, welding, engineering, quantity surveying, and marketing.

Current Workforce Development and Training Provision

Employers typically use a combination of internal (on the job) and external training providers to meet their workforce development and training needs, **Figure E.11**.

Internal on-the-job training is the main source for 58% of employers, with 41% using external sources as the main source. Where employers access external sources, this is more likely to be private training providers than colleges.

Figure E.11: Sources Used for Workforce Development and Training



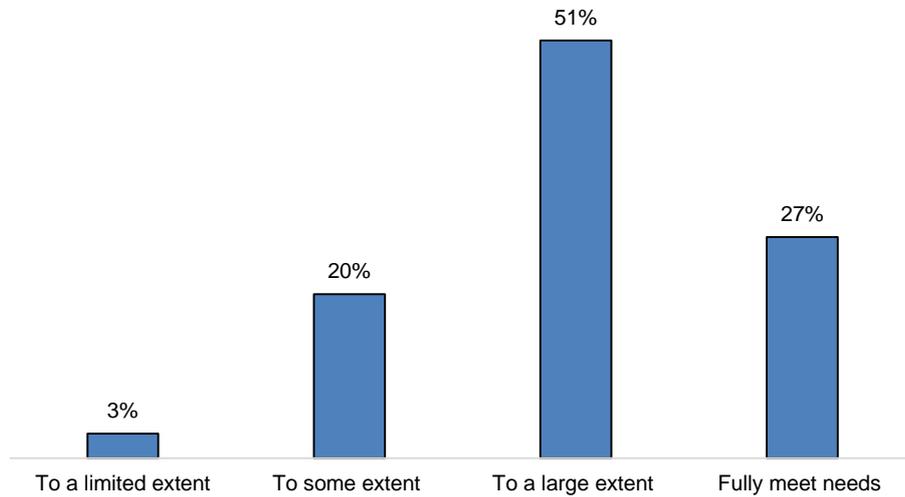
N.B. In the case of 'All sources used' multiple responses were possible.
Other includes: charities and not-for-profit organisations.

Over three-quarters of employers reported that current training providers meet their workforce development/up-skilling needs to a large extent or fully (78%), **Figure E.12**.

The main reasons for this relatively high level of satisfaction relates to employers:

- being able to access tailored/bespoke courses to fit their training needs;
- choosing to work with those training providers they know can meet their needs;
- valuing the importance and value of on-the-job training (as well as external provision); and
- positive feedback from employees who have participated in training.

Figure E.12: Extent to Which Current Workforce Development Training Meets Needs



N=79.

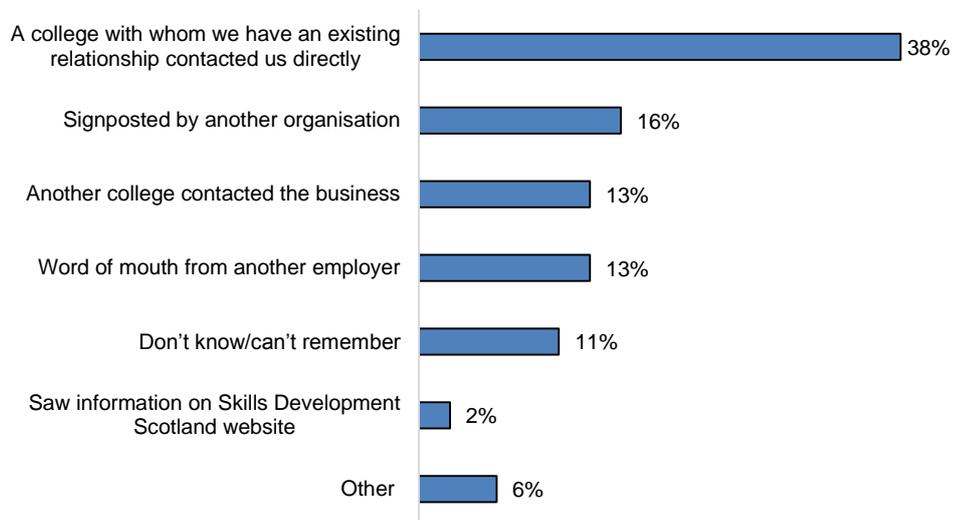
Where current providers of workforce development training do not meet employers' needs to any large extent or at all (23%), the feedback typically centres on:

- external providers not providing bespoke/tailored courses; and
- negative feedback from employees on previous courses.

Finding Out About the Fund

The main way employers became aware of the Fund was directly from a college they have an existing relationship with (38%), followed by signposted by another organisation or from another college, **Figure E.13**.

Figure E.13: How Employers Became Aware of the FWDF



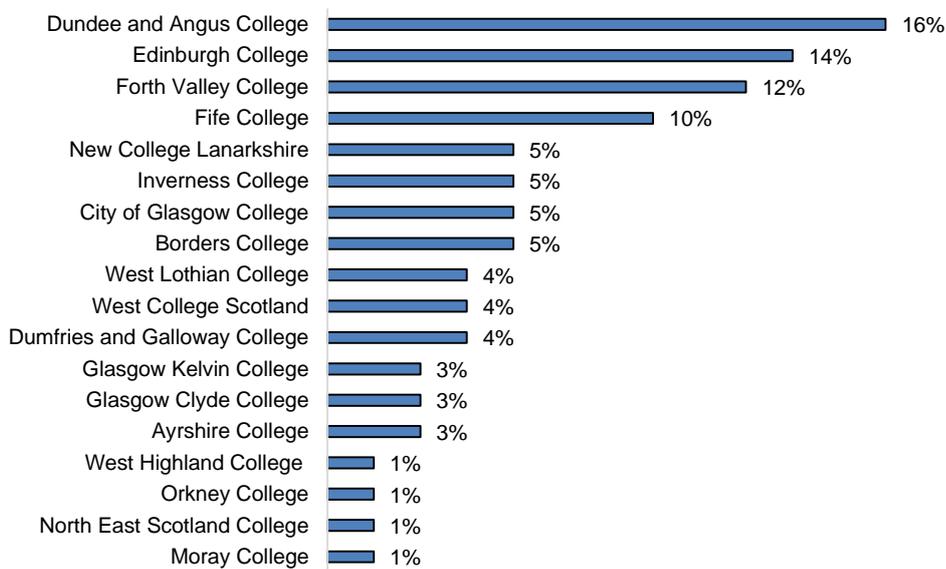
N=82.

Other includes: hearing about it through committees they are involved with.

College(s) Engaged With for the FWDF

Where employers are in receipt of funding, the training is largely being delivered by Dundee and Angus College, Edinburgh College, Forth Valley College and Fife College, **Figure E.14**. However, it should be noted that the colleges with the most responses were those for which we received more opt-in contacts.

Figure E.14: College Delivering FWDF Training

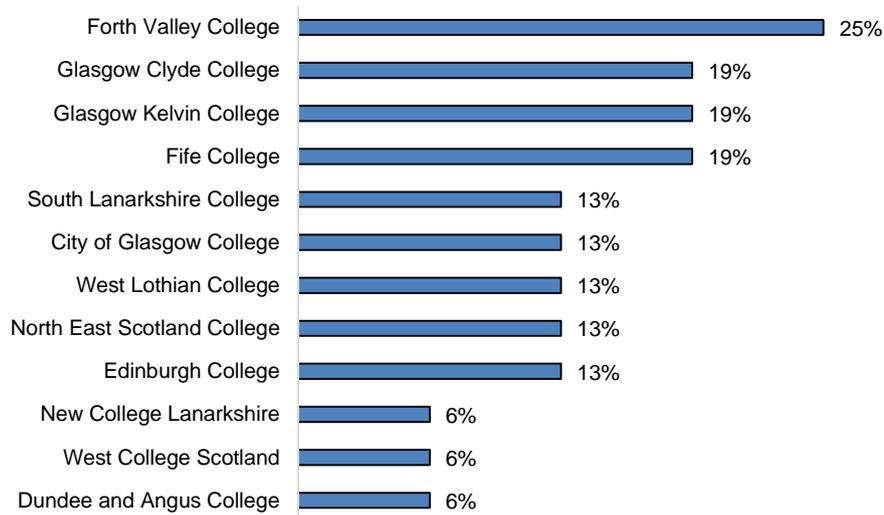


N=73.

Some 22% of employers had initial contact at the application stage with more than one college about the FWDF, as outlined below in **Figure E.15**. The main reasons why employers did not choose the college in question relates to:

- not offering the training courses needed; and
- another college had approached the employer first; and
- they had an existing relationship with the other institution.

Figure E.15: Other Colleges That Employers Had Initial Engagement With



N=16. N.B. Multiple responses possible.

Satisfaction with Initial Engagement

Overall, there are high levels of satisfaction with employers' initial contact with colleges on the FWDF. With the exception of ease of finding out about the Fund, this ranged from 77% for college's understanding of business needs to a high of 96% for clarity on how much funding was available, **Table E.2**.

Much of the wider feedback centred on colleges being very clear, helpful, flexible and supportive through the application process. Many employers reported that colleges were willing to have multiple meetings to discuss the details of the FWDF which helped employers feel supported and informed about the process to follow.

"The college was helpful and easy to get in touch with and happy to answer all of our questions."

FWDF Employer

Table E.2: Levels of Satisfaction with FWDF Initial Engagement

Aspect	Very Satisfied/Satisfied (%)	Neither/Nor (%)	Dissatisfied/Very Dissatisfied (%)
Clarity on how much funding was available	96%	2%	2%
Initial contact and help from staff	90%	7%	2%
Clarity on what training was eligible for support	78%	12%	10%
College's understanding of your business's needs	77%	13%	10%
Ease of finding out about the Fund (i.e. marketing and promotion)	56%	17%	27%

N=82.

The main area of dissatisfaction is ease of finding out about the Fund (27%), with wider feedback from that employers that they had seen little or no promotion of the Fund, and only became aware of it when, for example, a college contacted them.

“It was almost as if information about the Fund was hidden as we had no idea it was going ahead even though we are paying into the levy.”

FWDF Employer

Areas for improvement centred on making the Fund more visible to employers – making information more widely available, including the range and type of courses that can be accessed (and what is not eligible).

Satisfaction with Application Process

Employers in receipt of funding are in the main satisfied with many aspects of the application process. Highest levels of satisfaction are for help received with the application form, the time taken to receive a decision on the application, and the ease of completing the form (satisfaction ranges from 85% to 96%), **Table E.3**.

Wider feedback from employers again centres on the supportive and helpful nature of college staff, and that the application is straightforward and easy to complete.

Table E.3: Levels of Satisfaction with FWDF Initial Engagement

Aspect	Very Satisfied/ Satisfied (%)	Neither/ Nor (%)	Dissatisfied /Very Dissatisfied (%)	N/A (%)
Help from the college with the application form	96%	1%	3%	
Time taken to receive a decision on your application	88%	4%	8%	
Ease of completing the application form	85%	10%	5%	
Deadlines for application submission	47%	25%	29%	
Training needs analysis undertaken	41%	4%	3%	52%

N=73.

