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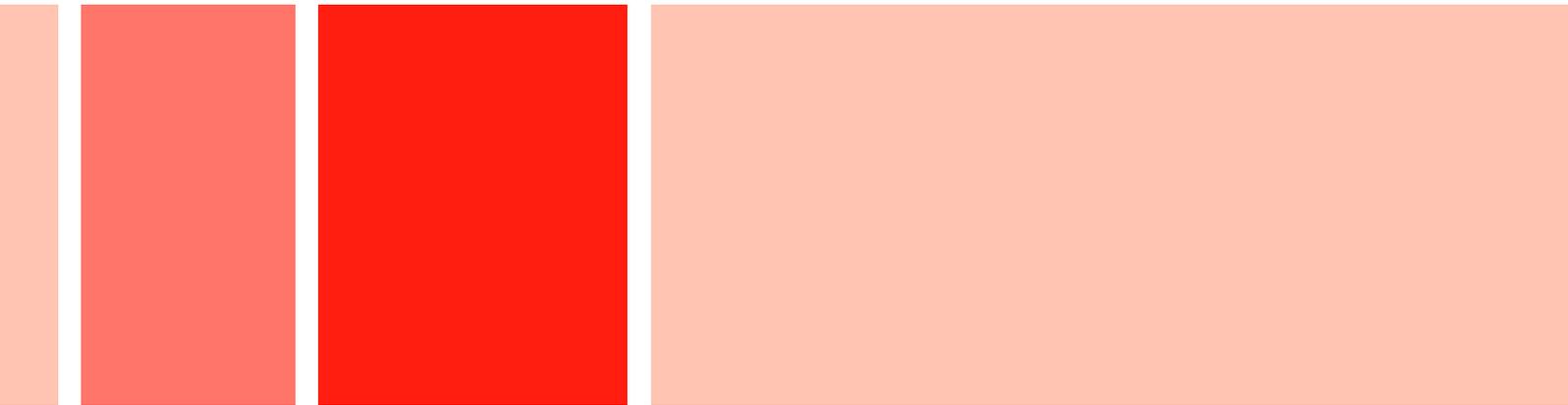
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# Evaluation of Work Based Learning in Wales, 2007-2011



# **Evaluation of WBL in Wales, 2007-2011**

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Views expressed in this report are those of the researchers and not necessarily those of the Welsh Government

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# **Executive Summary**

## **Introduction**

Between 2007 and 2011, in partnership with the European Union through the European Social Fund (ESF), the Welsh Government funded three major strands of Work Based Learning (WBL) – Skillbuild, Apprenticeship, and the Modern Skills Diploma.

In addition, the Welsh Government piloted new approaches and systems to help WBL in Wales to become more responsive to the needs of employers and learners.

A staged programme of research and analysis has been undertaken since 2007 to evaluate the mainstream programmes and the new approaches and systems.

This has included a mix of document reviews, statistical analysis, surveys, and programmes of interviews and focus groups.

## **Context**

Apprenticeship, unsupported by government funding, has been used to develop skills in many traditional industries for centuries. However, the number of apprentices in the UK declined substantially between the 1960s and the 1990s.

The UK Government, which had become substantially involved in the support of youth unemployment programmes in the 1980s, introduced the Modern Apprenticeship programme in 1994.

Following devolution, Wales continued to develop Modern Apprenticeship (later rebranded as 'Apprenticeship') and also developed the Skillbuild and Modern Skills Diploma programmes. Broadly, these latter programmes were positioned respectively below and above Apprenticeship in terms of the level of skills and qualifications they developed.

Whereas UK government interventions in the 1980s had focussed on young people, Wales took an 'all age' perspective such that Skillbuild from its inception and, later, Apprenticeship supported adults to develop their employability and skills.

Correspondingly, there has been a widening of function. WBL came to be pursued for a much wider set of economic and social objectives, with vocational skills development becoming seen as a route both to national economic competitiveness and to social mobility and cohesion. This led to 'supply-side' policies to increase the volume of workforce qualifications.

These policies were, however, subjected to academic criticism, with some of their basic assumptions being questioned and there has been a switch in policy whereby government aspirations for 'employer-led' programmes came to the fore.

A shift to 'employer-led' approaches demanded that the nature of the learning experiences, determined by frameworks which set out what competences Apprentices must have or acquire, should be more 'flexible' in order to reflect what employers want and need.

The extension of Apprenticeship support to adult learners, largely by subsidising employers to train their existing employees, has been reported as generating a good return to public expenditure but academic critics have questioned whether this is a proper function of government.

A consistent feature of the organisation of WBL has been the central role of training providers as contract holders with governments and as programme managers. It has been argued that direct funding of employers would be more effective but, beyond a limited plan to route some funding directly to employers in England, the UK has seen no major movement in this direction.

Overall, review of the development of WBL suggests that workplace training was, up to three decades ago, largely a matter concerning employers and their employees and was a relatively straightforward matter. With the intervention of government, and the identification of workplace training with national policy objectives beyond those relating to the skill needs of particular businesses, several challenges have arisen in determining how those wider objectives can best be met in practice.

These challenges principally concern the effective allocation of resources, quality of learning, and the efficiency of delivery systems. It is these factors with which the evaluation is mainly concerned.

### **The overall economic and social value of WBL programmes**

A calculation suggests that the aggregate long-term return of adult Apprenticeship is very significant. The same calculation is not possible in relation to Apprenticeships for young people aged 16-18. However, since in this latter case, there is potential for the return to accrue over a longer average working lifetime, the average per-Apprenticeship return to Apprenticeships for younger people would be expected to be even more significant.

The number of places in Apprenticeship has fallen substantially over the last five or six years. However, because the proportion of Apprentices who complete their Apprenticeships has risen over the same period, the return to the Apprenticeship programme has risen.

In addition, impacts on Apprentice employment levels and earnings, and 'soft' benefits gained by Apprentices in the programme, suggest that the programme had significant social as well as economic benefits in Wales.

Skillbuild had more limited employment benefits but generated significant gains in participant attitudes, employability skills, and qualifications.

The lifetime social costs of prolonged 'NEET' status at a young age are very significant. For example, the Audit Commission in England in 2010, estimated them at an average of £56,000 per individual though for some individuals, the cost is much higher. The exact extent to which Skillbuild resulted in sustained employment for participants may have been quite modest, but achieving this for even a low proportion of participants implies a substantial long-term positive net return.

### **The distribution of WBL programmes**

The 2006/07 contracting process mainly determined the distribution of WBL opportunities in the period 2007-2011. This process initially applied quality thresholds and then used the historical pattern of provision, moderated to a minor degree by some specific known areas of demand, to allocate contracts to WBL providers.

In addition the ESF, which part-funds the WBL programme, had objectives to give particular support to the Convergence area of Wales (West Wales and

the Valleys) and both the ESF and the Welsh Government wished to see WBL programmes conform with Equality and Diversity requirements.

Examination of the actual distribution of WBL placements over the 2007-2011 period (or as late as available statistics permit) shows:

- the balance between young and older Apprentices was stable over the period and much in favour of older Apprentices
- the balance between men and women in Apprenticeship remained stable over the period, in favour of women
- there was a weak trend towards a higher proportion of Apprentices and a lower proportion of Foundation Apprentices in Apprenticeship overall
- young participants formed the great majority of Skillbuild participants but the balance moved slightly in favour of older Skillbuild participants
- the balance between men and women in Skillbuild remained stable over the period, in favour of men
- within the overall decline in the number of WBL places in the period, the sharpest declines were in WBL places in the education, business and administration, ICT and 'leisure, travel, and tourism' groups
- 'gender segregation' of WBL places remained strong and increased slightly over the period
- in relation to the general population distribution, people from ethnic minorities remained underrepresented in WBL programmes
- by local authority district, the ratio of WBL places to adult population was highest in the Valleys districts and, overall, broadly correlated with local unemployment rates.

### **WBL programmes: quality, demand, and marketing**

Quality and performance of WBL programmes was assessed from a number of perspectives.

- Completion rates in Apprenticeship showed very substantial improvement over the 2007-2011 period.

- Employers who take part in WBL programmes (mainly in Apprenticeship) were shown in surveys and in discussions to be very supportive of, and to value, their programmes, both as a benefit to the business and to the learner. Employer representative organisations, too, are strongly supportive of Apprenticeship.
- Learners showed in surveys and focus groups that they valued their programmes and believed they were of good quality.
- Estyn's inspection-based reports for the period showed that quality of provision had improved greatly, though not without some inconsistent progress on some inspection criteria.
- Providers recognised the effect on them of a much more rigorous Welsh Government quality regime and delivery targets. They had more frequently instituted best practice to ensure quality.
- Though no statistics are available, evaluation discussions suggest that demand for Apprenticeship places was high in the period, with a great excess of applications for some employer schemes. Demand from employers was more mixed.
- A substantial and varied effort promoted WBL in the period but there was some constraint on this effort to avoid creating demand, which programmes, Apprenticeship particularly, could not meet.

### **The ESF contribution to WBL**

Programme output data shows that ESF-funded WBL provision broadly met or exceeded its targets in respect of total participation, gender, ethnic group, age, disability, employment status and geography.

The programmes prepared participants for types of occupation and awarded them levels of qualifications which were in line with programme objectives and expectations.

Surveys of ESF-funded programme leavers some months after their participation showed continuing high levels of employment among ex-Apprentices. Employment of Skillbuild participants was much less frequent but still showed significant gain on the rate of employment of participants before

their participation. Apprentices and Skillbuild participants supported by ESF-funding reported significant gains in work-related attitudes and skills.

Discussions with Welsh Government officials suggested that ESF funding had brought a number of other benefits:

- additional volume of participation
- longer term planning and contracting which had positive impacts on providers, learners, and programme quality
- more rigorous, procurement, audit and mentoring of learners
- support to the Welsh Government's Equality and Diversity and Education for Sustainable Development and Global Citizenship (ESDGC) agendas
- a major input to WBL marketing.

#### **WBL: pilot and ancillary programmes**

Separate evaluations were undertaken of the Shared Apprenticeship<sup>1</sup>, Flexible Funding and Apprenticeship Matching Service pilots, and of the Young Recruits programme<sup>2</sup>.

The Young Recruits programme successfully achieved its objective of generating additional Apprenticeship places for young people.

Evaluation of the Apprenticeship Matching Service raised a number of operational issues which, it was reported, might need attention on full roll-out of the service.

Though Flexible Funding supplied training of benefit to employers and learners, it did not greatly stimulate employer investment in training, was limited in its appeal to some sectors, and may be limited in its additionality.

Shared Apprenticeship provides successful Apprenticeship training but there may be cost and other constraints on its wide application.

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<sup>1</sup> Published March 2014 <http://wales.gov.uk/statistics-and-research/?topic=Education+and+skills&lang=en>

<sup>2</sup> <http://wales.gov.uk/statistics-and-research/young-recruit-programme/?lang=en>

## **The future development of WBL in Wales**

Discussions with Welsh Government officials, external stakeholders, and major employers raised a number of issues in respect of future WBL design and delivery. These included:

- the continued need for better economic and labour market information to improve the effectiveness of target-setting particularly in relation to priority sectors
- provider concerns that Project Secure 3 (the procurement of WBL for 2011-14) had taken risks with programme quality and had not resulted in equitable results for all regions of Wales. [This latter perception may result from the additional assistance to, and greater availability of WBL places in relation to the population of, the ESF Convergence area of Wales (see Table 4.6 for recent distributions of WBL by Local Authority areas). Otherwise, statistics do not support this proposition]
- the extensive lead/sub-contractor networks and consortia, which have been built in order to substantially reduce the number of WBL lead contractors, need to be fully quality-assured
- Welsh Government objectives to move funding towards young participants may place pressure on the all-age character of programmes
- there is significant support for the re-constitution of Skillbuild as Traineeship and Steps to Employment. However, it is recognised that these programmes will continue to work with many individuals in difficult circumstances and with significant behavioural and attitudinal problems. It is recognised that achieving substantial outcome targets will be far from easy
- there was concern from Welsh Government officials that providers too often act competitively and too infrequently act collectively. It was believed that if this was less the case, providers could be drawn more effectively into the strategic design of WBL and that the Welsh Government could act less prescriptively. From their side, providers see

WBL planning as opaque. A stronger partnership ethos is seen as potentially beneficial to WBL's future development.

### **Conclusions: WBL in Wales, 2007-2011**

Between 2007 and 2011, Apprenticeship was a highly successful public programme in Wales.

