

**Evaluation of Modern Apprenticeships
and Skillseekers**

Final Report

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Disclaimer

The views expressed in this report are those of the authors and not necessarily those of Scottish Enterprise.

EXECUTIVE SUMMARY

Evaluation objectives and methodology

1. Cambridge Policy Consultants were commissioned by Scottish Enterprise to evaluate the Skillseekers, Modern Apprenticeships for 16-24 years olds (MAs) and Adult Modern Apprenticeships (Adult MA) programmes. The aim of the evaluation was to assess the impact and performance of the three programmes with regard to:
 - Their contribution to the up-skilling of young people and adults;
 - Their contribution to the workforce development needs of businesses;
 - Their contribution to the Scottish economy; and,
 - Costs and benefits.
2. The research methodology consisted of the following elements:
 - Analysis of the Corporate Training System (CTS) monitoring data;
 - A telephone survey of 1,004 trainees and 3,000 employers (2,400 participating employers and 600 non-participating employers);
 - In-depth case studies with 25 employers; and,
 - Consultations with SEN and discussions with key stakeholders.

Research findings

3. Scottish Enterprise's main training programmes, Modern Apprenticeships, Adult Modern Apprenticeships and Skillseekers, demonstrate good performance from a set of improving programmes:
 - This has been achieved against a background where the overall numbers in training have increased.
 - Over the piece, the proportion of trainees who have employed status has never been higher.
 - Completion rates for the cohort of leavers have increased over the past three years for all three programmes. The most recently published completion rates for the programmes in 2005/06 are 63 percent for Skillseekers, 56 percent for MA 16-24s and 67 percent for Adult MAs.
 - Comparisons between Scotland and England show significantly superior performance in Scotland. Within both systems, it is also the case that completion rates have improved over time but Scotland has maintained its relative edge.
4. The programmes are highly regarded by trainees and participating employers alike:
 - Reasons for participation in the programme among trainees included the attraction of a job with training, the opportunity to gain a qualification and the opportunity to learn and gain knowledge and experience;
 - Around 4 in 5 Skillseeker and MA 16-24 trainees and 90% of Adult MAs felt that they made the right choice of training: the combination of work

with gaining a qualification was the primary reason for this satisfaction;

- Adult MA trainees were most likely to rate job satisfaction as very good or good (84%) compared to 76% of MA 16-24s and 71% of Skillseekers.
- The main reasons for not completing the training were a change of job/career or time pressures – moving to a better paying job is an issue but it is by no means the overwhelming reason people leave the programmes: 14% of Skillseekers and 10% of MA 16-24s suggested an increase in salary but almost half of all trainees said they could think of no improvement as the programmes were a very good experience;
- Two fifths of all non-completers said that nothing would have persuaded them to complete the programme;
- The main reason given for participation by employers was the upskilling of new trainees, cited by 86 percent of employers;
- The vast majority of employers were positive about the quality of the training with nearly 80 percent stating it was good or very good;
- 87 percent of non-participating employers have heard of Skillseekers and 70 percent have heard of MAs; only 49 percent have heard of Adult MAs;
- Non-participating employers had broadly similar attitudes but are less likely than participating employers to undertake a variety of types of training;

5. The main research findings with regard to employer participation and impact on companies are:

- Trainee benefits reported include improved ability to do their job, improved communication, team working skills and increased likelihood of future training activities. Upon completion, trainees reported that they had more responsibilities (48%) and a salary increase (36%).
- Since completion, just under 30% of trainees had undertaken further training.
- Participating employers were asked how they would respond to recruiting and training trainees if the public sector contribution to the programmes was removed *and* they were required to fund the difference. Overall additionality across the programmes is relatively high with up to 85% of employers saying they would have altered their recruitment and training practices if the public sector contribution was not available;
- Employers involved in Skillseekers suggested the programme had a more significant impact on the numbers of young people recruited (48%), particularly relative to Adult MAs (34%). In part, this reflects the high proportion already in employment when training starts in Adult MAs.
- This perception is re-inforced by the significantly higher levels of employers opting for substituting different types of recruits in Skillseekers (27%) than either MA (22%) or Adult MA (21%) programmes. Alternative recruits would be more experienced and qualified candidates.
- Training additionality is also relatively high across the programmes with an average additionality of 46%. The additionality is highest for the Skillseekers programme where only 31% of those originally employed

would be trained in the absence of funding compared to 39% for the MAs and 35% for the AMAs. On the Skillseekers programmes, those that were trained were also significantly less likely to be trained to the same level as on the other programmes.

6. We have taken a deliberately hard line with our estimates of additionality and impact to ensure, as far as possible, the robustness of the results. The main research findings with regard to the impact of the programme are:
 - The main impact identified by the participating employers was in relation to productivity, with 78 percent stating that it had increased slightly or a great deal as a result of participation; 43 percent of employers felt that participation had contributed to company employment growth;
 - On average, case study employer estimates for manufacturing frameworks and VQ areas suggested that over the duration of the framework/VQ a trainee contributes just under half the production of a fully qualified worker. For service frameworks/VQs, the corresponding percentage is 80%. Cost-benefit estimates suggest that costs outweigh benefits over the lifetime of the framework in manufacturing, but not for the service framework/VQs.
 - Overall, we estimate that the total additional value added (taking into account deadweight and substitution) generated by the programmes amounts to just over £227m. Additionality is highest in Skillseekers at just under half, around a third in MAs and just over a quarter in Adult MAs.
 - The leverage of the total SE contribution of £49.87m is estimated to amount to £443m or £8.88 for every £1 invested by Scottish Enterprise. For every £1 spent by Scottish Enterprise on direct contributions to trainee costs, the programmes deliver between 24p and 27p net additional impact.
7. Our findings are consistent with an overall conclusion that the programmes are working well. However, not all trainees and all employers experience the best and there is further room for improvement. In addition, there are other challenges in future – how to balance employers’ desire for motivated and good quality trainees with the needs of many clients of Get Ready for Work and the policy emphasis on NEET clients, how to move forward with static budgets and increasing demands, and not least in the context of this study, how to balance additionality with the target to achieve relatively high numbers in training.

Recommendations

- Given the underlying labour market changes, and the development of the policy context, ***it is essential to revisit the principal aims and objectives of Skillseekers and Modern Apprenticeships to see whether these need to be changed.*** Looking forward, the programmes are likely to face increasing demands with static budgets in real terms. This requires prioritisation.
- A key message from the evaluation results is that while employers do incur substantial costs, many also provide a contribution to production. In

some areas this can be significant. Employers of trainees in shorter frameworks do not suffer substantial costs and gain benefit from the relatively high productivity of their trainees. ***These considerations should be factored into any future revisions to the credit values paid by Scottish Enterprise and help clarify the rationale and priorities for the programmes.***

- Our findings point to greater additionality and a more fundamental rationale for public sector intervention around young people involved in longer frameworks (in particular in manufacturing). ***Training which involves little added learning but more accreditation of existing skills does not provide good value for public money.*** This may lead to a lower number of trainees in training but where these trainees would otherwise undertake pretty much the same training, this is desirable.
- Many stakeholders expressed some confusion over the respective roles and responsibilities of the wide range of organisations involved with the programmes. Many training providers feel that there is little joined-up working between the key partners – Scottish Enterprise, Careers Scotland and Sector Skills Councils. Some felt that these issues tended to come together in the annual planning process leaving providers to “square the circle” and make “impossible judgements on the scale of demand” without having the flexibility to respond to subsequent changes in the market. Delivery partners need to ***review the planning process and consider how greater flexibility could be introduced*** which reflects the reality of changing market circumstances.
- Scottish Enterprise, through Future Skills Scotland should consider whether it is possible to estimate demand for Level 2 and Level 3 qualifications and this ***evidence should be used to help drive the planning process.***
- The focus on completion rates has emphasised the quality and motivation of potential trainees and training organisations’ selection procedures. The use of extended ‘trial periods’ is a fairly blunt instrument which is not addressing the central issue of improving the match of trainees and opportunities. ***Scottish Enterprise will need to consider the extent to which this emphasis makes the participation of more disadvantaged clients in the programmes less likely.***
- There was a widespread view that the programmes are not actively promoted in the employing community. ***Scottish Enterprise and partners should consider the merit of a renewed marketing campaign.*** A single apprenticeship branding would facilitate this process by generating higher aspirations amongst those on the lower rungs of the apprenticeship ladder.
- In looking at the factors that influence employers who do not participate, a lack of relevance to the organisation is by far the most dominant. The key message is that the programmes will generate value for the employer. The most appropriate “sales person” in these circumstances would be similar employers. ***Scottish Enterprise needs to work hard to develop and sustain employer champions for these programmes.***
- The typical organisation participates in one programme only. ***Scottish***

Enterprise needs to put in place a process to understand better why the potential synergies between programmes within employing units are not being exploited. Arguably it should be easier to get already engaged employers to use more than one programme than to get completely new employers on board. A clearer and more consistent ‘apprenticeship’ branding could also help here.

- There is a broad perception that Skillseekers has been squeezed in resource terms, perhaps due to the high political salience of the target for Modern Apprenticeships starts. Were there to be a review of the key objectives of the programmes and a move towards a common branding, this would provide an excellent opportunity to ***consider the appropriate resource allocation and numbers participating across what are currently Get Ready for Work, Skillseekers and Modern Apprenticeships.***
- During this evaluation we have made extensive use of the CTS system to explore the characteristics and performance of the programmes. This has proved to be a valuable resource. ***Scottish Enterprise should consider making the relatively small changes to the structure of the data to allow interrogation of the data by training organisation*** and ensure that more accurate data is held on the organisations involved in the programmes.
- The highly gendered nature of participation in the different frameworks, evident from the analysis of the CTS data, remains an issue. As do under-representation of BME groups and disabled people. Scottish Enterprise has developed an action plan for the latter groups and initiated a review of recent and current attempts to tackle gender inequalities. ***The impact of the action plan needs to be monitored closely to ensure any remaining barriers to participation are removed across the programmes.***
- The analysis of CTS suggests that there is a very high variance in non-employed status Skillseekers across the network. The use of the programme as a mechanism to trial potential employees needs to be addressed and ***consideration should be given to introducing a short trial period into Skillseekers for a relatively short nature as a substitute mechanism to help promote the growth of employed-status Skillseekers.***

1. INTRODUCTION

1.1. Policy Background

- 1.1.1. Skillseekers was introduced over the period from April 1991 to April 1995 to replace the Youth Training Scheme. The programme supports trainees in achieving a qualification at or above VQ level 2 or equivalent and aims to encourage and motivate young people leaving full-time education between the ages of 16 to 19 to enter training and secure more and higher levels of skills and qualifications.
- 1.1.2. In 1994, the Modern Apprenticeship (MA) programme was introduced. MAs aim to equip young adults with skills at intermediate level and is has a greater workforce development focus. The MA programme aims *‘to improve the future competitiveness of Scotland’s businesses by developing and harnessing the knowledge and skills of our workforce’*.
- 1.1.3. The following stakeholders are involved in the development and delivery of the MA programme:
- Responsibility for policy and financial support rests with the Scottish Executive’s Enterprise, Transport and Lifelong Learning Department.
 - Scottish Enterprise and Highlands & Islands Enterprise are responsible for delivering through their network of LECs. Their performance is agreed and reviewed annually by The Executive and underpinned by policies set out for the Enterprise Networks in “A Smart Successful Scotland”
 - Sector Skills Councils develop and review the content of their respective MAs, in consultation with employers and are responsible for promoting MAs;
 - The provision of training is undertaken by private training providers, further education colleges and voluntary organisations who provide a range of expert services to employers that employ trainees. In some cases, employers themselves carry out the training;
 - Employers support the trainee throughout the apprenticeship. Where the employer does not wish, or is not accredited to undertake direct delivery, they may appoint an appropriate training organisation accredited to manage and undertake delivery on their behalf;
 - Awarding bodies are responsible for developing, reviewing and certificating SVQs;
 - Careers Scotland provides an impartial career planning service to individuals of all ages;
 - The MA Implementation Group (MAIG) is the key Group for MAs in Scotland. Its main role is to approve all new and revised frameworks.
- 1.1.4. The content of the MA is described as a framework. Frameworks are designed by the sector skills body relevant to the industry sector, and are approved by the MAIG. There are in the region of 75 different frameworks available, each relating to a different occupational sector. Many MAs involve

a mixture of on-the-job and off-the-job training in a further education college or other training centre. Other MAs can involve entirely on-the-job training.

- 1.1.5. For funding purposes, each framework has a payment plan of ‘milestones’. The aim is to provide funding in line with the apprentice’s progress through the MA. Although milestones exist for funding purposes, they do provide an indication of the extent to which non-completers achieve some elements of their qualification. Since April 2002, Scottish Enterprise has operated a national pricing policy which has set values for the payment of start payments, milestones and outcome related funding across the Scottish Enterprise area. The network has also introduced “lead-LEC” contracting arrangements, whereby one LEC will undertake the contracting for all programme delivery across a number of LEC areas, thereby reducing the need for individual LECs to contract separately with the same providers.
- 1.1.6. In May 2002, Ministers outlined a commitment in the Lifelong Learning Strategy ‘*Life through learning, learning through life*’ to work with the enterprise networks to re-engineer the Skillseekers programme. The likely shape of Skillseekers is part of a wider Scottish Executive Consultation on the future of MAs.

English Developments

- 1.1.7. The development of MAs and SS in Scotland has been taking place in a wider context, where England has been reviewing its own approach to apprenticeships. In 2004, the Department for Education and Skills (DfES) published plans for significant reform of the apprenticeship system. Some of the key elements in this plan for reform are as follows:
 - Boosting the numbers of apprenticeships, achieving this in part through a targeted campaign to get more employers to engage with the programme
 - Engaging the employing community to help drive the reforms, initially through the Apprenticeships Task Force;
 - Increasing the flexibilities in the programme so that a “ladder of opportunity” is created from the age of 14 through to higher education - Essentially, there is now a ‘family’ of Apprenticeships, with core branding, which constitute this ‘ladder of opportunity’:
 - A new *Young Apprenticeships* programme for 14-16 year olds and *Pre-Apprenticeships* for people not ready for Apprenticeships;
 - Re-branding Foundation MAs as *Apprenticeships* and Advanced MAs as *Advanced Apprenticeships*
 - Scrapping the 25 year old age limit to introduce *Adult Apprenticeships*, being trialled in a number of sectors.
 - Launching a *Higher Apprenticeships* pilot at Level 4, to help develop work-based learning to degree level.
- 1.1.8. A range of other changes have been introduced to raise quality and improve completion rates. These have included an 8-week probationary period and more performance-related funding to providers, based on completions.

1.2. Evaluation objectives and methodology

1.3.1. The aim of the evaluation is to assess the impact and performance of Skillseekers, Adult MA and MA 16-24s over the last 5 years with regard to:

- Their contribution to the up-skilling of young people and adults;
- Their contribution to businesses' workforce development requirements;
- Their contribution to the Scottish economy; and,
- The costs and benefits of the Programmes.

1.2.1. In order to meet the aims of the evaluation a comprehensive research programme was undertaken covering the following elements:

- Desk based research analysing the Corporate Training System (CTS - the SE web-enabled on-line management, administration and payment system for the National Training Programmes) database of trainee records across Skillseekers, MAs and Adult MAs;
- Large scale telephone survey of 1,004 trainees;
- Large scale telephone survey of 2,400 participating employers and 600 non-participating employers;
- In depth case studies with 25 employers;
- Discussions with SEN, LEC staff, Careers Scotland, sector skills councils, training providers and the Scottish Executive.

1.2.2. The structure of the report is as follows:

- Chapter 2 outlines the participation and impact of the programme on trainees.
- Chapter 3 assesses the impact of the programme from the perspective of the participating employers.
- Chapter 4 assess additionality, based largely upon the in depth information gathered through the employers survey and case studies.
- Chapter 5 sets out the programmes' impact on employers and wider economy.
- Chapter 6 presents key messages from organisations involved in delivery (training providers, Careers Scotland, LECs and Sector Skills Councils).
- Chapter 7 presents our conclusions and recommendations.

2. TRAINEE PERCEPTIONS OF THE PROGRAMMES

2.1. Who is participating on the programmes?

Participation:

- Over the past 4 years, the Scottish Enterprise Annual Reports show that completion rates for MAs 16-24, Adult MAs and Skillseekers have consistently improved.
- Over time, the relative importance of both MA programmes has increased. Adult MA trainee starts increased from 16% of total starts in 2002/2003 to 21% in 2004/2005. The proportion of MA 16-24 starts has increased steadily from 45% to 49%,
- Skillseeker starts have fallen from nearly 40% in the year 2002/2003 to 30% in the year 2004/2005.

Gender:

- Female participation has been relatively stable across all the programmes at between 49 to 51% over the last three years;
- However, there is significant variation at framework level – from 92% in the Adult MA in Business Administration to 1% in some of the more traditional frameworks (e.g. engineering and construction).

Employed status:

- 18% of the Skillseekers in the leavers' cohort have non-employed status rising to nearly half on some frameworks (e.g. administration). Those in labour market areas defined as tight are significantly less likely to have non-employed status;
- Employers gave a range of reasons for using non-employed status – mainly to allow them to assess trainees before offering employment contracts (23%). Other reasons were cost (9%), because it was the only option available (10%) and reducing the risk of non-completion by only offering employment status to completers (10%).

Age on entry:

- Average age on entry for Skillseekers was 18 years; 19 years for MAs and 39 for Adult MAs.

Disability:

- There appears to be an under-representation of disabled people in the programmes compared to the working age population. This may not be the case when considering disabled people in employment;
- Just under 300 trainees are recorded as having a disability (0.23%). The proportion of Skillseekers with a disability is double that of MAs and Adult MAs (0.34%);
- Benchmarking is not straightforward – 20% of all working age people report a disability in the Annual Population Survey in the Scottish Enterprise area but estimates of the proportion in the younger age groups

are considerably lower (0.4% for 16-19 year olds; 1.2% for 16-29);

- Scottish Enterprise is already aware of this issue (alongside that of ethnicity and gender imbalance) and is working on an Equal Opportunities Action Plan.