That being said, there are also some wider points to note:

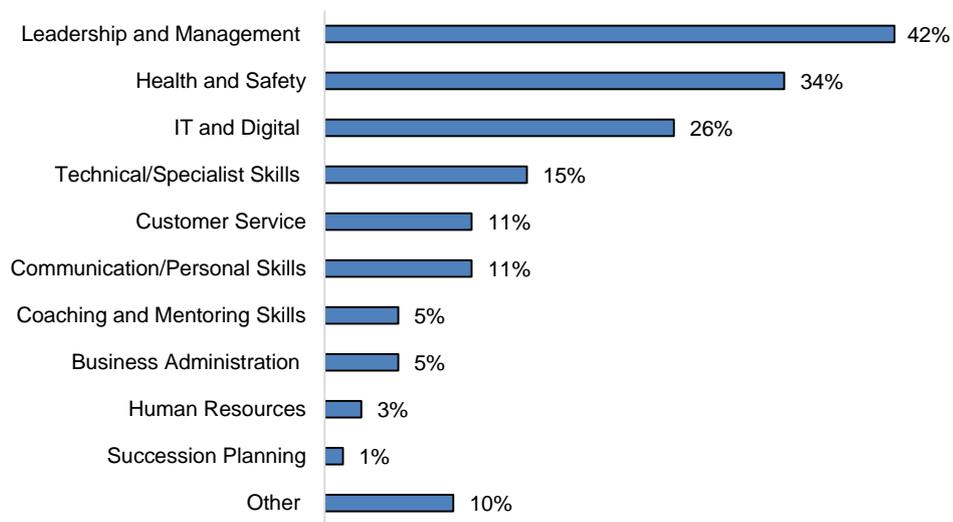
- employers are less satisfied with deadlines for the application (25% dissatisfied) – and this mainly relates to the various changes to deadlines over the first year of the Fund, with many employers feeling that their application had to be rushed to meet these deadlines, which they would then hear had extended/changed last minute; and
- many employers did not recognise having had a training needs analysis undertaken – this reflects a number of factors, including that some employers had already undertaken this internally or that tight deadlines for applications meant that this was not considered to have been undertaken. It might also be reflective of the informal nature of this part of the assessment, in some cases this was simply a conversation.

The main area for improvement centres on the deadlines for application forms – with some employers suggesting a rolling application programme year round and that if deadlines are going to be changed they are informed of this within plenty time.

Training Undertaken

Employers in receipt of funding have opted for a variety of training courses, and in the main this relates to leadership and management, health and safety, and IT and digital skills, **Figure E.16**. These directly match onto the skills gaps reported earlier.

Figure E.16: Nature of Training Undertaken or to be Undertaken



N=73. N.B. Multiple responses possible.

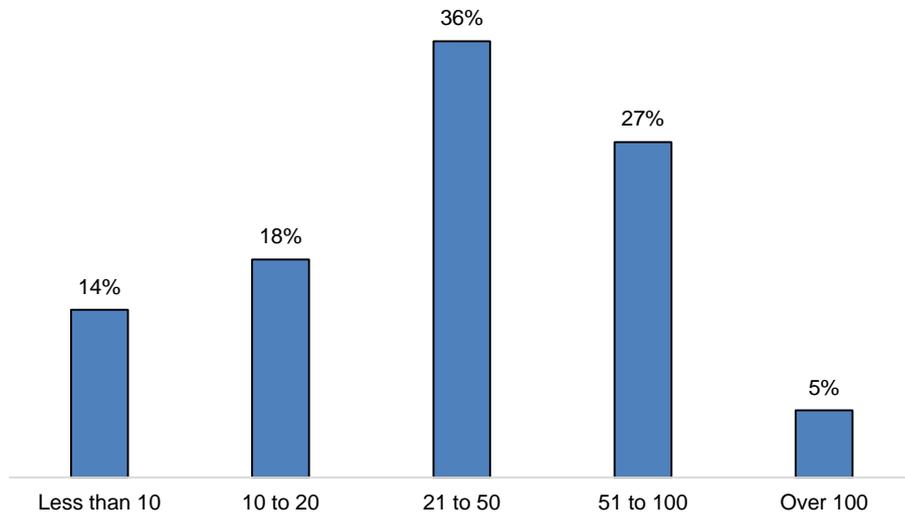
Other includes: food safety/hygiene and mental health awareness training.

The technical/specialist training typically relates to the specific technical/specialist skills gaps employers had identified earlier (**Figure E.10**) such as chefs, welding, engineering, quantity surveying and marketing.

The number of employees taking part in the training ranges from less than 10 to 100+. Over two-thirds of employers indicated that they have less than 51 employees taking part, **Figure E.17**.

The total number of employees being trained through the FWDF is 3,200. This ranges from three to 195, with an average of 44 employees.

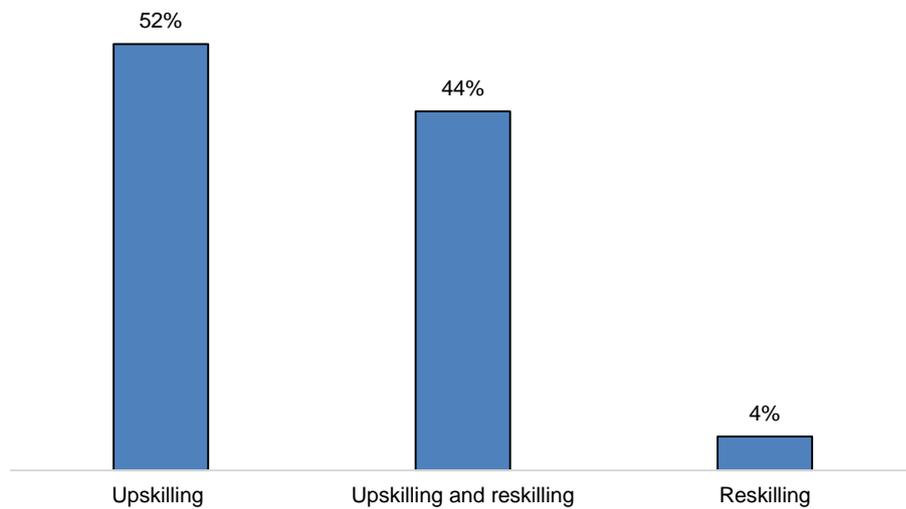
Figure E.17: Number of Staff Taking Part in Training through the FWDF



N=73.

The majority of employers (96%) indicate that the training courses involve upskilling, with 48% involving reskilling, **Figure E.18**.

Figure E.18: Purpose of training



N=73.

Overall, 70% of employers in receipt of funding indicate that the training will lead to a formal qualification, 43% report that it will not, and the remainder are unsure¹⁹.

As **Table E.4** shows, the types of courses which will typically lead to a formal qualification for staff includes human resources, leadership and management, health and safety and business administration.

Table E.4: Whether Training Will Lead to a Qualification

Training Type	Formal Qualification (%)	No Formal Qualification (%)	Don't Know (%)
Human Resources (N=3)	100%		
Health and Safety (N=27)	93%	7%	
Leadership and Management (N=36)	81%	17%	2%
Business Administration (N=5)	60%	40%	
IT and Digital (N=24)	50%	46%	4%
Technical/Specialist Skills (N=12)	50%	42%	8%
Customer Service (N=10)	40%	60%	
Coaching and Mentoring (N=5)	40%	60%	
Communication/Personal Skills (N=8)		100%	
Succession Planning (N=1)		100%	
Other (N=7)	71%	29%	

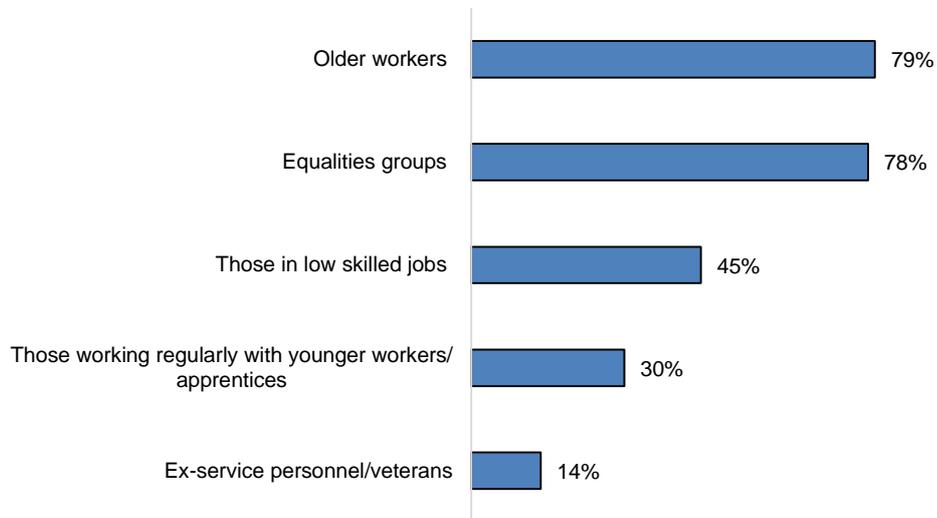
A wide range of employees are taking part in the training – with a particular emphasis on older workers (50+) and those belonging to equalities groups, **Figure E.19**.

In terms of equalities groups, this appears to be a mix of:

- women (and men);
- disabled people;
- employees from an ethnic minorities background; and
- older workers (and younger workers).

¹⁹ Note multiple responses allowed. For example, employers that undertook multiple training courses, not all will lead to qualification, etc.

Figure E.19: Employees Participating in the Training



N=73. N.B. Multiple responses possible.

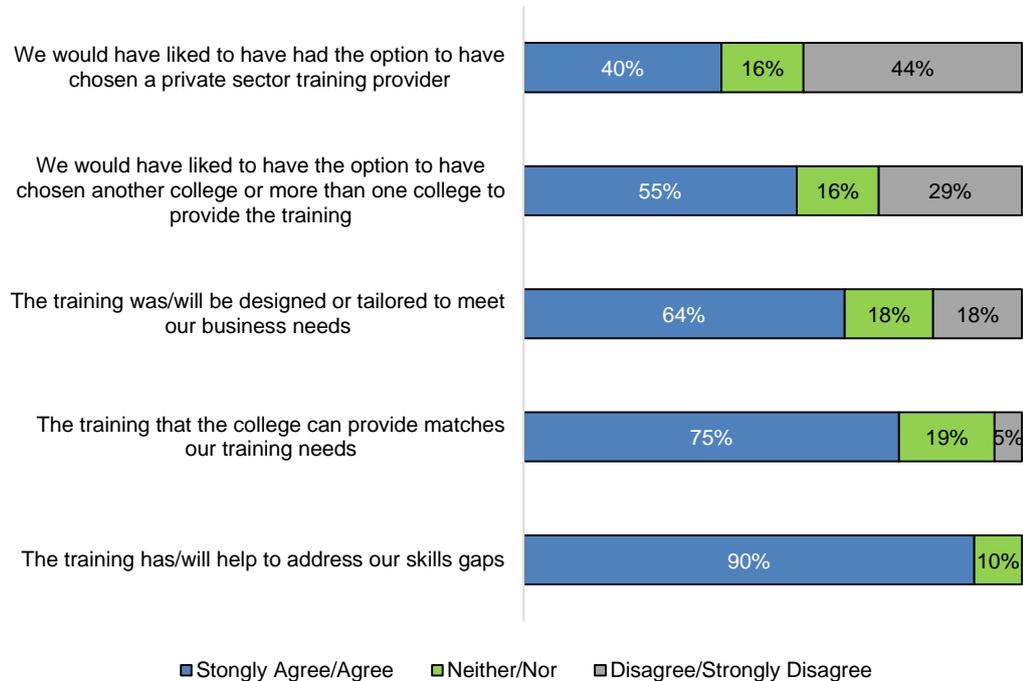
Views on the Training Providers

Mixed views were provided on training providers by those employers in receipt of funding.