Between 2007 and 2011, Skillbuild, despite limitations which led to its re-design and re-branding in 2011, also had significant achievements.

Between 2007 and 2011, the Modern Skills Diploma was a programme of limited scale which was mainly used by a sectorally-narrow group of employers to develop particular skills at Level 4.

Overall, between 2007 and 2011, WBL contributed positively to the Welsh economy and society.

'Bureaucracy', the administrative burden which participation places on various groups of participants, remains a feature, perhaps an inevitable one, of the delivery of WBL.

The Welsh Government has adopted a broad Apprenticeship policy and has sought to make Apprenticeship as flexible as possible to meet employer needs.

The main factors configuring the scope and shape of the Apprenticeship programme between 2007 and 2011 were the budget available from the Welsh Government and the European Social Fund and quality controls. Deliberate planning to direct the distribution of Apprenticeship places to different economic sectors or to particular age groups of individuals was a relatively minor influence on the pattern of provision.

Planning of WBL in 2011 for the 2011 to 2014 delivery period was a stronger but still not dominant factor in the nature of the pattern of provision which was commissioned.

The process and outcomes of the 2011 WBL contracting round were not regarded as satisfactory by some external stakeholders.

Labour Market Information on current and future skills needs in the Welsh economy has not been sufficient to allow a stronger 'strategic' approach in the planning of WBL.

The breadth and variety of Apprenticeship provision raised concerns amongst some stakeholders that the Apprenticeship brand may weaken.

There is a need for continued marketing of WBL programmes to employers and individuals and for marketing by the various actors involved (mainly, the Welsh Government, Careers Wales, providers, and organisations representing providers and employers) to be more strongly co-ordinated.

No progress has been made in reducing the extent to which take-up of WBL opportunities in some sectors is strongly weighted to men or women.

There are concerns that the sharp reduction in the number of primary WBL providers and the consequent generation of more frequent and extensive sub-contract and consortium arrangements may lead to failures in quality of provision not being spotted.

Recent policy direction to direct a greater proportion of the WBL resource to young people will place pressure on the budget for support to older learners given constraint on the total available budget.

One way of supporting the budget for older learners would be to seek a greater financial contribution from learners or from employers but the latter is likely to prove difficult.

The evaluation programme as a whole included separate evaluations of focused 'pilots' – of the Young Recruits Programme, of Flexible Funding provision, of Shared Apprenticeship, and of the Apprenticeship Matching Service. These pilots show that innovative and flexible approaches to WBL formats are possible within the Welsh Government's overall WBL model but the advantages and disadvantages of each pilot need careful consideration to ensure that they provide value if the approaches are to become established elements of WBL in Wales.

WBL strategy and programmes have developed incrementally, responding as necessary to events and circumstances in Wales, most recently, in response

to weakening economic circumstances and to the Government's Economic Renewal programme. As such, and with further challenges ahead, it may be useful to institute a strategic review of WBL in Wales and to publish a formal WBL strategy.

## 1. Introduction

This introductory chapter briefly describes the main strands of Work Based Learning in Wales, some variants to those programmes (Shared Apprenticeships, Flexible Funding, and Young Recruits), and a system (the Apprenticeship Matching Service) to make Apprenticeship vacancies more accessible. This chapter also sets out the methods by which Work Based Learning and its variants between 2007 and 2011 were evaluated.

### Key points

- Between 2007 and 2011, in partnership with the European Union through ESF, The Welsh Government funded three major strands of Work Based Learning – Skillbuild, Apprenticeship, and the Modern Skills Diploma.
- In addition, the Welsh Government piloted new approaches and systems to help Work Based Learning in Wales to become more responsive to the needs of employers and learners.
- A staged programme of research and analysis has been undertaken since 2007 to evaluate the mainstream programmes and the new approaches and systems.
- This has included a mix of document reviews, statistical analysis, surveys, and programmes of interviews and focus groups.

1.1 'Work Based Learning' takes place in many, perhaps most, workplaces, either formally through training or simply as a result of learning from the day-to-day experience of delivering goods and services to clients and customers. However, in a narrower sense, Work Based Learning (WBL) is a term which describes the programmes put in place, by many governments in Western nations, to encourage the development of skills in their respective countries' workforces. In Wales, such intervention is funded in partnership by the Welsh Government and the ESF. Three main programmes are supported:

- *Skillbuild* improves the employability of those having difficulty entering the labour market and is usually undertaken by those at

lower skill levels. The programme is available to people of working age. Learners have access to several options including motivational, basic skills, and vocational courses. Since the programme normally includes workplace experience with an employer – though not with employed status as with Apprenticeship – Skillbuild is considered as a strand of Work Based Learning.

- *Apprenticeship*<sup>3</sup> blends workplace experience and off-site training and is delivered at three levels. ‘Foundation Apprenticeship’ is equivalent to 5 good GCSEs and thus delivers at Level 2<sup>4</sup>. ‘Apprenticeship’ is equivalent to 2 A Level passes and thus delivers at Level 3. ‘Higher Apprenticeships’, though less frequent, deliver at Level 4, and above a level broadly equivalent to that of a Foundation Degree. As with Skillbuild, in recent years Apprenticeship has been available to all people aged from 16 to 64.
- The *Modern Skills Diploma*<sup>5</sup> is closely aligned with Higher Apprenticeships and provides opportunities for employed learners aged 18 or over to improve their skills and knowledge at Level 4 and above

1.2 Additionally, in the last 3 years or so, the Welsh Government has developed and piloted variants of the Apprenticeship programme and a particular system to assist the programme to operate more effectively. These include:

- *Shared Apprenticeships*<sup>6</sup> in which Apprentices gain work experience with two or more employers instead of a single employer.

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<sup>3</sup> [wales.gov.uk/topics/educationandskills/skillsandtraining/apprenticeships](http://wales.gov.uk/topics/educationandskills/skillsandtraining/apprenticeships)

<sup>4</sup> The National Qualification Framework (NQF) groups qualifications into levels, from 1 to 8. *Entry level* describes qualifications certifying basic or functional skills at a low level. *Level 1* qualifications include introductory diplomas or certificates and GCSEs at grades D-G. *Level 2* includes GCSEs at grades A\*-C or vocational equivalents. *Level 3* comprises A Levels or vocational equivalents. *Levels 4 to 8* cover the ‘higher education’ spectrum from Higher National Certificates to doctoral degrees.

<sup>5</sup> [wales.gov.uk/topics/educationandskills/allsectorpolicies/europeansocialfund/projects/modernskills](http://wales.gov.uk/topics/educationandskills/allsectorpolicies/europeansocialfund/projects/modernskills)

<sup>6</sup> <http://wales.gov.uk/topics/educationandskills/skillsandtraining/apprenticeships/shared>

- *Flexible Funding*, by which employers are able to receive indirect financial support for only part of the Apprenticeship framework. This framework usually includes a National Vocational Qualification or NVQ (a certificate of competence), a 'technical certificate' (a certificate of underpinning knowledge), and a key skills qualification (a certificate of ability in literacy, numeracy, and IT skills). Under Flexible Funding arrangements, employers can select which of these qualifications they need for their employees. The Welsh Government contributes 50 per cent of the full cost of the training (at the standard rates approved for such training).
- The *Apprenticeship Matching Service (AMS)*<sup>7</sup> is a web-based service hosted by Careers Wales, the organisation contracted by the Welsh Government to deliver career development advice and support across Wales. The service enables providers and employers to make Apprenticeships accessible on-line, initially in two pilot areas, but latterly across Wales. The intention of the service is to make the process by which people learn of, and apply for, Apprenticeships to be more open, thereby improving the efficiency of the market and promoting fairness.
- In addition, *Young Recruits*<sup>8</sup>, a programme developed in response to the economic downturn has been introduced. It offers a wage subsidy of £50 per week (i.e. up to £2,600 for one year) to employers who take on a young Apprentice when they would not otherwise have done so.

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<sup>7</sup> <http://wales.gov.uk/topics/educationandskills/skillsandtraining/appretniceships/matching-service>

<sup>8</sup> <http://wales.gov.uk/topics/educationandskills/skillsandtraining/apprenticeships/youngrecruits-programme>

## Evaluation objectives

1.3 In 2007, BMG Research was commissioned to evaluate the Welsh Government's WBL programme over the period 2007 to 2011. The objectives of the evaluation were:

- To assess the overall contribution of WBL to the economy and society of Wales.
- To assess the appropriateness of the distribution of Work Based Learning in Wales.
- To assess the quality of Work Based Learning in Wales.
- To identify strengths and weaknesses in Work Based Learning design and delivery.

## Evaluation of mainstream Work Based Learning programmes

1.4 The evaluation of the main WBL programmes (Apprenticeship, Skillbuild, Modern Skills Diploma) had three main phases:

- *A 'baseline' phase in 2007:* This was intended to familiarise the evaluation team from BMG with the Work Based Learning environment in Wales at that time, to obtain an initial flavour of key delivery issues, and to allow an evaluation framework to be developed which would set out a framework for the forthcoming duration of the evaluation.
- *An initial evaluation phase in 2008:* This phase collected early evidence on the state of WBL in Wales as to its scale, distribution, effectiveness, and quality. The findings of this phase were reported to the Welsh Government in November 2008<sup>9</sup>. This report was 'summative' in the sense that it reached interim conclusions on the strengths and weaknesses of WBL at that point and 'formative' in the sense that it pointed to directions that the Welsh Government might take in respect of WBL delivery from that point onwards.

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<sup>9</sup> *Evaluation of Work Based Learning programmes in Wales: Overview Report*, an unpublished report to the Department for Children, Education, Lifelong Learning and Skills, November 2008

- *A final evaluation phase in 2011/2012:* This phase involved further evaluation work to update and augment the work which took place in 2007 and 2008 in order to complete the 'overarching' evaluation which this report, drawing on the whole evaluation process, sets out.

1.5 The evaluation of mainstream WBL programmes involved a range of inputs. These include:

- *Literature review:* Documents related to the underlying purposes of, and rationales for, WBL (mainly from academic sources) and to WBL strategy and policy (in Wales and England) were reviewed<sup>10</sup>. This material was used to identify key issues and debates which have arisen in respect of WBL in order to put evaluation findings in context, to inform the discussion at various points, and to reference the origin of various individual items of intelligence. Key documents are identified in footnotes in this report.
- *Secondary data analysis:* Review of statistics mainly focussed on those data sets which describe the scale and distribution of, and key trends in, WBL in Wales. These mainly derive from Lifelong Learning Record Wales (LLWR), the Welsh system for recording individual participation in, and outcomes of, WBL but many other statistics, including, for example, data from a survey of leavers who left ESF-funded WBL programmes in 2009 and from Estyn inspection reports of Work Based Learning provision, were also used. The sources of statistics are individually referenced in the report.
- *Surveys:* Four surveys were undertaken in 2008 as part of this evaluation. These were of employers and of participants or ex-participants in Work Based Learning. These surveys were undertaken by telephone with interviewers using mainly structured questionnaires. The surveys were designed to be representative of

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<sup>10</sup> The literature reviewed mainly comprised academic papers, government publications, and less formal material (ministerial and other press releases, etc.) available electronically via the internet and generated by searches on a range of key words and terms related to Work Based Learning

the various population groups they surveyed and were mainly concerned to assess the nature and quality of WBL experiences and participant satisfaction with those experiences.

- *Focus groups*: Focus groups with learners in WBL were held in both the initial and final phases of the evaluation. Though limited in number, these groups attempted to capture as wide a range of experiences as possible but, in practice, because Apprentices rather than Skillbuild learners were more accessible, the majority of participants were Apprentices. The objective of these groups was to gain greater depth of insight into learner perceptions of their programmes than the telephone surveys of learners allowed. The groups, lasting around an hour and a half and involving between 5 and 10 respondents in each case, were arranged by Colleges and were mediated on their premises by a senior member of the evaluation team.
- *Depth interviews*: These were undertaken in all phases of the research and involved interviews with *Welsh Government officials* with senior responsibilities for overall strands of WBL or for particular aspects of delivery (such as procurement or quality control), with *employers* (mainly larger ones with significant Apprenticeship programmes but including some smaller employers with Apprenticeship programmes or, in a minority of cases, offering Skillbuild work experience), with *providers* contracted to deliver WBL (both Further Education Colleges and private training companies), and with *other stakeholders* beyond these groups (including organisations representing employers and providers collectively and agencies with statutory or contracted responsibilities which are relevant to the delivery of WBL). In each case, interviews were guided by discussion guides agreed with the Welsh Government's managers of this evaluation programme. These guides were used flexibly (in the sense that discussions could focus on individuals' particular areas of interest) by the senior evaluation team members who undertook the interviews. Outputs of

these interviews, which were undertaken with the guarantee that any observations by respondents would not be individually attributed, form a very significant input to this evaluation. It will be recognised that views gathered from people involved in different roles in WBL are likely to conflict in respect of some issues. Given that many more perspectives and opinions were generated than could possibly be reported, selection amongst them has been required. The evaluators hope that this selection has been balanced and that, where divergence occurs, this has been fairly represented.

