

## **Evaluation of the Flexible Workforce Development Fund (FWDF)**

### **Key findings**

This evaluation found that the Scottish Government's FWDF is largely working well and is delivering against its original purpose. The Fund was universally considered by all stakeholder groups consulted in this evaluation to be a much needed and valued intervention. The guiding principles that underpin the FWDF were found to have been substantively achieved and remain relevant to the employers, employees and stakeholders engaging in this evaluation. The data collected from the employer and employee surveys and interviews with stakeholders and delivery partners found that the FWDF has benefited the intended audiences. There were, however, some contrasting views in that independent training provider participants reported they have had limited involvement and benefit from the FWDF.

The participants in this evaluation found there to be a clear, strong, and continuing rationale for the Fund and its role in supporting inclusive economic growth and the COVID-19 recovery. Almost all of the 203 employers surveyed as part of this evaluation have current skills gaps and identify the main drivers of change as keeping pace with changing customer expectations, digital innovation, and COVID-19 recovery. The findings from this evaluation reinforce the need for a continued focus on workforce development.

The Levy-payer employer strand of the FWDF, introduced in 2017/18, was found to be firmly established. From the raw data provided via Scottish Funding Council (SFC), around 1,350 unique Levy-payer employers, an estimated 31% of Levy-payer employers in Scotland (Source: College employer data provided to SFC and Skills Development Scotland, employer data; UK Business Counts and Employment), have been supported, and the total number supported has increased in each academic year since 2017/18. The number of employees supported has also increased, from around 9,000 (2017/18) to around 27,000 employees (2020/21). While there has been repeat business amongst Levy-payer employers, the data review identified that there is a large proportion of Levy-payer employers who have not accessed the Fund. The factors identified from this evaluation appear to relate to limited awareness of the Fund, or the funding cap is not considered appropriate.

In Year 4, the Fund budget doubled from £10 million to £20 million and its reach and scope extended. The Fund was made accessible to non-Levy-payer Small and Medium Sized Enterprises (SMEs) and training was provided by the Open

University in Scotland (OUiS) (in addition to the college network) and by independent training providers through a grant programme managed by SDS. Although Year 4 delivery has been affected by COVID-19, training providers interviewed in this evaluation report that good progress is being made. Over 900 non-Levy-payer SMEs, an estimated 0.5% of SME employers in Scotland (Sources: College/OUiS employer data provided to SFC; UK Business Counts), were found to have been supported to date, and more than 2,000 SME employees supported with workforce development.

Across all employers supported, the main training subject areas have been business management, computing and information technology, and health and safety.

# Introduction

The Flexible Workforce Development Fund (FWDF) was established by the Scottish Government in September 2017 to provide employers with flexible workforce development training opportunities.

The FWDF aims to support inclusive economic growth, address skills gaps, and boost productivity through the upskilling or retraining of employees for whom apprenticeships are not an appropriate route to address their training needs.

This summary presents the findings from an evaluation of the FWDF, which was commissioned by the Scottish Government's Skills Division and undertaken by EKOS Ltd between December 2021 and August 2022.

## Study aims

The aim of the research was to evaluate the delivery and impact of the FWDF since its launch in academic year 2017/18 (pilot year) to the completion of Year 4 delivery (academic year 2020/21). The Scottish Government has invested £50 million into the Fund over this period. The evaluation sought to provide an understanding of:

- The benefits achieved and the impact that the FWDF has had on meeting both employers and individuals' training needs, addressing skill gaps, supporting workforce development, and promoting inclusive economic growth.
- How the FWDF has been experienced by those engaging with it in relation to equalities, the reach of the Fund, and the difference it has made.
- Lessons learned and recommendations to inform the future delivery of the FWDF and the development of national policy on upskilling/retraining and in-work learning.

