

# Evaluation: Flexible Workforce Development Fund (FWDF)



**CHILDREN, EDUCATION AND SKILLS**

Evaluation: Flexible Workforce Development Fund (FWDF)

A Report by EKOS Ltd on behalf of Scottish Government

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# Executive Summary

## Introduction

This executive summary presents the findings from an evaluation of the Flexible Workforce Development Fund (FWDF). The evaluation covers Year 1 (academic year 2017/18) to Year 4 (academic year 2020/21) of the Fund.

The evaluation, undertaken between December 2021 and August 2022, comprised:

- Secondary 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 Open University in Scotland (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, including telephone and video-conference interviews with 45 organisations (60 individuals) between January 2022 and March 2022. This spanned partners, colleges, OUiS, independent training providers and wider stakeholders. 203 telephone interviews with Levy-payer and Small and Medium Enterprise (SME) employers between April 2022 and June 2022 (undertaken by Research Resource as part of this project) and 173 responses to a SNAP online survey of employees that participated in training supported by the Fund. The employee survey was live between May 2022 and June 2022, and the survey link was distributed by employers directly to their employees.

## Main findings

The 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 evaluation found that the FWDF is largely working well and is delivering against its purpose. The guiding principles that underpin the FWDF were found to have been substantively achieved and remain relevant to the FWDF today.

The Fund was universally considered by all stakeholder groups consulted in this evaluation to be a much needed and valued intervention. The evidence collected found that it has benefited the intended audiences. There were, however, some contrasting views in that independent training providers report that they have had limited involvement and benefit.

The evaluation evidence found there to be a clear and strong continuing rationale for the Fund. Not only for the role it can continue to play in supporting inclusive economic growth, but also in supporting COVID-19 recovery. Almost all of the 203 employers surveyed as part of this evaluation have current skills gaps/issues and identify the main drivers of change as keeping pace with changing customer expectations, digital innovation, and COVID-19 recovery. This reinforces the need for a continued focus on workforce development.

The Levy-payer employer strand of the FWDF was found to be firmly established. Around 1,350 unique Levy-payer employers, an estimated 31% of Levy-payer employers in Scotland (Sources: College employer data provided to SFC; SDS employer data; UK Business Counts and Employment) have been supported, and the total number supported has increased in each academic year when compared to the pilot year (see **Table 4.2**). 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, there is a large proportion of Levy-payer employers who have not accessed the Fund. The factors emerging from this evaluation appear to relate to limited awareness of the Fund or the funding cap not being considered appropriate.

Year 4 saw an increased budget, and the Fund was extended in reach and scope. As in Year 1 there was also a considerable underspend in Year 4. The recent changes are still in their relative infancy and delivery has been affected by COVID-19. Training providers in this evaluation report that good progress is being made. Over 900 non-Levy-payer SMEs, an estimated of 0.5% of SME employers in Scotland (Sources: College/OUIS employer data provided to SFC; UK Business Counts), have been supported to date, and more than 2,000 employees from SMEs have been supported with workforce development.

## **Recommendations**

The recommendations, drawn from the evidence and insight collected in this evaluation, are generally light touch although it is the EKOS view 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 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, market/promote and deliver the Fund. Among other things, the administrative burden has 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, 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 “watching brief” 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 and partners could review possible options with a view to implementing a solution.

10. Some training providers are currently engaging with employers on how best they might utilise FWDF development funding for new training provision. This should be encouraged across the college network/OUiS, and the findings communicated and shared widely 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 of 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.

# 1. Introduction and Research Aims

## Introduction

This report presents the findings from an evaluation of the Flexible Workforce Development Fund (FWDF). This was commissioned by the Scottish Government's Skills Division and was undertaken by EKOS Ltd between December 2021 and August 2022.

A Steering Group of representatives from Scottish Government, Scottish Funding Council (SFC) and Skills Development Scotland (SDS) directed the research.

## Research aims and objectives

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 evaluation has 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.

The research objectives were to:

- Consider the core principles, intended outcomes and aims and objectives of the Fund, and assess the extent to which these have been achieved and have had the impact they were expected to have.
- Explore the reach of the FWDF and the extent to which emerging employer demand has been understood and met.
- Understand how the management and delivery of the FWDF has been experienced by those engaging with it (for employers, individuals and wider stakeholders) and identify any enablers or challenges.
- Examine the benefits and impact (both positive and negative) that the FWDF has had for businesses, individuals participating in training, and the colleges who have delivered the training in terms of training needs, addressing the skills gaps, and workforce and business development.



- Examine the impact the Fund has had on tackling inequality and supporting those with protected characteristics including any enablers or challenges.
- Review the implementation of the changes – Small and Medium Enterprises (SMEs) and non-college provision - introduced in Year 4 (academic year 2020/21) and assess the impact on businesses and individuals.
- Identify key learning points and provide evidence-based policy recommendations on the future of FWDF, and on aligning workforce development within the future skills system.

## 2. Study Method

The study comprised a mix of:

- Secondary desk based research, including a review of Flexible Workforce Development Fund (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 Open University in Scotland (OUiS) via SFC and from SDS on employers/employees supported and training provided, SFC Further Education Statistics (FES) returns; and
  - A review of a wide range of published policy and strategy documents which are available at the hyper links cited in the report.
- 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 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.

Steering Group meetings were held on 15 March 2022 to update on progress and agree next steps, and on 12 July 2022 to present evaluation findings and draft conclusions and recommendations.

### 3. Fund Development and Policy Context

#### Summary

The evaluation found that the guiding principles that underpin the Flexible Workforce Development Fund (FWDF) remain relevant. The main challenges in implementation are the principles of simplicity, minimal administrative burden and responsiveness to employer demand.

When the FWDF was developed in academic year 2017/18, the main policy drivers were: recognise the needs and expectations of Levy-payers; support workforce development in line with the [Labour Market Strategy](#) (2016); tackle in-work poverty; and ensure the Fund strengthens college engagement with industry. The Fund has evolved and so the needs and expectations of Small and Medium Enterprises (SMEs) are also now of similar relevance. The feedback provided through our employer survey suggests that the main policy driver for employers is upskilling and reskilling. The important role that the Fund has played in strengthening college engagement with industry also emerged strongly from our stakeholder consultations and employer survey.

Since the FWDF was developed, delivery has continued to evolve based on the feedback from partners and stakeholders, including employers, and the Fund has been responsive to external drivers (e.g. COVID-19). The policy landscape also continues to evolve, albeit there are a clear set of policy drivers at all levels, namely: inclusive growth; COVID-19 recovery and renewal; wellbeing; fair work; net zero; and community wealth building.

The policy review and all of the stakeholder engagement identified a strong and continuing rationale for interventions that support upskilling and reskilling. Not least because of COVID-19 and EU-Exit which have converged to create an uncertain future and have exacerbated existing skills shortages and gaps across different sectors of the economy. Taken together, the evaluation evidence found a clear and ongoing need to support the current and future workforce to be adaptable and flexible given that skills requirements will also continue to change.

[Scotland's Future Skills Action Plan](#) (2019) and, more recently, [Scotland's National Strategy for Economic Transformation](#) (2022) have reaffirmed the Scottish Government's commitment to workforce development. A priority within the Scottish Government is the climate emergency and transition to net zero which further reinforce the need for a focus on jobs and skills development. The climate emergency, however, did not appear strongly in the feedback from employers regarding skills gaps nor was it among the main drivers of change identified for their business. This might reflect factors such as limited understanding of the skills needed within the business to address the transition to net zero, rather than limited employer demand (which may take time to build).

## Development of FWDF and timeline

The FWDF is a Scottish Government initiative, launched in academic year 2017/18, and created in direct response to feedback from the Government's [consultation on the introduction of the UK Government Apprenticeship Levy](#) (July 2016). Almost 80% of respondents to that consultation supported the introduction of a flexible fund to upskill and reskill existing staff.

The FWDF continues to be aimed at providing employers with flexible workforce development training opportunities to support: inclusive economic growth; address skills gaps; and boost productivity through upskilling or retraining employees for whom apprenticeships are not an appropriate route to address their training needs. Five guiding principles were identified to underpin the FWDF: simplicity; minimal administrative burden; cost effectiveness of delivery; transparency; and responsiveness to employer demand. These are customer-facing. The administrative burden to developing a multi-partner approach does, however, create the need for strong due diligence and dedicated administration.

## Timeline

### Year 1 (pilot year)

In this first year (academic year 2017/18), £10 million was made available by the Scottish Government for the FWDF. The Scottish Funding Council (SFC) administered the Fund on behalf of the college network in Scotland which created and delivered training programmes tailored to the needs of employers. The FWDF, launched on 7 September 2017, was available to UK Apprenticeship Levy-payers across the private, public and third sectors in Scotland, providing access to training up to the value of £10,000 per company.

An [independent evaluation of the FWDF pilot year](#) (2018), commissioned by the Scottish Government, explored what worked well and less well in the first year of the Fund. Although noting that the FWDF appeared to be operating well, the pilot evaluation also highlighted areas that could be improved and provided short-term and long-term recommendations. Some of the recommendations were implemented in Year 2 or in subsequent years.

### Year 2

In Year 2 (academic year 2018/19) £10 million was again made available by the Scottish Government for the FWDF. The main changes implemented from Year 1 to Year 2 of the Fund were:

- The maximum amount available increased from £10,000 to £15,000 per annum for Levy-payer employers.
- Levy-payer employers were also given the opportunity to either involve supply chain employees in mutually beneficial training or relinquish access to funding from the FWDF for up to two supply chain companies of their choice.

The evaluation found that the supply chain opportunity has not been used to any great extent during Year 2 to Year 4 by Levy-payer employers. Indeed, subsequent evolution of the Fund in Year 4 (see below) has resulted in this option no longer being relevant (i.e. any employer can now apply to the FWDF directly). Although accessing the Fund via the supply chain route offers potentially greater funding for some employers.

### **Year 3**

Year 3 (academic year 2019/20) of the FWDF began in August 2019, and was due to be delivered using the same model as Year 2, with a further £10 million made available from the Scottish Government.

The emergence and rapid spread of the COVID-19 pandemic in early 2020 was part of a global public health and economic crisis. As case numbers started to climb in the UK, the UK Government and the devolved administrations began introducing a series of measures aimed at reducing the transmission of the virus. These included restrictions on international travel, closure of all but essential shops and businesses and instructions to the public to stay at home and only go out for limited essential purposes such as shopping, exercise, and health appointments. These 'lockdown' measures had an immediate and severe impact on businesses and their employees, and the UK/Scottish Governments responded with a range of funding support schemes to avoid economic collapse.

In response to the wide-ranging challenges encountered, both on the demand-side of the FWDF (i.e. employers and employees) and on the supply-side (i.e. training providers), the delivery period for Year 3 of the FWDF was extended from the end of December 2020 to the end of December 2021. This resulted in a significant overlapping of funding and delivery in Year 3, Year 4 and Year 5 of the Fund.

### **Year 4**

In Year 4 (academic year 2020/21) the Scottish Government investment in the FWDF doubled from £10 million to £20 million, in line with the [Scottish Government Future Skills Action Plan](#) (FSAP) commitment in September 2019. Following discussions with a wide range of stakeholders:

- £18 million was allocated to SFC. In addition to £13 million for Levy-payer employers delivered through the college network, a further £5 million enabled the introduction of support for non-Levy-payer SMEs through colleges and Open University in Scotland (OUiS). SFC continued to administer the Fund on behalf of colleges and OUiS.
- £2 million was allocated to Skills Development Scotland (SDS) to enable Levy-payers to access FWDF training through private providers. The eligibility and conditions offered through SDS to Levy-payers mirrored that of the SFC offer of up to £15,000. SDS has managed this through a grant arrangement to enable businesses to purchase the non-college based training they require for themselves.

## Year 5

While not part of this evaluation, Year 5 of the FWDF (academic year 2021/22) began in August 2021. It is being delivered using the same model as Year 4 and will see a return to the normal delivery cycle:

- Applications had to be submitted by 31 July 2022. It was generally promoted on a "first-come, first-served" basis, and to apply early.
- Training had to commence by 31 August 2022.
- Training had to be completed by 31 December 2022.

Continuing the revised model introduced in Year 4 allowed time for the changes to more fully bed in and address the ongoing challenges of the impact of Covid-19.

## Policy drivers

At the time the FWDF was developed, the main policy drivers identified by the Scottish Government were to:

- Recognise the needs and expectations of Levy-payers.
- Support workforce development in line with the aims of the [Labour Market Strategy](#) (2016), particularly around upskilling and reskilling workers consistent with ambitions to raise productivity.
- Tackle in-work poverty.
- Ensure the Fund strengthens college engagement with industry.

The evaluation found that these continue to be relevant drivers for the FWDF.

The aim of the Scottish Government [Economic Strategy](#) (2015) was “Increased sustainable growth, with opportunities for all to flourish”, with dual objectives of boosting competitiveness and tackling inequality. It recognised that “Investing in our people”, for example, through workforce development, provides many benefits for employers and employees.

The Scottish Government [National Performance Framework](#) is for all of Scotland, and among other things provides a framework to track progress of government’s purpose. The national outcomes of most relevance to the FWDF are Education (People are well educated, skilled and able to contribute to society) and Economy (We have a globally competitive, entrepreneurial, inclusive and sustainable economy). This recognises that workforce development provides mutual benefits for employees (e.g. career advancement) and employers (e.g. building and retaining a strong team).

The Scottish Government [Labour Market Strategy](#) (2016) acknowledged that a strong labour market can drive inclusive, sustainable economic growth. It supports growing and competitive businesses, high employment, and a skilled population capable of meeting the needs of employers.

Fair work is viewed as central to improving the lives of individuals and their families. A key priority is to support employability and skills, so that everyone, regardless of background, can participate successfully in the labour market. Workforce development interventions are crucial to help build and retain an engaged, skilled and productive workforce to help businesses achieve their growth ambitions and to respond to ever-changing needs.

[Scotland's Future Skills Action Plan](#) (2019) also highlights the importance of skills in helping individuals reach their potential and provides a thematic framework to demonstrate the development and re-focusing of Scotland's skills system. Improving productivity, inclusive growth, and fair work are reaffirmed as critical for Scotland's future success.

The [Climate Emergency Skills Action Plan 2020/25](#) provides the framework for the skills investment needed to meet the global climate change challenge and successfully support Scotland's transition to a low carbon economy in a just and inclusive manner. It recognises the significant opportunities for developing new, quality green jobs and embedding green and circular economy skills. Within the context of COVID-19 recovery and renewal, the policy focus on ensuring a green recovery reinforces the need for a focus on jobs and skills.

The Scottish Government 10-year [National Strategy for Economic Transformation](#) (2022) sets out the priorities for Scotland's economy and the actions needed to maximise the opportunities of the next decade to achieve the vision of a wellbeing economy. The vision is "to create a wellbeing economy: a society that is thriving across economic, social and environmental dimensions, and that delivers prosperity for all Scotland's people and places. This will be achieved while respecting environmental limits, embodied by climate and nature targets". An action refers explicitly to the FWDF, reaffirming government's commitment to supporting workforce development: "Implement a lifetime upskilling and retraining offer that is more straightforward for people and business to access and benefit from". The Skilled Workforce Programme of Action highlights the importance of people having the skills they need at every stage of life to have rewarding careers and meet the demands of an ever-changing economy and society, and that employers invest in the skilled employees they need to grow their businesses.