1.6 In more detail, inputs to the evaluation of mainstream Work Based Learning programmes were:

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### **Baseline review, 2007**

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Literature review

Secondary analysis of data on trends in, and distributions and outcomes of, WBL participation

20 face to depth interviews with government officials, providers, Estyn<sup>11</sup>, and the National Training Federation for Wales<sup>12</sup>

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### **Initial evaluation phase, 2008**

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Updated secondary data analysis of data on trends in, and distributions and outcomes of, WBL participation

Telephone survey of 100 employers without WBL learners

Telephone survey of 76 employers with WBL learners

Telephone survey of 500 WBL learners

Telephone survey of 500 learners who had left WBL before completion

2 focus groups with WBL learners

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<sup>11</sup> Estyn is the statutory body for inspection of learning provision in Wales.

<sup>12</sup> The National Training Federation for Wales represents organisations in the training industry in Wales.

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Face-to-face interviews with 11 providers

Face-to-face interviews with 5 external stakeholders (2 Sector Skills Councils<sup>13</sup>, Careers Wales<sup>14</sup>, Estyn, JobCentre Plus<sup>15</sup>).

Face-to-face interviews with 7 Welsh Government officials at regional or national level.

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### **Final evaluation phase, 2011/2012**

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Literature review

Final, updated statistical review

Face-to-face interviews with 10 government officials

Face-to-face interviews with 6 providers

Face-to-face interviews with 8 employers

Face-to-face interviews with 5 stakeholders (National Training Federation for Wales, Colleges Wales<sup>16</sup>, Estyn, Careers Wales, the Alliance of Sector Skills Councils in Wales<sup>17</sup>).

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### **Evaluation of Work Based Learning pilot and ancillary programmes**

- 1.7 In addition to evaluation activities related to the three 'mainstream' WBL programmes, separate evaluations were additionally undertaken, at points between 2008 and 2011, of the Shared Apprenticeship and Flexible Funding pilots, of the Apprenticeship Matching Service, and of the Young Recruits programme. These separate evaluations, which were each individually reported to the Welsh Government, involved further sets of interviews (in-depth or in surveys) or focus groups with government officials responsible for their design and management, with employers, providers, and learners, and, in each case, a review of

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<sup>13</sup> Sector Skills Councils are industry-representative bodies, part funded by the UK government, to identify sector skill needs and to stimulate responses to those needs.

<sup>14</sup> Careers Wales is an association of companies contracted by the Welsh Government to deliver all-age careers information, advice, and guidance in Wales.

<sup>15</sup> JobCentre Plus is an agency of the UK Department of Work and Pensions with responsibility for securing employment for people seeking work.

<sup>16</sup> Colleges Wales is the national organisation representing Further Education institutions in Wales.

<sup>17</sup> The Alliance of Sector Skills Councils in Wales collectively represents the 21 Sector Skills Councils.

relevant documentation and statistics. The methods used in each of the separate evaluations are described in more detail in Chapter 7.

### **The evaluation report**

- 1.8 This overarching report now brings together evidence gathered across the evaluation period – from the baseline and interim reports, from the more recent research activity not covered by those reports, and from the individual reports which were generated from evaluations of the pilot programmes and of Young Recruits.
- 1.9 Most chapters of the report are concerned with the main WBL programmes. However, two chapters of the report are focussed somewhat differently.
- 1.10 Firstly, consideration of the Shared Apprenticeship and Flexible Funding pilots, of the Apprenticeship Matching Service, and of the Young Recruits programme is the subject of a separate chapter (Chapter 7) of the report in order to allow the value of these quite specific ‘non-mainstream’ pilots and programmes to be clearly appreciated.
- 1.11 Secondly, as noted earlier, a significant contribution to the cost of WBL programmes in Wales is made through the ESF. In many cases, statistical evidence relating to WBL programmes does not differentiate this contribution and many government officials interviewed in the course of the evaluation, while recognising that ESF funding generates additional volumes of places, do not see it as generating any major difference in the way programmes operate and deliver. In that sense, the whole report, in commenting on the strengths and weaknesses of WBL provision in the round, is also commenting on provision funded by ESF. However, some more specific statistics are available on ESF-funded provision which allows this provision to be quantified and, in some specific ways, to be assessed. A further separate chapter (Chapter 6) of the report reviews this material and reflects on the analysis which results.

1.12 It should also be noted that, throughout the report, the terms 'Foundation Apprenticeship' and 'Apprenticeship' have been used to describe Apprenticeships delivering Level 2 and Level 3 skills and qualifications respectively, even though in the earlier part of 2007 to 2011 other names for these programmes (namely 'Foundation Modern Apprenticeship' and 'Modern Apprenticeship') applied.

## 2 Context

This chapter briefly describes the evolution of WBL in the UK and Wales. Some of the main challenges to achieving a coherent and stable model for the organisation and delivery of WBL which have attended this process are described.

### Key points

- Apprenticeship, unsupported by government funding, has been used to develop skills in many traditional industries for many centuries.
- However, the number of apprentices in the UK declined substantially between the 1960s and the 1990s.
- The UK Government, which had become substantially involved in the support of youth unemployment programmes in the 1980s, introduced the Modern Apprenticeship programme in 1994.
- Following devolution, Wales continued to develop Modern Apprenticeship (later rebranded as 'Apprenticeship') and also developed the Skillbuild and Modern Skills Diploma programmes. Broadly, these later programmes were positioned respectively below and above Apprenticeship in terms of the level of skills and qualifications they developed.
- Whereas UK government interventions in the 1980s had focussed on young people, Wales took an 'all age' perspective such that Skillbuild from its inception and, later, Apprenticeship supported adults to develop employability and skills.
- Correspondingly, there has been a widening of function. WBL came to be pursued for a much wider set of economic and social objectives, with vocational skills development becoming seen as a route both to national economic competitiveness and to social mobility and cohesion. This led to 'supply-side' policies to increase the volume of workforce qualifications.
- These policies were, however, subjected to academic criticism, with some of their basic assumptions being questioned and there has been a switch in policy whereby government aspirations for 'employer-led' programmes came to the fore.

- A shift to 'employer-led' approaches demanded that the nature of the learning experiences, determined by frameworks which set out what competences Apprentices must have or acquire, should be more 'flexible' in order to reflect what employers want and need.
- The extension of Apprenticeship support to adult learners, largely by subsidising employers to train their existing employees, has been reported as generating a good return to public expenditure but academic critics have questioned whether this is a proper function of government.
- A consistent feature of the organisation of WBL has been the central role of training providers as contract holders with governments and as programme managers. It has been argued that direct funding of employers would be more effective but, beyond a limited plan to route some funding directly to employers in England, the UK has seen no major movement in this direction.
- Overall, review of the development of WBL suggests that workplace training was, up to three decades ago, largely a matter concerning employers and their employees and was a relatively straightforward matter. With the intervention of government, and the identification of workplace training with national policy objectives beyond those relating to the skill needs of particular businesses, several challenges have arisen in determining how those wider objectives can best be met in practice.
- These challenges principally concern the effective allocation of resources, quality of learning, and the efficiency of delivery systems. It is these factors with which the evaluation is mainly concerned.

2.1 There is a wealth of material on the development and delivery of WBL in Wales, the United Kingdom and internationally. This material is too substantial to allow it to be systematically reviewed here (indeed, it is so voluminous that it could scarcely be fully reviewed outside of a multi-volume publication). This context chapter, therefore, sets out to describe some key features of WBL and identify some aspects of those features which have aroused considerable political and academic

debate. In doing so, it aims to show at least some of the challenges – both practical and philosophical – which design and delivery of an effective WBL programme face.

### **A brief history of the development of WBL programmes**

2.2 To begin with, the recent history of WBL in the UK and in Wales is briefly described. In the UK, apprenticeship – in the traditional sense of a period of indentured skills development based on a contract between employer and apprentice without government involvement – has a history dating back to the 12<sup>th</sup> century. For many years, Apprentices were the mainstay of training across many traditional industries, aimed at ensuring an adequate supply of proficient individuals in skilled occupations and higher technician and engineering professions. In the first half of the twentieth century, numbers of such apprentices were substantial and, even as late as the mid-1960s, approximately 240,000 apprentices were in training in the UK each year. The UK Industry Training Boards (ITBs) established under the 1964 Industrial Training Act sought to improve the quality and quantity of training and to share the costs of training with employers. However, traditional apprenticeships declined in many sectors during the 1980s, with the exception of high technology areas such as aerospace, chemical, nuclear, automotive, power and energy. These sectors continued to adopt structured apprenticeship systems based on four to five year programmes. Overall, the number of UK apprentices declined to around 53,000 by 1990<sup>18</sup> as Further Education expanded and the manufacturing sector in which many Apprenticeships were based declined.

2.3 During the 1980s the government became involved for the first time in funding the vocational training of young people in the workplace – a factor which began to lessen the previously central role of employers in this function. In response to high youth unemployment in the early 1980s recession, the UK government introduced, successively, the Youth Training Scheme (YTS) and the Youth Training (YT)

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<sup>18</sup> [www.apprenticeships.org.uk/About-Us/History-of-Apprenticeships.aspx](http://www.apprenticeships.org.uk/About-Us/History-of-Apprenticeships.aspx)

programme, but these generated 'provision which was often questionable and both programmes contributed to a poor perception of vocational training generally' and were subsequently abandoned<sup>19</sup>.

- 2.4 However, the principle of government intervention in vocational training in the workplace having been established, employer engagement in training young recruits still being perceived as being too infrequent, and with continuing skill shortages, a new Modern Apprenticeship (since renamed 'Apprenticeship' in both England and Wales) was introduced in 1994/95. This programme, initially at Level 3, was focussed on occupational competence, at that stage without a requirement for specific technical certification.
- 2.5 Following devolution in Wales in 1998, the new Welsh Assembly Government<sup>20</sup> broadly continued the existing UK-wide pattern. The Level 3 Modern Apprenticeship was adopted along with the Level 2 'National Traineeships' which had subsequently been established to broaden the scope of government-sponsored work-based learning. In 2000, a formal Level 2 Apprenticeship was introduced in England. Wales subsequently followed, abandoning the National Traineeship brand and adopting the Level 2 Apprenticeship, called Foundation Modern Apprenticeship in Wales.
- 2.6 A key change occurred in 2003/04 when a technical certificate explicitly requiring theoretical knowledge from Apprentices (and, implicitly, structured off-workstation training) was introduced into Apprenticeship frameworks and, in 2005, Sector Skills Councils (industry-specific organisations mainly funded by government to articulate the skills needs of their respective industries<sup>21</sup>) were given a major role in designing and then certifying their Apprenticeship frameworks as 'fit for purpose'. Since Apprenticeship frameworks were, and are, determined in relation to the needs of particular sectors across the UK without

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<sup>19</sup> *ibid*

<sup>20</sup> Re-designated as the Welsh Government since June 2011

<sup>21</sup> See [www.sscalliance.org](http://www.sscalliance.org) for a description of Sector Skills Councils

major variation between the UK home nations, both these changes also applied to Wales.

- 2.7 Since 2010, all Apprenticeship frameworks available for delivery in Wales meet the new Specification of Apprentice Standards for Wales (SASW) which, as part of the Apprenticeships, Skills, Children and Learning Act 2009, replaced the previous 'blueprint' standard. SASW sets out the minimum requirements for Apprenticeships in Wales, including a number of mandatory elements such as:
- A competence-based qualification, which must be, as a minimum, a level 2 from the Qualifications and Credit Framework.
  - A relevant technical knowledge qualification.
  - Essential Skills Wales qualifications in Communication and Application of Number, and
  - Employee Rights and Responsibilities to ensure that the apprentice is aware of their rights and responsibilities in the workplace.
- 2.8 Having undergone rapid development over recent years, further Apprenticeship frameworks now cover more than 200 different occupational training routes. In Wales, Apprenticeship training is particularly popular in activities such as business administration, management, customer service, and Information Technology. There are over 180 Apprenticeship frameworks, some covering a number of different occupational training routes, held on Apprenticeship Frameworks Online. These frameworks set the requirements and standards for Apprentice training for the traditional Apprentice sectors such as manufacturing, construction, and engineering, as well as for service, health and social care, early years care, and education sectors which do not have an Apprenticeship tradition.
- 2.9 Additionally, in Wales two further programmes were developed. *Skillbuild* was introduced to support post-16 unemployed and workless individuals, often people having no or low qualifications. In offering 'tasters' of different work environments, Skillbuild was an addition to

Wales' WBL 'repertoire' but the new programme also offered help in overcoming motivational barriers, basic skills learning, and opportunities to acquire vocational qualifications. The *Modern Skills Diploma*, an employment-based programme for learners aged 25 or over who are in employment, was also introduced. It provides opportunities for learners who would normally be expected to be in technician or managerial roles to achieve Level 4 qualifications.