## Study method

The study comprised:

Secondary desk based research, including a review of FWDF documentation and data provided by the Scottish Government, Scottish Funding Council (SFC), and Skills Development Scotland (SDS). This included a review of the evaluation of the FWDF pilot year, FWDF application forms and guidance notes, raw data from colleges and the Ouis via SFC and from SDS on employers/employees supported and training provided, SFC Further Education Statistics (FES) returns, and published policy/strategy documents.

Primary research included:

- Telephone and video-conference interviews with 45 organisations (60 individuals) between January 2022 and March 2022 including partners, colleges,

OUIs, independent training providers, and stakeholders to explore their experiences of the FWDF.

- 203 telephone survey interviews with Levy-payer and SME employers between April 2022 and June 2022 (undertaken by Research Resource as part of this research project) to gain an insight into their experiences of the FWDF.
- 173 responses to a SNAP online survey of employees that participated in training supported by the Fund. The survey was live between May 2022 and June 2022. The sample for this survey was drawn from employers taking part in the employer interviews, who consented to share the link for the employee survey directly with their employees. This was valuable in gaining, for the first time, an insight into employees' experiences of the training provided by the FWDF.

The data emerging from these methods provide a valuable insight into how employers, employees and stakeholders experience the FWDF, however as this was not a representative sample, the findings from this evaluation cannot be generalised to all of those engaging with the FWDF.

## Benefits

The main benefits reported by employers, employees and training providers in this evaluation are in line with the purpose of the Fund. The main benefits reported by the 203 employers surveyed and who answered the questions are:

- A more skilled workforce (92%).
- Increased knowledge and understanding of the colleges, OUIs, and independent training providers' offer (85%).
- Increased uptake of work-based learning provision (78%).
- Increased productivity (77%).
- Increased engagement with colleges and/or OUIs (76%), and an innovative, engaged and productive workforce (76%).
- Almost all employers (95%) surveyed said they would recommend the FWDF to other employers, and almost all said they would apply to the FWDF in future years (96%).

The survey of 203 employers shows relatively high levels of additionality:

- Almost three-quarters would either not have undertaken any of the training or only have undertaken some or half of it (73%).
- Only 14% would have undertaken the training anyway or would have progressed most of it in the absence of the FWDF.
- The remainder of employers would have deferred the training.

For the 173 employees surveyed the main benefits reported are:

- Increased knowledge (88%).
- Further developed the skills I have (86%).

- Helped me to be more effective in my current role (75%).

For the college sector/OUiS the key benefits that these respondents identified for their institutions from their involvement in the FWDF are commonly framed as follows:

- Greater engagement with employers, including among those who might not traditionally have engaged with the institutions previously.
- A shift from transactional to longer-term industry engagement.
- Closer to industry and increased understanding of employer needs/issues.
- The FWDF is seen as important in enhancing their employer engagement activities.

## **Equalities**

- From an equalities perspective, the evaluation found that disabled workers and minority ethnic workers continue to be under-represented in participating in the training delivered. It is essential that employers accessing FWDF are aware of the importance the Scottish Government places on taking action to address inequality and meaningful discussions should take place with employers.
- The data provided by the SFC in relation to equalities shows that while age and gender are better represented in terms of employees supported, disabled people, those from minority ethnic groups, and those living in the most deprived datazones continue to be under-represented. Equalities data is slightly patchier from SDS and shows a mixed picture (e.g. high levels of senior staff undertaking training). This reflects the self-reporting nature of some of the FWDF data that is submitted by employees participating in training to training providers/delivery partners. However, more encouragement could be given to help improve the quality and completeness of monitoring data, including that on equalities.

## **Lessons learned**

The main lessons learned for FWDF management and delivery are:

- There is an ongoing need to promote awareness and understanding of the FWDF.
- In this respect, access to a list of Levy-payer employers would have been (and could still be) helpful to training providers.
- Flexibility is key, and efforts should continue to make the Fund as flexible and responsive as possible. The guiding principles continue to be appropriate and relevant.
- Multi-annual funding could provide better security and stability for long-term planning and delivery. Sufficient lead-in time is crucial for training providers and employers.
- Academic funding and delivery cycles do not always meet the needs of employers who typically plan and operate to financial years.