On a positive note:

- almost all employers report that the training provided by the colleges will help address skills gaps (90%) – and that a wide range of courses are available; and
- there are also relatively levels of agreement on the capability of colleges to provide the training needed (75%) and that courses are being tailored (64%).

Figure E.20: Training provider statements



N=73.

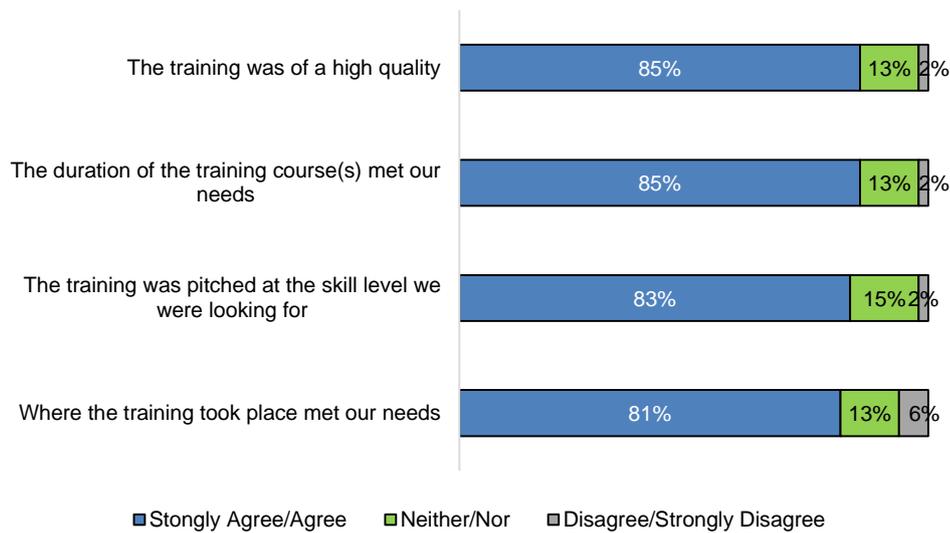
However, some wider points to note include that a relatively high proportion of employers would have liked the opportunity to have chosen another college(s) to provide the training or a private sector provider (55% and 40% respectively).

Wider feedback relates to some employers looking for a greater range of provision and/or more tailored training, and for employers with multiple sites across Scotland they would have valued being able to work with more than one college to save costs of travel for employees and money spent on replacing employees who were to attend these courses.

Views on the Training Delivered

Overall, employers are positive about the training provided (where this has started or is complete). This ranges from 80% who agree/strongly agree that where the training took place met their needs to a high of 85% for both the training was of a high quality and it met their needs, **Figure E.21**. Where satisfaction was high, employers pointed to having received positive feedback from employees.

Figure E.21: Training delivered statements



N=48.

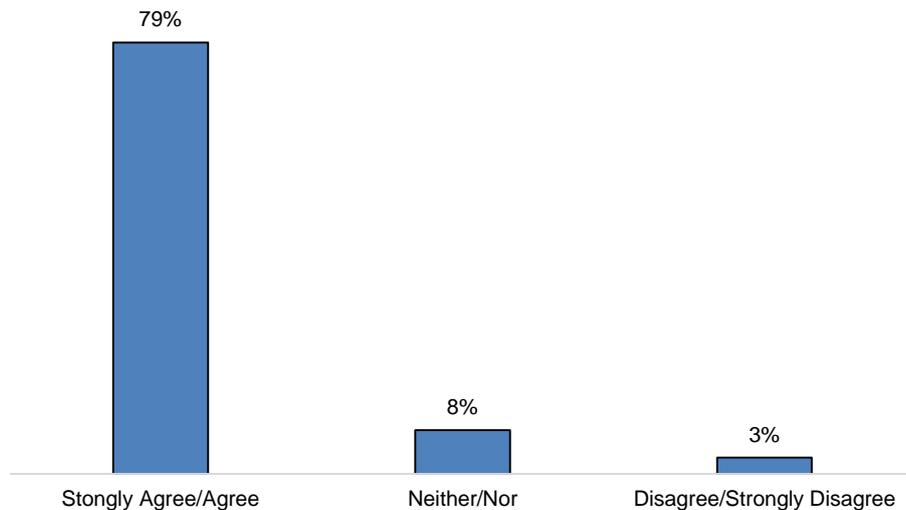
Areas of dissatisfaction typically centres on time away from the business (in particular for longer courses).

Aspects which some employers felt could be improved included increased communication between the college and employer to ensure that the training delivered meets their needs in terms of level, location, duration and quality.

Value for Money

A positive finding is that almost four-fifths of employers agreed/strongly agreed that the training was value for money, **Figure E.22**, and this is likely to be reflective of the high levels of satisfaction reported earlier.

Figure E.22: FWDF Training - Value for money



N=48.

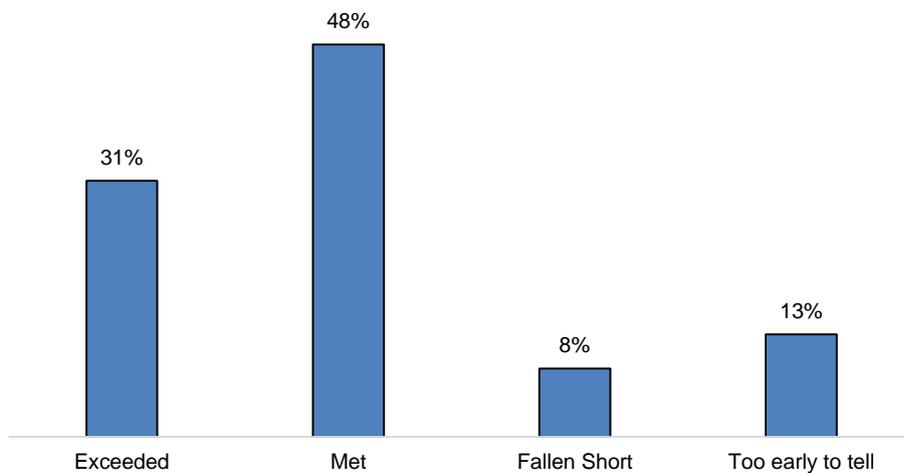
A small number of employers provided reasons for why the training was considered value for money are considered to be: that the training budget has enabled employers to access in many cases multiple training courses across different subject matters and many employees have/are participating in the training.

Where value for money was not reported, feedback centres on the need for employers to backfill staff posts to cover employees attending the training, and it would have been better for the funding to have been given to the employers to provide the training themselves internally (e.g. might be more efficient and effective).

Extent to which Expectations have Been Met

Where training is underway or complete, some 79% of employers report that the training has either met or exceeded their expectations, of which almost one-third report that their expectations have been exceeded, **Figure E.23**. This is directly related to employers' receiving positive feedback from employees.

Figure E.23: Extent to Which FWDF Training Met Expectations



N=48.

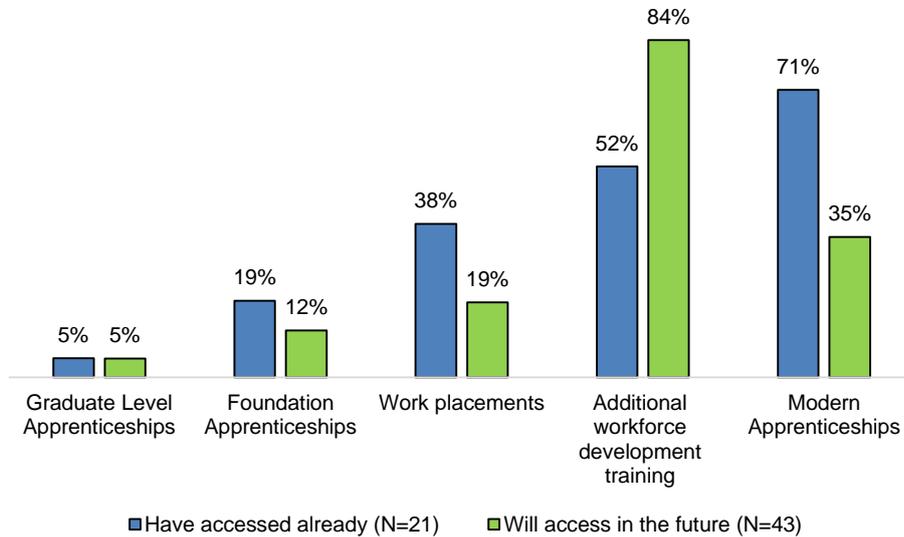
A few employers reported that the training had fallen short in some way, and this centres on the training not being what they expected (e.g. content/level of course was different from expected) and/or they had received some negative feedback from employees that took part.

Follow-on Activity

A positive finding is that 29% of employers have already accessed follow-on support from the college as a direct result of the FWDF training, and 59% report that they are likely to engage with the college in the future. This suggests that many employers have had a positive experience of the FWDF and their engagement with the college network.

The main types of follow-on engagement accessed already are Modern Apprenticeships and additional workforce development training, **Figure E.24**. Workforce development training is more likely to be accessed by employers in the future.

Figure E.24: Current and Future Follow-on Engagement with College Network



N.B. Multiple responses possible.

Benefits of the Training (Now and Future)

Employers report a wide range of benefits that have been achieved and/or will be achieved over the next year as a direct result of the training undertaken through the FWDF, **Table E.5**. Of Employers, 97% reported at least one current or future benefit.

As is to be expected many of the benefits achieved to date centre on employers' relationship with, and understanding of the college offer. When future benefits are taken into account, it can be seen that more employers report wider benefits, including in relation to the extent to which the training will benefit their workforce.

The main benefits achieved to date are:

- saved money in company training budget (53%);
- increased skill level of employees (53%);
- strengthened an existing relationship with a college (48%); and
- increased engagement with college(s) (42%).

Table E.5: Achieved and Expected Benefits

Benefit	Achieved to date (N=45)	Expected over the next year (N=63)
<u>Employee Benefits</u>		
Increased skill levels	53%	63%
Increased confidence	38%	52%
Gained increased levels of qualification	24%	46%
More motivated	20%	33%
Experience more fulfilling work	7%	21%
It is too early to tell	36%	29%
<u>Business Benefits</u>		
Saved money in our training budget	53%	37%
Saved time/staff resources in procuring training services	36%	25%
Developed new/improved processes and procedures	24%	41%
Increased productivity	9%	29%
Enhanced levels of workplace innovation	7%	24%
It is too early to tell	36%	30%
<u>Company and College Relationship Benefits</u>		
Strengthened an existing relationship with a college	48%	22%
Increased engagement with college(s)	42%	33%
Increased knowledge and awareness of the college offer/expertise	39%	19%
Made new college contacts	38%	21%
Increased understanding of the college offer/expertise	34%	19%
Developed a relationship with a college not worked with before	29%	16%
Increased uptake of college work based learning provision	23%	37%
Improved perception of the college sector's capabilities	23%	16%
It is too early to tell	26%	29%

N.B. Multiple responses possible.