2.10 Initially, Skillbuild and the Modern Skills Diploma had no direct equivalent in England, though England's Entry to Employment (E2E) programme introduced in the 2000s, offered 16-19 year olds the same sort of educational experiences as Skillbuild but without the work experience element; whilst Higher Apprenticeship has latterly offered a Level 4 outcome as with the Modern Skills Diploma.

2.11 In England, however, an additional major programme, Train to Gain, with a very substantial budget, was instituted in 2006. This programme (which has now been dismantled by the Coalition Government which took office in May 2010), was initially aimed at supporting employers to provide training which moved their employees towards a 'first Level 2' qualification but was then extended to support training towards Level 3 achievement. By 2009, Train to Gain had supported a million learners and had expended a budget of £1.5 billion<sup>22</sup>. This programme had no direct equivalent in Wales, although the Flexible Funding arrangements piloted on a relatively small scale in Wales in recent years share common features and Wales' Workforce Development Programme<sup>23</sup> offers a flexible range of support to employers, including both advice and consultancy on staff development as well as some specific subsidies for training.

2.12 A further major change which has taken place in the development of WBL programmes in both England and Wales was that programmes which had previously been focussed, as with 'traditional'

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<sup>22</sup> *Train to Gain: Developing the Skills of the Workforce*, National Audit Office, July, 2009

<sup>23</sup> A Welsh Government programme to raise management and workforce skills based on support from advisors to businesses which diagnoses skill needs and identifies solutions.

apprenticeships, on the induction of young entrants to the workplace, were extended to support the development of skills and employability of older people. Wales adopted an 'all-age' perspective on both Level 2 and 3 Apprenticeships early in the 2000s (and Skillbuild, too, has supported the employability of adults as well as young people from an early stage in its development). Adult Apprenticeship was introduced in England later, in 2006. Essentially, Apprenticeship, traditionally a means of transition from school or college into skilled work, was transformed into a much broader form of support to training, including that of people already in employment with the employer where their Apprenticeship took place.

- 2.13 Against this simple account of the development of WBL programmes, some key characteristics of the development process, of the programmes themselves, and of the challenges that have arisen to effective programme design and delivery, can be considered.

### **The widening functions of skills and skills support**

- 2.14 A first point is that vocational skills development – to which WBL programmes contribute – has been allocated an increasingly wider role by governments. Whereas, historically, vocational training was simply a practical matter of fitting individuals into job roles, it now has wider functions. At an economic level, skills are seen as underpinning national competitiveness in an increasingly globalised business and trading environment and, hence, both UK<sup>24</sup> and Welsh<sup>25</sup> governments have emphasised raising the volume of skills in the workforce as a key economic priority. At the level of the firm they seek to raise productivity and efficiency. For individuals, they seek to increase the chances of a rewarding career with significant financial returns to skill development. For society, they seek to increase social inclusion and social mobility, and to combat poverty and the varied social ills which stem from poverty.

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<sup>24</sup> See, for example, *Leitch Review of Skills: Prosperity for all in the global economy – world class skills; Final Report*, 2006, HM Treasury

<sup>25</sup> See, for example, *Skills and Employment Action Plan for Wales 2005*, National Assembly for Wales; and *Skills that Work for Wales: A Skills for Employment Strategy and Action Plan*, 2008, Welsh Assembly Government.

2.15 There has been a substantial critique of the logic of the arguments which lead to skills being given these roles. For example, that correlation between national skills or qualifications profiles and national productivity is imperfect and, hence, higher skills/qualifications stocks don't necessarily mean higher competitiveness; that a substantial minority of jobs continues, and will continue, to require few skills and pay low wages and, hence, the necessity for all workers to have a specified minimum level of skills and qualifications ignores the fact that, in that case, many skills and qualifications gained would be under-utilised; and that financial returns for individuals to some training/qualifications (such as NVQ Level 2) are very modest and, hence, public investment in the acquisition of such skills/qualifications has low returns in terms of individual and social betterment<sup>26</sup>. Such critiques do not, of course, constitute an argument for complete non-intervention by governments in this arena, but may make a case for selective intervention only where return on public investment is likely to be significant.

2.16 The proposition that over-qualification may be an outcome of skills policy focussed mainly on increasing the supply of skills and qualifications was reiterated in a recent report in England. The Wolf Report<sup>27</sup> on vocational education (which further noted that skill shortages, though sometimes acute in respect of some occupations, are, overall, limited and not, therefore, a matter of concern for a majority of employers) observed:

*'There is a substantial literature which examines whether and how often individuals are over-qualified for their jobs, in the sense of holding formal qualifications at a level higher than is required to carry them out. They are consistent in finding high levels of over-education in this sense: typically between a*

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<sup>26</sup> These, and other related arguments, have been widely disseminated, as, for example, *Initial Submission on adult learning in the workplace – exploring current patterns and their objectives*, Ewart Keep, NIACE, 2007; or *From Competence and Competition to the Leitch Review*, Ewart Keep, IES Working Paper 17, 2008

<sup>27</sup> Review of Vocational Education – The Wolf Report, Alison Wolf, March 2011

*quarter and a third of contemporary employees fall in this category. At national level, government research confirms that the number of individuals holding a qualification at a given level is far higher than the number of jobs that require that level of certificate.*

2.17 Such problems of a 'supply-side' emphasis have been recognised by policy makers. However, moving towards a position which places greater emphasis on demand for skills from the economy has raised its own challenges. On one hand, in order to ensure that programmes have economic and business relevance and to ensure that, for individuals, participation delivers results of permanent value, governments want programmes to be employer- or demand-led. On the other hand, because they want to ensure that the aggregate level of participation is responsive to analysis of national economic need and/or to demand for places (particularly when unemployment is high), there is a tendency to set targets for participant numbers, or at least to aspire to greater numbers of participants, irrespective of what employer demand actually is.

2.18 This contradiction was clearly apparent in, for example, the Leitch Review (2006) cited earlier. In Wales, the Webb Review<sup>28</sup> proposed both that Apprenticeship should be 'employer-led' and simultaneously proposed a numerical increase of 50 per cent to 50,000 places annually. However, the Welsh Government's response<sup>29</sup> said only that 'Places for apprenticeship training will be increased subject to the availability of funding over the next three years.' Whilst the One Wales Delivery Plan 2007-2011 (Welsh Assembly Government, 2007) and Skills that Work for Wales (cited earlier) set out aspirations for more Apprentices, these did not have a numerical target attached and, thus, the implicit tension between the aspirations for an employer-led

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<sup>28</sup> *Promise and Performance: The Report of the Independent Review of the Mission and Purpose of Further Education in Wales*, December 2007

<sup>29</sup> *Assembly Government's response to the Webb Review*, Welsh Assembly Government, 2007

programme (which, presumably, would lead to employers determining how many Apprenticeships are required) and a government specification of how many Apprenticeships should be generated, was less apparent.

2.19 When, as has sometimes been the case, the number of employers willing to provide the work-based element of programmes falls short of the number which government would prefer or aspire to, the philosophical conflict between the two aspirations becomes particularly visible.

2.20 To resolve the conflict of ideas, governments have tended to put forward the argument<sup>30</sup> that market failure explains the divergence – for example, firms fear poaching of trained staff or simply do not understand the benefits of training sufficiently – and that the observed level of employer demand is, implicitly, ‘falsely’ constrained. In a ‘voluntarist’ training market in which there is limited scope to force employers to train<sup>31</sup>, government response to combat this perceived market failure has mainly been, and continues to be, to promote the effectiveness of programmes, particularly Apprenticeship, and, in both England<sup>32</sup> and Wales<sup>33</sup>, to exhort employers to become involved.

2.21 The ‘market failure’ argument has, however, been developed. The proposition that performance, at either the whole-economy or the

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<sup>30</sup> See, for example, Skills that Work for Wales (cited earlier), page 31

<sup>31</sup> The main exceptions being professional standards for some high level jobs, occupations where safety is concerned (such as gas or electrical installation), the care sector where the Care Standards Act requires minimum proportions of staff-per-care home with minimum levels of qualification, and health and safety training in, for example, the food industry.

<sup>32</sup> For example, launching a ‘New Era For Apprenticeships’ on February 9<sup>th</sup> 2012, Minister for Skills, John Hayes MP, said ‘This exciting new campaign will spread the word that apprenticeships not only deliver the skills businesses need in order to grow, they also enable people to build long, fulfilling and productive careers. We are committed to making it easier for employers to take on trainees, in part by cutting bureaucracy, raising quality standards and providing cash incentives to small firms who want to take on apprentices.’ (<http://www.apprenticeships.org.uk/News-Media/Latest-News/Article101.aspx>)

<sup>33</sup> For example, the BBC website for Wales reported on February 6<sup>th</sup>, 2012, under the banner ‘More Apprenticeships in Wales call from Welsh Government’: Welsh Deputy Minister for Skills, Jeff Cuthbert said the move would give businesses vital skills for survival and growth in the future. Mr. Cuthbert said on-the-job training led to ‘better motivated workforces and an improved bottom line.’ The Welsh Government quoted research, undertaken by Populus amongst employers who had trained apprentices. This suggested that 77 per cent believed it made their firms more competitive, with 76 per cent saying it led to higher productivity.

business levels, can be driven simply by increasing the supply of skills/qualifications and then persuading employers of this case, has moved somewhat towards a more holistic view in which a shift in the way that businesses operate and, particularly, utilise skills is seen as critical to solving demand/supply imbalances. This perspective was expressed in Wales as early as 2005 in the skills strategy produced in that year<sup>34</sup>:

*‘A key challenge is to tackle this low-skill, low-value-added culture and to drive for innovation and better business performance that will promote investment in education and skills, which in turn should generate competitive success, economic growth and sustainable employment opportunities. Simply supplying more highly skilled individuals, without at the same time ensuring increased demand for these skills, will not work. Investing in a suitably qualified workforce, capable of meeting the demands of the knowledge economy is crucial. Raising management and leadership is particularly important. It is vital that the economic and learning agencies work together to raise employers’ sights and create more high quality jobs as well as ensuring appropriate learning provision is available to meet and promote skill needs.’*

2.22 The perspective has, however, been examined more recently, both by the UK Commission for Employment and Skills<sup>35</sup> and by the Wales Employment and Skills Board<sup>36</sup> which have both reviewed the prospects for the extension of ‘High Performance Working’, in which organisations give higher value to skills development and integrate it much more clearly into their business strategies and operations. However, both organisations recognise that changing business culture in favour of ‘High Performance Working’ approaches in order to help businesses ‘move up the value chain’ and increase demand for skills is

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<sup>34</sup> *Skills and Employment Action Plan for Wales 2005*, National Assembly for Wales

<sup>35</sup> See, for example, the UCKES’s recent research outputs on skills utilisation at [www.ukces.org.uk/our\\_work/skills-utilisation](http://www.ukces.org.uk/our_work/skills-utilisation)

<sup>36</sup> *High Performance Working*, Wales Employment and Skills Board, July 2011

unlikely to be other than a slow process (despite the existence of programmes such as Investors in People<sup>37</sup> and, in Wales, the Workforce Development Programme<sup>38</sup>, which have some purchase on this).

2.23 In the meantime, under the pressure of high youth unemployment both England and Wales have introduced the somewhat blunter instrument for raising employer demand, direct additional subsidy to employers who take on a young Apprentice whom they would not otherwise have done so<sup>39</sup> or to employers taking on a young Apprentice for the first time<sup>40</sup>.

2.24 A further consequence of a shortfall in employer demand is that the capacity of governments to distribute placements is limited – broadly, they must accept whatever demand emerges from employers (subject to placements offered by employers meeting standards for safety and quality) and seldom have the luxury of balancing, to any great degree, the overall programme into sectors where it believes economic or social return would be maximised.