- The college sector varies in resource and capacity, and is not centrally funded for the administration of the FWDF. This has resulted in a variety of approaches to management, delivery, training offer, promotion, and has therefore potentially affected a consistent level of delivery across the country.
- Some funding could have been allocated to marketing at a national level. There is only value in providing funding for additional places/courses if employers/people know about it. Promotion at a national level could provide greater economies of scale.
- Engagement with SMEs is labour intensive and has increased administrative burden for many training providers.
- A more proportionate and less onerous application process for SMEs may be required.
- Forums for training providers to share experiences and to discuss issues are considered valuable.

## Recommendations

The recommendations, drawn from the evidence and insight collected in this evaluation, are generally light touch although it is the EKOS view that they would offer some improvements to the Programme.

1. Establishing multi-annual funding for the FWDF and greater flexibility in delivery milestones. This would provide greater lead-in time and better security and stability for longer-term planning and delivery on both the supply and demand sides of the Fund.
2. Consideration could be given to creating a single FWDF “pot” for employers. This could provide a standardised offer for all employers, and greater flexibility, including the potential for increased investment for SMEs. The inbuilt flexibility of the Fund to reallocate additional budgets to those colleges/regions with evidence of unmet demand should also continue.
3. The training needs of employers are not always going to be able to be addressed by one training provider. While it is appropriate for the college network to be the main provider of FWDF training (this is in line with a key objective of the Fund), this should not preclude employers from accessing training from other providers if it offers the best solution for them. It should not be one or the other. From the evaluation findings, it would seem that some colleges and employers are not aware there is flexibility to enable employers to access different/multiple training provision via the SDS option, where a college could be one of the providers, and so there is a need to clarify and communicate this more widely to ensure there is a shared understanding.
4. The capacity and commercial focus of the college network varies in terms of their ability to administer, promote and deliver the Fund. Among other things, the administrative requirements have increased since the Fund was opened

to non-Levy-payer SMEs. Consideration could be given by the Scottish Government and partners to how this could be addressed in some way (e.g. support with administration costs, funding at a national level for marketing, and more streamlined reporting).

5. Increase awareness and understanding of the FWDF among both Levy-payer and non-Levy-payer SME employers and among business-facing organisations and advisors. There is a continuing role for all parties to play in marketing and promotion of the Fund, including at a national level.
6. Consideration could be given by the Scottish Government to exploring access to a list of Levy-payer employers with HMRC to see whether HMRC would be willing and able to promote the FWDF to Levy-payer employers.
7. The £5,000 annual funding cap appears to be appropriate for non-Levy-payer SMEs. There could be merit in keeping a watch on this, as delivery to this cohort of employers has been limited to date, and some are relatively large employers.
8. The evaluation found that the annual funding cap of £15,000 for Levy-payer employers is not attractive to all employers. There may be merit in keeping a “watching brief” on this and retaining flexibility to increase the funding cap where appropriate. The evaluation of the FWDF pilot year recommended that the funding cap could be changed from £10,000 to a scale of between £10,000 and £25,000.
9. There needs to be a more effective way to support large multi-site employers. The Scottish Government could review possible options with stakeholders with a view to implementing a solution.
10. Some training providers are currently engaging with employers on how best they might utilise FWDF funding for new training provision. This should be encouraged across the college network/OUiS, and the findings communicated and shared among partners. This new element of the FWDF also needs sufficient lead-in time both from a development and delivery perspective.
11. From an equalities perspective, the evaluation found that disabled workers and minority ethnic workers continue to be under-represented in participating in the training delivered. It is important that employers accessing FWDF are aware of the importance the Scottish Government places on taking action to address inequality and meaningful discussions should take place with employers on this.
12. Consideration could be given to exploring ways to further streamline both the application process and the range of information/monitoring data required to be provided to the SFC and Scottish Government on the employers and employees supported.



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