## 4. Finance and Performance Review

### Summary

Based on budget allocation figures provided by the Scottish Government, the total Flexible Workforce Development Fund (FWDF) budget allocation between 2017/18 to 2020/21 was £50 million. Industry contributions, while not a current requirement, have been limited.

In the first three years of the Fund, the annual budget allocation was £10 million. Most funding has been aimed at Levy-payer employers, with the college network responsible for the delivery of training in the first few years of the Fund. This increased to £20 million in 2020/21 as per [Scotland's Future Skills Action Plan](#) published in September 2019. In 2020/21 the Fund was also opened up to non-Levy-payer Small and Medium Enterprises (SMEs) and non-college training provision. The college network continues to receive the largest share of FWDF funding in line with a key purpose of the Fund.

Total spend to date is £39.1 million. There has been an underspend of £10.9 million (or 22% of the total budget). There has been an underspend in each year, most notably Year 1 (pilot year) and Year 4 (when changes were introduced). The main factors identified from this evaluation for this include: limited lead-in time; time taken to raise awareness; time taken to put processes in place; a lack of funding at a national level for marketing and promotion; and the impact of COVID-19.

Spend varies by college/region. This reflects factors such as: the process for budget allocation; the proportion of Levy-payer and non-Levy-payer SMEs in each area; and resources, capacity and commercial focus of the college. For Year 4, there are large underspends on the non-college provider side.

Around 1,350 unique Levy-payer employers have been supported to date, and the total number supported has increased in each academic year when compared to the pilot year. (Note: we do not know the actual percentage penetration rate as the data has not been made available by HMRC). The number of employees supported has also increased, from around 9,000 employees (2017/18) to around 27,000 employees (2020/21). There has been a good level of repeat business. There is, however, a large proportion of Levy-payer employers who have not accessed the Fund. Stakeholders report that good progress is being made on the non-Levy-payer SME side. Over 900 non-Levy-payer SMEs and more than 2,000 employees have been supported to date with workforce development. The Year 4 changes are still in their relative infancy and delivery has also been affected by COVID-19 and limited marketing.

From the equalities data provided by SFC and SDS, age and gender appear to be well represented in the profile of employees that have participated in FWDF supported training.



Other protected characteristics, such as disabled workers and minority ethnic workers are under-represented. This therefore tends to reflect the employment profile in the employers accessing the Fund.

## Introduction

This section provides an overview of the take-up of the FWDF across the two routes into the Fund, and covers finance, employer uptake, and employee participation.

## Data issues

The information in this Section is largely based on a review of raw data provided by colleges and The Open University in Scotland (OUiS) to the Scottish Funding Council (SFC), and by Skills Development Scotland (SDS). The exception is the SFC data on employees supported by the FWDF which is collected through SFC's usual data collection processes, i.e. annual Further Education Statistics (FES) returns. Based on a review of the data available we would raise the following points.

### SFC:

- The range of data captured has increased over time. For example, data on sector and subject superclass was not collected in 2017/18.
- Data entry across years is inconsistent, particularly with regards to employer name. This likely reflects manual data entry issues (e.g. spelling mistakes, name inputted slightly differently each time, multiple individuals responsible for data entry), and some employers' names may have changed.
- This makes it challenging to provide an accurate assessment of the total number of unique employers supported by the FWDF.
- There have also been changes to the employee data captured in FES returns.

### SDS:

- The £2 million budget allocation covers financial year rather than academic year.
- The budget allocation covers two financial years, that is 2020/21 (Year 4) and 2021/22 (Year 5). While the evaluation covers Year 1 to Year 4, we have provided analysis of funding allocated to date.
- Data provided on learners and training relates to Year 4.
- Some data on employer sector and type was suppressed due to small numbers and to prevent disclosure.

## Budget and expenditure

**Table 4.1** provides a high-level summary of the FWDF budget and funding allocated over the first four years of the Fund. Over and above Scottish Government

investment, employer contributions have been limited. There is, however, not a current match-funding requirement for the FWDF.

Where employers have contributed some of their own funds towards the total cost of the training, this has been where the total cost agreed with the training provider has exceeded the annual funding cap.

**Table 4.1: FWDF budget allocation and spend**

Academic Year	Employer	Lead	Delivery Agent	Budget	Spend	Underspend/ Overspend	% Spend
2017/18	Levy-payer	SFC	Colleges	£10m	£6.2m	-\$3.8m	62%
2018/19	Levy-payer	SFC	Colleges	£10m	£9.7m	-\$0.3m	97%
2019/20	Levy-payer	SFC	Colleges	£10m	£9.0m	-\$1m	90%
2020/21	Levy-payer	SFC	Colleges	£13m	£9.6m	-\$3.4m	74%
	SME	SFC	Colleges	£4m*	£3.2m	-\$0.8m	80%
	SME	SFC	OUIs	£1m	£0.3m	-\$0.7m	30%
	Levy-Payer	SDS	Independent Training Providers	£2m	£1.1m	-\$0.9m	55%
2020/21 sub-total				£20m	£14.1m	-\$5.9m	71%
<b>Total</b>				<b>£50m</b>	<b>£39.1m</b>	<b>-\$10.9m</b>	<b>78%</b>

Notes

1. Sources: College/OUIs/SDS supplied employer data to SFC
2. \*£0.16 million was retained by SFC for programme management, monitoring and reporting purposes.
3. Please note data has been rounded.
4. Year 4 (2020/21) figures are interim figures and are based on end September 2021 returns. Delivery was, however, continued to the end of March 2022.
5. SDS data is based on delivery implemented for half the academic year.

Total FWDF spend is circa £39.1 million. This equates to an underspend of £10.9 million, or 22% of the total £50 million budget allocation.

There was a significant underspend in the first year of the FWDF of £3.8 million (38% of the total budget). The pilot year evaluation and consultation with training providers as part of this latest evaluation confirmed that this was primarily due to factors such as:

- Limited lead-in time for SFC/college network to get the Fund off the ground.
- It took time for the college sector to raise and build awareness of the FWDF among Levy-payer employers (e.g. there was no funding for a national

campaign, no accessible list of Levy-payer employers). Some funding was redistributed from a small number of colleges to those colleges who have requested additional funds based on their experience of delivery in the previous year.

- It took time for the college sector to put processes and systems in place to support delivery.

The level of underspend was reduced in Year 2 and Year 3.

Year 1 was a learning curve for all involved. Feedback from training providers in this evaluation is that the issues described above were largely addressed in the next two academic years as momentum and understanding developed on the supply and demand side. The increase in the funding cap in Year 2 also helped, as the average spend per Levy-payer employer increased by 42% (i.e. from circa £9,000 in Year 1 to circa £13,000 in Year 2).

There was, however, an underspend in Year 4 (2020/21), totalling £5.9 million. There are several reasons reported by training providers for this underspend with the most notable being the disruption caused by COVID-19. The efforts of colleges in adapting to new ways of working should, however, be recognised.

The SME strand is worthy of further comment. All providers experienced an underspend albeit to varying degrees: college SME strand (20%) and OUiS (70%). Although they did not have a specific SME strand SDS underspend was 45% of the allocated budget. This element of the FWDF was introduced in 2020/21 and partners would have been constrained in their ability to expand reach as originally envisaged. Contributory factors include COVID-19, timing of finding out allocations, and raising awareness of the Fund, in particular among SMEs. The college SME strand performed more strongly and is indeed on an upward trend and it reflects that the college network has been involved in the FWDF since it was first introduced and they have established good relationships with local businesses.

Within the college sector, it is also important to consider factors that impact on variation in reach and engagement and therefore performance in spend:

- Budget allocation process. Funding is allocated based on the estimated number of Levy-payer employers (and now also SMEs) and employment in each college region. There are many more Levy-payer employers in large urban areas (e.g. Aberdeen, Edinburgh, Glasgow). The make-up of the business base in rural areas is predominately micro and SMEs.
- Internal resources and capacity. Colleges vary in size and scale. Some but not all have well-resourced Business Development (or similar) functions to support implementation (i.e. marketing, promotion, employer engagement, administration, monitoring and reporting).
- Extent of commercial orientation. Aligned to the point above, some colleges are much more commercially oriented than others.

## **College and OUiS FWDF provision**

Note: The following sub-sections are all based on a review of the raw data provided by colleges/OUiS to SFC as part of the secondary research undertaken as part of this evaluation.

### **Employers**

Key messages from the data review regarding employer uptake of the FWDF included:

- In the first year of the FWDF, 687 Levy-payer employers accessed the Fund.
- This increased in 2018/19 to 755 (+10%), as the Fund gained more traction and awareness. Engagement with Levy-payer employers has increased every year when compared to the base year.
- In absolute terms, Levy-payer employer engagement has declined since the peak of 755 in 2018/19. Year 3 and Year 4 have been impacted by COVID-19.
- A total of 911 non-Levy-payer SMEs accessed the Fund in 2020/21. The vast majority were supported by the college network with the remainder supported by the OUiS.

### **Unique employers supported**

From a review and analysis of the available employer data relating to the FWDF (e.g. including employer names) provided by the SFC (which is provided to SFC from colleges) and SDS, we estimate that approximately 2,224 unique employers have accessed the Fund via the SFC route (1,313 Levy-payer employers and 911 non-Levy-payer SMEs). The Levy-payer employer data should be treated with some caution due to data quality issues noted above.

There has been a considerable level of repeat business for the FWDF:

- Almost two-thirds of Levy-payer employers have accessed the FWDF on multiple occasions (62%).
- Almost one-fifth of Levy-payer employers have accessed the Fund in each of the first four years of the Fund.
- A relatively high proportion of Levy-payer employers have accessed the Fund once (38%).

### **Average employer spend**

Key points to note from the data review on average FWDF spend by employer are as follows:

- For Levy-payer employers, average spend has increased over time, and now stands at circa £13,000. In part, this reflects the increase in funding cap.

- While the average spend by Levy-payer employers has increased in absolute terms, average spend as a proportion of the funding cap has fluctuated from a low of 82% to a high of 90%.
- For non-Levy-payer SMEs supported in 2020/21, the average spend per SME for colleges was around three-quarters of the funding cap (£3,771) and was lower for OUiS (£2,467).

### **Industry sector**

The FWDF has supported employers across a wide range of sectors (23 sectors in total). Key messages from the data review are:

- The main industry sectors for Levy-payer employers have been Manufacturing, Food and Drink, Business Services, Construction, and Oil and Gas.
- While there is some cross-over, the Care and Hospitality sectors have also been prominent for non-Levy-payer SMEs, as has the third sector more generally.

### **Training subject areas**

Although captured and reported in different terms (and different levels of detail), there continue to be similarities in the most popular subject areas of training undertaken. The most popular subjects of training are: Business Management; Care; Computing and Information Technology; and Health and Safety.

A majority of those enrolled on courses supported by the FWDF have been on short, bite-sized courses of up to ten hours. This is certainly the case for Levy-payer enrolments (circa 66% in most years).

### **Employees supported by the FWDF**

In the first year of the FWDF, colleges delivered training to 9,067 employees within Levy-payer employer organisations. This increased significantly in Year 2, with 23,695 employees supported (+161%). Enrolments on FWDF training have grown each year since then, and in 2020/21 stood at 25,124 Levy-payer employees (Source: SFC Further Education Statistics returns).

The total number of SME enrolments in 2020/21 was 2,189 – bringing the total number of FWDF enrolments across colleges/OUiS that year to 27,313. The recent SME involvement in the FWDF has driven much of the growth reported between 2019/20 and 2020/21.

The key messages from the data review on the demographic profile of employees that have participated in FWDF training delivered by colleges/OUiS are that:

- There has generally been a relatively even split between male and female employees. There is, however, a higher representation of female enrolments among SMEs (63% in 2020/21 compared to 54% for Levy-paying employers).
- Enrolments span a wide age range – younger and older workers alike (i.e. under 20 to 80+). The average age of enrolments has been around 40 years.
- Almost all employees supported have been of white ethnic origin. Employees from black and minority ethnic groups continue to be under-represented in FWDF training.
- Less than one-fifth of FWDF enrolments live in the 20% most deprived datazones in Scotland and this has been on a downwards trend since the FWDF was launched. This differs markedly from the wider college population.
- Few disabled workers have been supported by the FWDF and this population group continues to be under-represented in the training. It is, however, four percentage points higher in 2020/21 (7%) compared to 2017/18 (3%). It should be noted that this data relies on self-reporting by participants. As such, the data may be subject to under-reporting.

## **Independent providers provision**

Note: The following analysis is based on a review of the raw data provided by SDS on FWDF grant awards to employers to access training from independent training providers as part of the secondary research undertaken as part of this evaluation.

In years 4 and 5, SDS has managed and administered a £2 million budget allocation (since academic year 2020/21), with the funding used to support Levy-payer employers access training provided by independent training providers. Note: SDS data is based on delivery implemented for half the academic year in 2020/21.

The data review shows that a total of 67 grant awards were made by SDS to Levy-payer employers by the beginning of March 2022. Almost all are unique (individual) employers – only a couple of employers have had multiple awards from SDS. There is little cross over between Levy-payer employers that have accessed training from both independent training providers and college provision. Only five employers that received a FWDF grant from SDS have also previously accessed funding from the SFC route.

Wider points on the Levy-payer employers supported by the SDS FWDF grant programme include:

- The top three industry sectors are Manufacturing; Other service activities; and Professional, scientific and technical activities.
- Most are private sector companies, although care is needed when interpreting this observation as much of the data was suppressed due to small numbers and to prevent disclosure.

The data provided to inform the evaluation shows that:

- Circa £989,000 has been awarded by SDS to Levy-payer employers for workforce development.
- When set-up and administration costs are included (£95,000), there remains a considerable amount of budget remaining for Year 5 – this equates to £916,000 (46%).
- Demand has not been particularly strong to date with just less than half of the £2 million budget awarded to Levy-payer employers. It should be noted that this element of the Fund is only available to businesses if there is not a college option available and performance mirrors the initial pilot year of the Fund.

Feedback from a delivery partner and wider stakeholders captured in this evaluation found that performance ought to be viewed in the context of the following factors:

- It is early days for the SDS route into the FWDF compared with the SFC route.
- There has been limited marketing and promotional activity.
- The impact of the COVID-19 pandemic on demand and supply of training.
- There may have been additional awards made since the data was provided.

The data review found that a total of 1,718 individual learners have participated in training supported by the FWDF through the SDS route in Year 4:

- Many of these individual learners in Year 4 undertook multiple training courses (i.e. circa 4,400 incidences of training).
- Employees at various levels within companies/organisations have been supported from entry level to director. Around 61% are professional to director level, i.e. higher skilled and higher paid roles.
- Just over one-eighth of employees live in the 20% most deprived data zones in Scotland, likely reflective of the high number of professionals and director level employees.

The most common training courses undertaken were in the following areas: Management (General); Management Skills (Specific); Information and Communications Technology (General); Health and Safety; and Business (General). Taken together, these equate to almost 40% of the total. Further, these subject areas largely align with training selected by employers through the SFC route.

## **Estimated penetration rates**

We have estimated FWDF penetration rates based on comparing the number of businesses that have accessed the Fund with the estimated number of Levy-payer employers in Scotland, **Table 4.2**.