N.B. Company and College Relationship Benefits achieved to date (N=69).

When anticipated benefits are explored, the main benefits are:

- increased skill level of employees (63%);
- increased confidence of employees (52%);
- employees will gain increased levels of qualifications (46%); and

- developed new/improved processes and procedures (41%).

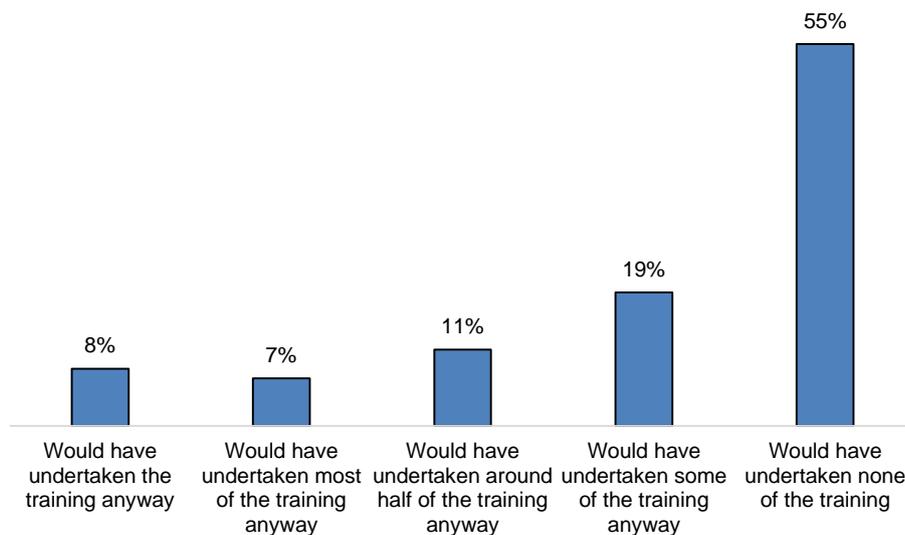
“Other” benefits reported by employers include:

- the training has provided an opportunity for employees to bond and to get to know each other better; and
- increased interest expressed by employees to take part in more training.

Additionality of the FWDF

The findings from the survey suggest relatively high levels of additionality which is a positive message – 74% of employers report that either none or only some of the training would have been undertaken in the absence of the FWDF, **Figure E.25**.

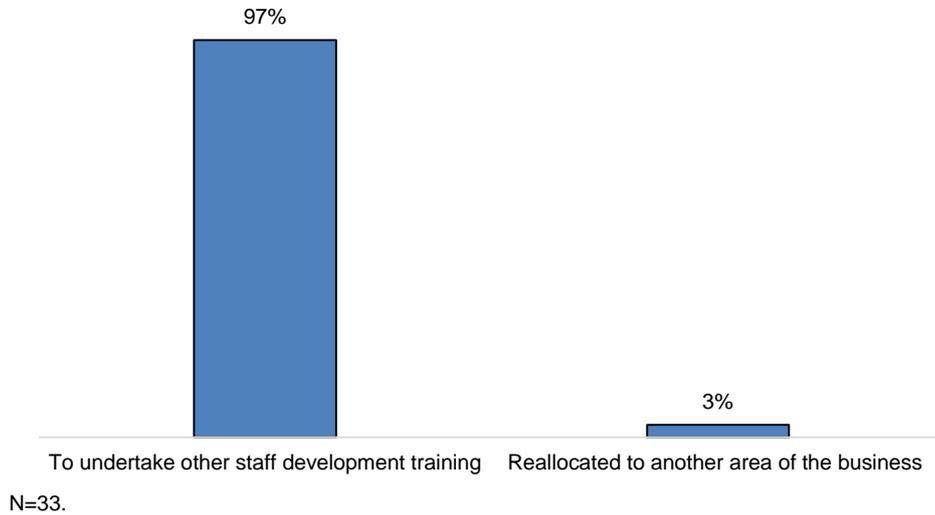
Figure E.25: What Would Have Happened to the Training in the Absence of Funding



N=73.

Of those employers who would have undertaken the training anyways, the majority have/will use this existing budget to undertake this training, **Figure E.26**.

Figure E.26: Use of Existing Training Budget Training Budget



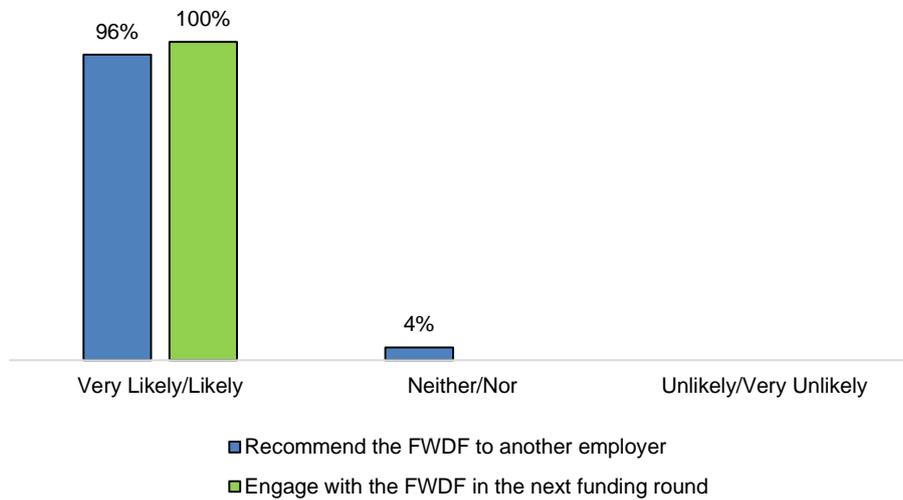
Likelihood of Further Engagement with the FWDF

Further positive findings include that:

- almost all employers would recommend the FWDF to another employer (96%); and
- all expressed an interest in accessing the FWDF in future years (100%).

These findings show that there will likely to be a good level of repeat business for the Fund in Year 2, and again is largely reflective of the high levels of satisfaction reported by employers of their experience of accessing and using the funding.

Figure E.27: Recommend to Others and Access the Fund in Future Years



N=73.

What Works Well and Areas for Improvement

Some of the ways employers felt that the FWDF works well are that:

- employers feel like they are getting something back from the money they pay into the Apprenticeship Levy;
- it gives employers the opportunity to assess and address important skill gaps;
- it helps employers undertake training which they may not have had the funding for;
- the process from beginning to end is considered to be simple and easy;
- employers can form beneficial and lasting relationships with colleges; and
- the wide range of courses on offer ensures employers can receive the specific training they need.

“Its an opportunity for employers to reflect on what their skills needs are and process these requirements with the college and help to address them. “

FWDF Employer

“You have an amount that is enough to have some influence and can be used flexibly in order to meet your needs. “

FWDF Employer

The main areas for improvement identified by most employers are that:

- the amount of funding employers can receive (up to £10,000) should be increased and proportionate to how much paid into the levy; and
- greater marketing and promotion of the FWDF to employers.

Other improvements suggested by some employers are that:

- some of the terms and conditions of the FWDF make it less “flexible” and could be relaxed in some way (i.e. can choose any college/more than one college, could use private training providers, etc.); and
- application deadlines need to be fixed (sufficient time for completion) or a rolling programme – changing deadlines causes confusion and frustration.

“As we have multiple sites across Scotland, it would be beneficial to split the funding over different colleges and providers in these. This would suit our business needs more.”

FWDF Employer

“We need to be able to get back more money from this fund depending on how much we pay in – this would make it more worthwhile for larger companies “

FWDF Employer

Employers Working on or Not Submitted an Application

As **Figure E.12** showed, nine employers (11%) indicated that they were aware of the FWDF and had not yet submitted an application.

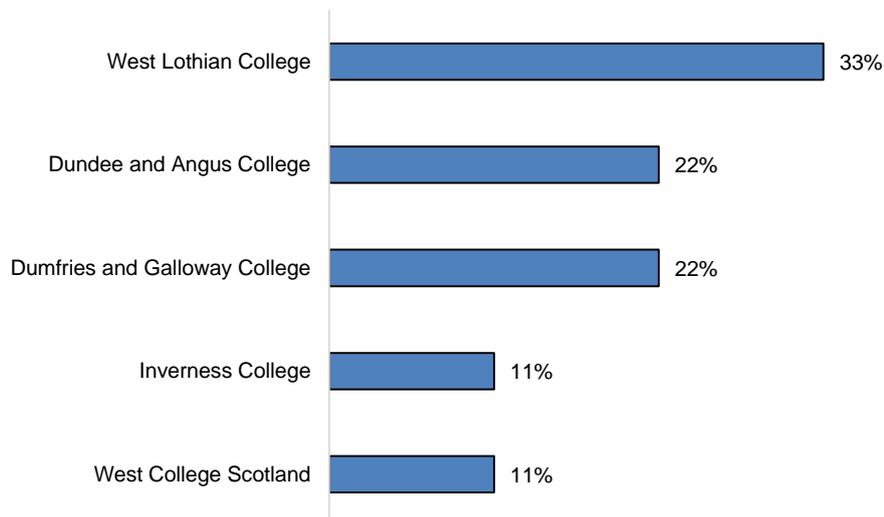
This section now considers those employers who are aware of the FWDF and are working on an application or have not submitted an applications who:

- have had very initial discussion with a college (7%);
- are discussing the training that will be provided (3%); and
- are in the process of completing an application (1%).

Engagement with the FWDF

The colleges with which more of these employers had had any form of engagement/contact with were West Lothian, Dundee and Angus and Dumfries and Galloway, see **Figure E.28**.

Figure E.28: Engagement/contact with colleges

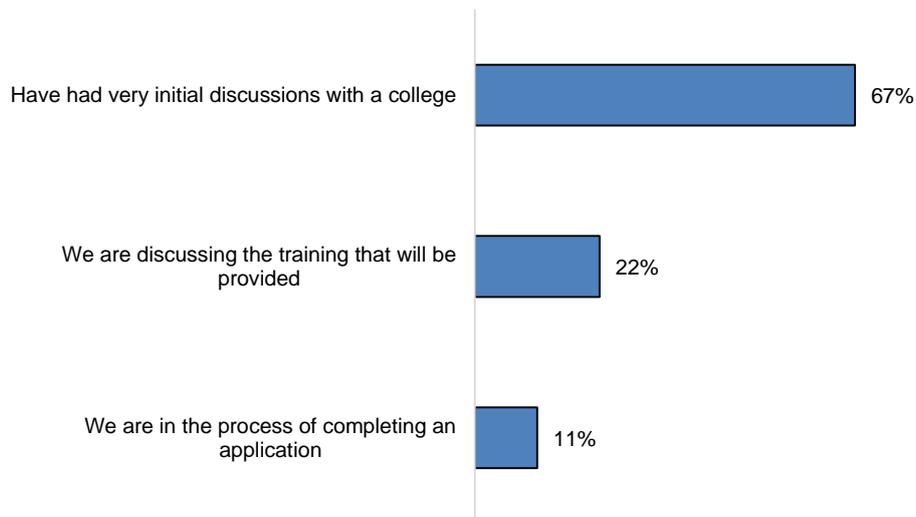


N=9.