Ethnicity:

- 0.5% of participants had an ethnic minority background. There is some evidence that this is increasing over time but it is lower than would be expected by the presence in the wider population (2%, Figure for Scotland, 2001 Census.);
- As noted above, Scottish Enterprise has already adopted an Action Plan to address these issues.

Education:

- CTS holds no information on trainees' previous qualifications but the survey of trainees, found a higher proportion of Adult MAs with degree level qualifications (9%); and over half Adult MAs possess a vocational qualification compared with 33% of MA16-24s and 15% of Skillseekers.
- On the other hand, Adult MA programme also possessed the highest proportion of trainees with no qualifications (19%) compared to 6% for Skillseekers and just 3% for MAs;
- MA 16-24 trainees have higher qualifications than Skillseekers: 38% possess Scottish Highers and 33% have vocational qualifications, compared to 20% and 15% for Skillseekers respectively.

Repeat use:

- Overall, 28% of trainees are recorded on CTS more than once. However, this includes some records entered in error. Improvements to CTS now identify a specific leaving code and now denote any admin errors;
- If we include all repeat records, it does show variation across the programmes: Skillseekers are more likely to start their programme more than once: 36% have more than one record compared to 28% of MAs and only 12% of Adult MAs;

Size of employer:

- There is a higher proportion of participants who have worked for smaller employers, with 42% working for employers with less than 25 employees, and 23% working for employers with more than 100 employees;
- Since the start the proportion of starts by employer size band has remained relatively consistent.

Priority industries:

- There are considerable difficulties in providing a precise calculation of the number of trainees in priority industries purely in matching the definition of some sub-sectors. However, at the end of 2005/06, 41% of MA trainees were employed in Energy, Hospitality, Construction, Chemicals, Financial Services and Food and Drink. This does not include engineering nor management, administration or customer service trainees

who could also work in a priority industry.

2.2. Why do the trainees choose to participate?

- 2.2.1. Not all trainees start training as soon as they start working for an employer. Some 60% of Skillseekers and 50% of MAs start within six months of joining. Over 80% of the Adult MA trainees had been with their employer for at least one year before commencing the programme. Almost a quarter of MAs (23%) started their training over a year after joining their employer compared to 16% of Skillseekers. This reflects a concern reported by some LECs that some training providers were increasingly recruiting employed people because this increased the chances of recruiting trainees who would complete.

Table 2.1: Duration in employment when starting training

| | Skillseekers | MA 16-24 | Adult MA |
|--|--------------|----------|----------|
| Started as soon as I joined them | 27% | 20% | 1% |
| Started within the first 3 months of joining | 22% | 17% | 3% |
| Started 3-6 months after joining | 12% | 14% | 5% |
| Started 6-12 months after joining | 13% | 14% | 5% |
| Started 1-2 years after joining | 16% | 23% | 34% |
| 3 to 5 years after | 2% | 7% | 14% |
| 6 to 10 years | 0% | 1% | 15% |
| 11+ years after | 0% | 0% | 20% |
| Was not working there / started course first | 5% | 1% | 1% |

Single responses answered by 1,004 out of 1,004

- 2.2.2. If they hadn't participated in the programme, the majority of the trainees (81%) would not have had any other options or would have stayed in their current job without completing any further training.
- 2.2.3. Most trainees did not have the option of staying in their current job without any further training: this was the case for only 29% of Skillseekers, 39% of MA 16-24s and 47% of Adult MAs.
- 2.2.4. There are significant differences in reasons for participating by programme:
- Skillseekers emphasised employment, with 43% being attracted by a job with training, compared to 5% of MA 16-24s and 8% of Adult MAs;
 - MA 16-24s and Adult MAs cited the opportunity to gain a qualification and other career-related issues as a key attraction with around 20% stating this reason, compared to 10% of the Skillseekers.
 - Core skills were mentioned by relatively few trainees, although 6% of Adult MAs said they were attracted by the inclusion of core skills, reflecting their more diverse educational backgrounds.

Table 2.2: Reasons for participating by programme

| | Skillseeker | | MA 16-24 | | Adult MA | | Total | |
|----------------------------------|-------------|-----|----------|-----|----------|-----|-------|------|
| It gives you a qualification | 21% | 161 | 37% | 223 | 35% | 170 | 37% | 554 |
| It gives you a job with training | 43% | 324 | 5% | 30 | 2% | 9 | 5% | 77 |
| Training while earning a salary | 4% | 33 | 7% | 42 | 8% | 40 | 8% | 115 |
| Improves future work prospects | 4% | 31 | 12% | 72 | 8% | 40 | 9% | 143 |
| Way to learn/gain experience | 10% | 77 | 18% | 106 | 21% | 102 | 19% | 285 |
| Number of responses | 100% | 759 | 100% | 597 | 100% | 479 | 100% | 1509 |

Source: Trainee survey. Multiple response answered by 1,004 out of 1,004

2.2.5. The reasons for participating vary by age with the job being of ultimate importance for the 16-18 age group participating on the MA and Skillseeker programmes. The ability to gain a qualification is significantly more important for the 19-24 year olds across both programmes. Expectations from participation tended to divide around young people and older trainees:

- Skillseekers and MA 16-24s saw personal development, qualifications and improved future career options as expected benefits;
- Adult MAs focused on personal development and gaining a qualifications for the skills and experience they already possess but had lower expectations of a salary increase and were less likely to be gaining qualifications to enter their chosen career;
- More than two-thirds of Skillseekers saw their programme as a gateway to an MA in the future. Although this appears to contradict Skillseekers' relative reluctance to undertake more training in future (see below), it reflects the relative labour market status of MAs and Skillseeker.

How do trainees first hear about the programmes?

Table 2.3: Primary sources of information on the programmes

| | Skillseekers | MA 16-24 | Adult MA | Total |
|-------------------|--------------|----------|----------|-------|
| Employer | 42% | 52% | 60% | 51% |
| Training Provider | 8% | 9% | 13% | 10% |
| Careers Advisor | 15% | 11% | 1% | 9% |

Multiple responses answered by 1,004 out of 1,004

2.2.6. The main source of information about the programme is the trainee's employer with 60% of Adult MA, 52% of MA 16-24 and 42% of Skillseekers citing this source. Career advisors appear to play a modest role with 15% of Skillseekers and 11% of MA 16-24s finding out about the programme in this way. However, their role is more significant among trainees who are not employed when they start (28% in Skillseekers and 26% in MA 16-24s).

2.2.7. Other sources of information include training providers, relatives and friends (7%), advertisements (6%), colleagues (5%), school or college (5%), guidance teachers (2%) and the Job Centre (1%).

2.2.8. Not surprisingly there is a clear correlation between time spent working for an employer before starting training and the source of information.

Satisfaction with the programme

- 2.2.9. Around 4 in 5 Skillseeker and MA 16-24 trainees and almost 90% of Adult MAs felt that they made the right choice of training.
- This high satisfaction rating was relatively consistent across frameworks and VQs, the exception being the MA 16-24 construction framework, where 61% of trainees felt they had made the right choice of programme
 - The ability to gain a qualification and work experience were the two primary reasons for this satisfaction;
 - Completers were naturally more likely to feel that they had made the right choice (93% compared to 64% of non-completers).
- 2.2.10. Trainees were asked for their views on the programme experience as a whole:
- Adult MA trainees were most likely to rate job satisfaction as very good or good (84%) compared to 76% of MA 16-24s and 71% of Skillseekers.
 - 15% of non-completers rated their job satisfaction as poor or very poor compared to 3% of completers
 - The main reason for dissatisfaction among both completers and non-completers was salary: 20% of completers and 37% of non-completers rated this as poor or very poor. Dissatisfaction with salary was highest amongst Skillseekers and lowest for the Adult MA trainees.

Satisfaction with training

- 2.2.11. Around 60% of trainees on all three programmes undertook all their training on the job. A third undertook a mixture of on and off the job training, and around 10% undertook all their training off the job at training providers' premises. In general, more trainees suggested that more training should be on the job, with far fewer trainees wanting more off the job training:
- Of the trainees who do not do all their training on the job, Skillseekers and MA 16-24s have the strongest preference for more on the job training, (just over half compared to one third of Adult MA trainees).
 - The preference for more off the job training was relatively low amongst the trainees who do not currently do all their training off the job.

Satisfaction with advice, guidance and support

- 2.2.12. On the whole, trainees do not use advice and guidance. The main sources of guidance for trainees on all three programmes were the employer/line manager, training provider, supervisor and college trainer.
- 2.2.13. Skillseekers were the most likely to seek advice from their employer, with 45% citing this source, compared to 37% of MA 16-24 and 24% of Adult MA trainees. Adult MAs were the most likely to seek advice from their training provider, rising to 48% of those who undertook training entirely on the job.
- 2.2.14. The 2005/06 programme rules require that the trainee progress is regularly reviewed. The rules states that the provider will carry out formal reviews at least every 13 weeks. There were significant differences in the frequency of reviews with employers, by programme and framework. The service

framework trainees on the Adult MA and manufacturing framework trainees on the MA 16-24 had the least frequent reviews; over 30% of service framework trainees on the Adult MA had never had a review.

- 2.2.15. The majority of trainees that had had a review with their employer found it to be very or quite useful (around 85%). Those trainees who expressed some dissatisfaction provided a variety of reasons including ‘not being asked their opinion about training’ and ‘feeling that their employer was not interested’.
- 2.2.16. Over 60% of trainees reported that they had regular one-to-one reviews with their trainer or external assessor, rising to 73% for the Adult MA. A further 25% reported that they had occasional one-to-one reviews. Regular email or telephone conversions were less frequent, with only 11% of trainees reporting that they used this method of communicating. Some 7% of trainees reported that they had never had any feedback from their trainer or external assessor – something which, if a true reflection of practice, would represent a failure of contract compliance. The absence of regular reviews appear to be more of an issue for Skillseekers and MA 16-24s, however, we cannot discount the respondent’s ability to recall the reviews as part of the reason for this result.
- 2.2.17. Over 90% of trainees found the trainer/assessor reviews to be very or quite useful. Again, this was very consistent across the programmes. The main reason cited for the usefulness of these reviews was feedback on how the trainee was getting on (41%).
- 2.2.18. Over 80% of trainees on all three programmes agreed that the training was of good quality and relevant. The support by the company and training provider was seen as appropriate for over 80% of trainees on all three programmes.

Trainee views on possible improvements

Table 2.4: Suggested improvements by programme (%)

| | Skillseekers | MA 16-24 | Adult MA |
|---|--------------|----------|----------|
| Nothing, it was a very good experience | 47 | 47 | 48 |
| Better salary / wages / higher training allowance | 14 | 10 | 3 |
| More support from trainer and external assessor | 6 | 8 | 4 |
| Better guidance on SVQ/framework before starting | 3 | 6 | 3 |
| More support from supervisor in the company | 2 | 7 | 2 |
| Better quality teaching | 3 | 3 | 3 |
| More training off-the-job | 2 | 5 | 1 |

Multiple response answered by 1,004 out of 1,004, only main responses included.

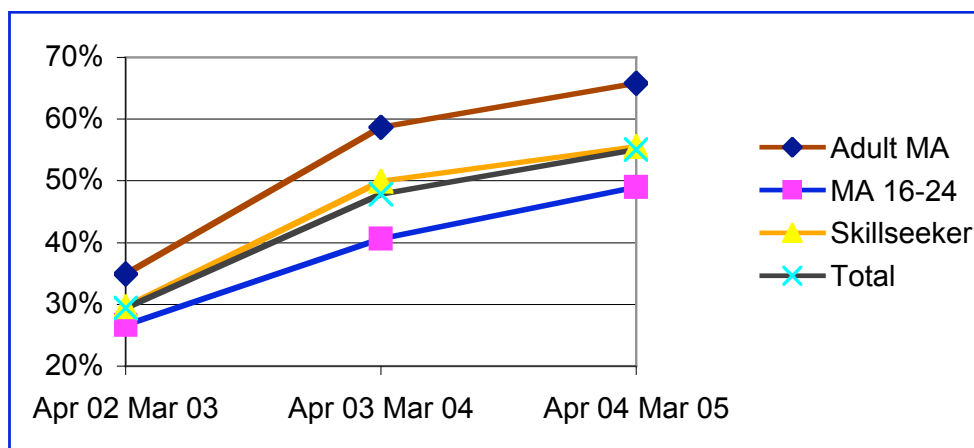
- 2.2.19. Just under half of trainees on all three programmes could not think of any improvements to the programme. The main improvement suggested by the remainder was a better salary, which was mentioned by 14% of Skillseekers, 10% of MA 16-24s and 3% of Adult MAs.

2.3. Reasons for non-completion

- 2.3.1. The completion rates by programme are derived directly from the CTS dataset which record whether the trainee has ‘completed’, ‘not completed’ or

is still on the programme. The completion rate is taken to be the number of completers as a proportion of total trainees minus those that are still on the programme. This headline completion rate therefore includes all leavers – whatever their duration on the programmes.

Figure 2.1: Completion rates by programme over time



Source: Scottish Enterprise CTS database, leavers 2002/03, 2003/04, 2004/05

2.3.2. Completion rates vary across a number of dimensions:

- Adult MAs have the highest completion rate (68% compared to 55% for the Skillseeker and MA 16-24 programmes);
- The main distinction between the three programmes is the proportion leaving for a disciplinary reason (17% of non-completers on Skillseekers compared to 6% of Adult MAs and 12% of MA 16-24s);
- the main reason provided for non-completion among Skillseekers was 'finding another job' (23% of non-completers); for MA 16-24s company closure was the main reason (22%);
- For Adult MAs, lack of time (21%), personal/ family reasons (11%) and 'not what they were looking for' (11%) were the main reasons;
- Around 15% of Skillseekers and MA 16-24s lost interest or said their training was not what they were looking for, suggesting relatively few young people drop out because they are on the wrong course;
- Almost 60% of Skillseekers with employed status completed compared to 46% of those with non-employed status. The main difference between these groups is non-completion because of disciplinary problems (26% of non-employed trainees compared to 14% of employed trainees);
- For Skillseekers there is a strong correlation between completion rates and age with the younger age groups less likely to complete than the older age groups. MA 16-24s demonstrate no such relationship ;
- All three programmes have demonstrated a steady increase in completion rates over the last three years, the strongest increase being for the Adult MA programme which has seen a 25% increase.

Partial completion

- ### 2.3.3.
- The average progress through the milestones, calculated as a percentage of the total milestones, suggests that 70% of trainees left before completing half

of the milestones. For all three programmes the existence of barriers to work such as travel, financial or care problems result in the earliest occurrence of drop-outs, when only around 30% of milestones have been completed. For MA 16-24s and Adult MAs disciplinary problems seem to arise relatively late, when almost half the milestones have been completed.

Impact of support on completion

- 2.3.4. Nearly half of those on the Adult MA stated that nothing would have persuaded them to complete the training, which reflects the fact that a significant proportion of this group left for personal family reasons or because of a lack of time, rather than because of dissatisfaction with the programme. 16% of Adult MA stated that more support from their supervisor would have persuaded them to complete. This was also an important factor for the MA 16-24 trainees, 12% of whom identified this factor. 16% of Skillseekers highlighted pay as a significant factor.

Table 2.5: Reason for non-completion for those who would not change their minds

| | Skillseekers | MA 16-24 | Adult MA | Total |
|------------------------------------|--------------|----------|----------|----------|
| Left company/ different job | 67% (28) | 47% (23) | 20% (5) | 22% (55) |
| Illness/pregnancy/personal reasons | 18% (7) | 11% (5) | 33% (8) | 20% (20) |
| No time | 0% (0) | 9% (4) | 21% (5) | 9% (9) |
| Lost interest/went on new scheme | 5% (2) | 21% (9) | 0% (0) | 11% (11) |

Multiple response answered by 193 out of 1,004

- 2.3.5. Of trainees who stated that that there was nothing that would have convinced them to complete the training Skillseekers were most likely to state it was because of a change of employment (67% compared to 20% of Adult MAs). The Adult MA trainees were most likely to give a personal reason or a lack of time (54%) for not wanting to complete. The MA 16-24 trainees were the most likely of the three groups to lose interest or to go on a new scheme.

2.4. Benchmarking programme performance

Table 2.6: Completion/Achievement Rates – Scotland and England (%)

| | 2002/3 | 2004/5 |
|-------------------------|--------|--------|
| Scotland: MAs | 48 | 55 |
| England: AMAs | 33 | 38 |
| Scotland: Skillseekers | 52 | 55 |
| England: Foundation MAs | 30 | 40 |

Note: Achievements as % of leavers

Sources: Scottish Enterprise and Learning and Skills Council

- 2.4.1. There is limited comparative data on which to base a robust benchmarking exercise. One area which has received considerable attention, is the achievement/completion rate. It is of value to consider this in relation to the MA/SS programmes because they have been criticised within Scotland for poor performance on this measure. Taking the figures at face value, it is clear

that there are substantial differences in achievement rates between Scotland and England on what are generally acknowledged to be comparable programmes (MAs and Advanced MAs), and indeed the same scale of difference also applies when Skillseekers is compared with Foundation Apprenticeships. Within both systems, it is also the case that completion rates have improved over time but Scotland has maintained its relative edge.