**Table 4.2: Estimated number and percentage of Levy-payer employers supported – SFC (college network) and SDS**

	Estimated Levy-payer employers in Scotland in academic year	Estimated Levy-payer employers supported by the FWDF in academic year	Estimated penetration rate (%)
2017/18	4,260	687	16%
2018/19	4,365	755	17%
2019/20	4,475	731	16%
2020/21	4,340	775	18%
	<b>4,360 (Average)</b>	<b>1,351 (unique employers)</b>	<b>31%</b>

Notes

1. Source: Scottish Government provided data on estimated Levy-payer employers in Scotland based on Inter-Departmental Business Register, includes all sectors: private, public and non-profit.
2. The number of Levy-payers supported is based on EKOS' review of data provided by colleges/OUIS to SFC.
3. The data on estimated Levy-payers in Scotland is based on yearly figures as at March (e.g. March 2017, March 2018), whereas the data on those supported by the FWDF is based on academic years (e.g. 2017/18, 2018/19). As a result, the data inserted in the table for estimated Levy-payers in Scotland for 2017/18 is the figure for March 2018, and so on.

Key messages from our data analysis and estimates are:

- The level of engagement with Levy-payer employers has remained relatively stable over the first four years of the Fund.
- Overall, we estimate around 31% of Levy-payer employers in Scotland have been supported by the Fund to date. Although, as above, the college supplied employer data has not been verified through normal SFC process so caution is needed when interpreting this figure.
- On the basis of these estimates, it would seem that most Levy-payer employers in Scotland have not accessed the FWDF (circa 69%).
- It is estimated that 0.5% of SMEs in Scotland have accessed the FWDF. This is low, however, the Fund has only recently started to support these employers in Year 4 in 2020/2021 when it was extended to these employers during COVID-19 when they may have had other challenges to consider.



## 5. Stakeholder Feedback

### Summary

Stakeholders taking part in this evaluation were largely positive about the Flexible Workforce Development Fund (FWDF).

It is considered by stakeholders to be a much needed and valued intervention. There is said to be a clear, strong, and continuing rationale for the FWDF and the role it could play in further supporting inclusive economic growth and COVID-19 recovery.

There is a strong and unanimous view among stakeholders that the Fund should continue (in some format) as it is one of only a few that target support at employers and workforce development opportunities for all age groups. Some of the challenges encountered in Year 1 of the Fund have been overcome, as momentum and awareness were further built in Year 2 and Year 3.

While there have been challenges in Year 4 delivery, such as COVID-19 impact and the administrative burden associated with non-Levy-payer Small and Medium Enterprises (SMEs), the changes made in Year 4 are mainly seen by stakeholders as positive and “listening” to stakeholders and industry. Stakeholders participating in this evaluation noted that this will be important going forward.

The FWDF is considered by stakeholders to be performing well on a number of levels. It is generally considered to benefit all stakeholder groups engaging in this evaluation – employers, employees, and training providers. There are, however, some contrasting views in that independent training providers report that they have had limited involvement and benefit.

Greater flexibility in how the Fund operates is broadly supported by all stakeholder groups.

Where there are mixed views among stakeholders, this centres on three aspects:

1. the funding cap for Levy-payer employers. Some, but not all stakeholders, think it could be higher;
2. independent training providers feel that their involvement has been constrained, and that employers should have more choice in training provider. This feedback needs to be viewed in the context that an objective of the Fund is to strengthen college-industry engagement; and
3. the extent to which college provision is tailored to employer needs.

Stakeholders consulted noted that the FWDF has not been without its challenges. This includes: scale and capacity of training providers; marketing, promotion and awareness of the Fund; reporting; annual funding cycle; milestones for FWDF delivery; and geography.

## Introduction

45 organisations (60 individuals) (**Table 5.1**) were consulted in the evaluation via telephone or video conference between January 2022 and March 2022.

**Table 5.1: Summary of organisations and individuals consulted in the evaluation**

	Number of organisations	Number of individuals
Delivery Partners (Scottish Government, Scottish Funding Council, Skills Development Scotland)	3	9
Training Providers – Colleges and Related Boards	27	33
Training Providers – Non-College Provision	6	8
Wider Stakeholders engaging with the FWDF	9	10

## A valued intervention

The FWDF is considered to be a much needed and valued intervention across all stakeholder groups taking part in this evaluation. There is broad recognition of the importance of providing increased opportunities for the upskilling and reskilling of the existing workforce. Stakeholders reported a clear, strong, and continuing rationale for the FWDF and the role it could play in further supporting inclusive economic growth and COVID-19 recovery. Investing in the workforce is viewed as a critical component to achieving this.

The Fund is considered to have plugged a gap in provision and is operating in what stakeholders perceive to be a clear space within the wider skills ecosystem. The strong focus on the employer/business and the provision of upskilling and reskilling opportunities for all age groups within an employer’s current workforce are identified as key strengths of the intervention. It is noted that much of the wider skills provision is aimed either at the individual and/or at specific target groups (e.g. young people).

There is a unanimous view among stakeholders participating in this evaluation that the Fund should continue (in some format). It is perhaps worth highlighting that there is an element of “self-interest” from stakeholders who could primarily see their responses framed by the type of organisation e.g. college or businesses.

## An established fund for Levy-payers

### Year 1

Training providers with direct experience of the first year of the FWDF (i.e. colleges) highlight the lack of sufficient lead-in time or development resources prior to the formal launch of the Fund in 2017/18.

The main feedback is that it took time for awareness of the FWDF to be built and for processes and systems to be put in place by the college sector to support delivery. Key challenges at this early stage in the Fund are commonly framed by stakeholders as the lack of funding for a national marketing and promotional campaign and no readily available access to a list of Levy-payer employers.

The general sense from college sector stakeholders is that it took time in Year 1 for their teams and for employers to understand the purpose of the FWDF and what it aimed to do, to achieve momentum in raising awareness of the Fund, and for colleges to identify and establish relationships with Levy Paying employers. Considerable time and effort have gone into firmly establishing the FWDF and to broker new relationships and connections with Levy-payer employers. This has been mirrored in the development of the private provider route in Year 4 of FWDF and noted by Skills Development Scotland (SDS).

### **Year 2 and Year 3**

The main feedback from the college sector, delivery partners and wider stakeholders is that strong foundations had been laid by the college sector in Year 1, and that moving into Year 2 and Year 3 of the FWDF, delivery was easier and smoother for much of the college sector. In support of this, there is wider acknowledgement among stakeholders that:

- Processes are now established and the FWDF has become an integral and embedded part of the wider college commercial offering.
- There has been repeat custom from some Levy-payer employers.
- The increased funding cap in Year 2 for Levy-payers was welcomed.

### **Impact of Year 4 changes**

Stakeholders emphasise that it is important to bear in mind that:

- Overall performance of Year 4 should be set in the context of COVID-19.
- Implementation of the Year 4 changes are still in their early stages, and have not had sufficient opportunity to bed in.

The increased FWDF pot from £10 million to £20 million in Year 4 was welcomed. It is reported that this has enabled more employers to be supported and provided additional support in direct response to the impact of the pandemic.

### **SMEs**

Common feedback among all stakeholder groups consulted in this evaluation is that opening the FWDF to SMEs in Year 4 was the right and sensible thing to do, and that it was a “game changer” – not least because:

- SMEs play a major role in the Scottish economy and account for the vast majority of the business base ([Businesses in Scotland: 2021](#)).
- SMEs can often face a range of barriers to workforce development, and access to the FWDF has helped to overcome these challenges.
- The available funding while perhaps less than generous to large companies is seen as an appropriate level for SMEs.
- The number of Levy-payers in some parts of the country is relatively small, and micro businesses and SMEs play a vital role in remote/rural geographies.

Some training providers note that demand for FWDF support from SMEs has been strong, and that their allocation could have been filled multiple times over. Others commented that it has felt like “Year 1 of the FWDF again” – with an ongoing need to devote resources to build awareness of the Fund among SMEs.

### **Non-college provision**

Expanding training provision through the FWDF beyond the college sector is also broadly welcomed by all stakeholder groups in this evaluation, albeit there are said to have been various issues that have affected (or constrained) its effective implementation. The main message from the college sector is that the expansion of provision to include non-college provision has not had much, if any, impact on their institution’s own FWDF delivery. Many college sector participants noted, however, that it has helped them as it has been another referral source.

Stakeholders report that there are likely to be several factors at play:

- The non-college provision route into the FWDF is still in its relative infancy.
- The college sector makes use of “associate tutors” (often independent training providers who bring current industry practice into the delivery and help to provide current and up to date curriculum content) and other colleges in Scotland to provide additional capacity for delivery, including but not limited to areas where they do not have in-house expertise or provision available. This practice is not limited to the FWDF and is a common practice within the college sector.
- Linked to the point above regarding “associate tutors”, independent training providers feel constrained in their ability to proactively market and promote their training products/offer in a FWDF context. In part such marketing activity is considered to put them in a “direct conflict of interest with the college sector” – who some rely on as an important source of income.
- All training delivered through the college route is “badged” as on behalf of a particular college and not their own company.

Further, viewpoints expressed by some independent training providers are that:

- The FWDF has created a business-led model for independent training providers – there is not believed to be a “level playing field” between college and the non-college provision.
- There are inconsistent day rates applied by the college sector for use of “associate tutors”.
- The criteria for Levy-payers to use independent training providers for “specialist training” is considered a grey area.

Wider feedback is that Levy-payer employers are required to choose one route into the FWDF (as noted earlier, with the college the default position, unless the college cannot provide the training or specialist training is identified). There is some feedback that the “easy choice” for Levy-payer employers would be to go with a college rather than an independent training provider via the Skills Development Scotland (SDS) route:

- Colleges have had four years to establish long-standing relationships with Levy-payer employers. Independent training providers feel “behind the curve”.
- Colleges support employers through the application process which is helpful for businesses. Through the SDS route to the FWDF employers deal with the application process and training needs analysis themselves and also source the independent training provider.

A wider point raised by some training providers (including but not limited to independent training providers) and wider stakeholders relates to the different routes into the Fund and that this is “limiting the choice of employers to use more than one training provider” should they wish to do so. This is because the routes into the FWDF currently operate as discrete strands and funding pots.

A common example provided through the consultations, undertaken as part of this project, is that of a Levy-payer employer that engages with a college and has agreed an initial plan worth £10,000 of training provision. Within the current Fund parameters the Levy-paying employer could then not also engage The Open University in Scotland (OUiS) and/or an independent training provider for the remaining £5,000 of funding available for additional training. In these circumstances the likelihood is that the Levy-payer employer will simply “top up” the training with the college to ensure the £15,000 annual cap is used in full. Some stakeholders question whether this is the most effective and impactful use of the Funds from an employers’ perspective (and from an additionality perspective).

Note: There is an agreed workaround for this issue via the SDS delivery route, however, it was raised by a number of training providers, which suggests that further communication is required.

A related point is that independent training providers are not able to engage with SMEs, and conversely the OUiS is not currently able to engage with Levy-payers.

Greater flexibility in how the Fund operates is therefore broadly supported by all stakeholder groups in this evaluation.

## **Funding cap model**

Mixed views are provided by stakeholders on the funding cap for Levy-payers. There is recognition of the tension that exists between supporting more employers with smaller amounts of funding and supporting fewer employers with larger amounts.

The £15,000 funding cap was felt by stakeholders to be too small for some Levy-payers' needs:

- “A drop in the ocean” compared to what they pay into the Apprenticeship Levy.
- Some believe it is “their tax monies” which they should get back.
- Some believe that their industries are “subsidising” others.

While some Levy-payers have not accessed the FWDF due to the maximum funding available, some note that it can cause “bun fights” within different parts of the same organisation who often compete to get their application in first.

There is some, but not universal support for a “tiered”, “pro-rata” or “staggered” funding model to help overcome this issue, with the thinking that this could make the FWDF more attractive to more Levy-payer employers. Others suggest more flexibility or “discretion” could be applied in some contexts, and in particular where the impact of the workforce development activity would be significant for an employer. On the flip side, it is reported that such an approach could create added confusion for employers.

## **SMEs**

The main consensus is that the £5,000 annual funding cap for SMEs is appropriate. Much of the feedback from training providers highlights applications for funding are typically much lower than £5,000. In part, this might reflect the size of SME employers currently engaging in the Fund (at the micro and smaller end). This is supported by our analysis of the awards made (**Section 3**).

The general message is that SMEs have been very grateful for the funding, that it has been “a lifeline”, and that the FWDF monies “can go a long way”. There is, however, broad acknowledgement that the definition of an SME spans one to 249 employees, and that at the higher end of the spectrum £5,000 may not be as appropriate as it is for a micro or small employer. Stakeholders note that most SMEs who are at the higher end based on number of employees are probably also Levy-payers and therefore can access the £15,000 allocation instead.

Further, stakeholders added that it would be important to capture and listen to the feedback directly from Levy-payer and SME employers regarding the funding cap in terms of informing future delivery.

### **Application process and training**

Key points to note from the stakeholder consultations on the application process, training needs analysis and training delivered via the FWDF include the following:

- Some hold the view that the application process could be streamlined, in particular for SMEs to ensure it is accessible and proportionate. Wider feedback highlights that Levy-payers are required to provide repeat information in parts of the application from year to year.
- The colleges/OUiS support applicants through the process, provide examples of what narrative they might expect to see in response to the question set, and/or help complete the form. The training providers have established good working relationships with employers. However, the time involved in providing such support is reported by some training providers to be an administrative burden.
- Enrolling participants on courses can be onerous, in particular where an employer sends many people on a course(s) and/or when many short courses have been selected.
- Training needs analysis by the college sector/OUiS largely continues to be undertaken on a relatively informal basis with employers. Some stakeholders believe that a robust training needs analysis should be completed, while others believe this would be overkill. The business community subscribe to the latter point of view.

Over the first few years of the FWDF, training such as Leadership and Management and Health and Safety have been in greatest demand from employers. Training needs have changed because of COVID-19 – there has been increased demand from employers for training such as Managing Remote Teams, Mental Health First Aid, Health and Wellbeing at Work, Change Management, and Digital.

There remain some views that the colleges are still trying to “sell” off the shelf products or show employers a “prospectus” of existing training provision (for most it is not meant to be viewed as a comprehensive list) rather than bespoke offerings, albeit it is recognised the cost to develop a bespoke offering may be high compared to the risk of a low level of demand. It has only been in Year 5, that 5% of the funding allocation for each college/OUiS can be used for the development of brand new training provision. Development funding needs sufficient lead-in time and for it to be appropriately resourced internally (e.g. lecturers’ time away from teaching). A few colleges mentioned they are engaging with employers around how development funding could be best utilised.

While there is still a clear view around the need to (in some way) accredit the training, there is an alternative view that many SMEs just need a few hours of support to address a specific skills issue. The Fund allows for both.

## **Impact of COVID-19**

There is clear and strong feedback from all stakeholder groups on the impact that COVID-19 has had on the both the supply and demand sides of the FWDF.

On the supply side, training providers had to pivot much of their provision online - quickly extending and mobilising digital platforms for staff and students alike. For many, this was a steep learning curve and involved considerable time and effort from a design and administrative perspective.

The rapid and widespread shift to digital provision has created both challenges and opportunities, reported as follows:

- Challenges – varying levels of digital literacy and skills among participants in training; initial hesitance among some employers for remote learning; some provision requires a face-to-face component; and potential for more disruption for the learner if participating in remote training while physically in the workplace.
- Opportunities – ability to achieve broader reach and engagement in workforce development; helps with training to support effective remote working; supporting employers with a dispersed workforce; shorter blocks of training and bite sized learning; saves time and cost in travelling to deliver/attend training; and can be a more cost effective mode of delivery.

The reality was that many of the courses were delayed or cancelled, due to the training establishments being in lockdown and most of those delivering the training were furloughed.