2.25 An ‘employer-led’ perspective on WBL programmes may also have had acted to change Apprenticeship’s character as an experience combining both certificated work competence and ‘underpinning knowledge’. Since employers want flexible programmes which meet their individual business needs<sup>41</sup>, there is pressure to change

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<sup>37</sup> A UK award for organisations which operate to good practice standards in human resource management

<sup>38</sup> A Welsh Government programme to raise management and workforce skills based on support from advisors to businesses which diagnoses skill needs and identifies solutions.

<sup>39</sup> The Young Recruits Programme was introduced in 2009 and offers a £50 per week wage subsidy for one year to businesses taking on an Apprentice aged 16-24 when they would not otherwise have done so

<sup>40</sup> In November 2011, the Department for Business, Innovation and Skills announced a grant of £1,500 to businesses taking on their first Apprentice aged 16-24, the Apprenticeship Grant for Employers (AGE) programme

<sup>41</sup> See, for example: [www.cbi.org.uk/business-issues/education-and-skills/in-focus/apprenticeships](http://www.cbi.org.uk/business-issues/education-and-skills/in-focus/apprenticeships) and *CBI Response to the Welsh Assembly’s Enterprise and Learning Committee consultation on the Draft Apprenticeship Bill*, September 2008

Apprenticeship frameworks to allow this. One paper<sup>42</sup>, whilst recognising the breadth of craft training in some manufacturing Apprenticeships, argued that other Apprenticeships have limited scope as a consequence of this 'flexibility' pressure. In Wales, the relatively new (2009) SASW regime is designed to ensure that all Apprenticeships set mandatory requirements for the competence and knowledge they develop; and, thus, that the aspiration for Apprenticeships to be responsive to employer requirements cannot be at the expense of acceptable minimum levels of Apprentice learning and skills development.

### **Growing numbers of older Apprentices**

- 2.26 A final point on the difficulty of balancing the demand-led perspective with the expansionary ambitions of government is that it has been associated with a shift in the balance of Apprenticeship places between those for young entrants and those for older, established workers, in favour of the latter. Whilst it may be, as discussed, that overall employer demand tends to be sub-optimal from a government point of view, demand is clearly strongest for Apprenticeships directed to older, employed staff which have grown as a proportion of all Apprenticeships.
- 2.27 The substantial proportion of Apprenticeships for older employees, many already in employment with the business where the Apprenticeship takes place, highlights a quite fundamental question about the rationale for public intervention in post-16 skills development.
- 2.28 On one hand, there is the positive case for investment put forward by many Welsh Government officials (in interviews conducted as part of this evaluation). This case is basically fourfold: that Apprenticeship represents a government investment in national productivity; that Apprenticeship develops 'portable' skills giving individuals the ability to move between jobs and, thus, promoting a flexible labour market; that

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<sup>42</sup> *Apprenticeship: between theory and practice, school and workplace*, Paul Ryan, King's College Cambridge for Swiss Federal Office for Professional Education and Technology, July 2011

Apprenticeship is a good base for individual progression, an important step in the development of the rewarding, stable careers on which an effective society is based; and that support to training costs encourages the location and retention of major investments in Wales. In the case of young people, a further argument can be added, that in times, as now, of economic constraint, Apprenticeship is particularly important as one means of combating youth unemployment which would otherwise be significantly higher than it is.

2.29 The argument for the economic value of support to Apprenticeship has some independent support. In England, the National Audit Office has recently reported<sup>43</sup> that 71 per cent of around 440,000 Apprenticeships started in 2010/11 were for adults (aged 19 or over) at a cost of around £450 million. The study calculated that these Apprenticeships gave an average return of £18 per £1 spent by Government on them<sup>44</sup>. The study concludes that 'adult apprenticeships offer a good return for the public spending involved'. There is no equivalent calculation in respect of Apprenticeships for 16 to 18 year olds but, since such Apprentices have a potential average working life which exceeds that of older Apprentices, the return would be expected to be higher still. Assuming (since no parallel calculation has been made specifically for Wales) that similar returns apply in Wales, then the case for public investment appears sound. However, the study also notes that there is no data available as to whether, if government had not invested, businesses would have done so anyway and has to be content with saying that 'the National Apprenticeship Service is confident that additionality in the Apprenticeship Programme is likely to be higher than for Train to Gain' (the latter programme having been closed down by the Coalition Government in 2010 partly because of its low level of additionality).

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<sup>43</sup> *Adult Apprenticeships*, National Audit Office, February 2012

<sup>44</sup> This return is based on the additional wages subsequently achieved by adult Apprentices (18 per cent average increase for Level 3 Apprentices and 11 per cent average increase for Level 2 Apprentices) factored over an estimated working life and an estimate of the value of additional productivity to employers which is not paid out as wages

2.30 On the other hand, the value of government spending on Apprenticeships has been the subject of critical questioning. For example, writing in 2007, Professor Alison Wolf commented<sup>45</sup>:

*'The idea that government should fund employers' training directly is, if you stop to think about it, a very odd one. Such training is, after all, something which is meant to contribute directly to production and productivity. We do not usually go around giving direct subsidies for machinery, or other investment: in fact, that is definitely frowned upon, as distorting competition, reducing efficiency, and favouring established firms over new entrants.'*

2.31 In similar vein<sup>46</sup>, Dr. Geoff Hayward of SKOPE (Skills Knowledge and Organisational Performance at Oxford and Cardiff Universities) has asked:

*'What evidence warrants the investment of yet more public money in supporting employers, for example, to train their staff in job specific skills whether through Train to Gain, now happily consigned to the dustbin of history or, increasingly, apprenticeship?'*

2.32 Exempting support for the development of skills for young people because of its value in socialising young people into a working community and which, therefore, is regarded as 'a duty of care', Dr. Hayward concluded that:

*'For most adult employees and their employers the goods of vocational education and training are essentially private and should be delivered via the market. If an employer wants to develop a qualification and get an awarding body to accredit that learning programme what is the problem? But it should be a private matter involving no public money. If employers want to*

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<sup>45</sup> *Round and round the houses: The Leitch Review of Skills*, Alison Wolf, King's College London, 2007

<sup>46</sup> *What is vocational education and training for?* Dr. Geoff Hayward, paper to the National Training Federation for Wales annual conference, 2010

*train their staff in job specific skills and accredit that, then good luck to them. The role of the state should be to set some minimum level of regulation though what this might be is not clear to me. The way to get employers to train their staff is to get them to think about skill utilisation, about how to develop product and competitive strategies, to move upmarket and that that requires an industrial policy not just a skills policy.'*

2.33 However, even the value of Apprenticeship for young learners has been questioned when the Apprenticeship is at a relatively low level. Examining the scope of Apprenticeship training delivered in one particular company, a paper published in 2010<sup>47</sup> argued that the training in question was, in many cases, supporting the company's initial staff training for young entry-level recruits which the company....

*'should and would be undertaking as part of the training any employee could reasonably expect in undertaking a new job. The danger of making this a government-supported apprenticeship is that the taxpayer ends up funding much of what the employer would have had to provide anyway. The 'added value' from public support would appear to rest largely on the fact that this training will now receive formal certification. It is questionable as to whether the taxpayer should be responsible to pay for this type of formal certification.'*

2.34 To some degree, these arguments may have been accepted by governments. Thus, Skills that Work for Wales had, as early as 2008, a somewhat unspecific action point to 'look at the charging of fees for certain types of apprenticeship place'<sup>48</sup>. In England, the coalition government proposes to introduce a system from 2013/14 whereby Apprenticeship is mainly co-funded and Level 3 Apprenticeship for

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<sup>47</sup> *What is Apprenticeship?*, Issues Paper 22, SKOPE, University of Oxford, July 2010

<sup>48</sup> *Skills that Work for Wales: A Skills and Employment Strategy and Action Plan*, Welsh Assembly Government, page 80

those aged 24 or over is supported only by a loan system repayable when the Apprentice achieves an agreed wage level<sup>49</sup>.

2.35 Overall, the case for investment in Apprenticeships for young people simply as one route among several (including 6<sup>th</sup> Forms, Further and Higher Education) by which the state assists their transfer from the pre-17 years school stage into employment appears to have been (and to be) relatively uncontentious. However, the funding of Apprenticeships for older workers has been subject to a stronger critique both ‘philosophically’ by academics and, perhaps driven by austerity in public finances, politically (though thus far, in the latter case, more obviously in England than in Wales).

### **The central role of providers**

2.36 A key characteristic of WBL programmes has been the positioning of providers as their organisational and operational centre – holding contracts with the Government to establish placements with employers, being responsible for managing those placements, and receiving the funding by which employers are absolved from paying for off-site training elements. There have been calls for this situation to change – for employers to receive the training subsidy directly and to spend it as they choose. In 2007, in England, a House of Lords report<sup>50</sup> concluded that:

*‘Employers should be at the centre of all apprenticeship provision. In our view, all funding for apprenticeships ... should, within five years, be re-routed directly to employers. Employers would then sub-contract any off-the-job training or other services which they did not themselves provide. This direct financing would act as a powerful incentive for employers to provide more places.’*

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<sup>49</sup> *Skills for Sustainable Growth*, Department for Business, Innovation and Skills, November 2010

<sup>50</sup> *Select Committee on Economic Affairs, Fifth Report*, House of Lords, July 2007

2.37 More recently, CBI Cymru, in its response<sup>51</sup> to the Welsh Government's Economic Renewal programme argued similarly:

*'The Assembly Government needs to put more purchasing power directly with companies as they are in the best position to determine their own skills and training needs. The Assembly Government must reform the training system to enable employers to directly draw down skills funding and spend with the provider that best meets their needs or carry out the training in house.'*

2.38 In England, there has been some response to those types of argument. For example, it is reported<sup>52</sup> by the Department for Business, Innovation and Skills that:

*'In 2012, we will introduce the Employer Ownership Programme which will be jointly funded by DfE and BIS. The programme will enable employers to take direct ownership of the Skills and Apprenticeship agenda in their sector or supply chain in return for directly routing up to £250m of public investment over a two year period.'*

2.39 However, it remains to be seen whether this limited venture into direct employer funding is expanded in England or whether the provider-centred model remains dominant. Clearly, any major shift to direct employer funding would present great challenges to system management and financial control in conditions where, in both England and Wales, there have been consistent efforts to reduce the complexity and costs of management including significantly decreasing the number of providers with primary contracts with government (as presaged in Wales by Skills that Work for Wales: 'In the long term, we

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<sup>51</sup> *Delivering private sector growth, CBI Response to the economic renewal programme, CBI Cymru, May 2010*

<sup>52</sup> *New challenges, new chances: Skills Investment Statement, 2011-2014, BIS, December 2011*

want to contract with a smaller stronger base of high-quality providers, capable of delivering to a high standard across Wales<sup>53</sup>)

## Conclusion

- 2.40 This chapter has noted that, since the 1980s, governments have become increasingly involved in the funding of work-based vocational programmes. The reasons for doing so have mixed broad objectives for national economic and business competitiveness with those for individual and social betterment. Whilst early government intervention (in the 1980s) focussed on the development of skills in young people entering the labour market or addressing problems of youth unemployment, it now also supports many older workers who are already in employment.
- 2.41 This has brought several challenges. There is an in-built tension between the desire for programmes to be flexible to employer needs and for programmes to develop recognised and respected brand identities. There is further tension between the need for programmes to be 'led' by employers but also to fulfil government aspirations for programme expansion (when budgets permit) to meet economic and social needs. There is evidence that programmes can bring a good return to public investment but there are parallel concerns that they lack additionality and pay for training for which businesses should themselves pay. Over the last three to four years, rising unemployment, particularly amongst young people, combined with tightened public finances, have sharpened the challenge of using training programmes to combat youth inactivity in conditions where employers may be less inclined to want trainees and when overall budgets to support vocational training are constrained.
- 2.42 Against this backdrop, the extent to which WBL programmes have, over the last four years, added value to the economy and society of Wales is considered in the report chapters which follow.

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<sup>53</sup> *Skills that Work for Wales: A Skills and Employment Strategy and Action Plan*, Welsh Assembly Government, July 2008, page 52

### **3 The overall economic and social value of WBL programmes in Wales**

This chapter considers the overall contribution which the two most substantial WBL programmes – Apprenticeship and Skillbuild – have made to the economy and society of Wales. It projects estimates of the returns to programme participation (from sources outside the evaluation) on to numbers of programme participants in Wales in order to estimate the programmes’ financial contribution to the economy and sets out a range of other evidence on the value of the programmes overall.