- 2.4.2. The Welsh system, which is not significantly different from the English system, has substantially lower completion rates than the English one, with a figure of 16% for Advanced MAs for 2003/4. Although Scotland has significantly higher performance on completion than England and Wales, there is in turn a substantial gap when benchmarked against Germany, Denmark, the Netherlands and France, where completion rates (across different vocational systems) are estimated to be in the range 65-75%.
- 2.4.3. A systematic review of the factors behind at low completion rates in England was carried out by West. This study identifies a number of key points.
- There are substantial variations by LLSC areas. For example in 2003/4 the variance was approximately in the range 20-44% for completion rates. However, even the best LLSCs area do not reach the Scottish average.
 - There are variations between different apprenticeship frameworks, but they do not explain variations across areas. For example, in relation to Engineering the completion rates in the best areas are approximately 3 times those for the worst, and for Health, Social Care and Public services the variation is between 4% and 35% between the best and the worst.
 - There is no systematic relationship between local labour market conditions and completion rates, although there is a tendency for completion rates to be higher in the lower unemployment rate areas.
- 2.4.4. The study by West identifies three ways to influence non- completion:
- Reducing the number of initial “wrong” choices of occupation and/or employer through better careers guidance, more accurate information about what is involved and better management of trial periods.
 - Dealing with employers who keep apprentices in their employment, but where the apprenticeship is not completed.
 - Redirecting non-completers is strongly recommended on the basis of successful experience in Germany, Denmark and the Netherlands.
- 2.4.5. As a set of general findings, West suggests that the factors that aid completion have less to do with the quality of training, but much more to do with processes around the programmes including:
- Information and guidance given to apprentices and employers at the start;
 - The effective use of trial periods.
 - Identifying and working with “at risk” trainees.
 - A speedy follow-up of trainees who leave and fail to complete; and,
 - Working with employers to emphasis the importance of completion.

2.5. Trainee benefits from participation

- 2.5.1. There were a number of benefits identified by the trainees who were currently in work in relation to their participation on the programme:
- The main identified benefit was an improvement in their ability to do their job (80% of trainees);
 - In terms of core skills, improvements in communication skills and team working were identified by around 75% of trainees but IT and numeracy skills were less significantly enhanced (around 40%);
 - Nearly three quarters of trainees (70%) stated that they would be more likely to undertake future training; 6% stated they would be less likely.
 - Just over half of the trainees felt that the programme had helped them understand what they wanted to do in their career; 4% felt more confused.
- 2.5.2. Those on the Adult MA were least positive about any improvements in core skills as a result of the programme. Despite the fact that separate certification of core skills is not a requirement for Skillseekers, of the three groups, they were the most positive about the impact on all five core skills.

Table 2.7: Trainees' perceptions of benefits to core skills

| | Skillseekers | MA 16-24 | Adult MA | Total |
|-------------------------------|--------------|----------|----------|-------|
| Improved communication skills | 84% | 84% | 72% | 80% |
| Better at working with others | 84% | 80% | 62% | 75% |
| Better at problem solving | 67% | 64% | 62% | 64% |
| Improved understanding of IT | 64% | 54% | 52% | 56% |
| Improved numeracy skills | 53% | 47% | 35% | 44% |

Single response answered by 829 out of 1,004

Employment outcomes

- 2.5.3. Four in five trainees interviewed reported that they were in employment or self employed at the time of the survey, and a further 9% were studying or training. Just over 10% were not working or studying. However, non-completers were less likely to be in employment (64% compared to 86% for completers), particularly so on the MA 16-24 and Adult MA programmes. Non-completers were much more likely to be working for a different employer than the one with whom they originally started their training, with only 14% remaining with their original employer.
- 2.5.4. On Adult MAs and MA 16-24s non-completers are significantly more likely to be not working or studying whereas non-completing Skillseekers are more likely to undertake further studying or training. Completion also confers a degree of career progression and income. Of those that remained with their original employer, completers are twice as likely as non-completers to be awarded a salary increase or promotion.
- 2.5.5. Completers were slightly more likely to state that they would like to undertake more training in future (75% compared to 66% of non completers). Those on the Adult MA programme were the most likely to want to undertake further training and Skillseekers were the least likely.

3. PARTICIPATION AND IMPACT ON EMPLOYERS

3.1. Characteristics of Participating Employers

Size and location of employers

3.1.1. The number of employees in each placement organisation is a relatively recent addition to CTS and is available for just over half the dataset (51%); the following is based on these cases:

- Placement organisations are somewhat larger than the average company in the Scottish Enterprise area. There are proportionately fewer very small companies (1-4 employees).
- Across LEC areas, not surprisingly, the pattern of placement organisations follows those areas with the largest programmes and budgets;
- Just over a fifth of placement organisations are located in ‘tight’ labour market areas, but the majority are located in ‘slack’ areas.

Pattern of participation across programmes

3.1.2. Analysis of the participation of placement organisations reveals this pattern:

- Three-quarters of placement organisations participate in just one of the programmes; more than a third only participate in MAs, a quarter only participate in Skillseekers and less than 10% only in Adult MAs;
- Of those who participate in more than one programme, the combination of MAs and Skillseekers is most popular (13%) with very few opting for a combination of Adult MA and Skillseekers;
- Overall, just 6% of organisations participate in all three programmes;
- The pattern of participation is heavily skewed: just under half the placement organisations have had just one leaver and 86% have 5 or fewer; at the other end of the scale, just 1% of placement organisations have been responsible for a quarter of the leavers in the last five years.

3.1.3. The asymmetry in participation suggests that lead LEC arrangements and other focused contract management procedures make good sense. There are also issues here for consideration in terms of the marketing and engagement of new employers to the programme surrounding their ‘typical’ pattern of use. We are not able to say which type of employer represents best value:

- large employers offer large numbers of trainees to the programme but are clearly already over-represented;
- Smaller companies involve a lot more work – there have been almost 12,500 placement organisations employing 5 or fewer employees with an average of 1.8 trainees which creates a heavy administrative overhead.

Outcomes by characteristics of placement organisation

3.1.4. The CTS database provides some information on the outcomes achieved by trainees. Completion is a primary measure of performance. The main issues are:

- For Adult MAs larger organisations appear to be less successful in securing completions than their smaller counterparts.
 - For MA16-24 leavers, all but the very largest organisations have a similar completion rate. The completion rate for those placement organisations with more than 250 employees is significantly above other size bands.
 - The completion rate for Skillseekers demonstrates a smooth progression with the size of the placement organisation.
- 3.1.5. This difference is perhaps more marked as the larger placement organisations are typically responsible for a much larger proportion of leavers from the programmes.
- 3.1.6. Another measure of performance is the proportion of leavers reported as entering or retaining employment. Both MA16-24 and Skillseeker leavers are more likely to enter or retain employment if they train with larger placement organisations. The difference is more marked for Skillseeker leavers. No such pattern exists with Adult MA placement, possibly because most of the Adult MA trainees have been in post for some time before starting training.

Table 3.1: Leavers retaining or entering employment* by placement size

| | Adult MA | MA16-24 | Skillseekers |
|---------|----------|---------|--------------|
| 1-4 | 58% | 48% | 36% |
| 5-10 | 60% | 49% | 39% |
| 11-24 | 65% | 48% | 42% |
| 25-49 | 59% | 47% | 40% |
| 50-99 | 59% | 52% | 46% |
| 100-249 | 57% | 54% | 50% |
| 250+ | 53% | 54% | 49% |

* measured as % of all leavers

Source: Scottish Enterprise CTS database Jan 01-Aug 05.

3.2. Company Training and Recruitment Practices

Attitudes towards training

- 3.2.1. The surveys of participating and non-participating employers reveal a number of distinctions in their attitudes to training:

Participating employers:

- Over 80% of service sector employers actively encouraging all staff to take up training opportunity (compared to 64% in manufacturing);
- Adult MA employers had the most positive attitude to training with 88% encouraging all staff to take up training compared to 77% in Skillseekers and 75% in MA 16-24s. This needs to be seen in relation to the larger proportion of Adult MA employers on service sector frameworks.

Non-participating employers:

- Three quarters of participating employers actively encouraging all staff to take up training compared to two thirds of non-participating employers;

- For a majority of occupational areas non-participating employers are less active in promoting training but for some sectors differences are marginal.

Use of different types of training

- 3.2.2. The majority of employers had made use of a variety of training over the last 12 months. Employers who had used the Adult MA programme appeared to have made the most use of other forms of training: 71% claimed their employees had participated in workshops and events, compared to 56 and 57% of Skillseeker and MA 16-24 employers respectively.
- 3.2.3. Non-participating employers are less likely than participating employers to undertake a range of training, with the exception of on-the-job training.
- 3.2.4. The use of alternative types of training by participating and non participating employers are relatively consistent across size bands. For the majority of types of training, there is a clear correlation with employer size, with smaller employers undertaking less training, except for in-house training.

Perceptions of training benefits

- 3.2.5. Employers' perceptions of the benefits of training to companies who had participated in the programmes compared to those that had trained young staff aged 16-24 through other means were remarkably similar. The main difference was that participants tended to feel that trainees were more likely to increase wage demands as a consequence of completing the programme.

Table 3.2: Perceived impact of training on the trainee (%)

| Trainees are | Participants | Non-Participants* |
|--|--------------|-------------------|
| More likely to leave the company/organisation | 18 | 17 |
| Less likely to be absent from work | 36 | 44 |
| More likely to be interested in career progression | 79 | 81 |
| More likely to increase their wage demands | 60 | 48 |
| More likely to be interested in further training | 79 | 79 |

*young staff aged 16-24 who have been through training

Non participating employers, multiple response answered by 600 out of 600. Participating employers multiple response answered by 2,125 out of 2,125

Recruitment practices

- 3.2.6. Recruitment practices varied significantly between the participating and non-participating employers. Non-participating employers favoured adverts in the press or on the internet (54% compared to 27% of participating employers). They also made greater use of the Jobcentre Plus and recruitment agencies. In contrast, participating employers tended have made greater use of Careers Scotland and were much more likely to have links with schools, colleges and universities. The use of Skillseeker and MAs as a recruitment mechanism was identified by 13% of respondents. Participating employers were significantly more likely not to use any methods of recruitment and to state that they would train existing employees (although this could only ever be a short-term response).

- 3.2.7. The type of recruit sought by participating and non-participating employers varied somewhat with participating employers slightly more likely to want an employee of a specific age: 6% of participating employers stated a preference for school leavers. Attributes highlighted by both groups included motivation and other personal attributes. Skills and qualifications were less important.
- 3.2.8. There are only small differences in support practices between participating and non-participating employers, with participating employers approximately 5% more likely to provide regular progress reviews, provide study time off work and provide additional help with training difficulties.

3.3. Awareness of the programme amongst non-participants

- 3.3.1. The majority of non-participating employers are aware of the existence of the Skillseekers programme, with 87% stating that they have heard of it. Fewer were aware of MAs (70%) and only 49% had heard of Adult MAs. Given that, *at a minimum*, 85% of non-participating employers were aware of one or more of the programmes, lack of awareness is not a credible reason for non-participation.
- 3.3.2. Just under a fifth of those that had heard of one or more of the programmes had had contact with Scottish Enterprise, their LEC or training provider regarding these programmes. In around 60% of cases, the employer had been approached about the programmes and in the remaining 40% of cases the employer had initiated contact. This suggests that most non-participants have had some opportunity to find out about the programmes and did not decide to participate. The next section considers the reasons given by the employers.

3.4. Reasons for participation/non-participation

- 3.4.1. The main reason given for participation for all of the programmes was in relation to the upskilling of trainees or as a way of introducing more training into the organisation, with just over half of employers giving this reason. Around a quarter of employers stated that they used the programme as a means of recruitment. However, the benefits were felt more broadly and just over half of employers felt that participation had made it easier for them to recruit. The main explanation given (30%) was that they were able to attract better candidates as the training makes the job more attractive. Employers also valued the role of the training provider in handling the recruitment process (12%) and the benefit of getting qualified, skilled and experienced recruits (11%). Very few employers stated that they participated in order to reduce training, recruitment or wage costs.
- 3.4.2. The use of the programme as a means of ensuring employees were qualified or accredited was particularly important for the Adult MA, with nearly a quarter of employers stating this reason.
- 3.4.3. The non-participating employers who had considered participating at some stage, were much more likely to mention the motivation of existing staff and help with recruitment, and less likely to mention qualifications and accreditation as reasons for participation. The main reason for not participating was that the training was not relevant to the company.

Bureaucracy was also a reason for non-participation on the Skillseeker and MA programmes, while those considering participating in Adult MAs stated they were just unsure of what was required.

Table 3.3: Employers' reasons for participating in the programmes

| % giving reason | Skillseekers | MA 16-24 | Adult MA | Total |
|------------------------------|--------------|----------|----------|-------|
| Training/upskilling | 55 | 55 | 56 | 55 |
| Growth/recruitment | 26 | 24 | 14 | 25 |
| Qualifications/accreditation | 12 | 15 | 24 | 15 |
| Motivation of existing staff | 3 | 3 | 3 | 3 |
| Reduce costs | 4 | 2 | 1 | 4 |

Multiple response answered by 2,125 out of 2,125

Table 3.4: Non-participants reasons for not participating (%)

| | Skillseekers | MA | AMA |
|--|--------------|----|-----|
| Not relevant to the company/organisation | 30 | 27 | 28 |
| Too much bureaucracy | 10 | 10 | 3 |
| Concerns over the quality of recruits involved | 2 | 13 | 8 |
| Unsure of what was required | 3 | 5 | 11 |
| Just too busy to undertake the training | 7 | 3 | 7 |
| Concerns over the relevance of the training involved | 5 | 0 | 0 |
| Public sector funding insufficient | 0 | 1 | 3 |
| Poor quality / Poor reputation / previous bad experience | 2 | 2 | 5 |

Multiple response answered by 182 out of 600

- 3.4.4. Just over a third of the employers who considered participating stated that changes to the programme would have made them more likely to participate. The main reason given (20%) was an increase in the level public funding. 11% would have liked more information on training provision.

3.5. Employer perspectives on programme delivery

- 3.5.1. The survey asked employers for their rating of specific elements of the training package. The majority were positive about the ability of the training to deliver the skills needed for the job, with the most positive responses from those providing the training directly.
- 3.5.2. Employers were especially positive about the quality of the on the job element of the training, with 90% rating it as very good or good. The quality of the off the job training was deemed to be slightly lower, with just over 70% of employers rating this as very good or good.
- 3.5.3. Cost was also an issue for some of those using a group training association, although, overall, nearly two thirds of employers rated the cost of the training as very good or good. The level of administration/bureaucracy was seen as poor or very poor by 13% of those undertaking training directly through their LEC and 10% of those using a group training association.

Use of Non-employed status

- 3.5.4. Nearly one quarter of Skillseeker employers (24%) reported that one or more of their Skillseeker trainees had trainee/placement status rather than employed status. The most common reason given for the non-employed status was to enable judgement before hiring the trainee (22%). Other common reasons included cost (12%) and the only option from the training provider (11%).

Table 3.5: Reasons for recruiting non-employed trainees (Skillseekers)

| | Number | Proportion |
|---|--------|------------|
| To judge before making employees | 54 | 22% |
| Cost | 31 | 12% |
| Only option from training provider / LEC | 28 | 11% |
| Only offer employment contracts to those who complete | 24 | 9% |
| Approached by training provider/college | 19 | 8% |
| Social responsibility/wanted to help young people | 16 | 6% |
| Don't intend to keep them on | 15 | 6% |
| Easier to train/better to train them yourself / can mould | 7 | 3% |
| Other | 66 | 26% |
| Multiple response answered by 251 out of 251 | | |

Employers' views on non-completion

- 3.5.5. Nearly half of the employers interviewed had at least one trainee who had dropped out. Those involved in Adult MAs were least likely to have had a drop out (34%) and those involved in Skillseekers the most likely (50%). There are some differences between programmes in relation to the reasons for the drop out of trainees:

- The main reason given by employers for trainees dropping was that they left for a better paid job. This was particularly significant for Adult MAs;
- Skillseekers and MA 16-24 were more likely to leave because of poor attitude/lack of interest or enjoyment;
- These groups were also more likely to leave because the course was not what they wanted. The time consuming nature of the coursework was additionally an important factor for the Adult MA trainees.

Table 3.6: Employers' views on the reasons for early drop-outs (%)

| | Skillseekers | MA 16-24 | Adult MA | Total |
|--|--------------|----------|----------|-------|
| Trainee left for better paid job | 21 | 17 | 29 | 20 |
| Poor Attitude /Not interested | 20 | 18 | 10 | 18 |
| Left job/industry/ Different career path | 12 | 11 | 10 | 11 |
| Personal circumstances | 10 | 8 | 11 | 9 |
| Trainee dismissed | 8 | 10 | 6 | 9 |
| Coursework was too difficult | 7 | 8 | 4 | 7 |
| Trainee not good enough/ Not suited | 5 | 7 | 7 | 6 |
| Was not what they wanted/ Fed-up | 7 | 4 | 3 | 6 |
| Pregnancy | 5 | 3 | 3 | 4 |

Multiple response answered by 974 out of 974

- 3.5.6. Employers felt strongly that it mattered whether trainees completed their qualification, with nearly 90% agreeing with this statement. Despite this, however, they still valued partial completion, with 60% of employers feeling that the company benefited from the training, even if not completed.

3.6. Employers' perception of the Impact on Trainees

- 3.6.1. Overall, 69% of companies felt that the trainees who had taken part in the programme are more skilled and have received accreditation for their new skills. A further 17% felt they were more skilled but had not received accreditation. Only 5% felt that they were not much more skilled as a result of their participation. These results were similar across the programmes.
- 3.6.2. Around 80% of employers on all three programmes felt that staff understood their job better as a result of participating. Adult MA employees were most likely to point to an increase in staff efficiency as a result of participation, with 80% agreeing. Adult MA employers were also the most positive about the increased quality of work, increased levels of staff innovation, motivation and the ability of staff to identify their own learning needs, although at least 70% of all employers on all three programmes agreed with these statements.
- 3.6.3. Over three quarters of employers on all three programmes pointed to increased interest of their staff in career progression and further training as a result of participation. The programme was thought to make some impact on absenteeism, with 35% of employers stating that staff were less likely to be absent as a result. The impact of staff retention was less clear with some employers feeling that their 'upskilled' staff were more likely to leave. However 37% of employers believed that they were more likely to stay.