Wider feedback centres on a hybrid model of delivery going forward, with mode of delivery, however, driven by the needs and preference of the employer. Many training providers highlight that employers are certainly more open to remote learning. Both of these points are further supported through our employer survey.

Employer engagement was made more challenging over the last two years, with some colleges reporting less marketing and promotion than would normally have been the case, and clearly much less in-person engagement. Staff changes within employers has also meant that some key contacts for training providers were lost.

Extensions to Year 3 and Year 4 have resulted in the overlapping of FWDF delivery. While the rationale for this is understood (and requested by colleges), it resulted in planning and logistical challenges for training providers. For example, dealing with the backlog of training to be delivered due to postponements while at the same time building the pipeline for the next academic year of the Fund. Further, it is noted that



employers often find it difficult to commit to further training when they still have a balance of workforce development training outstanding.

The impacts of COVID-19 are still being felt, although the general consensus is that any decline in demand due to the pandemic (or slow uptake of the new SDS route) is likely to be temporary. Some colleges highlighted that demand may be reaching saturation point with regards to Levy-payers.

On the demand side, the main challenge as reported by stakeholders is a shift from growth to survival mode for many employers, with workforce development pushed lower down the list of company priorities.

However, stakeholders note that the position has changed significantly over recent times - as people become scarcer and the labour market tightens, workforce development is likely to become critical to upskill internal people into roles.

## **Benefits and impacts**

The FWDF is clearly seen (by many stakeholders in this evaluation) as being of advantage and benefit to the employer, individuals, and training providers. However, independent training providers feel that they may have not benefitted to any great extent to date, with wider feedback that “restricted choice on training provider” depending on route into the FWDF may also limit benefits realised by employers (and employees).

For the college sector/OUiS the key benefits for their institutions from involvement in the FWDF are, however, 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, adding to their toolbox and giving them something to talk to employers about.

For employers, the college sector/OUiS reported that it has resulted in:

- Greater knowledge and awareness of the training provider offer.
- Increased engagement with training providers.
- Increased levels of workforce development.
- Skills that the business needs.
- For employees the main benefit is said to be increased skill levels.

## **Additionality**

The general consensus is that FWDF training is additional and that employers otherwise would not undertake workforce development or train additional numbers of staff. It is strongly felt to have stimulated demand for workforce development, albeit as this evaluation found, formal evidence may be lacking.

A few wider stakeholders, however, commented further on additionality:

- As the Fund operates on a “first come first served” basis, this may limit any due diligence assessment of additionality prior to award.
- Some Levy-paying employers have received four years of funding from the FWDF – the point raised is whether these employers should pay for this training themselves or make a contribution towards the cost of FWDF training.
- A perception is that there may “less incentive” for the college sector to engage with lots of new clients given the “guaranteed pipeline” from repeat Levy-payer employer custom (the data review shows that there is strong repeat business).

## **Wider challenges**

### **Scale and capacity of the college sector/OUiS**

The college sector and OUiS vary in terms of scale, resources and capacity. Some point to having a very small or no Business Development or Engagement Teams. This presents capacity constraints:

- To proactively promote the Fund.
- For employer engagement activity.
- For administrative activities.
- To deliver training that is not “off-the-shelf” and which requires extensive development resource.

The college sector does not receive an allocation to support the administrative costs of managing, delivering and monitoring the FWDF. Many college participants report that the administrative burden has increased since the Year 4 changes (i.e. non-Levy-payer SMEs). Here, there is wider reference that:

- SMEs often have no internal HR or Learning and Development Team and require additional support through the process.
- The lower funding cap means that there are more employers to support, arrange training for, etc.
- There has been greater follow-up activity required of training providers. The key contact in an SME typically wears “multiple hats” and it has been time consuming from initial engagement stage to the training commencing.

## **Promotion**

Many stakeholders in this evaluation believe the FWDF still needs to be more strongly promoted to ensure that it is fully understood by potential applicants, in particular to reach SMEs, employers new to the Fund, and those who have not accessed it for some time. There is also strongly felt to be a role for all key partners and stakeholders in the FWDF to proactively market and promote the FWDF.

The lack of funding for a national marketing campaign was raised in the pilot year evaluation and again through this most recent evaluation. Some commented that increased marketing, in particular at a national level, may stimulate demand beyond that for which funding is available (as well as further stretch available resources within training providers).

Marketing and communications is an ongoing activity for the college sector/OUiS – and is done on varying levels depending on capacity. The college sector does not receive an allocation to support marketing and promotion of the Fund. Many continue to work with and through others to help raise awareness. A mix of approaches continues to work well. Wider feedback includes whether there is scope for HMRC to help publicise the FWDF and/or provide a list of Levy-payer employers. Independent training providers also feel particularly constrained in their ability to promote the Fund.

## **Reporting**

Some training providers view reporting as onerous and disproportionate.

## **Annual funding cycle**

Certainty of funding and sufficient lead-in time are considered essential for employer engagement and Fund delivery to work efficiently and effectively. Almost all colleges, OUiS, and SDS raise concerns with the annual funding cycle for the FWDF, with the timing of when training providers are informed of their indicative allocations/funding said to “come late in the day”. This has a knock-on effect on strategic planning for how it will be resourced internally and can constrain training providers’ ability to have conversations with employers on their longer-term workforce development needs. Aligned to this is uncertainty around whether the guidance will change from year to year.

The annual funding cycle and timing issue are also considered to impact negatively on employers - limited lead-in time; funding uncertainty; the process can feel too rushed for new employers to the FWDF; and they do not operate to academic years.

## **Milestones for delivery**

The key milestones for receiving applications, for training to start, and for training to be completed are said to not always easily align with when employers consider and plan their workforce development activity for the year ahead. In particular, the start and end dates for the training are considered a constraint and can result in “bottlenecks”.

Some challenges raised include:

- Employers may wish to spread their training out over a longer time-period.
- The delivery window for the training to start and end may coincide with a particularly busy period for the business (i.e. challenges in releasing staff).

The milestones are not conducive for employers selecting training that spans a longer period for delivery and/or higher level qualifications. While training providers can approach the Scottish Funding Council (SFC) for an exemption, a case-by-case approach can result in delays for employers.

## **Geography**

The issue of geography was raised by a few organisations where members had multi-locations. The restriction of a single award and use of local college are seen by some stakeholder respondents as particularly challenging. This issue is also an “overhang” from the first evaluation and there is no easy or right/wrong answer but it still exists for some of the larger Levy-payers.

A wider point relates to greater geographic flexibility in the operation of the Fund. For example, a “rural uplift” that considers factors such as the higher cost of accessing training for businesses in remote, rural and island geographies.

## **Areas identified by stakeholders for improvement or change**

Many stakeholders in this evaluation propose minor “tweaks” suggesting general satisfaction with the current approach to the management and delivery of the Fund. Others suggest a wider refresh of the FWDF to better meet the needs of employers, and for it to be operated in a way that creates a level playing field for non-college provision. In almost all cases it could be described at best as “enlightened self interest”.

A common message is that the overall funding available for the FWDF could be further increased from £20 million to ensure sufficient strategic response to the growing need for reskilling and upskilling the current workforce, particularly given the well reported labour market and skill constraints. There is considered to be a need for much greater investment in this area, in particular for SMEs. Wider feedback on the two discrete routes (and pots of funding) into the FWDF includes:

- All training providers should be able to engage with any employer (i.e. Levy-payer and SMEs).
- Similarly, employers should be able to “shop around” and select the training provider(s) of their choice.
- That this has caused constraints (e.g. ability to redistribute funding from one pot to another) and for some it is also felt to have caused confusion (e.g. for those employers that need to choose one route or the other into the Fund).

As reflected above, there are relatively mixed views around whether there is a need to amend or change the current annual funding cap. There is, however, consensus that marketing and promotion of the FWDF could be improved at all levels.

In terms of Fund delivery, some specific points are raised by stakeholders, including:

- More (non-specific) flexibility in use of the funding e.g. small awards for non-accredited, off-line mentoring, etc.
- Make it easier for SMEs to access through e.g. colleges delivering training outside working hours or developing online self-help units.
- Focus on development of self-learning packages particularly for SMEs that will allow wider access and at a time that suits them.
- Packaging small asks together for larger bespoke opportunities.
- Greater opportunity for regional flexibility within a broad national framework.

## **Lessons learned**

The main lessons learned from stakeholders for FWDF management and delivery are:

- There is a continuous need to promote wide awareness and understanding of the FWDF.
- Access to a list of Levy-payer employers would have been (and could still be) helpful.
- “Flexibility” is key, and efforts should continue to make the Fund as flexible and responsive as is 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 with no funding to support the administration of the FWDF, this has resulted in a variety of approaches to the management, delivery, training offer, promotion, etc. – 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.

## 6. Employer Feedback

### Summary

Almost all of the 203 employers surveyed in this evaluation consider workforce development to be important. A range of factors lie behind this, including to keep pace with change, to grow the business, to increase productivity/competitiveness, to address skills gaps, and the fact that people are the biggest asset an employer has.

Employer satisfaction with their engagement with the Flexible Workforce Development Fund (FWDF) is high. This includes aspects such as: time taken to assess applications and receive a decision; deadlines for applications; ease of finding out about the funding; and communication with the training provider. There have been strong levels of repeat business and relatively high levels of additionality.

The most common benefits reported by the 203 employers surveyed are:

- A more skilled workforce (92%).
- Increased knowledge and understanding of the colleges, The Open University in Scotland (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 would recommend the FWDF to other employers, and almost all said they would apply to the FWDF in future years (at the time of the evaluation, a blended model of delivery is the preference).

More negative feedback needs to be viewed in the context of high levels of positive feedback and ratings overall. There was most disagreement with statements relating to "training content being developed from scratch to meet our needs, etc.", and there does appear to be some potential employer demand for this.

The ability to use multiple training providers could also provide greater flexibility for employers. Some employers consider the application process and registration of employees on training courses burdensome, with feedback that timescales for submitting applications and for the training to start/complete do not meet employers' needs.

While a majority of employers consider the funding cap appropriate, Levy-payer employers are more likely to disagree.

## **Introduction**

A sample of 800 employer contacts was developed from the population of employers supported drawn from the raw data provided by colleges/OUiS via the Scottish Funding Council (SFC) and from Skills Development Scotland (SDS). An introductory letter prepared by EKOS and the Scottish Government was issued by colleges, OUiS, and SDS to their share of contacts. Participation in the telephone survey was entirely voluntary and participants could withdraw at any time.

A total of 203 employer telephone interviews were undertaken by Research Resource:

- 93% of these employers are supported via the SFC route. The remainder received a grant from SDS (7%).
- 79% are Levy-payer employers. The remainder are non-Levy-payer Small and Medium Enterprises (SMEs) (21%).

## **Employer views on workforce development**

This sub-section is about workforce development. We present employers views on the FWDF in the following sub-sections.

Almost all of the 203 employers surveyed (99%) either agreed (10%) or strongly agreed (89%) that workforce development is very important to their business.

Reasons provided by employers include:

- To help meet the pace of change and to stay relevant.
- That people are the biggest asset a business has.
- To support increased productivity, competitiveness, and business growth.
- A skilled workforce can also support: skills gaps to be addressed, a more efficient and motivated workforce, employees to feel valued, employees to progress internally within the business, development of cross-functional teams/transferable skills, improved customer service, and succession planning.
- A commitment to workforce development helps to attract/retain staff. Some employers highlight current challenges in relation to staff turnover, recruitment and staff shortages, as well as post EU-exit challenges.
- To address the challenges presented by an ageing workforce.

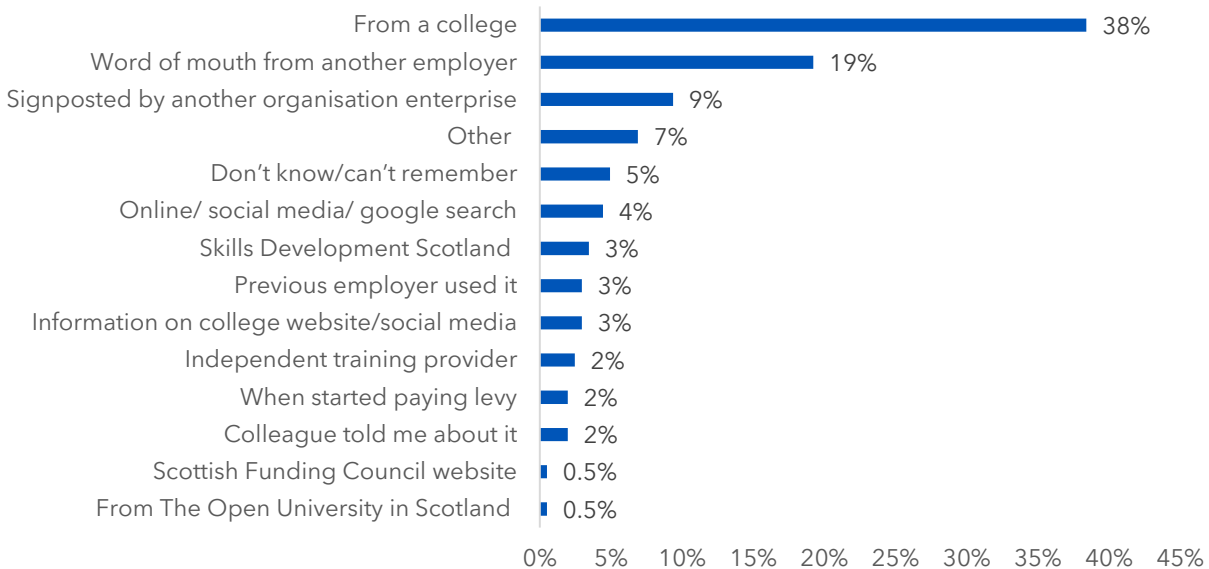
Most of the 203 employers who took part in the evaluation reported undertaking workforce development (94% provide internal training 97% arrange external training delivered by a third party).



## Engagement with the FWDF

Employers heard about the FWDF in many ways, most notably through the college network, **Figure 6.1**.

**Figure 6.1: How did you first become aware of the FWDF?**



Source: EKOS FWDF evaluation employer telephone survey delivered by Research Resource as part of this project.

Base: Number of employers surveyed was 203.

Note: 'Other' responses reported for this question included 'from a university contact' and 'from previous employment'.

## Skills gaps

Prior to applying to the FWDF, most employers surveyed (178) report that they had a skills gap(s) in their business (88%). The main skills gaps are Leadership and Management, IT and Digital, Coaching and Mentoring skills, and Health and Safety. Delivery partners note that these skills gaps should be taken as snapshot in time, during the pandemic. COVID-19 made a big change in skills gaps which may normalise quite quickly.

## Satisfaction with FWDF processes

In general, employers (n=203) are satisfied with their engagement with the FWDF, **Table 6.1**. The highest levels of satisfaction are reported for:

- Time taken to assess applications and receive a decision (89%).
- Deadlines for applying (88%).
- Ease of finding out about the funding (85%).
- Communication with the training provider (85%).

Employers are particularly keen to draw attention to the simplicity of the application process, the speed with which they received a response to their application, and most importantly, the good levels of communication with their training provider.