Engagement with the FWDF

Just over two-thirds of employers indicated that they had only have very initial discussions with a college, **Figure E.29**. Others were discussing training or completing an application.

Figure E.29: Stage of Engagement



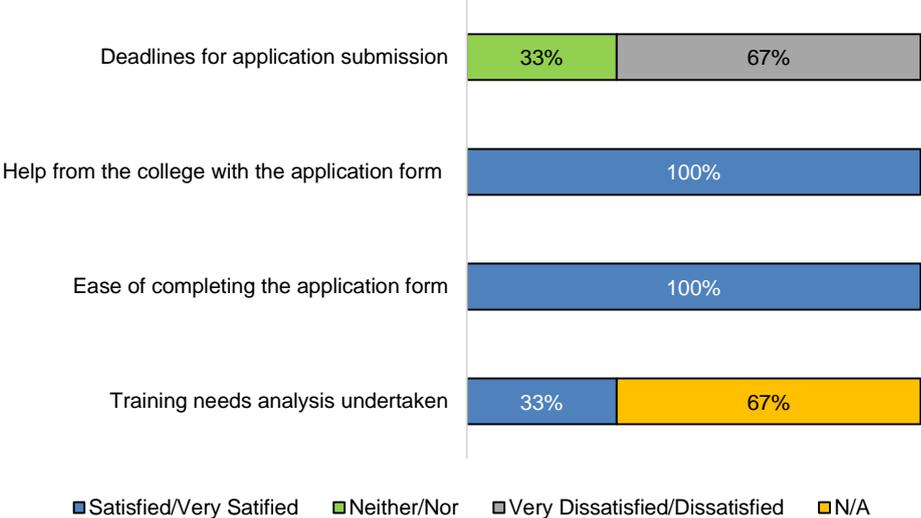
N=9.

Views on the Application Process

Of the employers who were discussing training or currently completing an application, all were satisfied/very satisfied with the ease of completing the application form and the help they had received from the college with this, **Figure E.30**.

However two-thirds were very dissatisfied/dissatisfied with the deadlines for the application and did not receive a training needs analysis.

Figure E.30: Satisfaction with application process



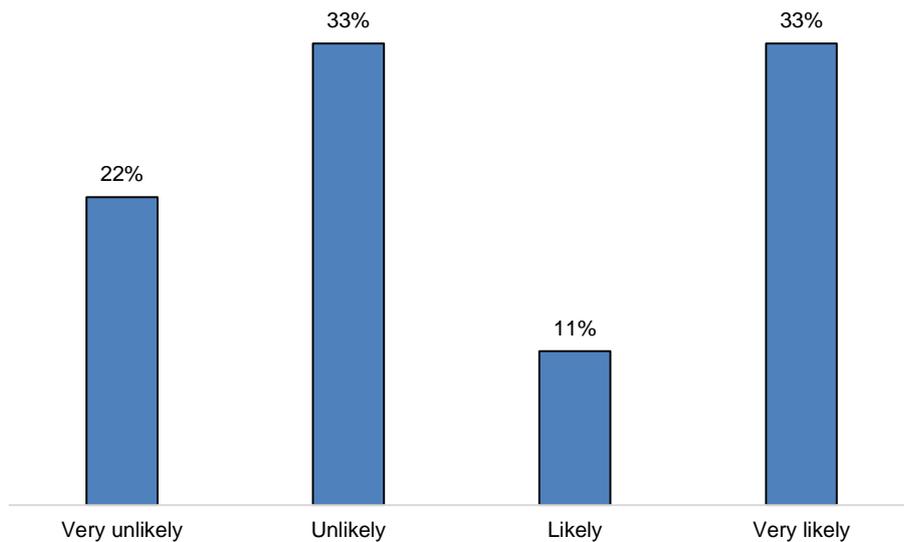
N=3.

Those who were unsatisfied with the deadlines felt this way as they kept changing and caused confusion. The only suggested improvement for the application process was again that deadlines be made clearer.

Likelihood of Applying

Just over half of employers (55%) indicated that it would be very unlikely or unlikely that they apply for the FWDF, **Figure E.31**.

Figure E.31: Likelihood of applying for the FWDF

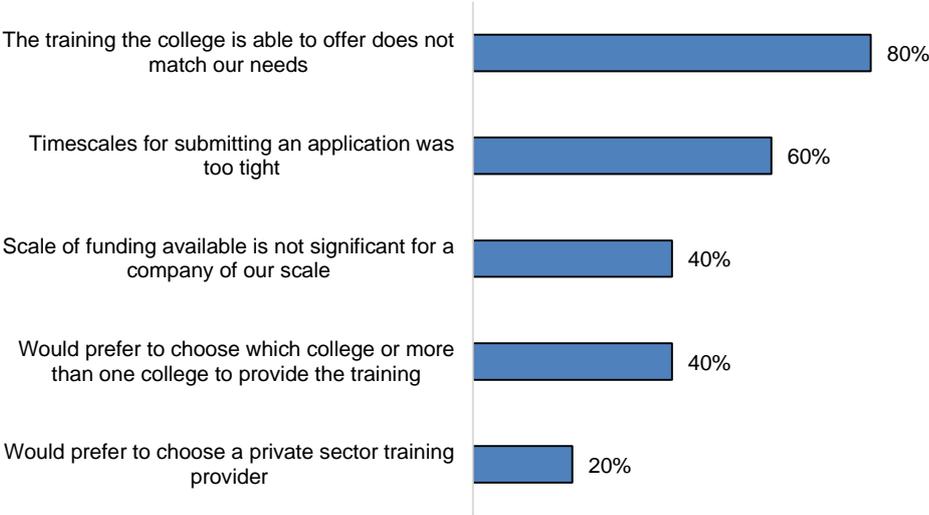


N=9.

Reasons Why Employers Won't Apply

Of employers who indicated that it would be very unlikely or unlikely that they apply for the FWDF, the main reasons why this was the case were that the training on offer does not match their needs and that the application submission timescales are too tight, see **Figure E.32**.

Figure E.32: Main reasons why employers will not apply for FWDF



N=5. N.B. Multiple responses possible.

How the FWDF Needs to Change

Some employers provided suggestions as to how the Fund would need to change in order increase the likelihood of them applying, which included:

“It needs to become much more flexible and needs to be opened up to specialist private training providers. Colleges can only deliver courses and not bespoke training opportunities. One big mistake of the FWDF is saying that the training needs to be delivered through colleges.”

FWDF Employer

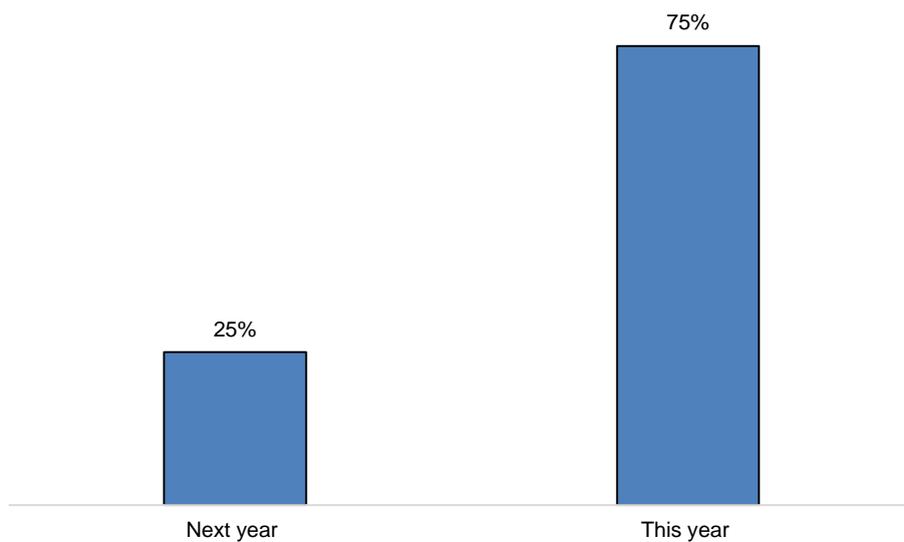
“The main thing is the money needs to rest with employer rather than colleges, as colleges can’t always provide what employers are looking for.”

FWDF Employer

Employers Likely to Apply in the Future

Of the employers who indicated that it would be likely or very likely that they apply for the FWDF, three-quarters will submit an application this year, **Figure E.33**.

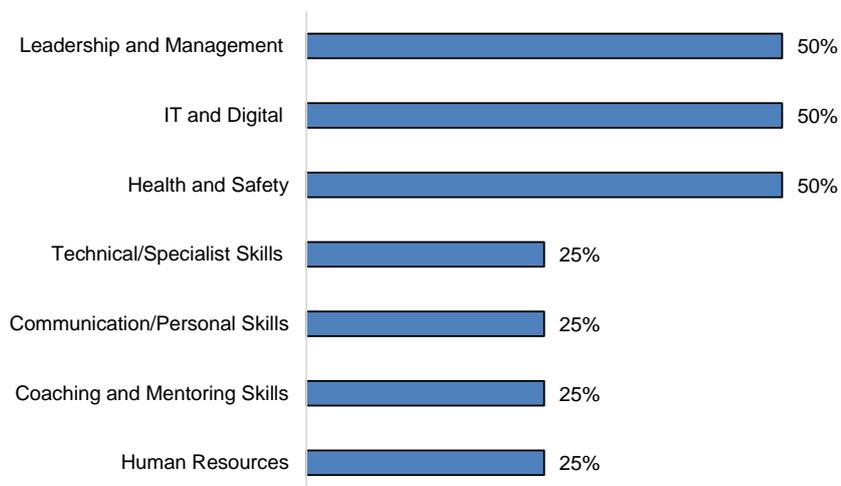
Figure E.33: When employers will submit an application



N=4.

The types of training of these employers are interested in includes leadership and management, IT and digital and health and safety, see **Figure E.34**.

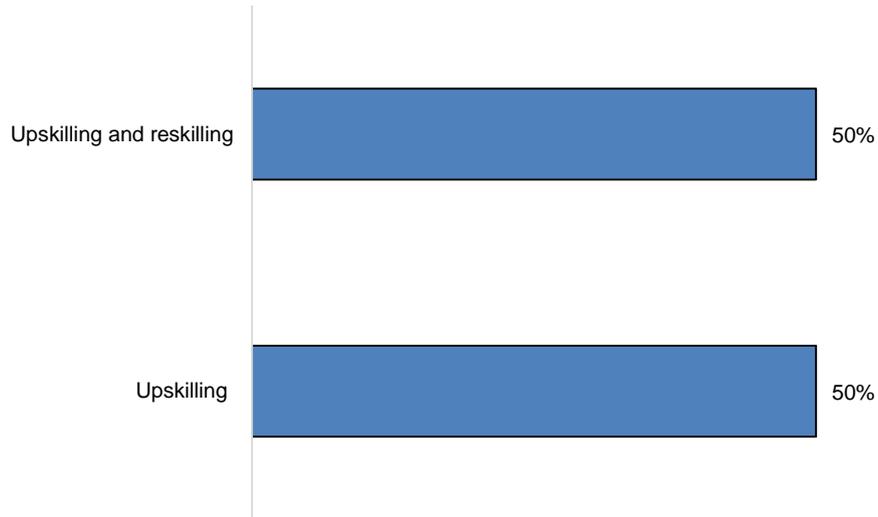
Figure E.34: Nature of training



N=4. N.B. Multiple responses possible.