Table 3.7: Impact of participation on staff

| Likelihood of staff to: | More | Less | No difference | Don't know |
|-------------------------------------|------|------|---------------|------------|
| leave the company/organisation | 18 | 37 | 41 | 5 |
| be absent from work | 3 | 35 | 58 | 4 |
| Be interested in career progression | 77 | 2 | 17 | 3 |
| Increase their wage demands | 60 | 3 | 33 | 3 |
| Be interested in further training | 77 | 4 | 15 | 3 |

Single response answered by 2,125 out of 2,125

3.7. Employers' suggested improvements

- 3.7.1. The employers were asked what improvements should be made to make the programme more attractive to the wider employer community. Just over a fifth of employers responded with a funding related answer, with 16% suggesting an increase in public sector funding. Better marketing to raise awareness was mentioned by 17% (although the non-participants' survey suggests that awareness, in itself, is not necessarily the problem). A similar proportion suggested providing greater say in the content and management of the training. Improvements in the quality of the offer were mentioned less often, with 8% suggesting improving the quality and content of the training, 5% the quality of trainees and just 2% reducing bureaucracy.

4. ASSESSMENT OF ADDITIONALITY

4.1. Background to the methodology

4.1.1. The survey of participating employers was designed to provide estimates of additionality arising from the programmes. Employers were interviewed with a specific framework/ VQ in mind, so interpreting these responses required:

- For the additionality analysis, the findings are analysed by framework and occupation – so managers and admin staff following the same training in the same firm, are treated as two separate records. Just under 10% of all employers had trainees from more than one occupational area.
- Employers were able to provide multiple responses to the additionality question – effectively splitting their response across the group of trainees, to better reflect how the removal of public subsidy affected their choices.
- The dataset has been cleaned to ensure that any cases where employers' responses to mutually exclusive additionality questions did not add up.

4.2. Components of additionality

4.2.1. There are two broad dimensions along which the three programmes might be expected to have an impact – through the recruitment of more people into employment and through the provision of more structured training:

- *Recruitment*: more employers (44%) felt that they would have taken on fewer trainees into the programmes, while just under a quarter suggested that they would have recruited different types of employees. One in five would have delayed the recruitment of some or all of the trainees and 11% would have recruited them but with fewer hours.

Table 4.1: Employer responses on additionality

| | All occupations | % of resp |
|---|-----------------|-----------|
| Taken on fewer people into these roles | 952 | 44% |
| Taken on different types of people into these roles | 518 | 24% |
| Taken the same people on but put fewer through training | 792 | 37% |
| Trained all or some people using a different type of training | 833 | 39% |
| Taken on all or some of these people at a later date | 439 | 20% |
| Taken on all or some of these people for fewer hours per week | 244 | 11% |
| Recruited more trainees with placement/non-employed status | 134 | 6% |
| Done something else differently | 124 | 6% |
| Done none of these things / would have made no difference | 280 | 13% |

Multiple responses

Source: IFF participating employers survey 2006

- *Training*: over a third of employers said that they would recruit the same number of trainees but would not train all of them (37%) while 39% said they would have trained them but used a different type of training.
- Relatively few employers would have carried on regardless, pure deadweight of the programmes is relatively low at 13%. Although, it

should be noted that those employers whose responses amount to partial additionality, do also contain partial deadweight.

4.2.2. At programme level, there are some significant differences:

- Skillseekers had a more significant impact on the numbers of young people recruited (48%), particularly compared to Adult MAs (34%). Adult MA employers were more likely to say that they would have recruited similar numbers but not put them through training, which reflects the high proportion already in employment when training starts;
- This perception is reinforced by the significantly higher levels of employers opting for substituting different types of recruits in Skillseekers (27%) than either MA (22%) or Adult MAs (21%) – more than two-thirds would have recruited more experienced and qualified candidates;
- Comparing these figures to those reported by EKOS (2001)¹ reveals a higher level of recruitment additionality with 88% of Skillseeker employers changing their recruitment practises compared to 72% in the EKOS report. There are a number of potential reasons for this difference: the survey result is based on a much larger sample than the 2001 research, employers were made aware of the amount of public sector contribution involved and they were able to split their responses across individual trainees – this may have sharpened their perceptions of its importance.

Table 4.2: Recruitment additionality comparisons

| CPC (2006) | CPC Impact | EKOS (2001) | EKOS Impact |
|---------------|---|----------------|---|
| 12% | Done none of these things / would have made no difference | 28% | No change |
| 37% | Taken the same people on but put fewer of them through Skillseeker/ MA/ AMA training | 24% | Recruit same number of young who lack skills but only train to do the job |
| 27% | Taken on different types of people into these roles – more qualified and more experienced workers | 21% | Only recruit young people who already possess the necessary skills and/or recruit less young people in favour of older workers with skills/experience |
| 47% | Taken on fewer people into these roles | 17% | Stop recruiting young people |

Multiple responses

Sources: IFF participating employers survey (2006), EKOS (2001)

- Some 13% of Skillseeker employers also said that they would seek to recruit more trainees on a non-employed status basis;
- Partial additionality, where employers would have delayed recruitment and/or recruited trainees for fewer hours, is similar for the 3 programmes;
- The proportion of employers in Adult MAs reporting that the absence of a public sector contribution would have made no difference to their

¹

The EKOS (2001) report involved 100 interviews with employers investigating employers' training decisions and the influence of Skillseekers.

recruitment or training practices is significantly higher than for Skillseekers and MAs (it still only amounts to fewer than one in five).

Table 4.3: Differences in recruitment practice in the absence of funding

| | Skillseekers | MAs | AMAs | All |
|---|--------------|-----|------|-----|
| Multiple responses | | | | |
| More experienced workers | 32% | 32% | 33% | 32% |
| Better qualified workers | 30% | 29% | 30% | 30% |
| Of different ages - but between 19 and 24 | 16% | 16% | 15%* | 16% |
| Of different ages - aged over 25 | 19% | 20% | 20%* | 19% |

* Caution cell sizes below 40.

Source: IFF participating employers survey 2006

4.3. Additional impact of the programmes on trainee recruitment

4.3.1. All employers who said they would have recruited fewer trainees were asked how many would have been employed in the absence of funding. Across all programmes, employers reported that just over a third of trainees would not be recruited if the public sector contribution through Skillseekers, MAs and Adult MAs were no longer available. At programme level, the public contribution had the biggest impact with Skillseekers and MAs.

Table 4.4: Recruitment of additional trainees by programme

| | Skillseekers | MAs | AMAs | All |
|--|--------------|-------|------|--------|
| Total number of trainees employed | 6,664 | 5,081 | 905 | 12,646 |
| Total number of trainees employed in companies who said they would reduce recruitment | 3,469 | 2,672 | 340 | 6,481 |
| Number of trainees who would not be recruited in the absence of programme funding | 2,389 | 1,703 | 204 | 4,296 |
| Percentage of all trainees recruited by companies who said they would reduce recruitment | 69% | 64% | 60% | 66% |
| Percentage of all trainees recruited | 36% | 34% | 23% | 34% |

Source: IFF participating employers survey 2006

Table 4.5: Recruitment additionality in Skillseekers by VQ area

| | % of all Skillseekers | N ^o of responses |
|--------------------------|-----------------------|-----------------------------|
| Vehicle operations & PMO | 46% | 29* |
| Other manufacturing | 24% | 78 |
| Administration | 46% | 81 |
| Customer service | - | 9 |
| Hairdressing | 22% | 80 |
| Other service | 39% | 161 |
| Retail | 32% | 21* |
| All Manufacturing | 29% | 107 |
| All Service | 38% | 352 |

*Small sample sizes mean these results should be treated with caution.

Source: IFF participating employers survey 2006

4.3.2. Tables 4.5 and 4.6 present the additional recruitment responses firstly by

Skillseeker VQ area and then by MA and Adult MA framework areas. For the most part, the number of responses in each cell are more than sufficient. However, there are some VQ groups and framework areas, particularly for Adult MAs, where the samples sizes are too small to be able to report robust results.

- 4.3.3. Taken together, employers running manufacturing VQs reported that 29% of trainees would not have been recruited without a contribution from the public sector. Employers in service VQ areas reported higher additionality at 38% of their trainees. This is reflected in the lower level of deadweight reported by employers in the service VQs.

Table 4.6: Recruitment additionality by MA framework area

| | % of all MA | N° of responses | % of all AMA | N° of responses* |
|--|----------------|--------------------|-----------------|---------------------|
| Construction and related | 29% | 77 | 19% | 5 |
| Engineer, electrotech & motor vehicles | 26% | 91 | 32% | 5 |
| Health and social care | 51% | 25 | 28% | 22 |
| Business administration | 29% | 27 | - | 2 |
| Customer service | 31% | 35 | - | 1 |
| Management | - | 10 | 14% | 18 |
| Hospitality | 36% | 37 | - | 2 |
| Other service | 24% | 90 | 27% | 15 |
| Other engineering & manufacturing | - | 10 | 75% | 1 |
| All Manufacturing | 26% | 178 | 30%* | 11 |
| All Service | 37% | 224 | 21% | 60 |

* AMA results are presented for completeness but should be treated with caution.

Source: IFF participating employers survey 2006

- 4.3.4. The Review of MAs in 2001 provided figures on recruitment additionality at the employer level and did not find any difference overall between traditional and non-traditional frameworks. Recruitment additionality was highest in firms using the Engineering and Business Administration frameworks at 37% and 24% respectively. The level of recruitment additionality for the construction framework at 11% and hospitality framework at 17% were considerably lower than the figures of 29% and 36% that emerged from this survey. We think our results are more robust as they are based on larger sample sizes and we have deliberately structured the research around trainees following particular frameworks and VQs.
- 4.3.5. When looking at the recruitment additionality by company sector, occupation and nature of the local labour market, a number of findings stand out:
- the position of service and manufacturing sectors as a whole is somewhat reversed – Skillseeker employers in manufacturing report higher additionality than their counterparts in the service sector.
 - Employers involved in MAs in construction report that additional recruitment of trainees would be much lower (25%). In other sectors there is much greater consistency between the estimates of recruitment

additionality for Skillseekers and MAs.

Table 4.7: Recruitment additionality by employer sector

| | Skillseekers | N° | MAs | N° | AMA | N° | All |
|--------------------------------------|--------------|-----|------|-----|-----|----|-----|
| Agriculture & utilities | - | 3 | - | 4 | - | 0 | 19% |
| Manufacturing | 29% | 53 | 36% | 41 | - | 1 | 31% |
| Construction | 71%* | 25 | 25% | 78 | - | 7 | 48% |
| Retail & wholesale | 36% | 83 | 30% | 77 | - | 4 | 32% |
| Transport | 20% | 44 | 22%* | 37 | 25% | 37 | 21% |
| Business services | - | 2 | 21%* | 18 | - | 2 | 16% |
| Public admin., education & health | 33%* | 29 | 33%* | 34 | - | 10 | 32% |
| Personal services | 39% | 120 | 39% | 78 | 23% | 38 | 37% |
| All manufacturing | 46% | 81 | 28% | 123 | - | 8 | 39% |
| All services | 29% | 278 | 28% | 244 | 17% | 91 | 28% |

Source: IFF participating employers survey 2006

Table 4.8: Recruitment additionality by occupation and programme

| | Skillseekers | MAs | All |
|---|--------------|------|-----|
| Managers, Professionals & Assoc professionals | 44%* | 29% | 34% |
| Administrative trainees | 34% | 33%* | 33% |
| Skilled tradespeople | 51% | 29% | 39% |
| Personal service trainees | 29% | 47% | 34% |
| Sales and customer service trainees | 38%* | 41%* | 37% |
| Machine operatives | 34%* | - | 33% |
| Elementary trainees | 21% | 14%* | 19% |

* Caution cell sizes below 40.

Source: IFF participating employers survey 2006

- In keeping with the analysis by employer sector, ‘higher value’ occupational areas, skills trades and management and professionals have high additionality for those employers involved in Skillseekers and lower additionality for those involved in MAs;
- In contrast, lower value occupations such as Personal services have a similar level of recruitment additionality overall, those on Skillseekers have lower additionality than those on MA frameworks.
- In ‘slack’ labour markets, employers involved in Skillseekers and MAs (but not Adult MAs) report much higher recruitment additionality than those in tight and intermediate areas.

Table 4.9: Recruitment additionality by type of labour market

| | Skillseekers | MAs | AMAs* | All |
|--------------|--------------|-----|-------|-----|
| Tight | 29% | 24% | 22% | 26% |
| Intermediate | 27% | 22% | 21% | 24% |
| Slack | 43% | 45% | 24% | 43% |

* All these cells are small: 19, 31 and 21 responses and should be treated with caution.

Source: IFF participating employers survey 2006

- There are also variations around contract types: employers who contract directly reported higher recruitment additionality, while those involved in Skillseekers and contracting directly or through a college reported that recruitment additionality was double that of employers contracting with training providers. We have no evidence as to why this set of results might arise. Visibility of the public sector contribution and the non-monetary costs of participation may well be higher among employers who contract directly or the result may simply reflect the clustering of service and manufacturing results across different contract types.

Table 4.10: Recruitment additionality by contract type

| | Skillseekers | MAs | All |
|---|--------------|------|-----|
| Directly with your Local Enterprise Company | 47% | 42%* | 44% |
| Through a college | 46% | 27% | 37% |
| Through a Training Provider | 22% | 28% | 25% |
| Through a group training association | 32%* | 25%* | 27% |
| In some other way | 30%* | 36%* | 30% |

* Caution cell sizes below 40.

Source: IFF participating employers survey 2006

4.4. Additional impact of the programmes on training

4.4.1. This section reports on the additionality in relation to training:

- Whether the employer would have put some or all their trainees through the same training at the same time without the public sector contribution;
- Whether the employer would have used different training as a result of the withdrawal of funding; and,
- The number of trainees that would not have received any training as a result of the absence of a contribution from the public sector.

4.4.2. As noted in the introduction to this section, it is also important to understand the relationship between training and recruitment additionally, for example if the employer decided to not recruit at all as a result of funding withdrawal, the assessment of training additionality becomes obsolete.

Table 4.11: Changes in employer training practices

| Number of employers which have | Skillseekers | MA | AMA | Total |
|--|--------------|-----|-----|-------|
| trainees working towards programme in last 3 yrs | 1,015 | 923 | 216 | 2,154 |
| Proportion of employers which would have: | | | | |
| put fewer through training | 37% | 36% | 41% | 37% |
| put through different training | 38% | 39% | 37% | 39% |

Source: IFF participating employers survey 2006

- 4.4.3. Adult MA employers appear to be more likely to reduce the number put through training as a result of any withdrawal of funding for the programme, they are also the least likely to use alternative methods of training. MA employers are slightly more likely than those of Skillseekers to use alternative methods of training and less likely to put fewer through training. These results conform to trainees' circumstances – young people do need training but in the absence of public sector support, they will not be trained to Skillseeker and MA standards. On the other hand, Adult MAs simply do not train or carry on with very similar training in the absence of public support.
- 4.4.4. Of the 12,646 trainees, 8,350 would have been recruited if funding had been withdrawn (table 4.4). Of these 8,350 trainees the employer responses suggest that just over a third (35%) would be trained despite the withdrawal of funding. Just over two thirds of these trainees (67%) would be trained to a lower level. Just over two thirds (68%) would not be trained at all. The MA Review in 2001 reported that employer involvement in MAs encouraged nearly 30% to provide more training to young people than they would have done otherwise.

Table 4.12: Impact on training of recruits

| | Skillseekers | MA | AMA | Total |
|--|--------------|-------|------|-------|
| Total employed (following withdrawal of funding) | 4,275 | 3,378 | 701 | 8,350 |
| Total trained | 1,337 | 1,302 | 2,44 | 2,883 |
| Trained to lower level | 953 | 837 | 150 | 1,940 |
| Trained to same level | 384 | 465 | 94 | 943 |
| % trained (following withdrawal of funding) | 31% | 39% | 35% | 35% |
| Trained to same level | 9% | 14% | 13% | 11% |
| Trained to lower level | 22% | 25% | 21% | 23% |

Source: IFF participating employers survey 2006

- 4.4.5. To estimate the overall impact of the public sector contribution on

encouraging more and better quality training it is necessary to make some assumptions about the difference between structured training, informal training and employment without any training. Secondary evidence² suggests that it is appropriate to apply a figure of 60% additionality to those that have been recruited but not trained and 30% to those that have been recruited and trained in a different way. Those that would have been recruited and trained in the same way in the absence of funding are deadweight. These assumptions are outlined in the table below.

Table 4.13: Training additionality

| % of those employed without funding | Number | Assumed additionality | Training additionality |
|---|--------|-----------------------|------------------------|
| Continued being trained in same way | 943 | 0% | 0 |
| Trained to lower level | 1940 | 30% | 582 |
| Would not otherwise have been trained | 5467 | 60% | 3,280 |
| | 8350 | | 3,862 |
| As % of trainees employed without funding | | | 46% |

Source: CPC calculations

- 4.4.6. Through the application of these additionality estimates we can produce an overall estimate of training additionality. As a proportion of the total trainees employed following the withdrawal of funding, the additionality figure for training is 46%.
- 4.4.7. Breaking down these data at programme level reveals that the additionality of training is highest for the Skillseekers programme where only 31% of those originally employed would be trained in the absence of funding compared to 39% for the MAs and 35% for the AMAs. On the Skillseekers programmes, those that were trained were also significantly less likely to be trained to the same level as on the other programmes.