**Table 6.1: How satisfied or dissatisfied were you with the following aspects of your initial engagement with the FWDF and the application process?**

	Satisfied/ very satisfied	Neither satisfied nor dissatisfied	Dissatisfied/ very dissatisfied
Time taken to assess applications/receive decision	89%	5%	4%
Deadlines for submitting an application	88%	7%	4%
Communication with the training provider	85%	12%	3%
Ease of finding out about the funding	85%	6%	8%
Clarity of the guidance issued	84%	11%	4%
Time taken to agree and deliver training	83%	12%	4%
Maximum amount of funding available per annum/year	83%	7%	10%
Clarity regarding what training was eligible	82%	12%	5%
Ease of the application process	78%	13%	7%
Time taken to receive grant payment(s)	67%	0%	7%
Training needs analysis undertaken	66%	9%	4%

Source: EKOS FWDF evaluation employer survey

Base: Number of employers = 203 for all except 'Time taken to receive grant payments', N=15 (SDS route).

Note: Not applicable response options were excluded, so some options do not equal 100%. For example, not all employers received a grant or had a training needs analysis undertaken (e.g. SDS route).

## Level of engagement with the FWDF

Employers surveyed were supported across multiple rounds of the FWDF. Over two-thirds (69%) of the 203 employers surveyed have accessed the FWDF on more than one occasion, and there has been strong levels of repeat business.

## Training supported by the FWDF

Key points to note from the feedback of 203 employers include:

- Most employers used a college – 89% of Levy-payer employers and 81% of non-Levy-payer SMEs. Employers surveyed have used the FWDF support for training courses at 23 of 27 colleges in Scotland, albeit to varying degrees.
- Fewer employers used OUiS or the SDS route – this reflects the length of time these elements have been operational.
- Almost one-fifth of non-levy-payer SMEs used OUiS:
  - Wider feedback on the use of OUiS highlights: a positive prior experience; the wide range/variety of courses available; flexibility of online learning alongside employment; course/qualification met employers and employees needs; suits employers with a geographically dispersed workforce.
- 13% of Levy-payer employers used an independent training provider:
  - A range of sectors were supported, including Energy (including renewables), Business Services, and Oil and Gas.
  - These employers sought Leadership and Management, and IT and Digital, and Coaching and Mentoring training.
  - Most of these employers report that they found it easy or very easy to identify an independent training provider (86%). The remainder report “neither easy nor difficult” (14%).

**Table 6.2: Which type of training provider has/will deliver the FWDF training?**

	Levy-payer employer	Non-Levy-payer SME
College	89%	81%
OUiS	Not applicable	19%
Independent training provider	13%	Not applicable

Source: EKOS FWDF evaluation employer survey undertaken as part of this study.

Base: Employer number = 161 (Levy-Payer employer), 42 (Non-Levy-Payer SME).

Multiple response question where employers could select more than one option and all that applied.

Percentages may total more than 100% as a result.

81% of the 203 employers surveyed have only used a single training provider. For many this worked well due to factors such as:

- Existing and good working relationship with the training provider.
- The range and quality of training available met employers’ needs (e.g. no requirement to look elsewhere, good experience, quality training, tailored, positive feedback from employees).
- The college was able to arrange for other providers to deliver elements of the training if they were not able to do so.

- Quicker, easier, and more manageable to coordinate all of the training.
- Good value for money.
- The training provider has been flexible and accommodating.

Some of the employers responding note, however, that they were not aware that they could use more than one training provider if accessing the SDS delivery route. It is suggested that this could provide “greater flexibility”.

The remainder of employers used multiple providers (19%). Where this was the case, the main points raised by employers are that:

- FWDF guidance is to use a college in the first instance. Not all training needs can be addressed by a single training provider. Some employers refer to accessing more specialist training from a private sector provider as a result.
- Some employers mention that the college sub-contracted or out-sourced elements of the training out to other providers.
- They could access new or a wider range of training and/or improve training availability.
- They could get better value for money.
- Some colleges are more “forward thinking”, and tailor training appropriately.
- They used another training provider due to a “bad experience” with another.

A wide range of training courses have been undertaken by the 203 employers surveyed. Leadership and Management training is the most popular (59%), followed by IT and Digital (42%), Health and Safety (35%), and Coaching and Mentoring (31%). These match the skills gaps reported earlier by employers.

## **Views on the training and training providers**

- Employers are overwhelmingly positive about the time, duration, provision, specificity, impact, and quality of the courses.
- The highest levels of “agreement” (i.e. agreed or strongly agreed) are reported for the following statements (Base: 203 employers):
  - The training provider was professional, responsive, and approachable (93%).
  - Duration of the course (91%).
  - Training has met our business needs (90%).
  - Training has helped/will help address our skills gaps (89%).
  - Mode of delivery was appropriate and suited our needs (89%).
- At the time of the evaluation, employers also appear to hold more positive attitudes towards online learning since the pandemic (87%) (Base: 203 employers). This finding, however, may change over time.

- Most “disagreement” (i.e. disagreed or strongly disagreed) with the statements are those relating to the degree of tailoring in course design (Base: 203 employers):
  - They devised the training content from scratch to meet our needs (42%).
  - We were involved in determining the design and/or content of the training (18%).
  - They were willing/able to tailor an existing training course to better meet our needs (17%).

It should be noted that colleges (and now OUIs) have not received any funding through the FWDF (until Year 5) to develop new training content in response to employer demand. The findings do, however, suggest that there may be demand for more bespoke training offers, albeit this may be constrained by a range of factors, including identifying scale and nature of demand, training provider capacity, and time to develop bespoke training.

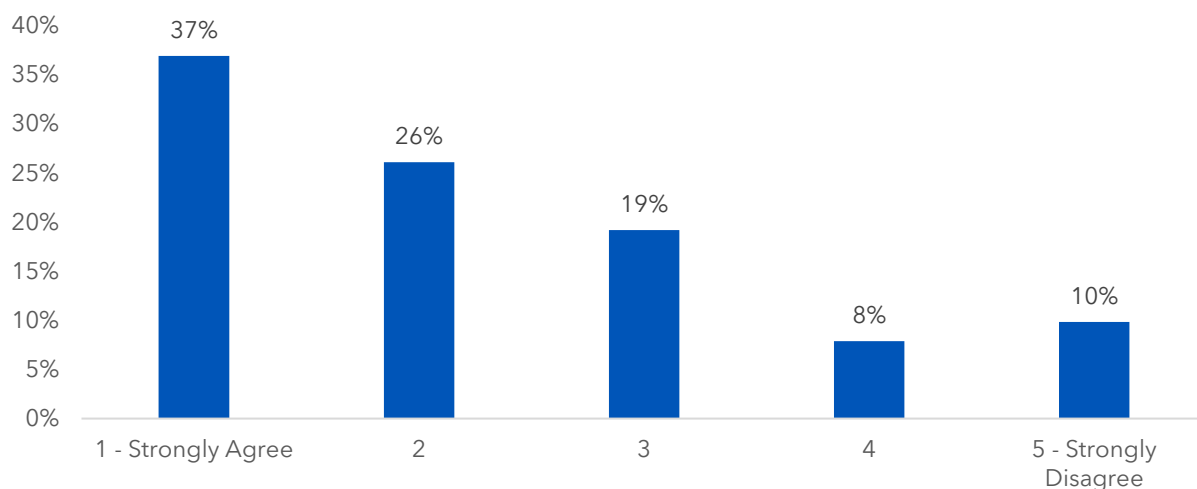
Around one-third of employers do not point to any specific areas for improvement in the training (circa 33% of 203 employers). Here, there are a variety of comments such as: “Nothing”, “No because I ended up with a trainer who could understand the culture of the organisation. It was responsive”; “No. It met the needs we had”; “No issues, all the feedback was great”.

Where mentioned, some employers do note that there could be improvements regarding training content, with several noting it is too generic or that lecturers lack detailed knowledge of their industry/sector. Additionally, some employers report the need for greater flexibility regarding when the training is delivered, the timescales for the training to be delivered, and/or course duration.

## **Funding cap**

Almost two-thirds of employers responding to the survey report that the level of funding provided by the FWDF is appropriate for the purposes of training their employees (63%), **Figure 6.2**. Levy-payer employers are less likely than non-Levy-payer SMEs to agree with the statement.

**Figure 6.2: To what extent do you agree or disagree that the maximum amount of funding available through the FWDF per year is appropriate?**



Source: EKOS FWDF evaluation employer survey. Base: employer number = 203.

Where the funding cap is considered appropriate, the feedback largely focusses on the following themes. Non-Levy-payer SMEs note that the £5,000 can purchase a lot of training and that it is a “sizeable” amount of funding. Wider feedback identifies constraints to undertaking workforce development (e.g. time away from the business), and that the bite-size training available via the FWDF sits comfortably with smaller employers.

Other employers note that the funding cap is “fair” or “reasonable”. Some employers acknowledge the total funding pot available and understand the rationale behind the annual funding cap. Further, it is reported that the funding cap helps employers to identify what training they really need or what part of the business needs it most – and that they have been able to select various types of courses.

In terms of the £15,000 funding cap, there are two broad views:

- Some employers struggle to identify training up to the full amount of £15,000, and/or consider it a “sufficient”, “just right” “workable”, “substantial” or a “generous” amount of investment. Wider feedback is that the funding cap is in line with the cost of the courses, and that it enables employers to undertake training that would otherwise not have been possible.
- Other employers would welcome a greater level of funding (e.g. to undertake more training, to put more staff on courses, to select certain courses/types of training, etc) – “a drop in the ocean”, “spread too thinly”, “don’t get much back” from the Apprenticeship Levy – or at least be able to carry forward funding from one year to another. A suggestion is for a funding scale in line with the size of employer or how much is paid into the Apprenticeship Levy.

## Employees supported by the training

### Formal qualifications

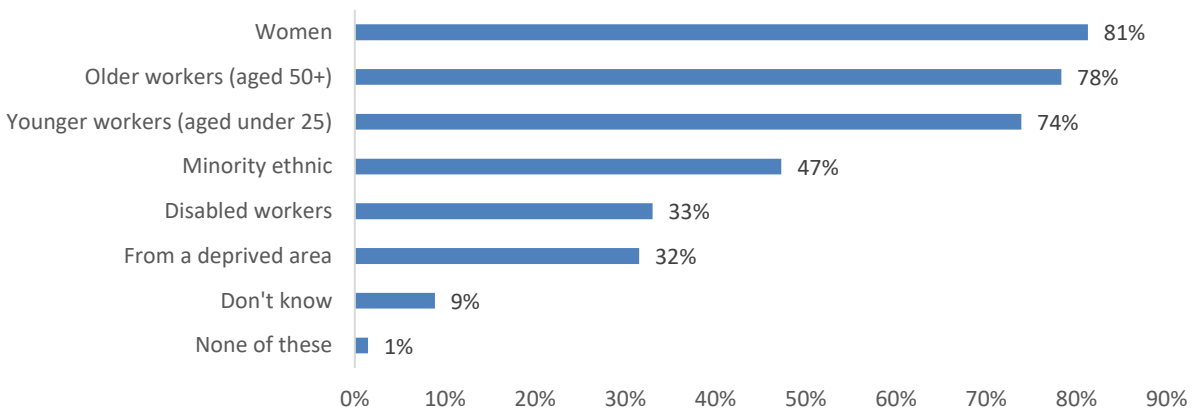
Most of the training undertaken/to be undertaken through the FWDF was said by the 203 employers to result in a qualification for some to all employees who took part/will take part in the training (88%).

### Equalities

A key finding is that a vast majority of employers report that some employees that took/will take part in the training supported by the FWDF were women, older workers, and/or younger workers. Less employers, however, report that employees were minority ethnic or disabled workers, **Figure 6.3**.

Further, in terms of proportions of employees that have taken part in the training, women appear to be the most well represented across the different equalities groups.

**Figure 6.3: Proportion of employers reporting equalities groups being supported to access FWDF training**



Source: EKOS FWDF evaluation employer survey

Base: employer number = 203.

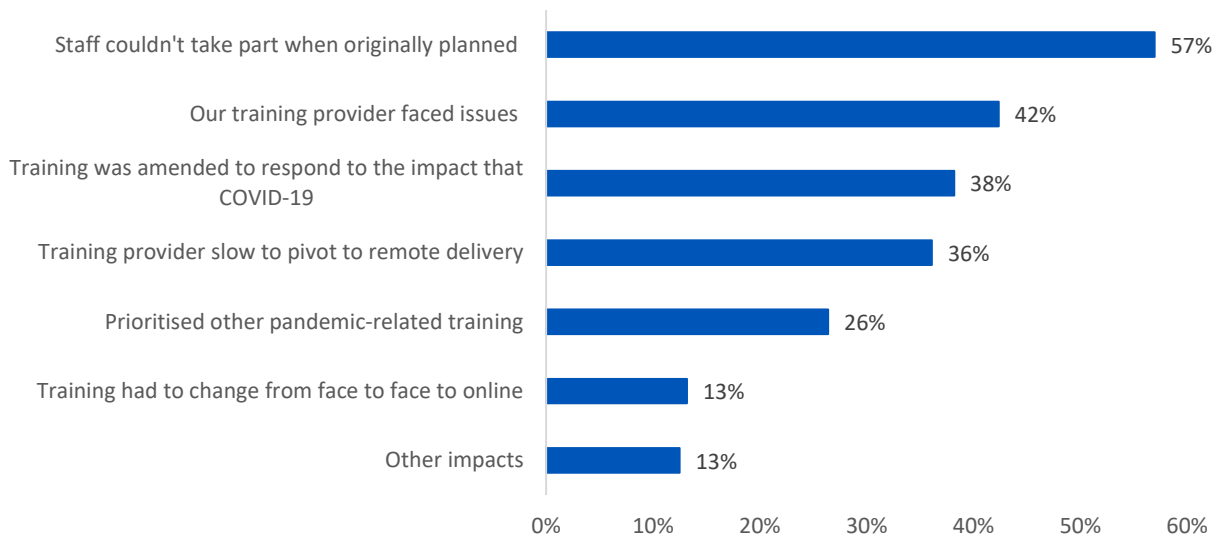
Multiple response question where employers could select more than one option and all that applied.

Percentages may total more than 100% as a result.

## Impact of COVID-19

Almost three-quarters of the 203 employers report that COVID-19 has impacted their training in some way (71%). A range of factors are identified, most commonly that their staff could not take part when originally planned and that the training provider also faced challenges in delivery.

**Figure 6.4: Has the training supported by FWDF been impacted by COVID-19 in any of the following ways?**

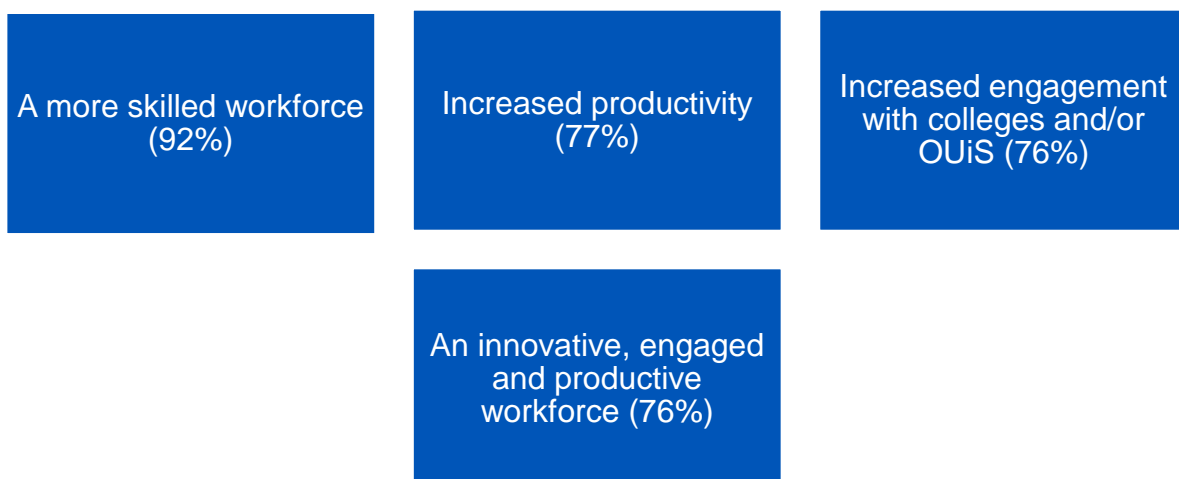


Source: EKOS FWDF evaluation employer telephone survey undertaken by Research Resource. Base for question: employer respondents number = 144. Multiple response question where employers could select more than one option and all that applied. Percentages may total more than 100% as a result.