All of the employers indicated that training would be used for upskilling their employees, and half would also use it for reskilling, **Figure E.35**.

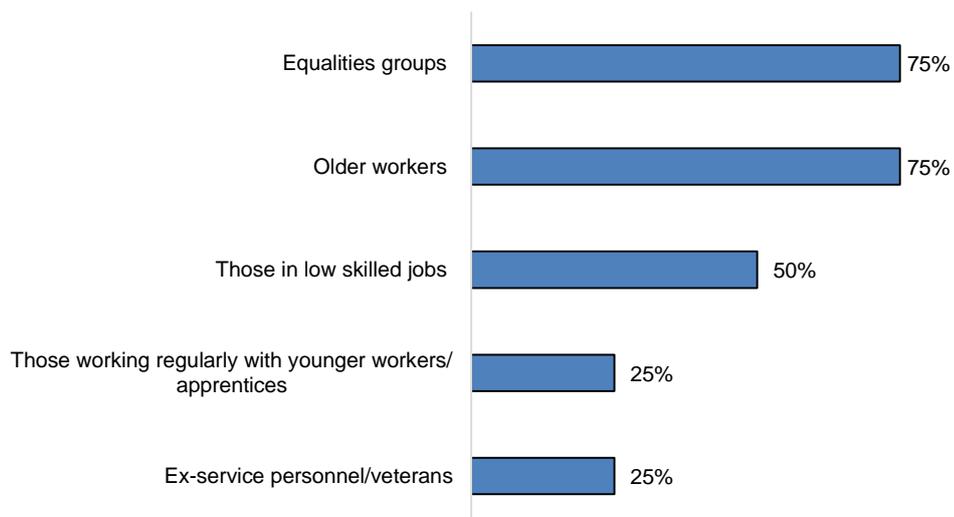
Figure E.35: Purpose of training



N=4.

Employers indicated that a variety of types of employees would participate in the training, with three-quarters involving those from equalities groups and older workers, **Figure E.36**.

Figure E.36: Types of employees participating



N=4. N.B. Multiple responses possible.

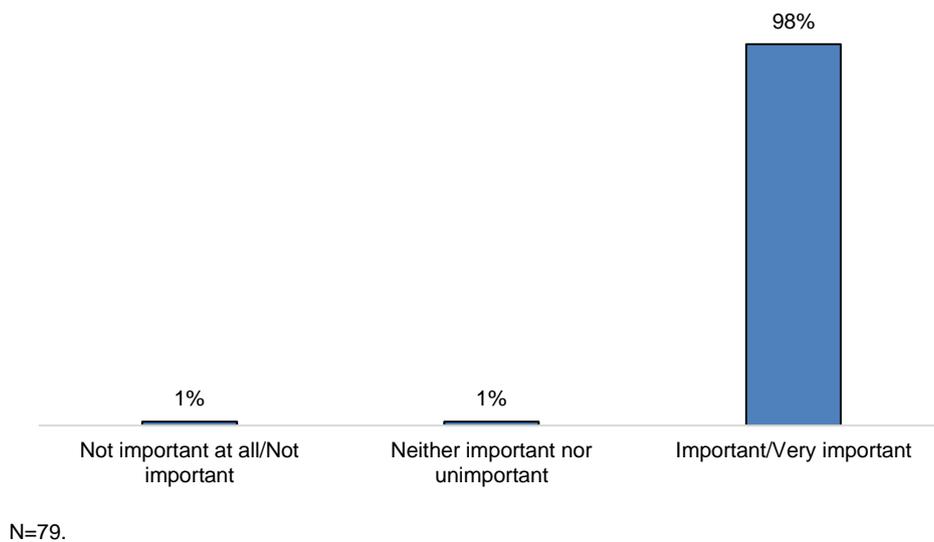
Future Workforce Development Needs

Note: all 82 employers were asked questions about their future workforce development needs.

Importance of Workforce Development

The majority of employers (98%) indicated that workforce development will be important/very important to their business over the next few years, **Figure E.37**.

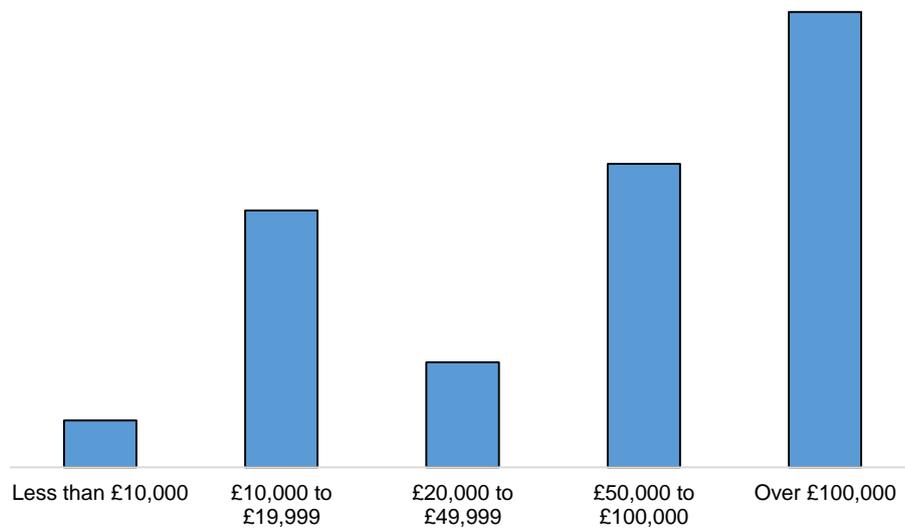
Figure E.37: Importance of workforce development in future



Future Training Budget

Just over a quarter of employers were willing to disclose their budget for workforce development training in the coming year. Of those who did, almost two-thirds (65%) indicated that this was over £50,000, see **Figure E.38**.

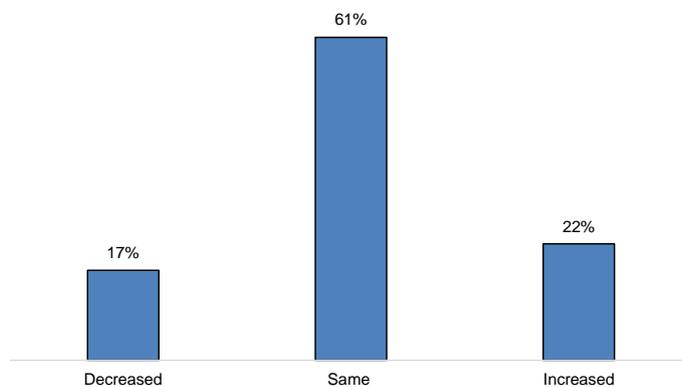
Figure E.38: Training budget for coming year



N=23.

Just over three-fifths (61%) of employers indicated that this was the same amount as last year's budget, **Figure E.39**.

Figure E.39: Change from previous year

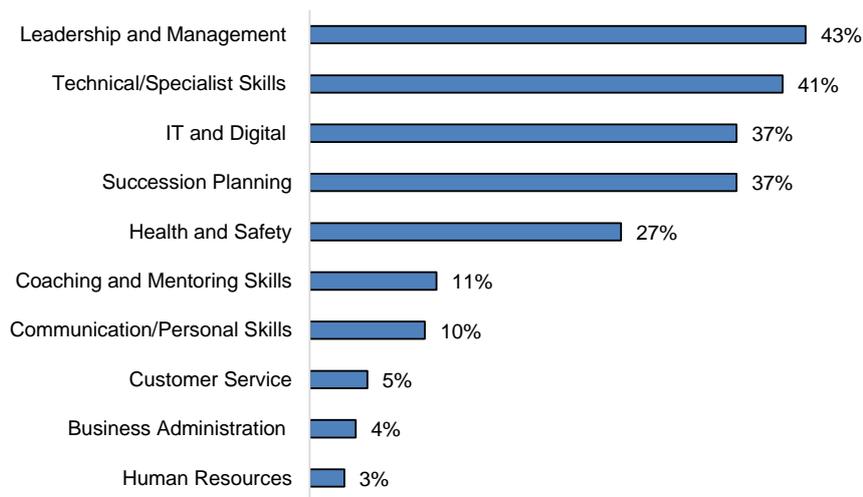


N=23.

Future Skills Gaps

The areas where more employers anticipate future skills gaps were broadly the same as they are currently (**Figure E.9**): leadership and management, technical/specialist skills, IT and digital, succession planning and health and safety, **Figure E.40**.

Figure E.40: Anticipated skills gaps



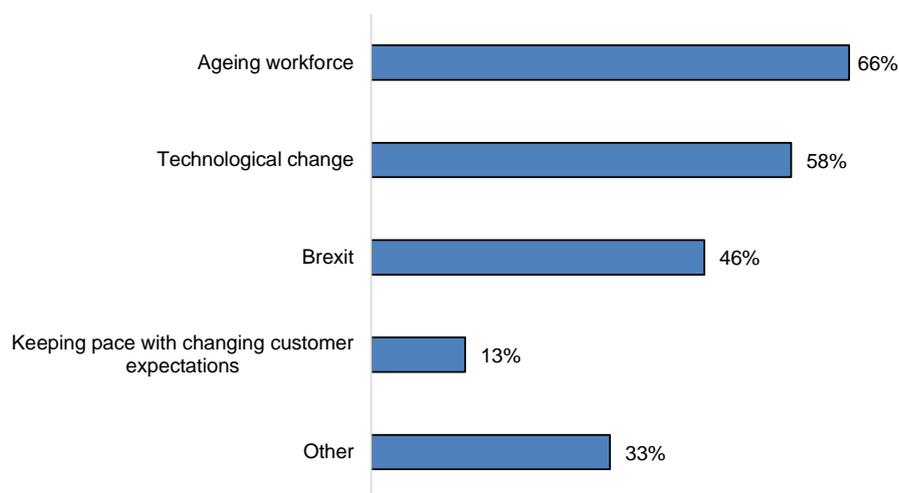
N=79. N.B. Multiple responses possible.

The technical/specialist skills gaps employers were again specific to their business sector, and included skills associated with job roles such as chefs, welding, engineering, quantity surveying and marketing.

Drivers of Future Skills/Labour Problems

Employers indicated that ageing workforce, changes to technology and Brexit were some of the main drivers of skills/labour problems within their sector, **Figure E.41**.

Figure E.41: Main drivers of skills/labour problems



N=79. N.B. Multiple responses possible.

Some of the other drivers of change reported by employers were that they struggle to attract and retain staff, are directly impacted by changes to government legislation and the financial climate (i.e. in terms of training budgets and staffing restrictions)

Final Comments

Many employers chose to leave final comment about the FWDF, and the majority of these were positive and included that:

- they have enjoyed working with colleges/they have been an integral part of their experience;
- they hope to see the FWDF continue/ be safeguarded in the future;
- they feel the training undertaken will add value to their business;
- it has allowed them to assess their needs/address skills gaps; and
- the FWDF has made them feel like they are actually getting something back from paying into the Apprenticeship Levy where they hadn't before.

"I personally feel that the Fund has been good for us and would like to see it extended, we have had a positive experience and feel that the training will add great value to the business."

FWDF Employer

"Very pleased to see the Fund happen as a way to get something back from the money we pay into the levy. It has also created a training opportunity that has been very engaging for the staff."