Table 4.14: Training additionality by programme

| | Skillseekers | MA | AMA | Total |
|--------------------------------|--------------|-----|-----|-------|
| Overall Training additionality | 48% | 43% | 46% | 46% |

Source: CPC calculations

Impact on employers training practices

- 4.4.8. Employers were most likely to train Sales and Customer Service staff in a different way (44%) in the absence of funding (Table 4.14). Managerial, professional or associate professional trainees were most likely to train to the same or very similar standards. At programme level, some 60% of trainees on the MA in Sales and Customer Service would have been trained in a different way compared to 32% and 35% of those on the Skillseeker and

²

The impact of training on productivity and wages: evidence from British Panel Data, Dearden, Reed and Van Reenen, Institute for Fiscal Studies (2005) CEP Paper No 674

Adult MA programmes respectively. In contrast, Machine Operatives on the Skillseeker programme were much less likely to be trained in a different way than those on the MA programme.

- 4.4.9. In-house training was the main alternative form of training reported by 38% of employers who stated they would train differently was to train in-house. SQW (2001) found that one-third of employers would use in-house training in the absence of the programme, rising to 53% for non-traditional sectors.

Table 4.15: Proportion of employers using different training

| | Skillseekers | MA | AMA | Total |
|----------------------------------|--------------|-----|------|-------|
| Managers and senior officials | 18%* | 18% | 17%* | 18% |
| Professionals | 20%* | 1%* | 0%* | 8%* |
| Associate professionals | 17% | 5% | 37% | 12% |
| Administrative staff | 38% | 42% | 37%* | 39% |
| Skilled tradespeople | 41% | 26% | 47% | 33% |
| Personal service staff | 31% | 29% | 19% | 29% |
| Sales and customer service staff | 32% | 60% | 35% | 44% |
| Machine operatives | 27% | 45% | 4%* | 30% |
| Elementary staff | 25% | 24% | 24%* | 25% |

*Caution cell size less than 40

Source: IFF participating employers survey 2006

Table 4.16: Alternative training practices in the absence of funding

| | Number of employers | Proportion |
|---------------------------------|---------------------|------------|
| In house | 567 | 38% |
| No qualification | 342 | 23% |
| Longer time | 258 | 17% |
| Lower qualification | 231 | 15% |
| Other different training option | 73 | 5% |

Source: IFF participating employers survey 2006

- 4.4.10. At programme level the use of lower qualifications as an alternative method of training appears to be significantly more popular for Adult MA employers than for those in the other programmes.

Table 4.17: Alternative approaches to training

| | No qualifications | Lower qualifications | Longer duration | In house |
|-------------------------------------|----------------------|-------------------------|--------------------|----------|
| Skillseekers: | | | | |
| % of all employers | 16% | 10% | 14% | 28% |
| % of those using different training | 41% | 27% | 35% | 72% |
| Modern Apprenticeship: | | | | |
| % of all employers | 16% | 10% | 14% | 26% |
| % of those using different training | 41% | 26% | 36% | 65% |
| Adult Modern Apprenticeship: | | | | |
| % of all employers | 17% | 15% | 16% | 23% |
| % of those using different training | 46% | 41% | 43% | 62% |

Source: IFF participating employers survey 2006

5. IMPACT OF THE PROGRAMMES

5.1. Employers' perception of the impact of the programmes

- 5.1.1. The main impact identified by participating employers was an increase in productivity, with 30% stating that it had increased a great deal and a further 50% stating that it had increased slightly as a result of the trainee's participation. A key question here whether employers genuinely believe that their productivity has improved or just that their employees are more motivated and positive (which does in itself not imply productivity growth).
- 5.1.2. Participation also contributed towards the companies' employment growth, with 11% of employers stating a large impact and a further 32% pointing to a smaller impact. Employers, generally, rated the impact on profits, sales and costs as more marginal, with around one third pointing to a slight positive change as a result of participation. Employers on the MA 16-24 and Adult MA in Health and Social Care commented on a huge increase in productivity as a result of participation, with 53% stating that it had increased a great deal.

Table 5.1: Employer perceptions of the impact of the programmes (%)

| Programme contributed to: | A great deal | Slightly | Not at all | Don't know |
|----------------------------|--------------|----------|------------|------------|
| Increased productivity | 30 | 50 | 17 | 3 |
| More people being employed | 11 | 32 | 54 | 3 |
| Increased profits | 6 | 33 | 54 | 7 |
| Increased sales | 6 | 29 | 58 | 7 |
| Reduced costs | 7 | 32 | 57 | 4 |

Single response answered by 2,125 out of 2,125

Source: Participating Employer Survey

Productivity:

- The reported impact on productivity is similar across the three programmes – 34% of Adult MA firms said it had made a great deal of difference compared to 30% of MAs and 28% of Skillseeker companies.
- Larger companies were more likely to report an impact on productivity: only 11% of those with more than 100 employees reported no impact compared to 20% of companies with fewer than 50 employees.
- Companies in the Personal Service sector were most likely to report an impact on productivity, with those in construction the least likely.

Employment:

- More than half the companies involved in Skillseekers and MAs reported no impact on their employment compared to 70% of Adult MAs (reflecting the different nature of the programme).
- Business administration, Management and Customer service MAs were least likely to report an impact on recruitment, whereas construction, engineering, electrotechnical and motor vehicles were more likely to identify an impact.

- Across Skillseeker VQs hairdressing and other manufacturing were least likely to report no impact (42% and 47%, respectively).
- The size of employer and the type of labour market in which they operate made no discernable difference to employers' perceptions.

Profit:

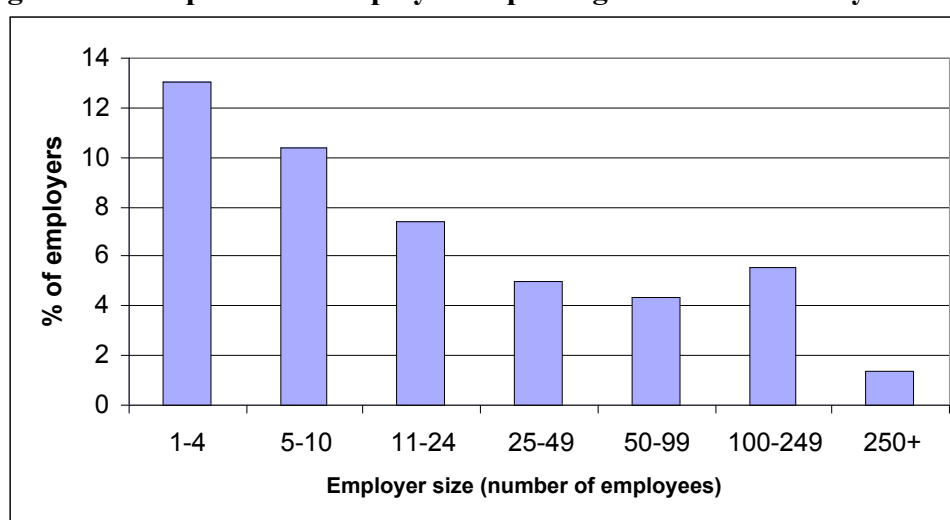
- A higher proportion of companies involved in Adult MAs reported that participation in the programme made no difference to their profitability (63% compared to 52% of MAs and 53% of Skillseeker companies).
- More employers involved in Hospitality and Engineering MA Frameworks reported that their participation had made some difference to profits, fewer employers reported an impact in health and social care and business administration.

5.1.3. What appears to be emerging here is a complex (but consistent) assessment:

- Productivity has been interpreted as equating to skills development (or accreditation) which has been recognised at a much higher level by service-based non-traditional frameworks; and,
- The implication of Table 5.1 is that programmes impact on productivity, but that it has not been possible for employers to identify what difference this has made to the bottom line performance of their company; however,
- Employing more people has been highlighted by those companies using traditional frameworks (which often represent entry criteria for these industries) working predominately in the manufacturing sector.

5.1.4. Employers perceived the main benefit of participation as being increased staff skills, including a better awareness of their job role with just under a quarter of employers highlighting this as their main benefit. Other important benefits include increased staff motivation and confidence (12% of employers) and increased productivity (19%).

Figure 5.1: Proportion of employers reporting no real benefits by size



Source: Participating Employer Survey

5.1.5. Smaller employers were more likely to feel that they had not had any benefits

from participating in the programme, with 13% of employers with 1-4 employees agreeing with this statement, compared to 1% of employers in the 250+ size band.

5.2. Impact on the company and wider economy

- 5.2.1. To calculate the economic impact of the programmes on the participating companies' we have combined information from a number of sources in order to estimate the value added derived from each trainee:
- Calculated trainee to qualified worker wage differentials from the participating employer survey and average course duration (from CTS);
 - Estimated the change in the trainees' productivity over the training period from the case study interviews; and,
 - Calculated the net cost/benefit by comparing value added from trainee productivity to the total wage costs.
- 5.2.2. Participating employers were asked to provide both the initial trainee wage (when the trainee first started training) and the equivalent salary for a fully qualified worker in that occupation/ job role. The wage differential is typically greater in 'traditional' areas, where to some degree the qualification acts as an entry requirement into the occupation and where the duration of training is longer.
- 5.2.3. There is no standard transition from initial wage to a fully-qualified employee wage – some use nationally agreed wage structures, in others there are no such rules and employers adopt a number of approaches which reflects the growing capacity of their trainees, others did not take training or qualifications explicitly into account. The results are therefore an approximation of the broad circumstances prevailing in manufacturing and service sectors but do aim to get a closer appreciation of the development of a trainees' productivity, alongside the major costs element of training.

Table 5.2: Wage Differentials trainee to fully qualified employee (£)

| MA Frameworks | 16-24s | Adult | Skillseeker VQs | |
|--|--------|--------|---------------------|-------|
| Construction and related | 13,228 | 14,523 | Vehicle operations | 5,804 |
| Engineering, electrotech. & motor vehicles | 11,408 | 7,633 | PMO | 2,483 |
| Health and social care | 1,558 | 1,704 | Other manufacturing | 8,146 |
| Business administration | 3,760 | 3,067 | Administration | 5,445 |
| Customer service | 2,938 | 625 | Customer service | 3,832 |
| Management | 2,139 | 2,549 | Hairdressing | 6,495 |
| Hospitality | 2,377 | 3,669 | Other service | 3,564 |
| Other service | 5,488 | 3,373 | Retail | 2,840 |
| Other engineering & manufacturing | 6,554 | 9,000 | Total | 5,200 |
| Total | 6,860 | 3,402 | | |

Source: Participating Employers' Survey

- 5.2.4. Our interviews with case study firms were able to track the development of trainee salary, training costs (typically payments to the training organisation

or verification/assessment costs), supervision and other costs alongside the employers' perceptions of the productive value of a typical trainee relative to a fully qualified worker over the lifetime of the training course. These findings are based on a relatively small number of interviews in comparison to the participating employers' survey and are therefore not as robust.

Table 5.3: Results from the case study interviews

| | Manufacturing | Service |
|--|---------------|---------|
| Average duration of training course (mths) | 36.6 | 17.9 |
| Average employment cost of each trainee | £38,021 | £16,609 |
| Training costs | £4,391 | £1,293 |
| Supervision and other costs | £5,802 | £2,588 |
| Total costs | £48,214 | £20,490 |
| Average productivity of trainee* | 47% | 79% |
| Number of cases | 19 | 36 |

* % of the productivity of a fully qualified worker over the duration of the framework/VQ

- 5.2.5. There are significant differences in the costs of training and supervision between manufacturing and service frameworks and VQs – much of the cost differential being driven by the longer duration for manufacturing which was twice that of service frameworks and VQs on average. Other costs were considered to be trivial in comparison to wages, training and supervision costs. As such, these 'averages' need to be treated with some caution.
- 5.2.6. Case study Employers' perceptions of the benefit of a trainee also varied between manufacturing and service frameworks and VQs:
- In some cases the first year's training is entirely off the job, but as they reach their third year, the trainees are increasingly productive, getting close to a fully qualified employee.
 - In shorter frameworks/VQs, trainees start contributing to production from day one and reached productivity levels comparable to a fully qualified worker relatively quickly. Where little off-the-job training was involved, reported productivity was just below the level of a fully qualified worker throughout the duration of training.
 - Not all trainees reach full productivity on completion of their course but made need a further six and twelve months experience on the job to reach the contribution of a fully qualified worker.
- 5.2.7. On average, employer estimates for manufacturing frameworks and VQ areas suggested that over the duration of the framework/VQ a trainee would contribute just under half the production of a fully qualified worker. For service occupation frameworks/VQs, employers estimated that trainees contributed almost 80% of the productivity of a fully qualified worker.
- 5.2.8. Table 5.4 presents the estimated salary costs per trainee over the duration of training and estimates of the other training costs derived from the case study interviews to give an estimate for total training cost per trainee across the manufacturing and service sectors and the three programmes. Again these averages hide some considerable variation, but do highlight the relative

importance of the main cost elements.

Table 5.4: Total cost of participation, value added and net cost-benefit

| | | Salary/ trainee | Training costs ¹ | SE contribution | Total cost per trainee | VA/ trainee | Net cost- benefit |
|-----------|--------------|--------------------|--------------------------------|--------------------|---------------------------|----------------|----------------------|
| Manufact. | Skillseekers | £ 14,594 | £ 9,620 | £ 5,040 | £ 29,254 | £ 14,849 | -£ 14,405 |
| | MAAs | £ 26,283 | £ 9,620 | £ 5,040 | £ 40,943 | £ 32,641 | -£ 8,302 |
| | Adult MAAs* | £ 14,824 | £ 9,620 | £ 5,040 | £ 29,484 | £ 20,651 | -£ 8,833 |
| Service | Skillseekers | £ 12,479 | £ 4,480 | £ 1,930 | £ 18,889 | £ 20,967 | £ 2,078 |
| | MAAs | £ 13,816 | £ 4,480 | £ 1,930 | £ 20,226 | £ 23,440 | £ 3,214 |
| | Adult MAAs | £ 20,082 | £ 4,480 | £ 1,930 | £ 26,492 | £ 33,439 | £ 6,947 |
| All | Skillseekers | £ 12,999 | £ 5,880 | £ 2,780 | £ 21,659 | £ 19,419 | -£ 2,240 |
| | MAAs | £ 18,553 | £ 5,880 | £ 2,780 | £ 27,213 | £ 27,169 | -£ 44 |
| | Adult MAAs | £ 19,533 | £ 5,880 | £ 2,780 | £ 28,193 | £ 32,075 | £ 3,882 |

* Caution, low sample size. Only 14 cases, all other categories have at least 120 cases.

Source: Participating employers survey and ¹case study interviews

- 5.2.9. In general, the trainee wage costs are in line with expectations – longer duration frameworks and higher value occupations tend to have higher trainee costs. The manufacturing Adult MAAs are something of an exception, but we think this is due to the very small number of cases in this category, and some caution should be exercised when using this particular result.
- 5.2.10. The net costs of participation, using the value added of the trainees (derived from wages and Scottish Input-Output data) to offset by the full costs of participation. While the estimates are based on a number of assumptions, the core differences between costs and benefits are driven by the wage differentials between a new trainee and fully qualified worker in 1,300 occupations as reported by employers and the average duration of training taken from over 12,000 CTS records in the leaver cohort. At trainee level, the estimates of cost-benefit suggest:
- Skillseekers' costs are double the value added generated by the trainee while on the programme. Both MA and Adult MA manufacturing frameworks also show a difference of between 20 and 30% of the full costs of training.
 - This is not the case for any of the programmes in the service sector frameworks and VQs. Shorter duration training means that wage costs are lower and the relatively high trainee productivity means that there is a net benefit to employers. In each programme the net benefits represent a substantial proportion of trainee wages costs: 12% for Skillseekers, 18% for MAAs and 28% for Adult MAAs.
- 5.2.11. It is possible that other costs may apply, such as the opportunity cost to employers of *not* employing a fully qualified worker. This assumes that the profit margin on such workers is higher than on trainees (which is more likely for manufacturing than the service sector) and, crucially, that the employer would easily be able to recruit qualified workers in their local labour market. However, these costs would bear far more heavily on the manufacturing frameworks and VQs than their service sector equivalents.

- 5.2.12. The ‘payback’ period for manufacturing Skillseeker VQs suggest that on average it would take up to 4 years to earn sufficient ‘profit’ from a qualified trainee to payback the costs of training in a manufacturing VQ, even where we assume that trainees are fully productive when they first qualify.
- 5.2.13. While we have had to make a number of assumptions to derive the above analysis, and we think the actual figures should be treated with some caution, the analysis does suggest that balance of trainee costs and benefits are significantly different between service and manufacturing frameworks and VQs and that, in certain areas, employers need to recognise the considerable benefits arising from trainees’ contribution to production.

5.3. Estimation of net impacts

Net additional impacts

- 5.3.1. We have calculated net impacts by combining the contributions made by the trainees (as set out above) with employer views on what they would have done in the absence of any contribution from the programmes. As described in Section 4, employers reported two main sources of additionality recruitment additionality and training additionality.
- 5.3.2. In some cases employers simply suggested that none of their recruits would have been recruited or trained, but in 45% of responses the employers provided a composite of responses – some trainees would not be recruited and their jobs would have been filled by more experienced or qualified recruits, others would still be recruited but not trained to the same standard. To be able to make consistent judgements on employers’ responses to the additionality questions, we have made the following assumptions:
- The gross additionality of not recruiting a trainee is the full benefit of recruiting the trainee but, the additional impact of not training a recruit is assumed to be 60% of the full impact in line with the results of recent estimates of the impact of training on productivity³.
 - Equally, those who would have been recruited and trained (but not to the same level) are assumed to be 14% of full additionality⁴.
 - The benefits of the programmes have been calculated for the duration of the training and include an estimate of the benefits post completion⁵.
- 5.3.3. Ordinarily, the additionality estimates should be reduced to take account of labour market substitution. However, there is a strong case when considering the objectives of Skillseekers and MAs 16-24s, for the public sector to assume that the recruitment of a young trainee instead of a more experience

³ Dearden et al, The Impact of Training on Wages and Productivity: Evidence from British Panel Data, CEP Discussion Paper N° 674, Feb 2005.

⁴ Dearden et al, op cit. (p 26). This suggested the contribution of off-the-job was 23% of on-the-job..