#### **Key points**

- A calculation suggests that the aggregate long-term return of adult Apprenticeship is very significant. The same calculation is not possible in relation to Apprenticeships for young people aged 16-18. However, since in this latter case, there is potential for the return to accrue over a longer average working lifetime, the average per-Apprenticeship return to Apprenticeships for younger people would be expected to be even more significant.
- The number of places in Apprenticeship has fallen substantially over the last five or six years. However, because the proportion of Apprentices who complete their Apprenticeships has risen over the same period, the return to the Apprenticeship programme has risen.
- In addition, impacts on Apprentice employment levels and earnings, and ‘soft’ benefits gained by Apprentices in the programme, suggest that the programme had significant social as well as economic benefits in Wales.
- Skillbuild had more limited employment benefits but generated significant gains in participant attitudes, employability skills, and qualifications.
- The lifetime social costs of prolonged ‘NEET’ status at a young age are very significant. One estimate, for example, by the Audit Commission in England in 2010, estimated them at an average of £56,000 per individual though, clearly, for some individuals, the cost is much higher. The exact extent to which Skillbuild resulted in sustained employment for participants may have been quite modest, but achieving this for even a low proportion of participants implies a substantial long-term positive net return.

3.1 A first point to note is that those who assisted the study – the government officials, providers, and employers who were interviewed – could not quantify the programmes' *overall* economic contribution. As with any other significant area of learning, say, education in schools or Universities, the value of the totality of provision is not readily measurable by its protagonists. The broad message from all was simply that the programmes developed employability and vocational skills, that skills increase productivity, and hence economic value, from the aggregate impact of raised productivity, occurs.

### **The value of Apprenticeship**

3.2 This position can be advanced somewhat, in respect of the economic value of Apprenticeship, by drawing on the approach adopted by analysts who have addressed this issue in England.

3.3 In 2008, the Warwick Institute of Employment Research undertook a cost benefit analysis<sup>54</sup> of Apprenticeship to calculate the return to the employer from taking on an Apprentice – the value of employer share of additional productivity net of training and wage costs. The study covered six sectors and showed that these returns varied substantially between them, with particular blends of training costs, wage levels and productivity per sector serving to generate pay back over different periods and of different scales. The study did not generate an average return for the Apprenticeship as a whole.

3.4 However (as noted in the previous chapter), the National Audit Office has recently published a report<sup>55</sup> which *does* calculate the average economic return on Apprenticeship though for adult apprentices (aged 19 or over) only. They calculate that the return<sup>56</sup> to each pound of public money spent on Level 2 Apprenticeship is £16 and on Level 3 Apprenticeship is £21 (average £18 return).

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<sup>54</sup> *The Net Benefit to Employer Investment in Apprenticeship Training*, Warwick IER, March 2009

<sup>55</sup> *Adult Apprenticeships*, National Audit Office, February 2012

<sup>56</sup> The calculation is based on the wage premium from Apprenticeship over an expected working life plus an assumption (which the NAO describes as cautious) that the additional productivity value accruing to the employer is 25 per cent of the wage premium.

- 3.5 Applying this calculation in Wales is difficult. The allocation of total budget to Apprenticeship is broadly of the order of £80 million per year<sup>57</sup> when ESF funding is included. However, the distribution of this budget between the two levels of Apprenticeship and into its young (16-18) and adult (19+) segments is not known precisely. Making some assumptions<sup>58</sup>, however, it may be that expenditure on Foundation Apprenticeship (Level 2) for adults is of the order of £32-£36 million and on Apprenticeship (Level 3) for adults is of the order of £24-£28 million.
- 3.6 *If those estimates are broadly correct, and if returns in Wales are the same as those in England (as calculated by the National Audit Office) then applying the appropriate multiplier to the lower budget estimate in each case suggests that, very approximately:*
- Foundation Apprenticeship (Level 2) annually generates around £510 million value to the Welsh economy (based on latest participation levels).
  - Apprenticeship (Level 3) annually generates a similar £500 million value.
- 3.7 Overall, the programmes may generate a total value of around £1 billion from each annual budget allocation to Apprenticeship. That value, however, accumulating over the average working lives of supported Apprentices, is not an immediate return but is realised over future decades. The calculation also assumes that this value is attributable to public investment. If there was lack of additionality (that is, employers would have supplied the training without subsidy) then, whilst the value of the training would still accrue, it would not, in this case, be attributed to public support.
- 3.8 It should also be noted that the above calculation relates only to adult Apprenticeship. The intention is *not* to suggest that the value of adult Apprenticeships outweighs that of Apprenticeships for 16-18 year olds.

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<sup>57</sup> Discussions with Department for Education and Skills staff

<sup>58</sup> That the budget is broadly spent in proportion to the numbers of Apprentices in each age/ programme group

Rather the reverse is true. Because 16-18 year olds will, on average, have a longer working life over which returns can accrue, the returns to Apprenticeships for young people would be expected to be *higher* than those for adults aged 19 or over. (The absence of an estimate for the value of Apprenticeships for 16-18 year olds is because there is no equivalent estimate of the return to Apprenticeship for this age group, not because that return is believed to be less.)

3.9 A further question is then whether the value of Apprenticeship to the economy is growing or declining.

3.10 **Table 3.1** shows the trend in total participation in the different strands of WBL between 2005/06 and 2010/11.

**Table 3.1: Numbers of participants in WBL programmes in Wales, 2005/06 to 2010/11**

							Numbers
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	<i>Net change 2005/06- 2010/11(%)</i>
Foundation Apprenticeship (Level 2)	31,055	30,115	26,895	24,510	21,575	21,950	-31
Apprenticeship (Level 3)	20,770	19,545	17,965	17,365	16,575	16,815	-19
Skillbuild	19,655	17,865	12,650	14,400	18,890	20,230	+3
Modern Skills Diploma	2,900	2,910	2,430	2,075	2,155	2,150	-26
Other WBL programmes	4,005	1,610	2,450	2,875	3,805	2,635	-34
<b>Total</b>	<b>78,390</b>	<b>72,040</b>	<b>62,385</b>	<b>61,215</b>	<b>63,140</b>	<b>63,715</b>	<b>-19</b>

Source: LLWR<sup>59</sup>

<sup>59</sup> LLWR is the system (the Lifelong Learning Wales Record) by which all post-16 learning supported by the Welsh Government is recorded. The system requires learning providers to submit details of learners and their learning electronically into a centralised database.

3.11 Superficially, this data suggests that the value of the contribution made to the Welsh economy by adult Apprenticeship (and other programmes) is likely to have lessened over time as the number of participants has declined substantially in the last 5 years. However, over the same period, completion rates for Apprenticeships (which will be discussed in more detail in chapter 5) have risen substantially. For example, between 2005/06 and 2009/10, full framework completion rates for Foundation Apprenticeship rose from 43 per cent to 81 per cent and for Apprenticeship from 31 per cent to 80 per cent. **Table 3.2** shows the resultant figures if these proportions are applied to the numbers of Apprentices in place in 2005/06 and 2009/10.

**Table 3.2: Estimate of the numbers of Apprentices on programme in Wales in 2005/06 and 2009/10 who would be expected to complete<sup>60</sup>**

	Numbers	
	2005/06	2009/10
Foundation Modern Apprenticeship	13,400	17,500
Apprenticeship	6,400	13,260

Source: LLWR

3.12 This data suggests that the number of Apprentices who succeed in completing the full programme frameworks has risen substantially. If the unknown value of part-completing an Apprenticeship were discounted to zero, then a smaller programme is, overall, delivering greater value. Such a discount would probably be too severe. Even when the full framework completion rate for Foundation Apprenticeship was 43 per cent and for Apprenticeship was 31 per cent (in 2005/06),

<sup>60</sup> Note: The number of Apprentices who complete Apprenticeship each year is not published. However, the number of Apprentices *on programme* in each year and the annual *rate of completion* are available. In this table, these two statistics for each year have been multiplied together to suggest the number of completions. Because Apprenticeships last for varying periods of time, the congruence of being on programme in the year and the completion rate for the year is not exact. The figures are, therefore, estimates used as the basis of the argument below that the total return to Apprenticeship has risen because of the effect of a strongly rising completion rate. This approach appears sound since any effect of non-convergence is likely to be minor compared with the very large increase in the estimated number of completions which the above calculation suggests.

62 per cent of Foundation Apprentices and 66 per cent of Apprentices gained an NVQ. Even though a recent study<sup>61</sup> suggests that the return to learners from NVQ has been modest (particularly so for NVQ Level 2), the return is positive. However, it is not so positive as to undermine the proposition above that, overall, even with a decline in number of places, the rise in the rate of completions has ensured that Apprenticeship has increased its value to the economy.

- 3.13 The *social value of Apprenticeship*, in the sense of its contribution to individual or societal well-being, is not easy to quantify. However, a number of indicators suggest it is significant.
- 3.14 Firstly, a survey of 500 trainees undertaken in 2008 as part of this evaluation showed that 86 per cent of Apprentices in the survey believed the programme had increased their self-confidence and around 7 out of 10 (65 per cent of Foundation Apprentices and 75 per cent of Apprentices) said their programme was very relevant to their long-term career goals. These findings suggest that *'soft' benefits* accrue whilst in training and that the programme is connected to lifetime aspirations and ambitions in a majority of cases.
- 3.15 In *employment terms*, data (see Table 3.3) from a further survey of people who had left WBL supported by the European Social Fund<sup>62</sup> suggests that Apprenticeship did not greatly increase the employment rate since most Apprentices were employed at the time they entered the programme, but the employment rate was, at least, maintained: six months after their programme, 88 per cent were in employment. These statistics, suggesting that Apprenticeship did not greatly increase the employment rate of Apprentices from before Apprenticeship to subsequently, may, however, not give due credit to the programme. Apprentices in the survey were asked what they were doing in the

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<sup>61</sup> *Returns to Intermediate and Low Level Vocational Qualifications*, Department for Business, Innovation and Skills, September 2011

<sup>62</sup> The 2009 European Social Fund Leavers Survey interviewed 2066 learners who had participated in an ESF project during 2009. The survey is reported as *The 2009 European Social Fund Leavers Survey*, Welsh European Funding Office (WEFO), December 2010, with the report being available at <http://wefo.wales.gov.uk/publications/publications/monitoring/evaluation/researchreports/2009esleavers>

week immediately before the survey. This may result in understatement of the employment impacts of Apprenticeship since some may have been taken on by an employer some weeks or months earlier expressly with the intention of their taking up an Apprenticeship but had to wait for the programme to start:

**Table 3.3: Employment status of Apprenticeship learners before and after their programmes**

	Percentages	
	Apprenticeship	
	Before * per cent	At time of survey per cent
Doing paid work as an employee	87	88
Self-employed	2	3
Full-time education or training	5	2
On a government-funded employment or training programme	1	**
On a training course not funded by government	**	**
Unemployed and looking for work	4	4
Doing voluntary work	**	**
Not looking for work	**	2
Not known	**	**
<b>Total</b>	<b>100</b>	<b>100</b>

Source: The 2009 European Social Fund Leavers Survey

Sample base = 1869 Apprentices

\* 'Before' = week immediately before starting programme

\*\* Less than 0.5 per cent

Note: Foundation Apprenticeships and Apprenticeships were not distinguished in the survey

3.16 In terms of *financial* benefits for Apprentices, it has been reported<sup>63</sup>, in England that:

- The value ('net present value') of Foundation Apprenticeship to individuals ranges between £48,000 and £74,000 in additional lifetime earnings.

<sup>63</sup> *Returns to Intermediate and Low Level Vocational Qualifications*, Department for Business, Innovation and Skills, Research Paper 53, September 2011

- The value ('net present value') of Apprenticeship to individuals ranges between £77,000 and £117,000 in additional lifetime earnings.

3.17 There is no equivalent calculation for Wales. However, if it is assumed that the lifetime return to Apprenticeship in Wales is equivalent to, or any substantial fraction of, the return in England, then significant financial benefits accrue, on average, to Welsh Apprentices.

3.18 Overall, therefore, evidence suggests that Apprenticeship brings soft benefits (such as increased self-confidence), at least maintains employment rates (from pre- to post-Apprenticeship), and raises the lifetime income of participants. These are clear benefits for the individuals concerned. If it is further assumed that these benefits spin off to families and, in aggregate, to communities, then it seems reasonable to conclude that, whilst unquantifiable, the social, as well as economic, benefit of Apprenticeship is significant.