## Benefits and impacts

The employer benefits (achieved to date or expected to achieve over the next year) are strongly aligned to the main purpose of the FWDF. Top benefits reported by employers in this evaluation are:

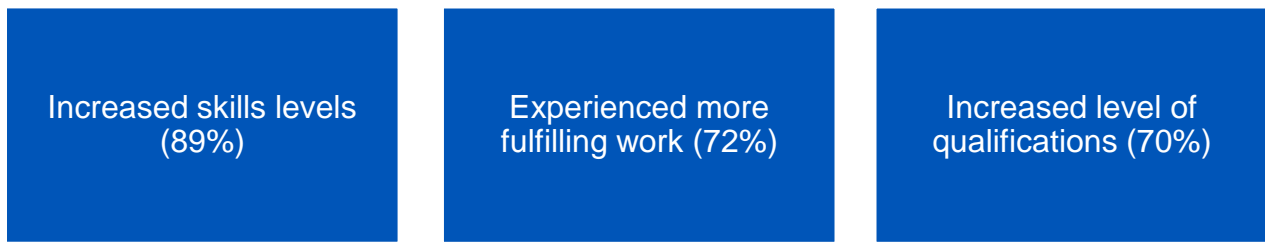
**Figure 6.5: Employer benefits**



Source: EKOS FWDF evaluation employer telephone survey undertaken by Research Resource. Base: employer number = 203 which was the total number of respondents to the survey. Multiple response question where employers could select more than one option and all that applied. Percentages may total more than 100% as a result.

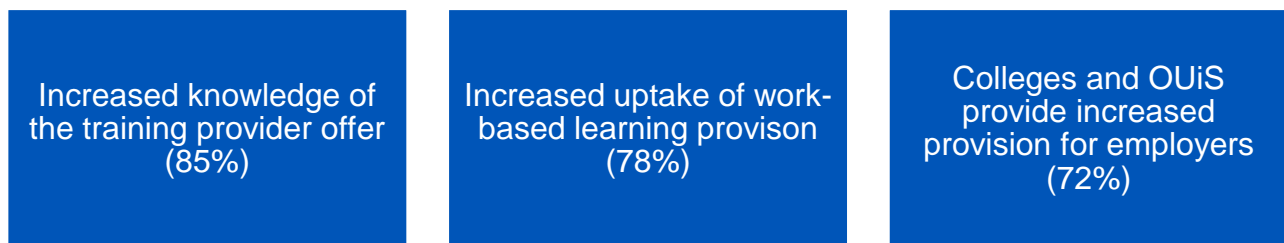


**Figure 6.6: Employee benefits**



Source: EKOS FWDF evaluation employer telephone survey undertaken by Research Resource.  
Base: Employer number = 203. 203 employers was the total number of respondents to the survey.  
Multiple response question where employers could select more than one option and all that applied.  
Percentages may total more than 100% as a result.

**Figure 6.7: Employer and training provider benefits**



Source: EKOS FWDF evaluation employer telephone survey by Research Resource as part of this project.  
Base: employer number = 203. A total of 203 employers took part in the survey.  
Multiple response question where employers could select more than one option and all that applied.  
Percentages may total more than 100% as a result.

Where unexpected outcomes are reported (not to any greater extent) by employers, this largely includes less positive points, such as:

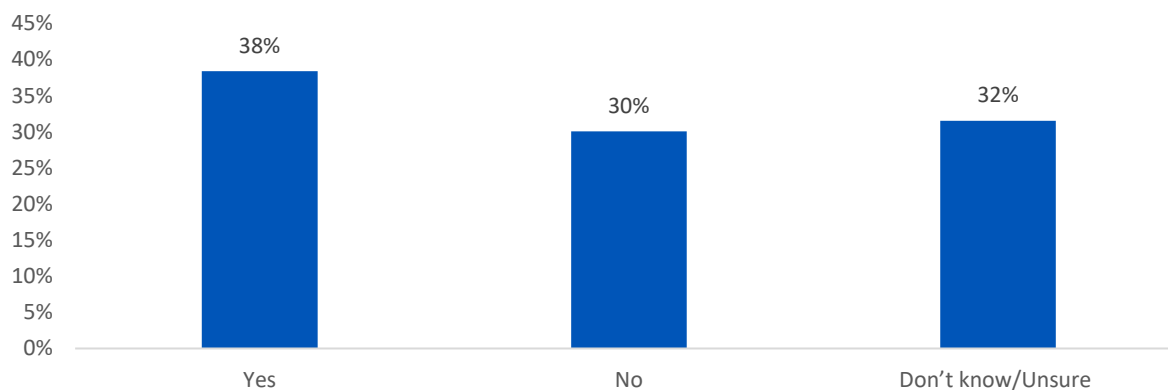
- Tutor turnover and the impact that this had on delivery of training and communication with employers.
- That training was not pitched at right level, or not as appropriate or as relevant it could have been.
- Time commitments and levels of bureaucracy involved, including for smaller companies.
- That college delivery of training is restricted to term-time and/or that the default position is that a college is the training provider.
- Initial problems with online delivery and learning.

## **Tackling inequality**

While many employers report in the survey responses that equalities groups (e.g. women) have participated in FWDF related training (as outlined above), views are

more mixed regarding the extent to which the Fund helps employers to tackle inequality and support those with protected characteristics in any way, **Figure 6.8**.

**Figure 6.8: Has the FWDF helped you to tackle inequality and support those with protected characteristics in any way?**



Source: EKOS FWDF evaluation employer telephone survey undertaken by Research Resource as part of the project .

Base: employer number = 203. The total number of employers responding to the survey was 203.

Where employers feel that the Fund helps to tackle inequality, the main points raised are that:

- The FWDF allows employers to expand training opportunities to more employees. A point raised, however, is that companies/organisations invest in their “workforce” as a whole (“equal opportunity employer”), rather than specific target groups. It was perceived that employees within the equalities groups would have naturally participated in the training as a matter of course.
- It supports companies/organisations to provide a better service to client groups that face inequality, including those with protected characteristics.
- The FWDF supports older employees to become more digitally literate.
- The FWDF supports junior and younger employees to develop softer skills.
- For some companies/organisations, gender balance in the workforce is identified as an area of particular focus, and the FWDF enables employers to encourage female employees to participate in the training.
- The FWDF supports employees to increase their understanding of mental health and wellbeing in the workforce, and this has become even more important because of the pandemic.

Where employers feel that the Fund has not helped to tackle inequality:

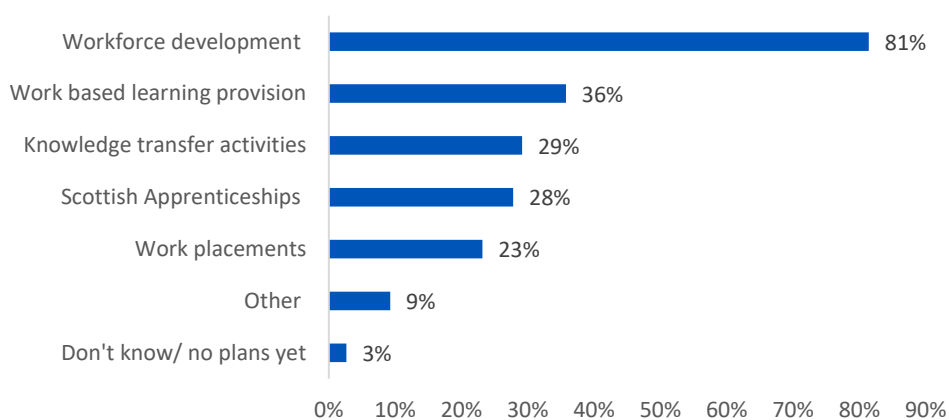
- Employees with protected characteristics would have participated in the training as a matter of course, and that there is not a conscious effort on this.

- Tackling inequality is not employers' understanding of the main purpose or aim of the Fund. In this regard some said it is not relevant or does not apply. Any inequalities that exist within the workforce are identified and addressed internally, and not through vehicles for training such as the FWDF.

## Follow-on activity

A positive finding from the survey is that that 38% of the 203 employers report that engagement with the FWDF has led to follow-on activity with the training provider, and a similar proportion said this is likely in the future (36%). Only 12% said this was unlikely. In the main this has/will centre on further workforce development activity, **Figure 6.9**.

**Figure 6.9: Types of follow-on activity the FWDF has led on to for employers**



Source: EKOS FWDF evaluation employer telephone survey undertaken by Research Resource. Base: employer number = 151. The total number of respondents to the survey was 203. Multiple response question where employers could select more than one option and all that applied. Percentages may total more than 100% as a result.

## Additionality of the FWDF investment

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%). Wider feedback highlights choices would have been made, with mandatory or essential training likely to have taken priority in the absence of the FWDF. Where an element of the training could have progressed, some employers point to trying to accommodate this internally.
- Only 14% would have undertaken the training anyway or would have progressed most of it in the absence of the FWDF. Much of the feedback notes that the FWDF allowed the training to happen sooner. Without the FWDF the training would have likely been delayed and/or deferred to a later date. Some employers said they would have paid for the training themselves.
- The remainder of employers would have deferred the training.

**Table 6.3: What would have happened to the training undertaken if the FWDF had not been available?**

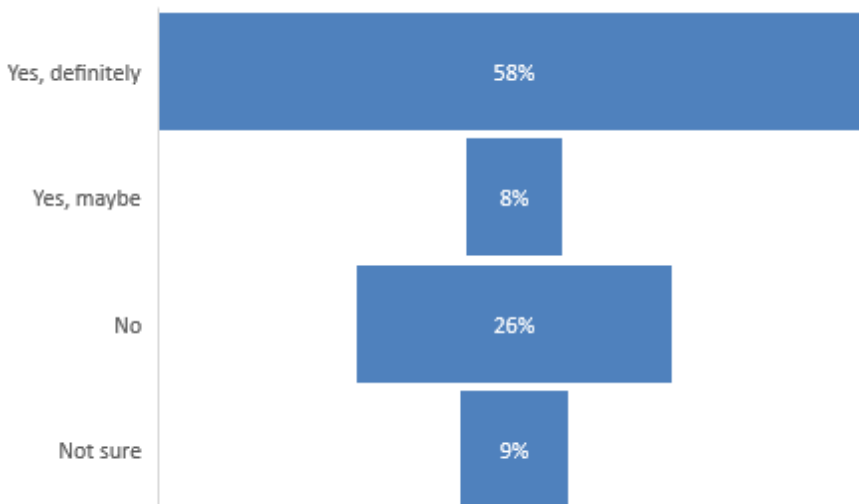
	Number	Percentage (%)
We would have undertaken all the training anyway	17	8%
We would have undertaken most of the training	13	6%
We would have undertaken around half of the training	20	10%
We would have undertaken some of the training	83	41%
We would have had to defer the training and deliver it at some other time	25	12%
We would not have undertaken any of the training	45	22%

Source: EKOS FWDF evaluation employer telephone survey undertaken by Research Resource as part of this project.

Base: employer number = 203. Total number of employers responding was 203.

Over half of the 203 employers report that the FWDF enables the business to undertake additional workforce development training than they previously planned to undertake (58%), and a further 8% report this is “maybe” the case. A relatively large proportion of employers are, however, unsure or report that the FWDF has not enabled them to undertake additional workforce development training.

**Figure 6.10: Has the FWDF enabled additional workforce development activity to be undertaken?**



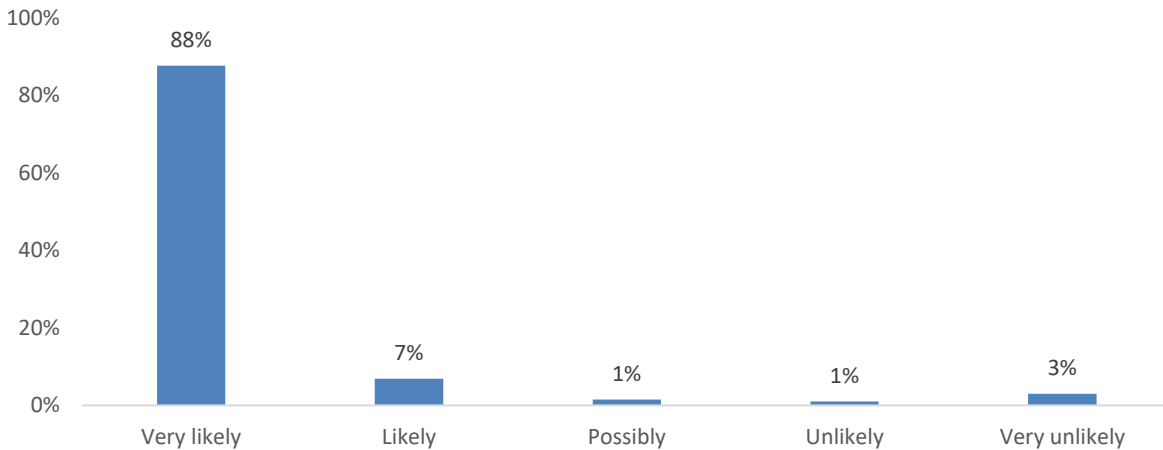
Source: EKOS FWDF evaluation employer telephone survey delivered by Research Resource as part of this project.

Base: employer number = 203. Total number of employers responding to this survey was 203.

## Recommend FWDF to other employers

A positive finding coming from the survey of employers is that most employers would recommend the FWDF to other employers (95% rate this likely or very likely, with most reporting very likely), **Figure 6.11**.

**Figure 6.11: How likely or unlikely are you to recommend the FWDF to another employer?**

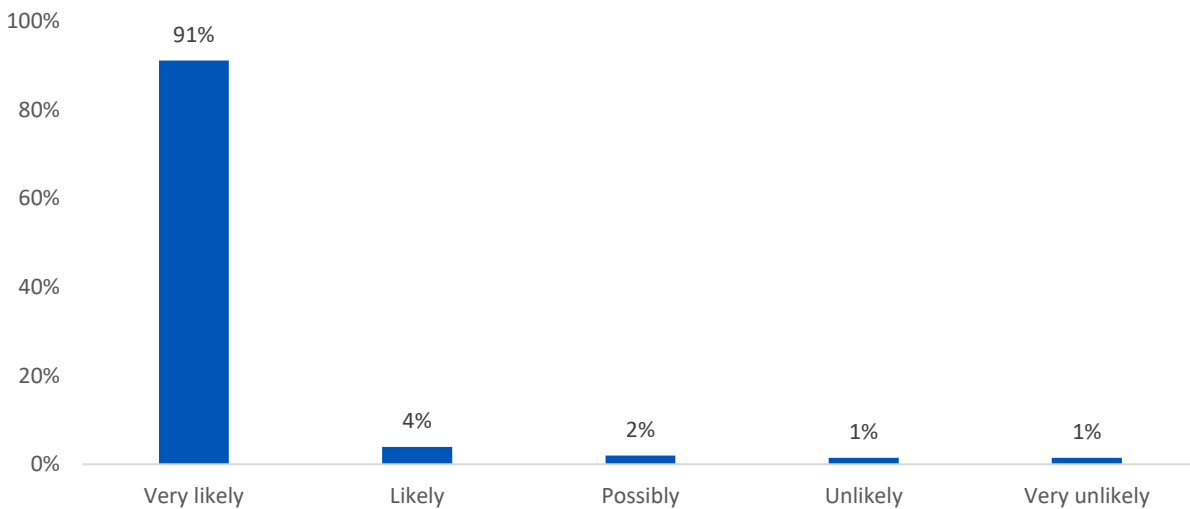


Source: EKOS FWDF evaluation employer telephone survey delivered by Research Resource as part of the project.  
Base: employer number = 203. 203 employers in total participated in the survey.