⁵ R Almeida and P Carneiro, On-the-job training: estimating returns using firm level data, Centre for European Economic Research, Discussion Paper, January 2005.

and more qualified worker as wholly additional. We cannot determine the proportion of this substitution which is directly associated with the guarantee group (those aged 16-17 years old) so we have re-calculated the additional value added including all Skillseeker and MA trainees. This amounts to an extra £16m gross additional VA in total.

- 5.3.4. Table 5.5 presents the additionality estimates for each programme, setting out the total VA, gross additional VA (assuming that the substitution of more experienced workers by young people is additional) and estimates of net additionality. Net additional VA is calculated by subtracting product market displacement from Gross additional VA. We have assumed that displacement is a function of exports – increased sales at both the local and Scottish level will displace economic activity elsewhere in Scotland, but exports will lead to a net additional gain to the Scottish economy.

Table 5.5: Additionality estimates by Programme

| | Total VA | Gross Additional | Net Additional VA | % Additional |
|----------------------------|---------------|------------------|-------------------|--------------|
| Manufacturing Skillseekers | £ 11,822,251 | £ 5,016,930 | £ 1,176,552 | 10.0% |
| MAs | £ 47,601,006 | £ 17,177,763 | £ 1,326,682 | 2.8% |
| Adult MAs | £ 15,305,384 | £ 5,159,089 | £ 561,253 | 3.7% |
| Service Skillseekers | £ 71,631,576 | £ 41,436,264 | £ 3,024,847 | 4.2% |
| MAs | £ 130,623,290 | £ 52,214,216 | £ 3,619,437 | 2.8% |
| Adult MAs | £ 120,816,716 | £ 31,001,469 | £ 1,920,389 | 1.6% |
| All Skillseekers | £ 82,686,394 | £ 45,898,484 | £ 4,201,399 | 5.1% |
| MAs | £ 182,105,390 | £ 70,266,226 | £ 4,946,118 | 2.7% |
| Adult MAs | £ 136,020,057 | £ 36,237,397 | £ 2,481,642 | 1.8% |

Source: CPC calculations based on participating employer survey responses

- 5.3.5. Total net additional value added amounts to £11.6m across all three programmes. This represents 2.9% of the total gross value added generated by trainees while they are on the programmes. Net additionality is highest in the Skillseeker programme, almost double that of MAs and three times that of Adult MAs – reflecting the higher proportion of trainees who would otherwise be substituted and the stronger export performance of companies involved in Skillseekers.
- 5.3.6. Assuming that the substitution of young people for more experienced workers is additional makes a difference to the pattern of additionality:
- This adjustment makes no difference to estimates for Adult MAs, as young people are by definition not involved in the programme.
 - Many employers in the manufacturing (traditional) frameworks and VQs would recruit and train to similar levels as the training is often seen as an entry requirement to the occupations in question.
 - In contrast, employers in the service sector would recruit less and train far fewer without public support.
 - Additionality for Adult MA service frameworks is low and may reflect the limited scope for recruitment additionality in this programme.

Given that 80% of Skillseeker trainees in the CTS leaver cohort were aged 16-17 on entry into the programme, we think there are strong grounds for including these substitution benefits in the net additionality estimates.

- 5.3.7. None of the previous evaluations of mainstream training programmes have explicitly considered the impact of the training programmes over time. A recent study⁶ has estimated that any productivity benefits derived from training depreciate at around 25% per annum. The total additional VA for trainees over their training course is deflated by 25% per annum over 4 years. Table 5.6 presents the additional VA that would arise for the three programmes

Table 5.6: Estimation of additional sustainability impacts

| | Ave Benefit over 4 years | Gross Additional VA | Net Add. VA downstream | Total Net Add. VA |
|---------------------------|--------------------------|---------------------|------------------------|-------------------|
| Manufacturing Skillseeker | £ 742 | £ 1,164,368 | £ 273,063 | £ 1,449,616 |
| MA | £ 2,557 | £ 4,570,091 | £ 352,960 | £ 1,679,641 |
| Adult MA | £ 1,792 | £ 1,094,618 | £ 119,083 | £ 680,335 |
| Service Skillseeker | £ 404 | £ 1,856,762 | £ 135,544 | £ 3,160,391 |
| MA | £ 403 | £ 2,543,891 | £ 176,340 | £ 3,795,777 |
| Adult MA | £ 852 | £ 3,803,901 | £ 235,633 | £ 2,156,022 |
| Total Skillseeker | £ 495 | £ 3,053,405 | £ 408,607 | £ 4,610,006 |
| MA | £ 1,053 | £ 8,523,130 | £ 529,299 | £ 5,475,418 |
| Adult MA | £ 974 | £ 4,946,555 | £ 354,716 | £ 2,836,357 |

Source: Employer survey and CTS leavers cohort April 04 –August 05.

- 5.3.8. Those frameworks and VQs which have higher net gains in productivity tend to be in manufacturing and this is reflected in the average benefit arising from the trainee contribution to productivity post-programme, particularly for MAs (again there are a limited number of Adult MA cases in manufacturing). However, there are more trainees in service sector frameworks and VQs which does mean that gross additional VA is more evenly distributed. Overall, the downstream benefits increase gross additional VA by £16.5m and net additional VA by £1.3m, to a total of £12.9m or 3.2% of gross VA.
- 5.3.9. Across the programmes, Skillseekers, particularly in manufacturing VQs, delivers higher net additionality around 6% of gross. Adult MAs (in service sector frameworks) in contrast deliver 1.8% of gross. MAs lie in-between with an average of 3%.
- 5.3.10. In general, these estimates of additionality are somewhat lower than those found by the previous evaluation of Skillseekers undertaken in 1998. The evaluators found that employment additionality was 12% of gross additionality (and so comparable to our result above). Final estimates of net

⁶ Almeida and Carneiro, op cit. It is compulsory for Portuguese companies employing more than 100 employees to report on training activity both on and off the job.

additional employment were between 6,000 and just under 9,000 jobs. The estimate of the value added impact through trainee wages at between £46m and £66m. The primary difference in the estimates for Skillseekers appears to arise from the previous evaluators equating additional recruitment to additional employment.

Cost-effectiveness

- 5.3.11. Table 5.7 shows the balance of costs and benefits for the full benefits of participation in the programmes (including both substitution and downstream benefits). The costs relate to the direct contributions and do not include any allowance for the costs of delivering the programmes. In all cases, the costs outweigh the net additional benefit over the lifetime of the framework.

Table 5.7: Estimation of net cost benefit

| | | Total costs | Net Additional VA | VA per £1 contributed |
|---------------|-------------|--------------|-------------------|-----------------------|
| Manufacturing | Skillseeker | £ 3,230,795 | £ 1,781,179 | £ 0.45 |
| | MA | £ 7,761,542 | £ 6,081,901 | £ 0.22 |
| | Adult MA | £ 1,322,297 | £ 641,962 | £ 0.51 |
| Service | Skillseeker | £ 9,337,418 | £ 6,177,027 | £ 0.34 |
| | MA | £ 19,111,552 | £ 15,315,775 | £ 0.20 |
| | Adult MA | £ 9,106,238 | £ 6,950,216 | £ 0.24 |
| Total | Skillseeker | £ 12,568,213 | £ 7,958,207 | £ 0.37 |
| | MA | £ 26,873,093 | £ 21,397,676 | £ 0.20 |
| | Adult MA | £ 10,428,535 | £ 7,592,178 | £ 0.27 |

Source: CPC calculations using participating employer survey and CTS leavers cohort.

- 5.3.12. The direct investment made by Scottish Enterprise in the public sector contribution to each trainee, sits alongside employers' investment in the wages of trainees and other training costs. We estimate that the leverage of the total SE contribution of £49.87m⁷ amounts to £443m or £8.88 for every £1 invested by Scottish Enterprise. Overall, for every £1 spent by Scottish Enterprise on direct contributions to trainee costs, the programmes deliver between 24p and 27p net additional impact.
- 5.3.13. It should be noted that these estimates of the net impact of the programmes do not include any allowance for partial additionality responses relating to training that would have happened later. Moreover, we have made no allowance for the contribution the programmes have made to the stock of skilled (and accredited) workers in the Scottish labour market. These are therefore conservative estimates of the benefits arising from the programmes.

⁷

This figure is calculated from CTS and represents total payments to the leaver cohort. It is not directly comparable to annual training budgets as it relates only to the costs of training leavers.

6. QUALITATIVE FEEDBACK ON THE PROGRAMMES

6.1. Introduction

6.1.1. To supplement the extensive survey work carried out with employers and trainees, a series of consultations were carried out, largely on a group basis, with organisations involved in the delivery of the programmes. This included:

- Training providers;
- Careers Scotland staff;
- Scottish Enterprise LEC staff; and
- Sector Skills Councils.

6.1.2. The discussion below tries to highlight some of the key messages from these consultations. Typically, this is not done on an agency–by–agency basis, but rather groups issues which have been highlighted by a number of agencies. Where appropriate and, where the issue is quite specific, an indication is given as to the organisational origins of, the message, whilst protecting anonymity.

6.1.3. Additionally, the analysis is conducted largely in terms of the three programmes as a set. This is simply because, in most instances, the comments that individuals and organisations made applied across the three programmes. Again, where relevant, we indicate differences of perspective between views on, say, Skillseekers versus MAs.

6.1.4. A key point to make at the outset is that this chapter reports the views of consultees. The consultants do not comment on the appropriateness of any criticisms of, or indeed, of any praise for the programmes. This section is about what people involved in the programmes think about them. If their views are inaccurate or unfair, there is still an issue to be tackled of why they hold these views.

6.1.5. In broad terms, the discussion is organised in very simple terms according to the following key issues:

- What are the strengths of the programmes?
- What are the weaknesses of the programmes?
- What needs to be changed so that these programmes can become more effective?

6.2. Strengths of the Programmes

Programme Design

6.2.1. A range of positive design features were identified.

- Partly a design issue (for MAs where it is a requirement) and partly more effective delivery over time (for Skillseekers), one of the key positive

features is the 100% employment status for MAs and now very high levels of employed status generally for Skillseekers. This makes these programmes more attractive to potential trainees, and they provide important training services to the employing community.

- The emphasis on competence-based assessment is associated with a number of positive benefits:
 - There is a clear tie-in to the jobs to be done in the workplace.
 - The programme is more attractive to people who have ‘failed’ under examination-based assessment systems in the past.
- The employment-based nature of the training helps promote the development of core skills.
- The competence-based assessment and the core skilling help build the confidence and motivation of the trainees.
- When Skillseekers is allied with MAs, the programmes cater for a wider range of sectors and occupations. There are many sectors where Level 2 jobs are a significant component of the occupational structure.

Extending Choice

6.2.2. Skillseekers and MAs, taken together, represent a significant extension of choice, particularly for younger people entering the labour market.

- Skillseekers offers an option to young people who have more restricted opportunities due to poorer performance levels in the school system.
- MAs provide a good qualification with potential progression to graduate level for young people who have under-performed against their potential.
- Adult MAs provide a second chance to adults who have failed to exploit opportunities at an earlier stage in their development.

Articulation between Programmes

6.2.3. A key positive feature is the more effective articulation of the different programmes over time.

- There was a recognition that the progression route from Get Ready for Work to Skillseekers had been more clearly specified.
- The scope for progression from Skillseekers to MAs is well established.

However, the volumes progressing between Get Ready for Work and Skillseekers remain modest.

Recruitment and Labour Market Entry

6.2.4. Because of the very high emphasis on employed status, the programmes play effectively into enhancing the normal labour market processes.

- For young people, there is a more effective route to higher quality employment, through the conduit of a structured approach to training.
- For employers, the programmes help generate a more attractive

recruitment and retention package.

- The non-employed status element of Skillseekers offers both a bridge for more disadvantaged youngsters into work and a taster/trial opportunity for employers. Both can help contain the size of the NEET Group.

Employer Training

6.2.5. Skillseekers and MAs contribute significantly to employee skill development.

- Many employers train and many employers train in a structured way. However many do neither, because they are not able to fund an HR department or manager within their organisation. For, in particular, micro to small businesses Skillseekers and MAs provide a structured training process into which their employees can be slotted.
- The structured nature of the training and the processes involved (e.g. work-based assessors) begin to embed a more systematic approach to training within some employing units.

Quality and Standards

6.2.6. Although consultees were critical about some aspects of the programmes, there was a consensus that quality and standards in each of the programmes had risen significantly over time.

- Monitoring processes have been improved over time.
- The standards generated through the programmes restrict the opportunities for exploitation of young people.

Promoting Lifelong Learning

6.2.7. The programmes contribute directly to the promotion of lifelong learning.

- The qualification aspect provides an incentive to individuals to become involved and a reward where they are successful.
- The support elements built into the programmes help learning to be a constructive and successful experience.
- Quality assurance and attention to continuous improvement help create training to a better standard, giving a positive experience to the trainee.
- The scope for progression between programmes helps build a sense of achievable career aspirations.

6.3. Weaknesses of the Programmes

6.3.1. Notwithstanding the many strengths of the programmes, the consultees identified a range of weaknesses in the programmes and their administration.

Clarity of Goals and Objectives

6.3.2. There is a perception that the Programmes had drifted from a focus on the individual trainee towards an emphasis on business/sectoral development. LEC staff, in particular, believe that guidance on the goals and objectives of the Programme should be made clearer.

Programme Marketing

- 6.3.3. There was a widespread view that the programmes are not actively promoted in the employing community, and with potential clients.
- There was a belief, particularly strong among the training providers, that Scottish Enterprise and Careers Scotland staff did not market the programme effectively.
 - Some providers still see some problems around the wider perceptions of work-based training. There is a feeling that parents, schools, employers and young people are not keen on Skillseekers and do not think the vocational route is being promoted effectively in schools.
 - However, Careers Scotland staff think Scottish Enterprise and the training providers should be marketing the programmes more effectively with Scottish Enterprise providing materials to Careers Scotland to help them inform potential clients and their parents more comprehensively.
- 6.3.4. Only around a quarter of Skillseekers and MA 16-24s not employed when they signed up to the programmes heard about them through a careers advisor. Many providers felt that Careers Scotland tended to reinforce the status of more academic routes rather than challenging some of the perceptions of parents and teachers.
- 6.3.5. Providers argued that Careers Scotland needed to do better in presenting clients for interview and gaining an understanding of what employers are looking for. Careers Scotland is generally perceived as being out of touch with occupational requirements.

Recruitment into the Programme

- 6.3.6. Concerns were expressed about the process for filling vacancies and placements.
- Over time the recruitment processes had become increasingly confused, but with the task now seeming to fall largely on training providers – because no one else seemed to be doing it on a comprehensive and effective basis.
 - Careers Scotland's role seemed to be surrounded by the most confusion, although their reduced involvement in vacancy handling more generally may well clarify the position.
 - There was some concern that training providers were increasingly recruiting people who were already employed to reduce their risks in terms of non-completions. The fear was expressed by LEC staff and others that this would disadvantage some groups of young people.

Employer Engagement

- 6.3.7. A potential weakness with the programme is that where employers are not the direct contractors their involvement with the training process is limited.
- Under these circumstances their understanding of Skillseekers and MAs tends to be limited.

- The low level of engagement means that positive spillover effects into their HR processes are limited.

6.3.8. A related issue is the financial contributions made by employers.

- LEC staff and training providers argued that much more systematic guidance was required on the issue of appropriate employer contributions, and how these should vary across sectors, size and type of business.

Balance of Assessment and Training

6.3.9. LEC staff in particular, but also a number of training providers, commented on the balance of assessment and training involved in the programmes.

- Their perception was that in too many instances relatively little value was being added because the weight given to assessment and accreditation of existing competences was too high.
- There was a view that if employers were more effectively engaged in the programmes and saw where the money was going, training would be weighted much more heavily.

The importance of this is that it significantly influences the added value of the programmes in relation to the contribution from the public purse.

Fit to Industry Needs

6.3.10. Although the work-based, competency-assessed approach is valued by employers, there are issues about the fit to industry needs.

- Some Sector Skills Councils feel that the drive towards Level 3 MAs has gone too far, as in many sectors Level 2 occupations are the norm.
- In some industries, freelancing is a common method of working and has grown in importance over time but it is hard to get the programmes to fit this particular phenomenon.
- In industries where seasonality is common, it is hard to manage the traditional apprenticeship model, as the apprentices are required to move from one employer to another. This has significant impacts on the agricultural and tourist sectors, and so disproportionately on rural areas.

Programmes too far removed from employer perceptions of their needs make it difficult to sustain their involvement and encourage new employers to get involved.

Effectiveness of Training Provider Network

6.3.11. There is a perception of variability in the effectiveness of programme provision across different localities.

- Where the training provider network is relatively limited the lack of competition makes it difficult to effect change. Where there are few providers, they know that the capacity to pick and choose is restricted.

Rationale for Pricing

- 6.3.12. A number of queries were raised about the pricing policy for the programmes.
- Although opinions were mixed, the much higher price for the guarantee group disadvantaged young people who had taken time after leaving school before they tried to access the programmes. This has implications for tackling the problems of the NEET group.
 - Some stakeholders including training providers struggle to see the rationale behind the prices for different MA frameworks.
 - The limited flexibility on pricing created particular difficulties in rural areas where the costs of delivery could be significantly higher.

Where pricing appears to have limited rationales, it tends to undermine the confidence of those involved in the overall management of the programmes.

Bureaucracy

- 6.3.13. There were frequent complaints that the management and monitoring arrangements for the programmes were excessively bureaucratic. The training providers, in particular, complained about what they perceived to be more or less a constant state of change in the regulations for, and administration of, the programmes.
- Change was too frequent.
 - Change was rarely, if ever, explained.
 - There seemed to be no appreciation of the cost to the training providers and similar organisations associated with responding to these changes.

The concern was that responding to changes consumed staff time that could otherwise be devoted to more effective training service delivery. This is an issue that needs to be picked up principally by the Sector Skills Councils and the Awarding Bodies.