### **The value of Skillbuild**

3.19 Assessing the overall economic and social value of the Skillbuild programme is even more inferential than is the case for Apprenticeship. There is no data on average financial returns to the public purse or to individuals from participation though, clearly, returns from a short programme mainly undertaken by individuals who have low levels of skills and qualifications would be expected to be quite modest in comparison with those from Apprenticeship.

3.20 However, Skillbuild's other benefits for individuals can be summarised. Firstly, as shown in **Table 3.4**, data from the 2009 European Social Fund Leavers Survey shows what participants reported having gained from the programme in terms of 'soft' benefits and skills (when they were interviewed after their participation in the programme ended). It can be seen that though the scale of benefits – particularly in respect of the increases to skill levels which are reported – cannot be measured, a great majority of participants reported a wide range of positive gains:

**Table 3.4: Percentage of Skillbuild participants reporting benefits from participation**

	Percentages
<b>'Soft' benefits</b>	
More enthusiastic about learning	82
Taking part in more voluntary or community activities	30
Clearer about what to do in life	75
More confident about abilities	91
Clearer about range of opportunities open to them	84
Feeling better about self generally	88
Feeling have improved employment or career prospects	84
Feeling more healthy	62
Made new friends	69
<b>Skills and qualifications</b>	
Gained job-specific skills	74
Gained problem-solving skills	78
Gained team-working skills	83
Gained organisational skills	80
Gained literary skills	66
Gained numeracy skills	68
Gained IT skills	61
Gained communication skills	85
Gained job search skills	55
Gained CV preparation or interview skills	55
Gained accredited qualifications	62

*Source: The 2009 European Social Fund Leavers Survey*

Sample base = 1124 Skillbuild leavers

3.21 Secondly, as shown in **Table 3.5**, the employment outcomes for participants can be identified.

**Table 3.5: Employment status of Skillbuild participants before and after their programmes**

	Percentages	
	Before *	At time of survey
Doing paid work as an employee	9	31
Self-employed	1	1
Full-time education or training	16	18
On a government-funded employment or training programme	6	7
On a training course not funded by government	1	1
Unemployed and looking for work	58	34
Doing voluntary work	2	1
Not looking for work	7	7
Not known	1	1
<b>Total</b>	<b>100</b>	<b>100</b>

Source: The 2009 European Social Fund Leavers Survey

Sample base = 1124 Skillbuild leavers

\* 'Before' = week immediately before starting programme

3.22 Table 3.5 shows that, overall, whilst direct attribution to participation in Skillbuild cannot be demonstrated, the programme was associated with statistically significantly reduced unemployment amongst participants and increased employment, though the rate of unemployment remained much higher, at 34 per cent, than average for the workforce as a whole<sup>64</sup> and the proportion in employment at the time of the survey was only modest.

3.23 If the levels of benefit and enhanced employment identified by the survey are assumed<sup>65</sup> to be typical for all Skillbuild participants – around 66,000 between 2007/08 and 2010/11 – then these benefits

<sup>64</sup> 8.3 per cent in September 2009 on the International Labour Organisation (ILO) survey-based measure (source: Labour Force Survey, 2009)

<sup>65</sup> Given a substantial sample of respondents (with a precision standard error of  $\pm 3$  per cent at 95 per cent confidence), and a response rate of 60 per cent, an assumption of the broad representativeness of the findings seems reasonable.

have occurred in significant volumes. Their longer term and wider community benefits (assuming that transition of Skillbuild participants into employment spills over into community well-being) can only be a matter for speculation but whatever the programme's shortcomings (which have led to Skillbuild's recent reform), these community benefits may have been considerable.

3.24 The scale of this benefit is emphasised by its potential impact in reducing the costs of labour market disengagement of young people. It has been estimated that the lifetime costs of a 16-18 year old individual who has a prolonged period when he or she is 'Not in Education, Employment or Training' (NEET) in those years averages £56,000<sup>66</sup>. Thus, for each one thousand young people who have entered sustained employment in consequence of Skillbuild, the savings to welfare, justice and health bills may be around £56 million in future years. The available data does not allow a meaningful estimate of how many of the 31 per cent of Skillbuild learners who were in employment at the time of the post-programme survey were in employment which lasted (nor even whether such employment can be wholly and directly attributed to Skillbuild participation) but it is clear that even a low 'sustainable employment' effect from Skillbuild had important positive consequences for future public budgets.

## **Conclusion**

3.25 The overall benefits of the two main WBL programmes to the economy and society cannot be measured with any great reliability or precision. However, extrapolating English calculations of economic and individual benefits of Apprenticeship to Wales, it appears reasonable to assert that the long term value of adult Apprenticeship has been considerable, and because of an increasing rate of Apprenticeship completion that their value grew in the 2005/06-2010/11 period. The returns to Apprenticeship for young people aged 16-18 would be expected to be even higher as those returns would have a longer period over which to

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<sup>66</sup> *Against the odds: Re-employing young people in education, employment or training*, Audit Commission, July 2010

accrue. In addition, Apprenticeship is likely to have generated significantly higher average lifetime earnings for Apprentices and Apprentices have a high rate of employment following their Apprenticeships. If, as would be expected, these benefits spill over to Apprentices' families and communities, then social as well as economic benefits of Apprenticeship in Wales, though not directly measurable, can be assumed.

3.26 Skillbuild had, on average, a less qualified and more disadvantaged intake their Apprenticeship, was typically of much shorter duration, had a lesser element of work experience, and did not offer employed status, as does Apprenticeship, to its participants. There has not been any calculation of its financial return the economy or to participants but clearly, in these circumstances, they would not be expected to be as high as those for Apprenticeship. However, majorities of Skillbuild participants reported soft' benefits of participation, such as increased motivation and confidence, and gains in 'employability' skills such as team-working or communication skills. Skillbuild was associated with a higher rate of employment and lower rate of unemployment subsequent to participation. These changes in circumstances cannot be directly attributed to Skillbuild. However the long -term financial costs to society of young people being Not in Employment, Education, or Training ('NEET') for a persistent period have been shown to be high. If Skillbuild helped participants to avoid this condition, even for a small fraction of the programme's 66,000 participants between 2007 and 2011, then the long-term saving to the public purse may have been considerable.

## 4 The distribution of WBL programmes

The chapter considers the nature of government objectives and planning processes prior to the letting of WBL contracts in 2007 period and then describes the actual WBL distributions and trends which resulted. A final section of the chapter considers the extent to which government objectives for WBL were met.

### Key points

- The 2006/07 contracting process mainly determined the distribution of WBL opportunities in the period 2007-2011. This process initially applied quality thresholds and then used the historical pattern of provision, moderated to a minor degree by some specific known areas of demand, to allocate contracts to WBL providers.
- In addition, the European Social Fund which part-funds the WBL programme had objectives to give particular support to the Convergence area of Wales (West Wales and the Valleys) and both the ESF and the Welsh Government wished to see WBL programmes conform with Equality and Diversity requirements.
- Examination of the actual distribution of WBL placements over the 2007-2011 period (or as late as available statistics permit) shows:
  - The balance between young and older Apprentices was stable over the period and much in favour of older Apprentices.
  - The balance between men and women in Apprenticeship remained stable over the period, in favour of women.
  - There was a weak trend towards a higher proportion of Apprentices and a lower proportion of Foundation Apprentices in Apprenticeship overall.
  - Young participants formed the great majority of Skillbuild participants but the balance moved slightly in favour of older Skillbuild participants.
  - The balance between men and women in Skillbuild remained stable over the period, in favour of men.

- Within the overall decline in the number of WBL places in the period, the sharpest declines were in the education, business and administration, ICT and 'leisure, travel, and tourism' groups.
- 'Gender segregation' of WBL places remained strong and increased slightly over the period.
- In relation to the general population distribution, people from ethnic minorities remained underrepresented in WBL programmes.
- By local authority the ratio of WBL places to adult population was highest in the Valleys districts and, overall, broadly correlated with local unemployment rates.

### **The objectives and planning of WBL**

4.1 In its invitation<sup>67</sup> to providers to tender for WBL contracts in 2007, the Welsh Government set out that baseline criteria for the letting contracts were value for money, the need to offer learner choice and to avoid duplication of provision, and the quality of provision. Providers were invited to break down the provision for which they tendered according to the age group at which it was aimed (16-18 years or 19 plus years), the Unitary Authority in which it would be supplied, the programme type (Skillbuild, Apprenticeship, Modern Skills Diploma), its sector and its medium of delivery (Welsh or English). In bidding, providers were advised to take account of the National Learning and Skills Assessment<sup>68</sup> (which established national priorities for post-16 education and learning in Wales and the Four Regional Statements of Needs and Priorities<sup>69</sup> (which identified regional and sub-regional additions to national priorities). They were also invited to consider the recent historical pattern of delivery<sup>70</sup> and advised that provision for new

<sup>67</sup> *Invitation to tender specification; specification for WBL tender, August 2007 to July 2010*, Welsh Government, 2007

<sup>68</sup> *National Learning and Skills Assessment 2006-2007*, Welsh Government, May 2006

<sup>69</sup> *Regional Statements of Needs and Priorities* (for South East, South West, North and Mid Wales), Welsh Government, 2006

<sup>70</sup> *Historical Patterns of Delivery, August 2005-July 2006*, Welsh Government, 2006

learners would be such that ‘the desired number of new learners will be based on the historical pattern of delivery in Wales, updated in light of the 2007/10 NLSA and the available budget’.

4.2 The essential message to providers was that there would be a strong element of continuity in the pattern of provision which would be commissioned but that provision should be informed by national and regional skills priorities. Some of these priorities were ‘generic’, including, for example, objectives to support the 14-19 agenda and basic skills training. However, there were some specific priorities (set out in the National and Regional skills needs documents referenced in the previous paragraph) for support to skills development in different industries which can be summarised as:

- *National sector priorities*: the built environment (particularly plumbers and gas installers); early years and childcare; customer service skills in retail, hospitality, leisure and other sectors.
- *Mid Wales sector priorities*: outdoor pursuits; nuclear decommissioning.
- *North Wales sector priorities*: tourism and hospitality; nuclear decommissioning.
- *South East Wales sector priorities*: ‘growth sectors’ including construction, social care, leisure and tourism, hospitality, media, and retail; high level communication and technology skills in Bridgend and Rhondda, Cynon, Taff.
- *South West Wales sector priorities*: hospitality, leisure, and tourism; care of the elderly.

4.3 Subsequent to receiving bids, an allocation procedure was followed in order to commission provision. In essence, this was as indicated to providers. Thus, staged criteria were applied:

- Any bids which failed the quality threshold were rejected as were some which passed the threshold but were not scored sufficiently highly to be competitive with others.

- The baseline pattern for selection was the existing pattern of delivery but it was possible to factor in some known evidence of demand, for example, that emanating from Careers Wales or Sector Skills Councils, though in 2007 this was a relatively minor input.
- Then, because the volume of provision for which providers tendered was still (after the imposition of criteria as above) too great for available funding, there was an element of ‘pro rata-ing’ such that some bids were scaled down to fit the overall budget for WBL.

4.4 Cross-cutting these objectives, two other considerations were in play:

- First, the input of ESF support required some focus on the ‘Convergence’ areas of Wales (15 Unitary Authorities in West Wales and the Valleys area) to support regeneration and Social Development objectives.
- Second, both the Welsh Government<sup>71</sup> and the European Social Fund are committed to supporting equality and diversity in the distribution of public benefit, including WBL, and bids were required to conform with these principles.

4.5 It should, however, be noted that, whilst the broad pattern of provision was established by the 2007 contracting round (and, in effect, by the prior contracting round since there was a strong disposition to perpetuate the existing pattern), there was some flexibility to adjust provision from year to year as new demands emerged. Government officials report that this flexibility was used; for example, to support the training of teaching assistants and care workers and to assist the nuclear industry in North Wales, as needs were identified subsequent to the main contracting period in 2007.

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<sup>71</sup> The Welsh Government is obliged under the Government of Wales Act (2006) to pay due regard to equality of opportunity in all its policies, a commitment underlined by the requirements for equality impact assessments under British equalities legislation

## The distribution of WBL, 2006/07 – 2009/10

4.6 The *actual distribution* of WBL programmes which resulted is described from various perspectives in a series of analyses below. It should be noted that analyses are largely dependent on the latest available LLWR (Lifelong Learning Wales Record) statistics at the time of preparing this report. Thus, the data covers the period up to 2009/10 or 2010/11 depending on the particular data set. As above, the distributions they describe were essentially set by provider contracts let in 2007.