## Applying to the FWDF in the future

Further, a similar proportion of employers said they would apply to the FWDF in the future (95% rate likely or very likely), **Figure 6.12**. This is a further testimony of the high levels of satisfaction expressed by employers with the Fund.

**Figure 6.12: How likely or unlikely are you to apply to the FWDF in the future?**



Source: EKOS FWDF evaluation employer telephone survey delivered by Research Resource.  
Base: employer number = 203. Total number of employers participating was 203.

Of note, 80% of the 203 employers report that they would prefer a blended model of delivery (i.e. face-to-face and remote/online) going forward.

While there are said to be “pros and cons” associated with different modes of delivery, the main reasons put forward by employers for a blended approach include:

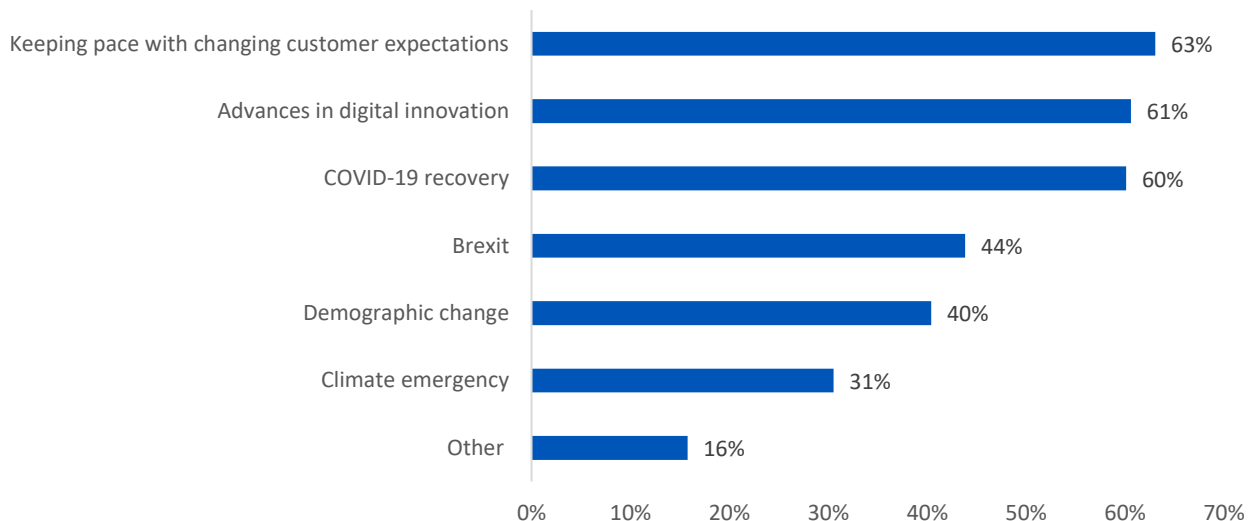
- The type of course to be undertaken. Some courses lend themselves well to (or need to be delivered) in person, while for others this is less of an issue.
- A blended approach provides more options and/or greater flexibility for employers and employees (e.g. for those located in remote or island communities).
- The option for online training/learning can work well for those who want to work at their own pace, who want to have less time away from the office, or balance training and work/other commitments.
- In-person delivery is better for sharing experiences and for formal and informal networking and collaboration.

Key points to note from the survey of 203 employers on current skills gaps include:

- Most employers report a current skills gap(s) – 93%.
- The main skills gaps continue to be: Leadership and Management, IT and Digital, and Coaching and Mentoring. These typically reflect the skills gaps identified earlier by employers.
- Relatively equal proportions of employers report that the COVID-19 pandemic has made the skills gaps more pronounced (47%) as those who reported that the pandemic has not exacerbated these skills challenges (42%).

The main drivers of change identified by employers within their industry sector that might cause skills/labour problems are keeping pace with changing customer expectations, digital innovation and COVID-19 recovery, **Figure 6.13**. The climate emergency is lower down the list of drivers of change noted by employers.

**Figure 6.13: What do you consider to be the main drivers of change within your industry sector that might cause skills/labour problems?**



Source: EKOS FWDF evaluation employer telephone survey delivered by Research Resource as part of this project

Base: employer number = 203. Total number of employers participating in the survey was 203.

Multiple response question where employers could select more than one option and all that applied.

Percentages may total more than 100% as a result.

'Other' category, for example included: job/career mobility; staff attraction, recruitment and retention; cost of living crisis; rising inflation; increasing costs of goods/services/materials; war in Ukraine.

## Final thoughts

The main points raised by employers in relation to their views and experiences of what has worked well and less well with the FWDF are highlighted below. Indeed, many of the points outlined have been reflected elsewhere throughout the employer survey write-up. It should be noted that similar points are raised in both the worked well and less well sections, and this simply reflects employers different experiences of the Fund.

### What works well with the FWDF

- Targeted support for workforce development.
- A Fund that can be applied for each year.
- Access to financial support.
- Flexibility and responsiveness of the Fund.
- Helps employers think about/address skills gaps.
- Range/variety of courses that meets employer needs.
- Access to quality training. Tailoring provision or developing bespoke training.
- It benefits both employers and employees.
- Ability to provide wider training opportunities for staff (i.e. not mandatory or essential training).
- Builds and strengthen employer relationships with training providers.
- Straightforward and smooth application process (i.e. ease of access to the FWDF).
- Good communication with training providers.

- Training providers are approachable, friendly, professional, supportive, etc.
- Access to remote learning (reduces travel time).
- Colleges can help co-ordinate provision from other training providers where necessary.

### **What works less well with the FWDF**

Many employers reported “nothing” in relation to what works less well with the FWDF. Where points were raised, this mainly included:

- Administrative burden.
- Academic years, FWDF timescales, and year-on-year funding does not always meet employers needs.
- There could be more information on the range of courses available.
- Limited choice in training provider (e.g. could open this up to using multiple providers).
- Communication from the training provider at times could have been improved.
- Training is not as tailored or as bespoke as some employers would prefer (i.e. it is off-the-shelf).
- Lack of clarity on which training providers employers can and cannot use.
- Employer knowledge of how to access independent training providers (and time taken to organise this provision).



# 7. Employees Feedback

## Summary

173 responses from employees were gathered in an online survey of employees undertaken as part of this evaluation between May 2022 and June 2002. The survey was administered using SNAP software for online questionnaires. The sample of employees was drawn from the employers taking part in the interviews who consented to share the employee survey link directly with their employees. It is important to note that many employees were not aware that the training they undertook was supported by the Flexible Workforce Development Fund (FWDF). Given the nature of the survey methodology and that the sample was small and self-selecting, the findings are not representative of the wider population of employees supported by the FWDF and cannot be generalised to all employees.

Most of the 173 employees responding to the survey agree that their employer takes staff training and workforce development seriously (85%), and almost 75% report their employer has a formal process for identifying training needs. The most highly rated aspects of the FWDF training reported by 165 employees are:

- The person delivering the training was knowledgeable and experienced (85%).
- The training was of a high quality (80%).
- The content of the training was useful (82%).
- I would access training from the same training provider in the future (79%).
- Mode of delivery was appropriate (79%).
- The training met my needs (79%).

A wide range of benefits are reported by the 173 employees responding (achieved to date or expected to achieve over the next year), with the most common being: increased knowledge (88%); further developed the skills I have (86%); and helped me to be more effective in my current role (75%). Three-quarters (75%) of employees taking part in the survey are interested in undertaking further training through the FWDF, with the most common subject areas identified: Leadership and Management, Coaching and Mentoring Skills, and Communication/Personal Skills. These largely match feedback from the employer telephone survey strand of this evaluation.

Employees generally report being more positive about remote/digital learning since COVID-19 (68% of 165 employee responses) – this is similar to the feedback of employers found in this evaluation. However, more employees note that their preference is for face-to-face training (58%) than for mixed modes of delivery (41%). This latter point is at odds with the employer survey, where employers currently highlight a very strong preference for blended models of training delivery going forward.

Where employees provide feedback on how the training could be improved in the future, the main points include (note: absolute numbers small so care is needed when interpreting this finding): the training could be more tailored/aligned with our workplace practice; more opportunities for learners to share knowledge and experience; more information prior to the course starting; and more short courses.

## **Introduction to employee survey**

The employer survey included a question asking whether employers would be willing to help EKOS secure feedback from their employees supported by the FWDF, and their views on the best approach to doing this. A total of 117 employers were contacted via email by EKOS with an introductory email and survey link (online survey was hosted on SNAP). Some but not all employers indicated to EKOS that the survey had been issued to employees. The survey was open for responses between May and June 2022.

A total of 173 responses were received to the online survey from employees. Given the nature of the survey methodology, the findings are not representative of the wider population of employees supported by the FWDF and cannot be generalised to all employees. However they do provide an insight into the experiences and views of employees who participated from 37 unique organisations. Further, it is worth noting that a large proportion of employees were unaware that the training had been supported by the Fund (71%). This indicates a low level of awareness of the Fund among employees, and likely reflects how the training is communicated by employers.

However, it does provide a good snapshot of employees' views and experiences of the FWDF. Although recognised to be a small and self-selecting sample from a small number of organisations, it is also worth highlighted that this is the first time a survey of employees has been undertaken for the FWDF. Given the early stage at which the Fund was at, much of the primary research for the evaluation of the pilot year focussed on employers.

Note: not every employee answered every question. Base numbers therefore vary.

## **Employee profile**

The main points on the profile of the 173 employees who responded to the online survey are:

- The majority of employees specified which company or organisation they work for (78%). This includes 37 unique companies/organisations.
- The most common areas where employees work are Glasgow (39%), Aberdeen and Aberdeenshire (15%) and Ayrshire (13%).
- Employees work across different types of company/organisation. The private sector is most common (41%), followed by the public sector (31%) and the third sector (27%).

- The most common sectors in which employees work are Sport and Leisure (26%) and Health and Social Care (26%).
- A large proportion of employees have worked with their employer for a long time – 61% have been employed six or more years with their employer.
- Employees are generally highly educated, with more than half having an undergraduate (37%) or postgraduate (21%) degree. Very few had no qualifications prior to accessing FWDF training (4%).

Equalities information for the 173 employees who responded to the survey include:

- Relatively few live in areas of deprivation – 12% live within the 20% most deprived areas.
- More than half of employees are women (57%).
- Just over one-quarter are older workers aged 50 or above (26%).
- Few are younger workers aged 18 to 24 years (4%).
- Few are disabled workers/people (1%).
- Few employees are from a minority ethnic group (3%).

## **Training needs**

Almost three-quarters of 173 employees report that their employer has a formal process for staff appraisals that identifies training needs for personal development and career progression (73%). Only 18% report an informal approach.

The vast majority of 173 employees (85%) agree or strongly agree that their employer takes staff training and workforce development seriously. The qualitative feedback received from employees in the open text boxes of the survey highlights:

- There is an active process of review and continuous learning.
- Continuous learning and development is built into their job role.
- There are many opportunities for training and workforce development.
- There is a culture of continuous learning and improvement in the company/organisation.

There are a few comments from employees responding to the online survey that disagree that their employer takes staff training and workforce development seriously. The feedback is that they have received limited training and/or that it is focussed on mandatory training rather than staff development.

## Training undertaken

The key points from the employee survey about the training they participated in include:

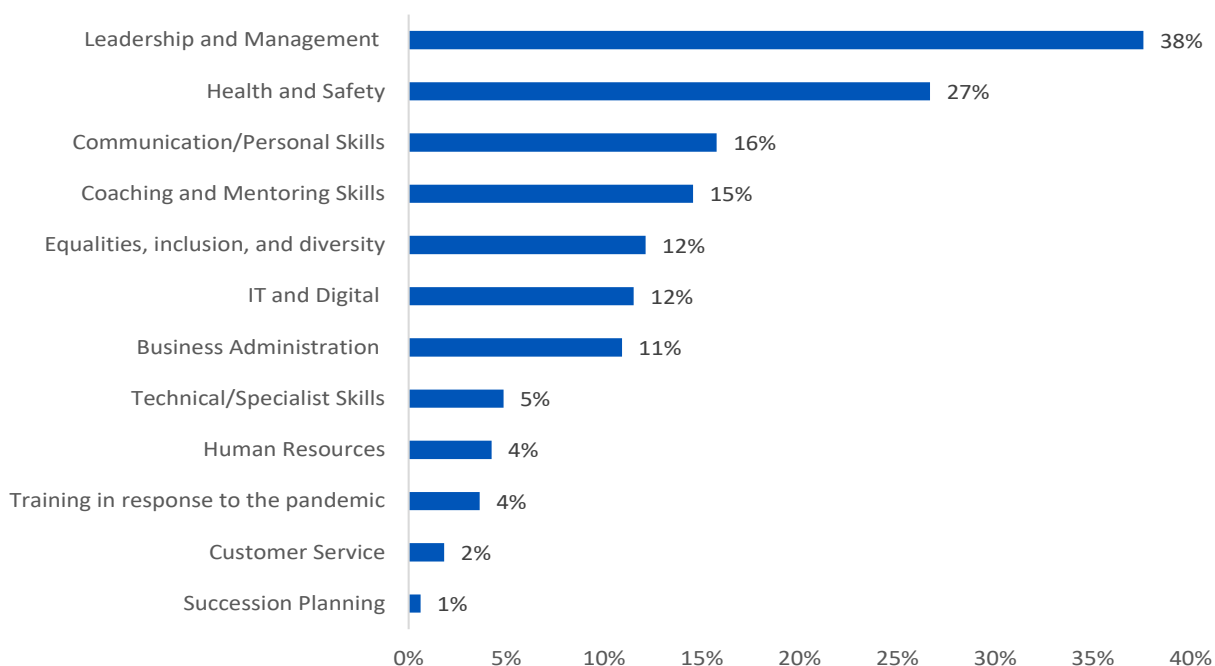
- One-third (33%) of employees have undertaken multiple training courses through the FWDF (Base: 171 employees).
- Many employees report that they have most recently undertaken FWDF training in 2021/22 (60%) (Base: 171 employees).
- There is a relatively even split between those that have received accredited training (38%), those that have received non-accredited training (34%), and those that did not know (33%) (Base: 171 employees).
- The most common method of delivery is remotely via video conferencing (63%), followed by face-to face at the training providers premises (24%) (Base: 165 employees).
- Around half of the training courses lasted one day or less (52%) suggesting demand for short and bite-sized training (Base: 163 employees).
- The most common type of training provider is a college (67%), followed by independent training providers (18%) and the OUIS (11%). The remainder are unsure (11%). Note: some employees have participated in training delivered by more than one training provider (Base: 171 employees).