FWDF Employer

However, other employers provided more constructive criticisms of the FWDF, which included:

- the amount of funding employers received should be proportionate to how much they pay into the levy;
- there needs to be more marketing and promotion of the FWDF;
- all of the terms and conditions of the FWDF make it less flexible and should be addressed (i.e. can choose any college/more than one, could use private training providers, etc.);
- application deadlines needs to be fixed or open, but not keep changing throughout the year;
- funding could be given to employers who then have more control of where and when to use it; and
- the option of bespoke courses needs to be more readily available through the colleges, so employers can received the specific training they require.

"I think more should be done to increase the promotion of the fund and make employers aware of it as not all employers directly engage with a college, so they're less likely to know about the fund."

FWDF Employer

"The level of funding could be more proportional to amount of levy paid by employers – it would be good for us to visibly recoup some of the levy and make it more proportional to levy that's been paid."

FWDF Employer

Appendix F: Case Studies



The Organisational Development team at the University of Stirling is small compared to the overall number of staff, and lacks the internal capacity to deliver all the training required for the University. It also uses external training providers to meet its workforce development needs.

The FWDF was welcomed, and seen as a potentially hugely beneficial addition to support the University's workforce development activities. The University found out about the Fund through the Institute of Leadership & Management, but felt that it had "*stumbled*" onto the Fund, and that it could have been better marketed.

The University's initial contact with Forth Valley College was positive. The University knew roughly what training it wanted to do with the funding, but wanted the college to help shape its thinking based upon an initial needs assessment. Initial meetings were described as "*a meeting of minds*" and the college was considered to be very accommodating and sought to match the University's training needs with what was possible.

The University sent six staff on training courses, five of whom undertook NEBOSH Health & Safety courses, and one undertook the City & Guilds Level 3 Education and Training course.



Overall, the University was very satisfied with the training - it matched and was tailored to their needs and helped to address skills gaps. As a result, the University has increased its awareness of the college sector's capabilities and strengthened its relationship with Forth Valley College. It also expects the training to increase productivity and enhance workplace innovation in future.

"A really good Fund – it's hugely beneficial"

The employee who undertook the Education and Training course was also very satisfied with the training - it allowed them to step back and reflect on their own career development, the course was well organised and the tutor was knowledgeable, approachable and motivated the entire class. The employee gained a range of benefits from undertaking the training - increased skills levels, gained a qualification, and increased their confidence and motivation.

Based on their initial experience, the University is very likely to apply for FWDF Funding in future, and would recommend the FWDF to other employers. The Fund has allowed it to undertake staff development that they would not have otherwise been able to do.



Capability Scotland employs around 980 people across Scotland and delivers a wide range of specialist services, including adult residential care, the provision of disability equality training, and employment services, and operates two residential specialist

schools (Renfrewshire and Lanarkshire) for children aged 5 - 18 years with complex needs.

Given the nature of the work carried out by Capability Scotland, mandatory training (i.e. training that is required, based upon the responsibility for medical, nursing and care staff to work in a safe manner) requires a huge amount of resources and finance. Capability Scotland typically use a combination of internal, on-the-job training, and external training (colleges and private training providers) to meet their workforce development needs. Given the specialised nature of some of its training requirements, the organisation sometimes finds it difficult to secure training that matches its specific needs.

Prior to the launch of the FWDF, Capability Scotland already worked with a number of Scottish colleges, and had some understanding about the ways in which the college sector could help it with workforce development.



Despite the tight deadline for the application

submission, Capability Scotland was broadly happy with the application process, and felt that Edinburgh College responded quickly to what it needed in terms of training.

Capability Scotland was pleased with the wide range of courses on offer, and chose to upskill 132 employees through the delivery of two training courses: Elementary Food Hygiene and First Aid. This was training that would have been undertaken anyway, however, the Fund enabled twice as many staff to be trained. The best aspect of the fund was considered to be its “flexibility” (in terms of numbers of staff trained, the types of training available, etc), compared to other types of funding.

“The Trainer was excellent and very knowledgeable with regards to the subject”

Capability Scotland has improved its relationship with the Edinburgh College thanks to engagement with the Fund. An employee interviewed who undertook the Food Hygiene course reported that they had increased their skills levels and felt more confident and motivated. The training was said to have been adapted to their specific role as Support Workers which is not always the case with universal certifications.



THE UNIVERSITY of EDINBURGH

The University of Edinburgh first found out about the Fund from Edinburgh College, and was in the main satisfied with its initial contact and support (e.g. clarity of what was available, etc),

albeit the University felt that the Fund could have been better marketed at a national level.

No training needs analysis was required, as the University had a good understanding of its own training needs (it has 14,000 employees). The application process was considered straightforward, with the only issue being that as a large organisation it took a bit longer to prove its levy-paying employer status.

Training has yet to start, and the University will put circa 100 employees on Communication Skills, Assertiveness Training and Train the Trainer courses to help address its main skills gaps.



The University now has better awareness of the college sector's expertise and engagement via the Fund has strengthened its relationship with Edinburgh College. It will likely undertake further workforce development activity through the college, for example greater use of Modern Apprenticeships.

"The College has worked very well with us – next year we will be looking at how to make it work better for us"

It is anticipated that the training will meet the University's needs and address identified skills gaps. In thinking about accessing the Fund next year, the university would be interested in more tailored and customised training to meet the specific needs of its senior staff, and would welcome the opportunity to work in partnership the college to co-create training courses.

While the training has yet the start, the University expects that its employees will increase their skills, confidence and motivation levels as a result of the training. This will likely have wider benefits for the University in terms of productivity levels, new/ improved workplace processes and enhanced levels of workplace innovation.



Siemens is a Multinational conglomerate, based in Germany. It operates a number of discrete business units in Scotland, including in railways, traffic signals and wind power. The Edinburgh Trams Infrastructure Maintenance team applied

for funding through the FWDF.

The Infrastructure Maintenance team first heard of the Fund through Fife College, with whom it had an existing relationship with for workforce development. Overall, the company was happy with initial contact and the process involved, albeit the initial deadlines for FWDF applications was considered tight. As Siemens operates a training matrix there was no need for a training needs analysis – there was already a good understanding of the team’s main skills needs and gaps.

Eight employees have/will participate in a training course supported by the Fund – this includes a mix of training courses such as Accident Investigation, Non-Destructive Testing, NEBOSH Environmental



Track Maintenance, and Assessor and Verifier Training – all will lead to formal qualifications for employees. Some employees have completed the training while for others it is ongoing.

Overall, Siemens felt that the training matched their needs and that it will help address their skills gaps. A beneficial aspect was that the trainer took time to get to know Infrastructure Maintenance team and the work it does, and the training was pitched at the right skill level and was of a high quality as a result. The team plan to access the Fund next year (seen as value for money), and would certainly recommend the FWDF to others.

“It has given staff some perspective, allowing them to take a step back and think where they want to be in four of five years”

A number of benefits were reported, with employees increasing skills levels, gaining qualifications and becoming more motivated and confident. This has led to increased productivity and higher levels of workplace innovation, and also saved time and staff resources in procuring training. It has also strengthened its relationship with Fife College.

There were, however, some areas for improvement identified. Due to the size and structure of Siemens in Scotland, the Infrastructure Maintenance team are unaware if other Siemens divisions in Scotland are accessing the FWDF. There was a concern this might lead to unexpected charges for the company, and so it was felt that a centralised database of clients which colleges have access to would be helpful.



with YOU is a registered charity that provides care and support to vulnerable people in the community, homeless, older people, young people, mental health and learning disabilities.

with YOU found out about the Fund through the Scottish Social Services Council. While there was felt to have been a lack of marketing of the Fund nationally, the organisation was very satisfied with the contact and help received by West Lothian College, particularly help with the application form and process, and the speed at which funding was approved.

with YOU decided to undertake a number of Leadership and Management courses – and a total of 12 staff will be trained. Although the training has yet to start, with YOU is confident that the training will develop their skills and the training is designed to meet their specific needs.



with YOU would like to see more flexibility in the FWDF going forward, in particular, having the option to work together with other organisations in the same sector, particularly the NHS. This could take the form of colleges developing courses jointly with a number of organisations, or allowing organisations to use FWDF funding to access internal NHS training. The main benefits of this would be to strengthen relationships between providers in the care sector and to help the sector undertake training using agreed common standards.

While the training has yet to start, with YOU reported benefits such as increased knowledge of, and engagement with, the college sector. A variety of other benefits are anticipated in future once training has been completed, including increased skill levels, confidence and motivation of staff, and increased productivity and workplace innovation within the business.

“Applying for the Fund next year is a no brainer”

with YOU would recommend the Fund to other employers and are certain to apply to the FWDF in the next funding round.



Howco is a global company that operates from multiple sites around the world, including Scotland. It manufactures and exports resources and materials for use within the oil and gas sector.

Howco's Cumbernauld site was involved with the FWDF, and first became aware of the Fund when Forth Valley College contacted them directly.

While the company felt that the initial information on the Fund was a bit vague - the help, support and advice received from Forth Valley College at the initial engagement and application stages was considered helpful, and college staff answered any questions the company had.

Howco decided to undertake three courses with Forth Valley College, two Health and Safety courses and a Leadership and Management course. Thirteen employees will be upskilled and reskilled, and the training will result in formal qualifications.



Although much of the training has yet to start, Howco is broadly happy so far with its engagement, and feel that the training will help address their skills gaps, and that it has strengthened their relationship with Forth Valley College.

"I feel I am being more safety-minded after the training"

An employee who has taken part in a Health and Safety course reported that they enjoyed the training and felt that the lecturer helped to keep staff engaged throughout. The employee is keen to undertake further workforce development training as a result.

Howco reported that without the FWDF it would have been unlikely to undertake the training courses. It would recommend the Fund to others and will be applying for funding next year to support its workforce development needs.



Anderson Strathern is a Scottish law firm working in the private client, commercial and public sectors with a heritage which stretches back to 1749. The firm has 53 partners and

230 employees with offices in Edinburgh, Glasgow and East Lothian. There is also a wealth management arm - Anderson Strathern Asset Management (ASAM).

Prior to engaging with the Flexible Workforce Development Fund (FWDF), the delivery of skills and training was a key activity for Anderson Strathern. In 2016 it became the first law firm to achieve both Investors in Young People (IYYP) and Investors in People (IIP) Gold Accreditations. However, as a business, Anderson Strathern wanted to engage more with the college sector to increase the understanding of how the college sector could help it with workforce development training.

Edinburgh College delivered the training, and despite the challenging deadlines, Anderson Strathern felt it was very well served by the college throughout the application process. The firm highlighted the importance of meeting with the trainer in advance, and found the college (and trainer) very adaptable and willing to tailor the course to meet the firm's needs.

The college provided 16 training sessions to 34 employees, covering a range of soft skills including CV writing, presentation skills, interviewing skills, and managing priorities. Although the majority of Anderson Strathern's personnel are based in Edinburgh, there is still a significant number working out of the Glasgow office, and the option to also choose a Glasgow-based college provider would have been of assistance. Overall though, the business found that the training met their expectations and delivered value for money.