Programme complexity

- 6.3.14. There was a general concern over the increasing complexity of the programmes.
- The frameworks are becoming too complex making some over-long and constraining successful completion.
 - Administration and bureaucracy involved in all three programmes just adds to this.

Joined-Up Working

- 6.3.15. Across the board, there was a perception of limited joint working between the various key players such as Scottish Enterprise, Careers Scotland and the Sector Skills Councils. This manifested itself in a number of ways.
- Different organisations (e.g. Scottish Enterprise and Sector Skills

Councils) running what often looked like parallel systems, for example in relation to individual training plans.

- Different monitoring requirements placed on delivery organisations by different bodies.

There was a perception that this wasted the time of the staff at the frontline, and the resource devoted to managing the programmes at an overall level was not effectively deployed.

- 6.3.16. Many training providers felt there was a lack of clarity over the responsibilities of the different bodies involved in training. Although some felt that these issues tended to come together in the annual planning process often providers feel that they are asked to “*square the circle*” and make “*impossible judgements on the scale of demand*” without having the flexibility to respond to subsequent changes in the market. Lead LEC arrangements were seen as part of the problem because of the difficulties in communication and negotiating contracts across geographic areas.

Quality and Standards

- 6.3.17. Some Sector Skills Councils in particular were concerned about issues around standards, particularly in traditional craft areas.
- Scottish Enterprise were seen to be promoting new qualifications which were watered-down versions of apprenticeships, catering for a much more narrowly defined set of skills. Construction was given as an example.
 - Associated with the above, there was concern about the use of NVQs as they argued there was no quality assurance system for the delivery of these in the Scottish context.

Funding for Outputs

- 6.3.18. A major issue for the training providers was the increased emphasis placed by Scottish Enterprise on achiever/leaver ratios, in order to drive up the percentage of leavers who achieved. Critics of the youth training systems have pointed to low achievement rates as indicators of comparative failure.
- The most obvious outcome is that some training providers try to raise the achiever/leaver ratio by looking much more carefully at their intakes with a view to recruiting young people more likely to achieve.
 - One of the ironies of this process is that, having created a better articulation between Get Ready for Work and Skillseekers, Skillseekers providers are loathe to take on young people coming through from Get Ready to Work as they perceive they carry a higher risk of not achieving.

In effect, the perceived heavy emphasis on achiever/leaver ratios could lead to a less effective effort on behalf of those in danger of joining the NEET group at the time when the problems of this group had high policy salience.

6.4. Suggestions for Change

- 6.4.1. A number of suggestions for change were made by the consultees.

Specifying the Goals and Objectives

- 6.4.2. Things have changed over a number of years in terms of the economy, the labour market, policy and institutional arrangements.
- A wide number of those consulted felt now was the time to agree clear and unambiguous goals and objectives for the programmes.
 - Within this, some argued attention should be more focused on the Scottish Enterprise's priority industries and to achieve this the pricing of the programmes may need to be reconsidered.

Better Marketing to Potential Clients

- 6.4.3. Marketing was raised by training providers, Careers Scotland and LEC staff.
- Respondents were divided on whether Skillseekers should be re-branded. Some saw the name as tarnished, but others were concerned that a change in name only would not alter some of the more fundamental issues which underlie perceived variations in quality.
 - The majority favoured re-branding towards the general use of 'apprenticeship'. There was some resistance to the terminology used south of the border. One suggestion was simply 'Scottish Apprenticeships'.
 - Irrespective of the re-branding, strong messages need to go out to parents, teachers, and other gatekeepers on the value of Skillseekers and MAs relative to the college route, in relation to stability and quality of employment over the longer term.

Engaging Employers More Effectively

- 6.4.4. There was a widespread view that more had to be done to engage employers.
- Marketing to employers needs to be more effective. This means generating research findings and case studies to show convincingly to employers the value of the programmes on the bottom line.
 - Scottish Enterprise, Careers Scotland, the Business Gateway and other organisations have extensive employer contacts. Those need to be exploited more effectively to promote Skillseekers and MAs.

Cutting Bureaucracy

- 6.4.5. There was some recognition of improvements in the administration of the programmes, but many felt that more could be done (although this is not a major issue for participating and non-participating employers alike).
- Some of the awarding bodies signing off trainees as having completed their MA are not staffed appropriately and this delays the process. The resourcing and the effectiveness of this process needs to be reviewed.
 - There needs to be a review of the monitoring requirements of the different bodies involved with the programmes to rationalise these into a leaner process from the training provider perspective.

More Effective Communication

- 6.4.6. Scottish Enterprise needs to improve its communication processes with key parts of the delivery process.
- Scottish Enterprise is putting training providers (and Contract Management staff based at LECs) under a lot of pressure to achieve targets, potentially damaging a sound working relationship. Providers and employers need to be seen more as delivery partners rather than simply contractors. The tone and frequency of communication must support this approach.
 - There need to be more effective processes for introducing change to the programmes and the way they are administered. This should involve more prior consultation with training providers and employers where significant design or implementation changes are proposed.
 - Careers Scotland staff felt they had limited information from Scottish Enterprise on the opportunities in Skillseekers and MAs. For example, they perceived a decline in construction MAs whereas these have been growing strongly. Scottish Enterprise should provide some simple statistical feedback on the scale of opportunities in sectors and localities.

Taking Local Circumstances On Board

- 6.4.7. There was a broad feeling that too much of the local flexibility in provision had been lost.
- Although there is no call for the return of variable pricing, there is felt to be a need for more flexibility across localities in the mix of non-employed Skillseekers, Skillseekers employed status, MAs, and Adult MAs.

Improving Processes and Supports

- 6.4.8. Most felt that the Skillseekers and MA programmes had improved significantly over time, but that there was scope for developing further the processes and supports.
- Mentoring and coaching support is being carried out by some providers but these are in the minority. Although there is a training award for mentoring and coaching, there is no funding to support staff to do this.
 - There is a need for more effective information sharing around the identities of the better and poorer employers. By weeding out the poorer employers the need for more intensive monitoring and support is reduced. This would have to be done on a frontline staff network-building basis to avoid legal comeback – although there might also be complaints from young people placed with an employer where there was already intelligence in the network that they left on a lot to be desired!
 - There is a general acceptance that a better match between trainees and opportunities will improve the achievement rates. However, some pointed out that this is a front-loaded service with additional investment required at the start of the process, but the payment process was end-loaded.

Refining Output Measures

- 6.4.9. Completion rates on their own are not a good measure. Partial completion may have some value.
- In light of the widespread concern among training providers, Careers Scotland and LEC staff that the current emphasis on achievement/leaver ratios is introducing perverse behaviour on the part of training providers, there needs to be a review of the evidence base for this, with a particular focus on the interface between Get Ready for Work and Skillseekers.
 - Many considered a more appropriate measure would be to take into account the starting point of the learner (because training providers may have to give a lot of support which is not recorded) and the 'distance travelled'. There is now a substantial body of work on measures of distance travelled and Scottish Enterprise should review this and pilot it for Skillseekers trainees.

Rationalisation of Roles, Responsibilities and Procedures

- 6.4.10. There is some confusion in the training provider network about who does what in relation to some of the processes surrounding Skillseekers and MAs. This relates to things such as payment plans, individual training plans, etc.
- Both Scottish Enterprise and Sector Skills Councils are perceived to have responsibilities in relation to audit and quality of training. Where different agencies make monitoring or auditing demands on training providers and employers, every opportunity should be taken to standardise the information requirements, the frequency of reporting, etc.
 - Even if there is no confusion between the agencies, it would be helpful to create a simple process map for training providers – and other players in the system – which clarifies the position.

Reviewing the Resourcing of the Programmes

- 6.4.11. Issues were raised about the appropriateness of the pricing policy and the position of employer contributions.
- If there is to be a repositioning of the programmes and a changed weighting in relation to the objectives, this will need to be accompanied by a review of the pricing policy to bring the policy framework and its implementation into more effective alignment. This would include a review of pricing in relation to age of trainee/employee and to sector.
 - It would then be appropriate to develop much clearer guidance on expected employer contributions to replace the current *ad hoc* approach.

7. CONCLUSIONS AND RECOMENDATIONS

7.1. Characteristics of those involved

Trends in performance

- 7.1.1. MAs, Adult MAs and Skillseekers show improved performance over time:
- This has been achieved against a background where the overall numbers in training have increased.
 - The proportion of trainees with employed status has never been higher.
 - Completion rates for the cohort of leavers have increased over the past three years for all three programmes. The completion rates for 2005/06 are 63% for Skillseekers, 56% for MA 16-24s and 67% for Adult MAs.
- 7.1.2. Comparisons between Scotland and England show much superior performance in Scotland on what are comparable programmes (MAs and Advanced MAs), and the same scale of difference also applies when Skillseekers is compared with Foundation Apprenticeships.

Trainees

- 7.1.3. Male and female participation across the programmes is in balance. However, there are strong gender differentials at framework level for all three programmes with participation on the more traditional frameworks such as construction almost entirely male. There are only very small representations by ethnic minorities and those recorded as having a disability, both below what might be expected from the population as a whole.
- 7.1.4. Those participating on the Adult MA tended to have the most diverse range of qualifications and almost 10% had a degree level qualification. Trainees on the MA 16-24 were the least likely to have no qualifications with only 3% of those interviewed falling into this category. Over a third of this group had Highers compared to a fifth of Skillseekers.
- 7.1.5. There are significant differences in reasons for participating by programme:
- Skillseekers emphasised employment, with 43% stating that the attraction was a job with training compared to just 5% of the MA 16-24s and 8% of the Adult MAs; while,
 - MA 16-24s and Adult MAs cited the opportunity to gain a qualification and other career-related issues, including future job prospects and the opportunity to learn and gain experience as a key attraction with around 20% stating this reason, compared to 10% of the Skillseekers.
- 7.1.6. Most trainees do not appear to have had many alternative choices, if any, when they started with the programmes. Four in five said they had no competing offers on entry. Those that did have alternatives, cited a range of activities, including continuing with education at college but most suggested another job usually without similar training involved.

- 7.1.7. Almost a quarter (23%) of MAs started their training over a year after joining their employer, compared to 16% of Skillseekers. This supports a concern reported by LECs that some training providers were increasingly recruiting people who had been employed for some time to reduce their risks of recruiting trainees less likely to complete. The majority of Adult MAs had been with their employer for over a year before commencing training.
- 7.1.8. For the Skillseekers, employment status appears to be an important factor in determining completion rates. There is additionally a strong correlation between completion rates and age, with the younger age groups less likely to complete than the older.
- In 70% of cases non-completers left before completing half of the milestones. For all three programmes the existence of barriers to work such as travel, financial or care problems result in the earliest occurrence of drop-outs when only around 30% of milestones have been completed.
 - The main reason given by non-completers for leaving the programme was because they got a job or wanted a career change. Adult MA trainees were most likely to leave because of a lack of time, for example, because of commitments at home. Nearly half (49%) of the Adult MA group stated that nothing would have persuaded them to complete the training.

Employers

- 7.1.9. Compared to all employers in the Scottish Enterprise area, placement organisations tend to be larger and very small firms are under-represented.
- Almost three-quarters of placement organisations participate in just one of the three programmes.
 - The main reason for employer participation was to train and upskill their workforce. Adult MA employers were significantly more likely to highlight the requirement for qualifications or accreditation as a reason, whereas the Skillseeker and MA16-24 employers tended to favour the use of the programme as a means of recruitment.
 - Non-participating employers do not appear to substitute participation in the MA/Skillseeker programme with other types of training and are less likely than participating employers to undertake a variety of training.
 - The non-participating employers who considered participating in the programmes were much more likely to mention the motivation of existing staff and help with recruiting new staff as reasons for participation than the participating employers.
- 7.1.10. The completion rate for Skillseekers demonstrates a smooth progression with the size of the placement organisation, with the largest significantly above the smallest. The opposite appears to be true for the Adult MA trainees.

7.2. Outcomes from the programmes

Benefits to trainees

- Skillseekers were the most likely to participate because of the attraction of

a job with training, while for the other groups the focus was more strongly related to the training. Nonetheless, over two thirds of Skillseekers stated that they hoped to achieve the required qualification to start a Modern Apprenticeship in the future.

- Adult MAs were the most likely of the three groups to rate increased confidence and satisfaction as the most positive elements of the programme as well as their experience of their training provider.
- The main benefit of participation identified by trainees was an improvement in their ability to do their job, identified by over 80%.
- Those on the Adult MA appeared to be the least positive in relation to improvements in core skills as a result of the programme. Although separate certification of core skills is not a requirement for Skillseekers, they were the most positive about the impact on all five core skills.
- 80% of those surveyed were working for an employer or self employed at the time of the survey and a further 9% were studying or training. Non-completers on the MA 16-24 and Adult MA programmes were significantly more likely not to be working compared to their completing counterparts. The difference is smaller for Skillseekers.
- Of those staying with their employer the completers appeared to be twice as likely as non-completers to be awarded a salary increase or promotion. The completers additionally appeared to have an advantage even when they changed employer, with 28% awarded a salary increase in their new employment compared to 16% of the non-completers.
- Completion of the programme did not appear to affect propensities to do more training.

Benefits to employers

- Employers felt strongly that it mattered whether trainees completed their qualification, with nearly 90% agreeing with this statement across the three programmes. Despite this, however, they still valued the benefits from the training received through partial completion, with 60% of employers feeling that the company benefited from the training, even if the trainee did not complete the programme.
- Around three quarters of companies felt that their staff would be more likely to be interested in further training as a result of participation.
- 35% of employers stated staff were less likely to be absent as a result of participation
- The impact on staff retention was less clear with 18% of employers feeling that their 'upskilled' staff were more likely to leave and 37% stating they were less likely to leave.

Economic benefits

- 7.2.1. The focus of the estimation of economic impact of Skillseekers, MAs and Adult MAs is on value added, primarily as this concept relates directly to productivity and provides the most appropriate measure of the potential economic impact of programmes designed to raise skills.

- 7.2.2. The main impact of the programmes identified by employers was in relation to increases in productivity, with 30% stating that it had increased a great deal and a further 50% stating that it had increased slightly as a result of the trainee's participation. Employers were less likely to say that participation had also contributed to employment growth, with 11% of employers stating a large impact and a further 32% pointing to a smaller impact. Employers, generally, rated the impact on profits, sales and costs as more marginal. Other key findings on employer perceptions of the impact were as follows.
- 34% of Adult MA employers said it had made a great deal of difference to productivity compared to 30% for MAs and 28% for Skillseekers.
 - Productivity has been interpreted as equating to skills development (or accreditation) which has been recognised at a much higher level by service-based non-traditional frameworks.
 - The programmes do not impact on employment to the same degree. Significantly more employers involved in Adult MAs (70%) report that participation in the programme made no impact on the number employed, compared to 53% of employers involved in Skillseekers and MAs.
 - The ability to employ more people has been highlighted by those companies using traditional frameworks (which often represent entry criteria for these industries) working predominately in the manufacturing sector.
- 7.2.3. The main benefit of participation was seen by employers as increased staff skills, including a better awareness of their job role with just under a quarter of employers highlighting this as their main benefit. Other important benefits include increased staff motivation and confidence (12% of employers) and increased productivity (19%).
- 7.2.4. Smaller employers were more likely to feel that they had not had any benefits from participating in the programme, with 12% of employers with 1-4 employees agreeing with this statement, compared to 1% of employers in the 250+ size band.
- 7.2.5. Participating employers provided information on the performance of their firms at the time of interview and three years previously. In general, participating employers show a moderate decline in employment but a greater increase in turnover and turnover per employee which would be consistent with some underlying productivity growth.
- 7.2.6. The interviews with case study employers were designed to consider the issues surrounding the full costs of undertaking training across the three programmes. Estimated total costs of training varied from just under £14,500 for Skillseekers on service sector VQs to £31,500 for MA trainees on manufacturing frameworks.
- On average, employers reported that trainees in manufacturing frameworks and VQs produced 47% of the output of a fully qualified worker during their time on the programme. For service sector frameworks and VQs the average was 79%. These proportions reflect the

different productivity of trainees at the start of the training and the duration of the courses involved.

- Comparing the total training costs to the benefits arising from the production of trainees in manufacturing while on the programme suggests that for MAs, Adult MAs and Skillseekers, the trainee wage costs of relatively long duration courses outweigh any production benefits arising from the work these trainees carry out while training. This is not the case for any of the programmes in the service sector frameworks and VQs.
- At trainee level, the estimates of cost-benefit suggest average costs for Skillseekers are double the value added generated by the trainee while on the programme. Both MA and Adult MA manufacturing frameworks also show a difference of between 20 and 30% of the full costs of training.
- Although Skillseeker manufacturing VQs have a net cost during training, the 'payback' period would be up to 4 years to earn sufficient profit to cover the costs of training a Skillseeker in a manufacturing VQ where we assume that trainees are fully productive when they first qualify. A number of case study employers suggested that many recently qualified trainees required another six to twelve months before achieving this benchmark.

- 7.2.7. The balance of trainee costs and benefits are significantly different between service and manufacturing frameworks and VQs and, in certain areas, employers need to recognise the significant benefits arising from the trainee contribution to production.

Additionality and displacement

- 7.2.8. Participating employers were asked how they would respond to recruiting and training trainees if the public sector contribution to the programmes was removed *and* they were required to fund the difference. Overall only 13% said that they would not have changed their actions. This level of deadweight did vary between programmes: Skillseekers (12%) and MAs (13%) were significantly lower than Adult MAs (18%). Many employers (44%) felt that they would have taken on fewer trainees into the programmes, just under a quarter suggested that they would have recruited different types of employees, 20% would have delayed the recruitment of some or all of the trainees, and 11% would have recruited them but with fewer hours.