Employees responding to the survey reported that a wide range of training courses have been undertaken:

- Leadership and Management training was the most common (38%).
- This was followed by Health and Safety (27%), Communication/personal skills (16%), and Coaching and Mentoring (15%), **Figure 7.1**.

This aligns with the FWDF data review and feedback from our stakeholder consultations and employer survey (i.e. the same subject areas are identified).

**Figure 7.1: Types of training employees have undertaken**



Source: EKOS FWDF evaluation employee online SNAP survey.

Base: employee number = 165. Total number of employees responding was 173.

Multiple response question where employers could select more than one option and all that applied.

Percentages may total more than 100% as a result.

## Views on the training and training providers

Overall, the employees who responded to the survey are very positive about different aspects of the training with 86% satisfied or very satisfied with the overall training experience (Base: 167 employees).

Much of the qualitative feedback shared by employees in the open text responses of the survey provides praise for the trainer and the training course. Wider feedback emphasises the relevance of the training to their job and that the employee learned a lot from the training.

There are a small number of negative open comments on the training, and these can be summarised as follows:

- The training would have been better had it been delivered face-to-face.
- The training is felt to be too long and could have been shorter.
- Participants were at different levels which made it difficult for the training provider to pitch the training at the right level to meet everyone's needs.

Employees responding to the survey were asked whether they agree or disagree with a number of statements relating to the training.

High levels of “agreement” are reported for the following statements (Base: 165 employees):

- The person that delivered the training was knowledgeable and experienced (85%).
- The training was of a high quality (80%).
- The content of the training was useful (82%).
- I would access training from the same training provider in the future (79%).
- Mode of delivery was appropriate (79%).
- The training met my needs (79%).
- The training was pitched at the skill level I was looking for (77%).
- The length and time commitment of the training course(s) was/were about right (75%).

Employees generally report being more positive about remote/digital learning since COVID-19 (68%) (Base: 165 employees), which is similar to employer feedback.

However, more employee respondents note that their preference is for face-to-face training (58%) than for mixed modes of delivery (41%) (Base: 165 employees). This is at odds with the employer survey, where employers currently highlight a very strong preference for blended models of training delivery going forward.

There are only a small number of comments that provide further explanations for employees’ ratings on the training.

Where positive feedback is provided by the employees who responded, this highlights the quality of the training and the flexibility offered by remote learning. Some of the negative comments provided by respondents echo points made earlier e.g. that course duration is too long, a preference for face-to-face delivery post COVID-19.

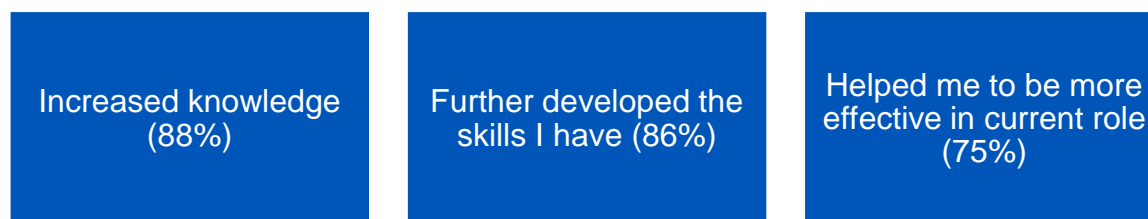
The most common areas for improvement identified in the employee survey, albeit not to any great extent given the small number of responses, included:

- The training could be more tailored/aligned with our workplace practice.
- There could be more opportunities for learners to share knowledge and experience.
- More information prior to the course starting.
- More short courses.

## **Employee benefits**

The top three benefits employees reported (achieved to date or expected to achieve over the next year) are outlined in **Figure 7.2** below.

**Figure 7.2: Employee benefits**



Source: EKOS FWDF evaluation employee online survey using SNAP questionnaire online software. Base: employee number 173. A total of 173 employees responded to the online survey. Multiple response question where employers could select more than one option and all that applied. Percentages may total more than 100% as a result.

Positive unexpected outcomes reported by employees in this survey are:

- A better relationship and communication with colleagues.
- Positive impact on job performance.
- An increased positive attitude to my work.
- It has improved my career prospects.

Very few of the employees responding report any negative unexpected outcomes (5%). Where mentioned, this included: The knowledge gained was too academic and not applicable to my job; and the content of the training was too generic to be useful.

## **Other training**

Over half of employees in this evaluation report that they have undertaken additional training since 2017/18 that had not been supported through the FWDF (59%) (Base: 169 employees). The remainder report they have not undertaken any further workforce development or they do not know (41%). Key points to note on these workforce development opportunities include that:

- A large proportion is internal training (69%). This is typically Health and Safety related, and Leadership and Management, as well as wider on-the-job and CPD training.
- External training is more likely to be accredited (42%) than non-accredited (30%). Similarly, this tends to be Health and Safety, and Leadership and Management related training.

## **Future training**

Almost three-quarters of employees completing the survey in the evaluation express interest in undertaking further training through the FWDF (74%) (Base: 170 employees). Very few are not interested in further workforce development (3%), whilst 23% said they do not know.

The main subject areas identified for future training include: Leadership and Management (69%); Coaching and Mentoring Skills (50%); and Communication/Personal Skills (45%).



## 8. Conclusions and Recommendations

### Introduction

This section presents our conclusions from the evaluation, in line with study aims, and then sets out recommendations for consideration by the Scottish Government.

### Conclusions

**Study Aim 1 - Consider the core principles, intended outcomes and aims and objectives of the Fund, and assess the extent to which these have been achieved and the extent to which they have had the impact they were expected to have**

The aim of the Flexible Workforce Development Fund (FWDF) is to provide employers with flexible workforce development training opportunities.

This is with a view to supporting inclusive economic growth, addressing skills gaps, and boosting productivity through the upskilling or retraining of employees for whom apprenticeships are not an appropriate route to address their training needs. A key finding from this evaluation is that the Fund is continuing to deliver on this ambition.

The FWDF is universally considered by stakeholders consulted in this research to be a much needed and valued intervention, and there is deemed to be a clear, strong, and continuing rationale for the Fund. Not only for the role it can continue to play in supporting inclusive economic growth, but also in supporting COVID-19 recovery.

Our telephone employer survey of 203 employers found that employers consider people to be the biggest asset a business has, and that workforce development is viewed as hugely beneficial. Almost all employers participating have current skills gaps, and identify the main drivers of change as keeping pace with changing customer expectations, digital innovation, and COVID-19 recovery. Among other things, this reinforces the need for a continued focus on workforce development.

The evaluation found that the guiding principles that underpin the FWDF have been substantively achieved. They also remain appropriate and relevant. The main challenges in implementation relate to the principles of simplicity, minimal administrative burden, and responsiveness to employer demand.

**Simplicity.** All evaluation participants consider it appropriate that relevant checks and balances are in place to ensure good use of public funds, however, it is equally important to ensure that processes remain proportionate to the relevant annual funding cap. Our employer survey found that employers are broadly satisfied with their engagement with the FWDF.

In contrast, stakeholders taking part in the evaluation raised some issues. Some hold the view that the application (and registration) process could be simplified and

streamlined, in particular for Small and Medium Enterprises (SMEs) to ensure it is accessible and proportionate.

**Minimal administrative burden.** Colleges/The Open University in Scotland (OUiS) vary in size and scale and therefore in available resources, capacity, and commercial focus. Further, training providers do not receive an allocation to support the administrative costs of managing, delivering, and monitoring the FWDF. There also continues to be a lot of support to make it as easy as possible for employers to access the Fund, and many employers report an increase in the administrative burden since the Year 4 changes. Employers identify administrative burden as one of number things where there is considered scope for improvement.

**Responsiveness to employer demand.** While employers in this evaluation express high levels of satisfaction with training providers and the training, there is less satisfaction for aspects related to tailored course design. There appears to be potential employer demand for more tailored and/or bespoke training and the training provider(s) of choice. It has only been in Year 5 that 5% of the funding allocation for each college/OUiS can be used for the development of new training provision. Given the varied capacity across the college sector, this funding may be used to differing degrees.

### **Study Aim 2 - Explore the reach of the FWDF and the extent to which emerging employer demand has been understood and met**

The evaluation found that the Levy-payer employer strand of the FWDF is firmly established. What we can say about reach and engagement of the FWDF is that:

- From the data analysed, around 1,350 unique Levy-payer employers have been supported to date i.e. either through the Scottish Funding Council (SFC) or Skills Development Scotland (SDS) route. While the numbers have fluctuated on an annual basis, the total number supported by colleges has increased in each academic year when compared to the pilot year.
- Spend across the college network varies. This largely reflects factors such as how the funding is allocated to each college/college region, the number of Levy-payer employers in each region, and the extent of college resource, capacity and commercial focus.
- The estimated penetration rate has typically been between 16% and 18%, and overall it is 31%. This suggests that a large proportion of Levy-payer employers have not accessed the Fund.
- There has been a good level of repeat business among Levy-payer employers engaging with the FWDF.

It has been suggested by stakeholders that many Levy-payer employers remain unaware of the Fund. Indeed, both the [Scottish Employer Perspectives Survey 2021](#) (May 2022) and CIPD - [Gaps and Opportunities: Employer views on skills policy in Scotland report](#) (May 2022) found low awareness of schemes or initiatives that help people development, including the FWDF.

Other Levy-payer employers may not consider the FWDF relevant. The £15,000 annual funding cap may be too low for some Levy-payer employers (particularly the very large or multi-site employers).

It is not possible to tell from the data we have been provided with by colleges (via SFC), the extent of new FWDF clients per annum. What is clear is that there is strong repeat demand for the FWDF. In part this reflects Levy-payer employers looking to get something back from their contribution to the Apprenticeship Levy, even if it is still considered a “a drop in the ocean” for some.

There has not been funding set aside for a national marketing campaign for the FWDF, and levels of marketing and promotion have varied across the college network. There has been limited marketing of the SDS route. Even after four years of delivery, there is scope to improve awareness and understanding of the FWDF among Levy-payer employers. Should the funding cap remain at £15,000, there will always be some Levy-payer employers for whom the FWDF is not considered appropriate, relevant or proportionate.

The FWDF has only been available to non-Levy-payer SMEs since Year 4. It will of course be important that this is given sufficient time to bed in and for further awareness raising. Key points to note include that:

- A total of 911 non-Levy-payer SMEs have been supported to date.
- Overall reach is low, and there is scope for more non-Levy-payer SMEs to be supported in future years. It has a much smaller budget compared to Levy-payers, and there has been limited marketing at a national level. Demand will also have been affected by COVID-19.
- Levels of engagement across the college network are varied.

Wider feedback from stakeholders confirms strong support for making the Fund accessible to non-Levy-payer SMEs given the make-up of the business base in Scotland, and that rural geographies have a particular reliance on micro and SMEs.

Our data review shows that many employees have been supported with upskilling and reskilling through the FWDF. The number of employees within Levy-payer employers supported has increased significantly since 2017/18 and the number of non-Levy-payer SME employees supported is circa 2,200. Many of these may also have undertaken multiple training courses.

Employers in our telephone survey are largely positive about the training itself. However, there is least agreement with the following statements:

- They devised the training content from scratch to meet our needs.
- They were willing/able to tailor an existing training course to better meet our needs.

The development of bespoke provision may be constrained by a range of factors, including identifying scale and nature of demand, training provider capacity, time to develop bespoke training and the ability of colleges to develop single/one-off type bespoke training.

**Study Aim 3 - Understand how the management and delivery of the FWDF has been experienced by those engaging with it (for employers, individuals and wider stakeholders) and identify any enablers or challenges**

Stakeholders views are that the Fund continues to be well managed, and the main partners – Scottish Government, SFC and SDS work well together. Many stakeholders propose only minor “tweaks” suggesting general satisfaction with the current approach to the management and delivery. However, some stakeholder groups (e.g. some wider stakeholders and independent training providers) suggest a wider refresh of the FWDF to better meet the needs of employers, and for it to be operated in a way that creates a level playing field for non-college provision. In almost all cases it could be described at best as “enlightened self interest”.

There are currently two pots of funding – one for Levy-payer employers and another for non-Levy-payer SMEs. The main challenges of this model relate to an inability to redistribute funding from one pot to another in response to employer demand, and not all training providers are currently able to support all employers.

The funding cap is also worthy of further mention:

- The funding cap for non-Levy-payer SMEs is generally considered by stakeholders to be pitched at the right level, albeit there is recognition that £5,000 may be limited for those at the larger end of the SME spectrum.
- There continue to be two views on the funding cap for Levy-payer employers. Some stakeholders consider £15,000 appropriate, while others are supportive of greater flexibility where appropriate, including some support for a tiered model aligned to the contribution an employer makes to the Apprenticeship Levy or by size of employer.

A majority of the 203 employers in the telephone survey consider the funding cap to be appropriate, albeit less so among Levy-payer employers.

**Study Aim 4 - Examine the benefits and impact (both positive and negative) that the FWDF has had for businesses, individuals participating in training, and the colleges who have delivered the training in terms of training needs, addressing the skills gap, and workforce and business development**

From the data and insight analysed in this evaluation, the FWDF has undoubtedly benefitted everyone involved, albeit in different ways and to varying degrees. Taken together, the feedback from stakeholders, employers and employees identifies a common set of benefits and impacts.

The main benefits reported through our employer and employee surveys are further reflected in the high levels of satisfaction reported elsewhere in the primary research. Our assessment is that they also reflect the intended outcomes of the Fund developed and agreed by the Scottish Government and partners.

Some issues were, however, identified as constraining the level of benefit and impact for some stakeholders:

- Not all training providers are currently able to support all employers (i.e. OUiS and independent training providers).
- Out with OUiS, the extent to which other Higher Education Institutions (HEIs) have been engaged in FWDF delivery was observed to be very limited.
- Some stakeholders feel that employers have restricted choice on the training provider(s) they can use, with feedback that there could be more value in employers accessing multiple training providers to better meet their needs.

### **Study Aim 5 - Examine the impact the Fund has had on tackling inequality and supporting those with protected characteristics including any enablers or challenges**

A fair assessment from the secondary and primary research undertaken in this evaluation is that the Fund has helped to tackle inequality to some extent. Tackling inequality is, however, not perceived to be the main purpose of the FWDF. Employers report that equalities issues are identified and addressed through other internal mechanisms. Further, stakeholders (e.g. training providers and delivery partners) note that the decision on which employees participate in FWDF supported training rests with employers, and that inequality is a wider structural issue that manifests itself in the labour market and society.

The data provided by the SFC in relation to equalities shows that while age and gender inequality are more represented, disabled people, minority ethnic groups, and those living in the most deprived data zones 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 data, however, more encouragement could be given to help improve the quality and completeness of monitoring data. The findings of the employer survey supports the insight from the secondary data.

Further, employers in this evaluation confirm that there is not a conscious effort to target those with protected characteristics. Rather, training is available for all employees. It is, however, important that employers accessing the FWDF are aware of the importance the Scottish Government places on taking action to address inequality and meaningful discussions should take place with employers.

## **Study Aim 6 - Identify key learning points and provide evidence-based policy recommendations on the future of FWDF, and on aligning workforce development within the future skills system**

The main lessons learned are summarised in **Section 5** of this report.

### **Recommendations**

The FWDF is largely working well and delivering against its original purpose and based on the findings from this evaluation, should therefore continue substantively on the same basis. The recommendations, presented in the **Executive Summary**, are generally light touch although we believe they would offer some improvements to the current Programme.



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