There were two half day courses held in Anderson Strathern's workplace: Interview Skills for Interviewees, and Presentation Skills Preparation and Practical. Attendees particularly enjoyed the practical element of the presentation skills training, and felt that the mock presentation was a very useful exercise.

"I feel more willing to undertake presentations now, whereas previously I would've dreaded the thought of this"

People also liked the fact that the trainer created a comfortable environment with people working in small groups, allowing them to build relationships with each other, and with the trainer. Anderson Strathern now has an increased knowledge and awareness of the expertise on offer from Edinburgh College, and are likely to access additional workforce development training from them in the future.



Bairds Malt is one of the UK's premier malt producers, and is a major supplier to the Scotch Whisky industry and to major brewers, both domestic and international. The organisation has 150 employees working across the three malt houses located in Scotland (Arbroath, Inverness and Pencaitland), and its head office is based in Witham in the East of England.

Prior to engagement with the FWDF, workforce development was a key activity of the business, and Bairds Malt was broadly happy with its workforce development provision, with the main source being external training providers. The business had an existing relationship with Dundee and Angus College, and was happy with the initial introduction to the Fund and application process stages.

The Fund enabled 38 members of staff to take part in IT training at the college, including courses covering Excel (at beginner, intermediate and advanced levels), PowerPoint, also courses relating to leadership and management, and communication skills (including Change Management, Time Management and Project Management courses).



Bairds Malt felt that the training provided was of a high quality and delivered value for money, particularly given the mixed levels in most of the training sessions, and the challenges in making courses suited to everyone's individual needs. The Fund was particularly welcome as it provided an opportunity to upskill its office-based staff - most of whom have never received any formal training in Excel or PowerPoint - and the local delivery of training made it easier for staff to access.

The training was received positively from all those who attended, and all of the employees reported picking up some new skills from the courses. Other benefits that employees gained from the training included increased motivation and confidence levels.

As a direct result of the FWDF, Bairds Malt is offsetting some of the cost of the Apprenticeship Levy against savings in the training budget. It also expects to increase its knowledge of Dundee and Angus College's expertise and strengthen its relationship with the college – it anticipates that the company will increase its uptake of college work-based learning provision in the future. The business would recommend the FWDF to other employers and will reapply in the next funding round.



BSW Timber Group is the largest integrated forestry business in the UK, with

four main operating divisions: forestry, sawmilling, timber manufacturing and energy. It operates seven sawmills and employs 1,300 staff – with around half based in Scotland.

Prior to being signposted to the FWDF, BSW Timber had previously engaged in workforce development training with Dumfries and Galloway College. Despite its headquarters being based in the Scottish Borders, it undertook the FWDF training with Inverness College UHI as it matched their training needs and could help address their particular skills gaps. The business found the initial engagement very straightforward and were very pleased with the application process, despite the tight deadlines for the delivery of training.

BSW Timber was delighted with the quality of the training and felt it to be very good value for money. In addition to the increased skills and qualification levels of



their employees, the business has an increased knowledge and awareness of the college's expertise, and are likely to increase their uptake of college work-based learning provision in the future.

Eight employees were awarded CMI qualifications in Leadership and Management from the college, and all employees provided excellent feedback to the business on the training. Overall, the business felt that that the FWDF was very smooth and well organised, and the availability of funding made a big difference – without the Fund they would not have undertaken the training at all. It will apply for funding in the second year to help address anticipated skills gaps (IT and digital skills, especially relating to GDPR issues, auditing and risk analysis).

“The assessments were a bit daunting to start with as I had not done anything like that for many years but once I got started I found that the training we were given enabled me to achieve them to a high standard”

One employee who took part in the training enjoyed the relaxed, informal delivery and felt it encouraged everyone to contribute and share experiences (both good and bad) relating to the subject matter. The training was carried out off-site which improved the employees' concentration, and eliminated the constant interruptions and distractions

that can occur with on-site training. He felt that his supervisory skills have improved and has learned some new skills as a result of the training.



Established in 1997, Tradeprint is a specialist online trade printer working exclusively on a business-to-business basis with a product

selection including business cards, brochures, flyers, leaflets, greetings cards, posters, and banners.

As a result of technological change and efficiency improvements in the printing industry the number of people employed by the printing industry as a whole is in decline. With access to skilled labour becoming more of a challenge for the industry, printing businesses need to focus on upskilling their existing staff. Prior to the FWDF, Tradeprint was heavily reliant on training and developing its own staff through on-the-job training.

The FWDF allowed Tradeprint to design a bespoke customer service training course in collaboration with Dundee and Angus College to address its skills gaps, and this was delivered by the college to 36 employees.



Tradeprint was extremely happy with the support provided by the college in guiding them through the application process and felt the training provided excellent value for money.

As a result of the Fund, Tradeprint is likely to access more workforce development training from the college in the future. In addition, it looks forward to strengthening its relationship with Dundee and Angus College in other ways - for example, attending networking events and engaging with college graduates.

“Loved the training – very beneficial. Lots of topics were helpful for doing my daily job”

An employee interviewed (who holds a management position with the organisation) felt the training had enabled them to experience more fulfilling work, and helped them increase their knowledge about their team which has resulted in some really good and positive changes.



CJ Lang is a food and drink wholesaler who both supply/operate SPAR retail convenience stores, and supply products and support services to a network of independently owned convenience stores operating under the SPAR Scotland franchise. Its head office is in Dundee, and the business directly employs circa 2,000 people across Scotland.

Prior to engagement with the FWDF, the delivery of skills and training was a key activity of the business and was carried out entirely in-house, using its own staff. CJ Lang was broadly happy with this arrangement, however, there were limitations given internal resources.

The company was made aware of the Fund through Dundee and Angus College, and while it was happy with the initial engagement and application process, timescales and application deadlines could have been more flexible to allow the company sufficient time to assess its training options and course choices.



The Fund enabled 54 staff to take part in four existing training courses: Project Management; Line Management Training; Stress and Time Management; and a Minute Taking Course, and two bespoke courses - one aimed at its sales team (focusing on service and selling), and the other for the Senior Management Team (focusing on change management). While all the training took place at Dundee and Angus College, the business would have liked the option to also use other colleges given the widespread location of its stores and employees.

A wider benefit of the FWDF has been that the company's HR team has experienced greater levels of engagement from employees not taking part in the training – employees are looking to find out about other workforce development opportunities, which is very positive. Future workforce development will be crucial to CJ Lang in terms of supporting staff retention (and in some parts of the business it also has an ageing workforce).

An employee interviewed who took part in both Line Management/Supervisory and Stress and Time Management training felt more motivated as a result of taking part in the training, with increased confidence and skills levels.



The National Library of Scotland is the largest research library in Scotland, looking after the recorded memory of Scotland and other cultures from across the world for the use of the people of Scotland. They are

based in Edinburgh, and directly employ circa 310 people.

They were made aware of the fund through Edinburgh College, and though they felt it was difficult to receive information from the college about the Fund in the beginning, once application deadlines were extended this



relieved some of the pressure and allowed information to flow better. Overall the Library were happy with both the initial engagement and application process stages.

"The FWDF gives us a return on the money we're already paying into the Apprenticeship Fund. That makes it easier for senior managers to champion the training and encourages them to think about the opportunities it brings"

The FWDF enabled 6 staff to take part in an upskilling video production course which lasted 10 days with Edinburgh College. The need for this type of training was identified by the Library's Leadership Team, and they felt this could be an opportunity to simultaneously save money, build

skills and increase staff engagement. The Library were satisfied with the training and with the College's support throughout the process. They felt that it had been made very clear from the start what to expect, and that it had been delivered well. They also felt that the training would help address their skills gaps, was value for money, had increased skills levels of employees, and that they had strengthened an existing relationship with Edinburgh College.

One employee provided feedback on the training, reporting that they liked the course format, the teacher and their teaching style, and felt that the exercises were well chosen. They did feel that having a bit longer in the editing suite would have been beneficial, but they did gain new skills and increase their confidence.

The Library reported that they would be very likely to recommend the Fund to other employers and get involved with another round of funding in the future.



Highlands and Islands Airports Limited (HIAL) operates and manages 11 Airports in the Highlands and Islands region.

They were made aware of the FWDF through Inverness College, and whilst they felt more could be done to better promote the Fund to employers, they received good support from the college to allow them to complete the application process stages.

The FWDF allowed HIAL to offer an Introduction to First Line Management upskilling training course for 18 employees. HIAL



felt that the training was of a high quality, addressed skills gaps, was value for money, and that Inverness College had been very supportive and helpful throughout the process.

“Those employees who have undertaken the training together don’t usually interact on a daily basis so it has strengthened employee working relationships which is always good”

The opportunity for staff to benefit from training at this time would not have happened without access to the FWDF as the training budget is mainly focused on mandatory training requirements. The company expect that there will be a number of benefits of the training for both the employees and the business, such as increased knowledge of key processes and procedures as well as the confidence to manage difficult situations. HIAL are very likely to both recommend the FWDF to another employer and get involved in future rounds of funding.

Two employees provided feedback on their training, both were very happy with the course and received certificates in First Line Management. They were both happy with the trainer, describing him as very professional and well prepared, and reported that they had increased their skill levels, and were more motivated and confident in their work.

“This is the best course I have ever been on”

Appendix G – Logic Model

Inputs	Activities	Outputs	Short-term	Intermediate	Long-term
<ul style="list-style-type: none"> • FWDF budget. • College staff. • Match-funding secured by employers for training (including source). 	<ul style="list-style-type: none"> • Nos of awareness raising events (or similar). • Other employer engagement activities (type, number, number engaged, etc). • Bespoke training courses developed. • Existing training courses tailored. 	<ul style="list-style-type: none"> • Nos. enquiries. • Nos. TNA. • Nos. applications. • Nos. awards. • Nos. employers supported (type, sector, size, location). • Nos. employers – new relationship. • Nos. employers – existing relationship. • Nos. employers – FWDF repeat business. • Nos. employees to be trained (type) – and completion. • Nos. employees completing training. • Training accessed (type, level), bespoke, existing). • Employer/employee satisfaction. 	<ul style="list-style-type: none"> • Employees acquire increased skill levels required by business. • Employees achieve increased level of qualifications required by business. • Employers have increased knowledge and understanding of the College offer. • Employers have improved perceptions of the college network and its capabilities. • Employers increase uptake of College work based learning provision. • Colleges provide increased provision for employers. 	<ul style="list-style-type: none"> • Employees experience fulfilling work. • Employees secure promotion. • A more skilled workforce is available. • Employers have increased engagement with colleges. • College provision is increasingly influenced by and responsive to employer needs. 	<ul style="list-style-type: none"> • Equality of opportunity to access work and to progress to ensure everyone is able to maximise their potential. • A skilled and productive workforce capable of meeting the needs of employers. • Invest in Scotland's people at all stages of life to ensure that we have a well-skilled healthy and resilient population and an innovative, engaged and productive workforce.



Scottish Government
Riaghaltas na h-Alba
gov.scot

© Crown copyright 2018

OGL

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3 or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: psi@nationalarchives.gsi.gov.uk.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.scot

Any enquiries regarding this publication should be sent to us at
The Scottish Government
St Andrew's House
Edinburgh
EH1 3DG

ISBN: 978-1-78781-103-4 (web only)

Published by The Scottish Government, July 2018

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA
PPDAS445346 (07/18)

W W W . G O V . S C O T