- 7.2.9. There were differences between programmes:
- Employers involved in Skillseekers suggested the programme had a more significant impact on the numbers of young people recruited (48%), particularly relative to Adult MAs (34%). In part, this reflects the high proportion already in employment when training starts in Adult MAs.
 - This perception is re-inforced by the significantly higher levels of employers opting for substituting different types of recruits in Skillseekers (27%) than either MA (22%) or Adult MA (21%) programmes. Alternative recruits would be more experienced and qualified candidates.
 - 13% of Skillseeker employers also said that they would seek to recruit

more trainees on a non-employed status basis.

- Training additionality is relatively high across all three programmes with an average additionality of 46%. Training additionality is highest for the Skillseekers programme where only 31% of those originally employed would be trained in the absence of funding compared to 39% for the MAs and 35% for the AMAs. On the Skillseekers programmes, those that were trained were also significantly less likely to be trained to the same level as on the other programmes.

- 7.2.10. Overall, we estimate that the total additional value added (taking into account deadweight and substitution) generated by the programmes amounts to just over £227m. Additionality is highest in Skillseekers at just under half, around a third in MAs and just over a quarter in Adult MAs.
- 7.2.11. Total net additional value added amounts to £10.3m across the three programmes or 2.6% of the total gross added value arising from the trainees. At programme level, Adult MAs have the lowest net additionality at 1.8%, while Skillseekers is highest at over 4%. Net additional trainee value added is 2.4% of gross additional for MAs. In comparison, we estimate that total GDP in the Scottish Enterprise area in Scotland is around £67 billion.
- 7.2.12. A major part of the rationale for Skillseekers and MAs is to provide young people with a good start in working life by offering jobs with training. It is worth considering the extent to which the young trainees in these programmes would, in the absence of the public sector contribution, be substituted by more experienced and qualified workers. 10% of Skillseeker trainees and 13% of MA trainees fall into this category. If this is considered as additional, net additional value added amounts to £11.6m across all three programmes. This represents 2.9% of the total gross value added generated by trainees while they are on the programmes. The increase in net additional value added is particularly marked in the Skillseeker programme which increases to £5.2m, representing 5% of the gross value added of trainees on the programme.
- 7.2.13. The estimates above are based on the additional benefits derived from the training *during* training. Few previous evaluations of mainstream training programmes have explicitly considered the impact of training on productivity post-programmes – if trainees do get a benefit from training how long does this last? We have used estimates from studies elsewhere to calculate this benefit. Overall, the downstream benefits increase gross additional value added by £16.5m and net additional value added by £1.3m, to a total of £12.9m or 3.2% of gross value added.
- 7.2.14. Skillseekers, particularly in manufacturing VQs, delivers higher net additionality around 6% of gross. Adult MAs (in service sector frameworks) in contrast deliver 1.8% of gross. MAs lie in-between with an average of 3%.
- 7.2.15. In general, these estimates of additionality are somewhat lower than those found by the previous evaluation of Skillseekers. The evaluators found that employment additionality was 12% of gross additionality (before the application of linkages and multipliers and so comparable to our result

above). The primary difference in the estimates for Skillseekers appears to arise from the previous evaluators equating additional recruitment to additional employment. If we were to follow this method additional value added for the 19,000 trainees in the April 2004 - August 2005 leavers cohort would amount to £168m or around 5,000 jobs.

Cost effectiveness

- 7.2.16. The public sector cost of the programmes has been calculated from CTS records. This provides a picture of the public sector contribution to Skillseeker, MA and Adult MA training across both manufacturing and service VQs and frameworks. These costs do not include the LEC staff and other costs involved in delivering the programmes but do include the costs of those trainees who did not complete their qualifications. The direct investment made by Scottish Enterprise in the public sector contribution to each trainee sits alongside employer investment in the wages of trainees and other training costs. We estimate that the leverage of the total Scottish Executive contribution of £49.87m amounts to £443m or £8.88 for every £1 invested by Scottish Enterprise. Overall, for every £1 spent by Scottish Enterprise on direct contributions to trainee costs, the programmes deliver between 21p and 26p net additional impact.
- 7.2.17. These estimates of the net impact of the programmes do not include any allowance for those employers who said that they would undertake the same training but at a later date or at a lower quality (but did not then specify to how many trainees this would then apply). Nor do they include the contribution the programmes have made to the stock of skilled (and accredited) workers in the Scottish labour market. These are therefore conservative estimates of the benefits arising from the programmes. The additional impacts of the programmes have been estimated on around half the trainees involved in the participating employers survey, whereas 87% of employers reported that they would change their training and recruitment practices in some way in the absence of the public sector contribution to the programmes.

7.3. Operational effectiveness

- 7.3.1. The operational effectiveness of the programmes was assessed through the consultations carried out with organisations involved in the delivery of the programmes, supplemented with findings from the large scale surveys.
- 7.3.2. Consultees were able to highlight a number of programme features which they felt worked well.
- Consultees valued the tie-in to work through the 100% employment status for MAs and increasing employed status for Skillseekers.
 - It was felt that a key benefit of the programme is in extending choice, offering a good quality, work-based approach to skill development and qualifications and helping to increase the skills of young people and adults who have 'failed' under examination-based assessment systems.
 - The potential for progression between Skillseekers and MAs was thought

be consultees to be well established. The survey showed that over two thirds of Skillseekers participated because it would give them the required qualification to start a Modern Apprenticeship in the future.

- Consultees recognised the benefits of the programmes to employers in the recruitment of employees. They also noted the potential retention benefits for employers participating in these programmes, with Adult MA in particular offering an incentive to stay with the employer. This was borne out by the survey evidence which revealed that three quarters of Adult MAs who had completed the programme were still with the same employer at the time of the survey.
- The programme was felt to provide a structured training process for employers into which their employees can be slotted. This was seen to be of particular value to smaller organisations. Although no significant differences in relation to reasons for participating by company size were observed there was clear evidence that in the absence of the training smaller organisations would find it harder to offer alternatives.
- Consultees were able to point to a clear link between participation, employability and lifelong learning for the trainees involved. The survey evidence provides evidence for this linkage with over three quarters of employers on all three programmes commenting on an increased in career progression and further training as a result of participation.

7.3.3. Some weaknesses of the programme which were highlighted by stakeholders include the following.

- A lack of clarity over goals, most importantly over the balance between distributional objectives around different groups of young people versus growth objectives around developing the workforce of key businesses or sectors. There was a perception by providers that the volumes do not match demand and the planning process does not allow for sufficient flexibility to respond. Linked to this there is a need to ensure that there is a clear rationale for pricing and in particular the particular prices for different MA frameworks.
- A lack of consistent and high quality marketing either from Careers Scotland or Scottish Enterprise.
- A lack of any comprehensive and effective approach to recruitment within the programmes. The concern over training providers increasingly recruiting people who were already employed on the grounds that this reduced their risks in terms of signing up people with a good chance of achieving was supported by the survey data which showed that only 49% of Skillseekers and 37% of MA 16-24 had started the programme within 3 months of joining their employer.
- Some consultees expressed a concern over the level of employer engagement where they are not direct contractors. The survey showed that only 11% of employers were direct contractors. There was evidence that those employers who were not direct contractors were less likely to rate the quality and cost of training as highly, and were more likely to be frustrated with over a lack of flexibility.
- Some LEC staff and training providers commented on the weight given to assessment and accreditation of existing competences at the expense of

training. This is particularly important given the large proportion of trainees who are existing employees and therefore may already have developed a high level of competency in their field and many of whom already have some qualifications prior to commencing the programme.

- There are specific concerns over the fit to industry needs, including an over-emphasis on Level 3 in sectors where Level 2 occupations are the norm.
- There are concerns in relation to the lack of competition between training providers. Across the majority of frameworks and VQs the 10 largest training providers are responsible for training at least 75% of trainees.
- There were complaints that the management and monitoring arrangements for the programmes were excessively bureaucratic with too much change that was rarely explained.
- A lack of overall coordination appeared to have led to limited joint working between the various key players in the system such as Scottish Enterprise, Careers Scotland and the Sector Skills Councils
- There is anecdotal evidence that the strong focus on achiever/leaver ratios is resulting in training providers adjusting their intakes and not recruiting from Get Ready For Work.

7.4. Recommendations

Revisiting programme objectives and priorities

- 7.4.1. There needs to be much ***greater clarity in terms of the aims and objectives of the programmes***. The labour market has changed a great deal since the introduction of Skillseekers and MAs. It has tightened considerably, increasing employer demand for young people, alongside a continuing shift from manufacturing to services. In addition, the policy environment has altered with the concern around young people much more focused on 16-19 year olds not in education, employment or training (NEET). Given these changes, it is essential to revisit the principal aims and objectives of the programmes to see whether these need to be changed.
- 7.4.2. There is a perception amongst a number of stakeholders, and the Scottish Enterprise staff working in local enterprise companies, that Skillseekers has been squeezed in resource terms, perhaps due to the high political salience of the target for MAs starts. Were there to be a review of the key objectives of the programmes and a move towards a common branding, this would provide an excellent opportunity to ***consider the appropriate resource allocation and numbers participating across what are currently Get Ready for Work, Skillseekers and MAs***.
- 7.4.3. A key message from the evaluation results is that while employers do incur substantial costs, many also secure a contribution to production. In some areas this can be significant. Employers of trainees in shorter frameworks, where the productivity gap between raw trainee and fully-qualified worker is minimal, do not suffer substantial costs and gain benefit from the relatively high productivity of their trainees. These considerations should be factored into any future revisions to the credit values paid by Scottish Enterprise and

help clarify the *rationale and priorities for the programmes*.

- 7.4.4. Our findings point to greater additionality and a more fundamental rationale for public sector intervention around young people involved in longer frameworks (in particular in manufacturing). Training which involves little added learning, but more accreditation of existing skills does not provide good value for public money. Although driving a harder bargain with employers in the service sectors may lead to a lower number of trainees in training, where these trainees would otherwise undertake pretty much the same training we think that this will be a good thing.

Improving programme delivery

- 7.4.5. Many stakeholders expressed some confusion over the respective roles and responsibilities of the wide range of organisations involved with the programmes. Many training providers feel that there is little joined-up working between the key partners – Scottish Enterprise, Careers Scotland and Sector Skills Councils. Some felt that these issues tended to come together in the annual planning process when often providers feel that they are asked to “square the circle” and make “impossible judgements on the scale of demand” without having the flexibility to respond to subsequent changes in the market. Delivery partners need to ***review the planning process and consider how greater flexibility could be introduced*** which reflects the reality of changing market circumstances.

- 7.4.6. Some stakeholders felt that the drive to Level 3 had gone too far and more weight should be given to Level 2 qualifications. This issue links back to the lack of clarity around strategic objectives and priorities for the programme but is also an issue as there is little evidence on market demand. ***Scottish Enterprise, through Futureskills Scotland, should consider whether it is possible to estimate demand for Level 2 and Level 3 qualifications*** and this evidence should be used to help drive the planning process.

Completion rates and target setting

- 7.4.7. The programmes have been criticised for low completion rates, although they have improved over time and are high relative to England and Wales. The evidence from the trainee survey is that a significant percentage of Skillseekers and MA 16-24s do not complete due to a change of employers (and for a significant percentage this involved a redundancy). Given that the completion rates for MA 16-24 are twice as high in some frameworks as others, there is considerable scope to drive up completion rates by reducing the gap between the poorer performers and the average. The emphasis on raising completion rates is also justified by the differences in the likelihood of former trainees being unemployed at the time of the evaluation survey work, with non-completers more likely to be unemployed than completers for each of the 3 programmes – with the gap particularly pronounced for MAs.
- 7.4.8. Having said this, there needs to be more debate on appropriate methods to achieve the targets. The emphasis given to completion rates has placed a much greater focus on the quality and motivation of potential trainees and training organisations selection procedures, but there are implications in

terms of the types of trainees accepted on to the programmes and, increasingly, the period of time they spend in work before starting their training. The use of extended ‘trial periods’ is a blunt instrument which is entirely reactive and not addressing the central issue of finding procedures to better match trainees to their aspirations on an informed basis.

Scottish Enterprise will need to consider the extent to which this emphasis makes the participation of more disadvantaged clients in the programmes less likely. More leeway is required for training providers to take a risk with new procedures and not take the easy way out.

- 7.4.9. For Skillseekers and MAs the larger employing organisations have significantly higher completion rates on the basis of the analysis of the CTS database – and the spread in terms of completion rates between the smaller and the larger organisations is wide. Additionally, over 10% of employers with less than 10 employees saw no benefit from participating in the programmes compared to only 1% of employers in the 250+ size band. These findings may simply reflect the fact that the larger organisations have HR departments better able to manage the processes involved, but does raise the issue of whether more could be done to support smaller employing units. ***The effectiveness of support processes for smaller employers should be reviewed to see what improvements might be possible.***

Marketing and widening employer basis

- 7.4.10. There was a widespread view that the programmes are not actively promoted in the employing community, and with potential clients. This is supported to some degree by the results of the non-participants survey – while general awareness of the programmes was relatively high, a significant proportion of employers had concerns over bureaucracy, the quality of the recruits, or were just unsure of what was required (at least in relation to Adult MAs). Together, these suggest that ***Scottish Enterprise and partners should consider the merit of a renewed marketing campaign.***
- 7.4.11. In contrast to the English system, where there is a deliberate attempt to build a very clear brand with a family of products sitting inside of that brand, the approach in Scotland has been to develop separate programmes, albeit with the potential for progression between them. Given that there is a desire to build a more effective progression route from Get Ready for Work to Skillseekers to MAs, ***a single apprenticeship branding would facilitate this process by generating higher aspirations amongst those on the lower rungs of the apprenticeship ladder.*** Additionally, a stronger brand might help promote increased employer engagement, and increase the perceptions among young people, parents and advisors of the work-based route as a quality alternative to college.
- 7.4.12. The survey work among non-participant employers who had considered engaging with Skillseekers and MAs suggested that one of the key attractions was to facilitate recruitment and growth of employment, and this was more marked as a motivator than among employers who actually participated. This suggests that a significant effort to widen the employer base of the

programmes has to be sustained at this time when Scotland's labour markets are tighter than they have been for decades, creating a supportive environment for a successful campaign.

- 7.4.13. Given that non-participating employers appear not to substitute other forms of training for MA/Skillseekers, to the extent that Scottish Enterprise are able to engage these employers in the programme there is considerable potential for additionality in terms of training investment as well as qualification levels for their employees. ***Scottish Enterprise should set annual targets for the engagement of new employers in the programmes to help galvanise an increased effort to widen employer participation in MAs and Skillseekers.***

- 7.4.14. In looking at the factors that influence employers not to participate, lack of relevance to the organisation is by far the most dominant. An important secondary factor is bureaucracy, with the inadequate public sector funding a minor concern. This means that the key considerations for Scottish Enterprise in trying to extend the programme to these employers are to:

- get over the message that they will generate value for that specific employer as opposed to trying to make a more general 'business' case;
- demonstrate value can be achieved with minimal bureaucracy.

The most appropriate "sales person" in these circumstances would be employers with similar characteristics in the same sector or locality. ***Scottish Enterprise needs to work hard to recruit and retain employer champions for these programmes.*** In England, the employing community has had a major role in re-engineering the equivalent programmes.

Improving programme synergies

- 7.4.15. The CTS database reveals that only 13% of employers participate in both Skillseekers and MAs, and only 8% in both MAs and Adult MAs. The typical organisation (73% of employers) participate in one programme only. ***Scottish Enterprise needs to put in place a process to understand better why the potential synergies between programmes within employing units are not being exploited*** as a way of developing approaches to expand the range of opportunities and the linkages between the programmes. Arguably it should be easier to get already engaged employers to use more than one programme than to get completely new employers on board. A clearer and more consistent 'apprenticeship' branding could also help here.

- 7.4.16. Just under half the placement organisations have had just one trainee, while 1% of employers are responsible for a quarter of all leavers in the last five years. This asymmetry must also play into a future marketing campaign. At another level, the administrative burden of the programmes has a larger impact on smaller organisations – especially where many of these only have one trainee. Employers do appear to have been shielded from the full force of the bureaucracy involved by training providers but ***Scottish Enterprise needs to consider whether more can be done to introduce a 'light touch' system for those who have a very limited involvement in the programme.***

CTS Monitoring

- 7.4.17. During this evaluation we have made extensive use of the CTS system to explore the characteristics and performance of the programmes. This has proved to be a valuable resource. There are, however, areas of the data which could be improved. Most importantly, information on the characteristics of training organisations and employers of trainees is incomplete and possibly inaccurate. ***Scottish Enterprise should consider making the relatively small changes to the structure of the data to allow interrogation of the data by training organisation*** and ensure that more accurate data is held on the organisations involved in the programmes.
- 7.4.18. The Scottish Enterprise approach to measuring achievement or completion rates is to use all leavers as the denominator in calculating the percentage. This is a demanding approach as it builds early leavers into the calculation. In all recruitment into training or employment, there is always an element of early leaving for a variety of reasons. Although steps can be made to reduce this, it can never be eradicated. It is important to note that:
- in a number of the continental European systems, there are pre-apprenticeship periods which reduce the risk of early leaving and raise completion rates;
 - the Scottish Funding Council provides alternative measures for achievement rates where measures exclude students leaving within a period equivalent to 25% of the course length, and where payment is also based on this;
 - in the English system, the LSC has moved to reporting an “overall success rate” in addition to “current success rate” (i.e. the conventional percentage of leavers who complete or achieve) which excludes learners leaving the programme within 6 weeks of starting.

There would be value for Scottish Enterprise in considering a similar addition to the completion measures, excluding early leavers.

Equal opportunities

- 7.4.19. The highly gendered nature of participation in the different frameworks, evident from the analysis of the CTS data, remains an issue, as is under-representation of BME groups and disabled people. Scottish Enterprise has developed an action plan for the latter groups and initiated a review of recent and current attempts to tackle gender inequalities. ***The impact of the action plan needs to be monitored closely to ensure any remaining barriers to participation are removed across the programmes.***