### Distribution by age and programme

4.7 A first analysis, in **Table 4.1**, shows that between 2006/07 and 2009/10, the proportion of young Apprentices (aged 16 to 18 years) remained constant at approximately a fifth of all Foundation Apprenticeships and a tenth of all Apprenticeships. Skillbuild showed a modest trend in favour of older participants, though young participants continued to be a substantial majority of all Skillbuild participants.

**Table 4.1: Take up of WBL programmes by age, 2006/07 and 2009/10**

	Foundation Apprentices		Apprentices		Skillbuild	
	16-18 years	19+ years	16-18 years	19+ years	16-18 years	19+ years
Number in 2006/07	6,725	23,390	2,035	20,840	13,215	4,650
<i>Proportion of total in 2006/07 (%)</i>	22	78	10	90	74	26
Number in 2009/10	4,610	16,965	1,725	17,745	13,915	5,695
<i>Proportion of total in 2009/10 (%)</i>	21	79	10	90	70	30

Source: LLWR

Note: Modern Skills Diploma is only open to those aged 18 or older and is excluded

## Distribution by sector

4.8 A further aspect of the distribution of WBL programmes concerns their relative contributions to Wales' different industrial, commercial and public sectors. Not all WBL learning can be closely connected to a sector since programmes are classified in a somewhat different way than are industries and sectors in the Standard Industrial Classification system. However, **Table 4.2** sets out cases where a reasonable correspondence can be assumed.

**Table 4.2: Sector employment and WBL places, 2009/10**

		Numbers	
	Total employment	Number of WBL places	Number of employees per WBL place
Agriculture, Forestry, Fishing	15,800	395	40
Manufacturing/engineering	126,200	6,935	18
Construction	55,500	3,960	14
Hospitality	84,300	1,364	62
Financial, business and professional services	155,900	9,180	17
Public services, health and social care	280,100	10,065	28
Education	120,600	2,090	58
Retail	132,900	3,183	42
Hair and beauty	4,533	1,137	4

Source: Business Register and Employment Survey, ONS, 2010; LLWR 2009/10

4.9 It can be seen that WBL programmes make a relatively strong contribution to skills development in manufacturing, construction, and 'financial, business, and professional services'. The hair and beauty industry continues to offer a large number of placements relative to its size. However, the ratio may be somewhat exaggerated because self-employment is excluded from this data source and the employment base may be depressed by that fact. Overall, however, whilst

Apprenticeship retains a substantial foothold in its traditional sectors of engineering and construction, much the greater number of placements are in service sectors.

4.10 **Table 4.3**, considers the trend in the sector distribution of WBL.

**Table 4.3: Change in the sector distribution of WBL places, 2006/07-2009/10**

	2006/07		2009/10		per cent change 2006/07 to 2009/10
	Number	<i>per cent of total</i>	Number	<i>per cent of total</i>	
Health, public services and care	9,790	18.4	10,065	23.9	+3
Agriculture	585	1.1	395	0.9	-32
Engineering/manufacturing	8,370	15.7	6,935	16.4	-17
Construction	3,165	5.9	3,960	9.4	+25
ICT	5,080	9.5	3,370	8.0	-34
Retail	4,592	8.6	3,183	7.5	-31
Hospitality	1,787	3.4	1,364	3.2	-23
Hairdressing and beauty	1,325	2.5	1,137	2.6	-14
Leisure, travel, tourism	840	1.6	575	1.4	-32
Education	3,745	7.0	2,090	4.9	-44
Business and administration	14,015	26.3	9,180	21.8	-34
<b>Total</b>	<b>53,295</b>	<b>100.0</b>	<b>42,255</b>	<b>100.0</b>	<b>-21</b>

Source: LLWR

4.11 It can be seen that, within an overall total decline of places (with a specific subject-area learning aim) of 21 per cent in the period, the subject areas which declined most were education, 'business and administration' and 'information and communication technologies' all fell in both absolute terms and in their share of the total. The 'traditional' Apprenticeship area of engineering held up as a percentage of all places, though not in absolute terms, whilst the number of

construction Apprentices increased in absolute terms and as a share of the total.

### Distribution by gender and programme

4.12 As **Table 4.4** shows, the balance of men and women undertaking the programmes was broadly similar in 2006/07 and 2009/10, though the proportion of women in the relatively small Modern Skills Diploma programme increased from a substantial majority to a larger majority. Thus, women continue to take up a majority of Apprenticeship places<sup>72</sup> whilst men (given the data in Table 4.1, most likely *young men*) take a majority of Skillbuild places.

**Table 4.4: Take up of main WBL programmes by gender, 2006/07 and 2009/10**

	Foundation Apprentices		Apprentices		Skillbuild		Modern Skills Diploma	
	Male	Female	Male	Female	Male	Female	Male	Female
Number in 2006/07	13,615	16,500	9,115	10,430	10,695	7,170	890	2,020
<i>Share of total in 2006/07 (%)</i>	45	55	47	53	60	40	31	69
Number in 2009/10	9,350	12,225	7,665	8,910	11,125	7,765	495	1,660
<i>Share of total in 2009/10 (%)</i>	43	57	46	54	59	41	23	77

Source: LLWR

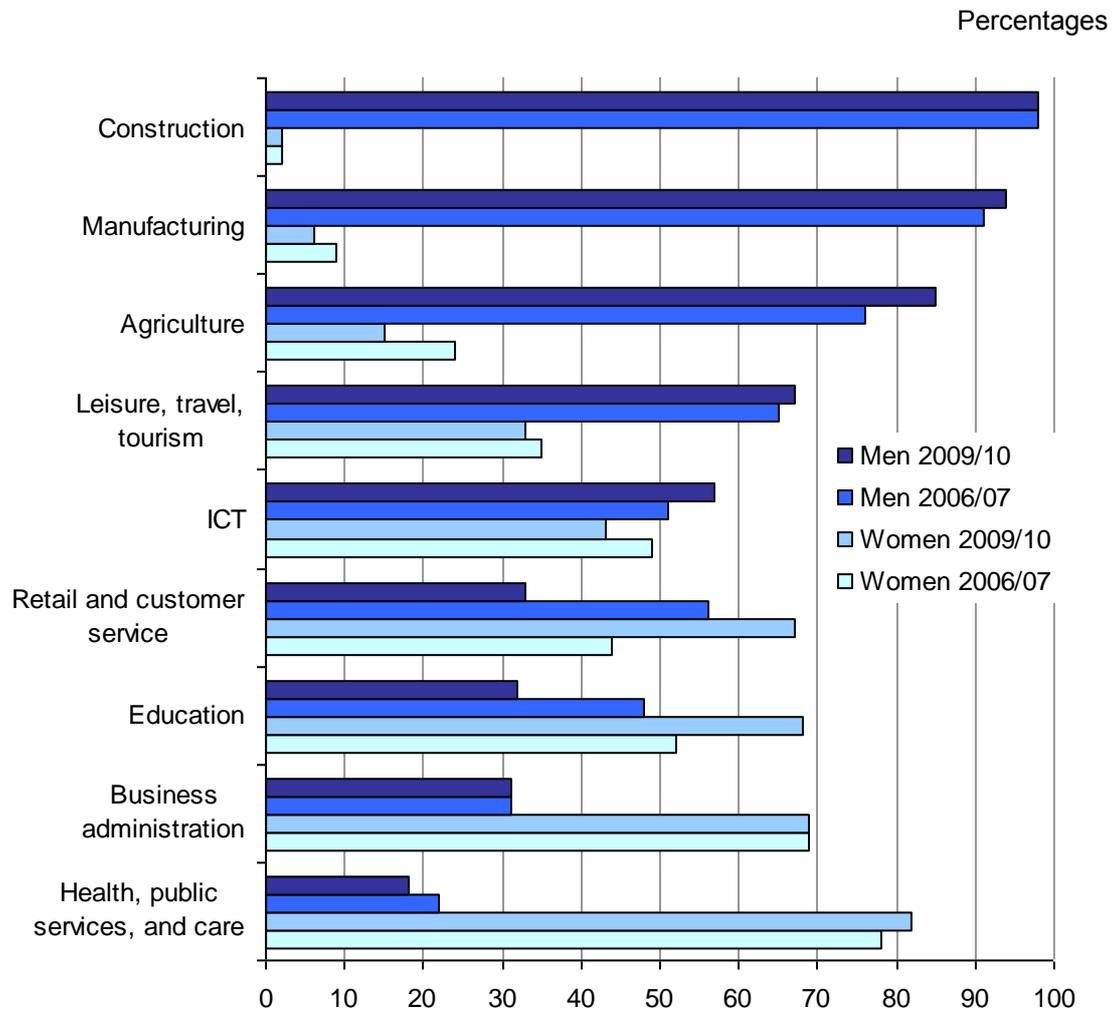
4.13 A further point in respect of the gender of WBL participants is to note its continuing relationship with the sector distribution of the WBL programme. An imbalance between men and women was pronounced in some WBL categories<sup>73</sup>. As **Figure 4.1** shows, in both years,

<sup>72</sup> This is comparable with the situation in England where women take up 54 per cent of Apprenticeships

<sup>73</sup> This mirrors the situation in England. For example, a 2009 report (*Apprenticeships and gender*, TUC, 2009) noted: 'women are over-represented in traditional areas of ... 'women's work' such as caring and clerical work and retail. By the same token, women are poorly represented (in) apprenticeships such as car manufacturing, engineering and construction.'

construction and manufacturing places were nearly always taken up by men, whilst places in business administration and caring occupations were mainly taken by women.

**Figure 4.1: Proportion of WBL places occupied by men and women, 2006/07 and 2009/10 by programme type**



Source: LLWR

4.14 The figures also suggest that in recent years, ‘gender segregation’ of WBL places with a sector focus, if anything, increased: if men or women were a majority, they became a slightly larger majority; if men or women were a minority, they became a slightly smaller minority. Speculatively, as the number of places fell, and as competition for those places rose, traditional stereotypes about job roles have (either on the employer side or the applicant side) asserted themselves a little

more strongly. Additionally, many occupations remain highly ‘gendered’<sup>74</sup>. The preponderance of Apprenticeships given to older workers often already in employment, almost inevitably imposes existing strong gender patterns on Apprenticeship where these are present in the occupational group where the Apprenticeships are created.

### Distribution of take up of WBL by ethnic group

4.15 The distribution of WBL programmes by ethnic group is shown in **Table 4.5**. It shows that, whilst the proportions of ethnic minority groups are low in Wales, their participation in WBL tended to be lower.

**Table 4.5: Population in Wales 2009 and WBL learners by ethnic group 2009/10**

	Percentages	
	Population	WBL
White British	92.9	96.2
Mixed race	1.0	0.7
Asian/Asian British	1.7	1.3
Black/Black British	0.6	0.6
Other	3.8	1.2
<b>Total</b>	<b>100</b>	<b>100</b>

Sources: *Population estimates by Ethnic Group, 2009*, Office for National Statistics; LLWR

### Distribution by Local Authority

4.16 The geographic distribution of WBL programmes in Wales is described in **Table 4.6**. This shows the ratio of the population aged 16-64 in each of Wales’ Local Authorities to the number of people starting a WBL programme in 2009/10. The data shows that, relatively, ‘WBL starts’ were twice as common in Merthyr Tydfil or Torfaen as in Powys or Monmouthshire. The table also shows the unemployment level in each Local Authority in 2009/10. Though the correlation is not exact there is a strong statistical relationship<sup>75</sup> showing that higher rates of WBL

<sup>74</sup> For example, National Office of Statistics figures show that 98.5 per cent of construction operatives and 99.4 per cent of metal fabricators and welders are men whilst 96.4 per cent of those in secretarial and related occupations are women

<sup>75</sup> Correlation co-efficient is – 0.639 (significant at the p<.01 level)

participation were associated with higher rates of unemployment, with concentrations of both in the Valleys districts and other parts of South East Wales.

**Table 4.6: Ratio of adult population to WBL starts 2009/10 and unemployment rate 2009/10 by Local Authority**

	Residents aged 16-64 per WBL start 2009/10 (Number)	Unemployment rate* 2009/10 (%)
Isle of Anglesey (C)	49	5.5
Gwynedd (C)	60	5.7
Conwy (C)	53	6.2
Denbighshire (C)	58	8.2
Flintshire	69	7.3
Wrexham	57	6.1
Powys	83	4.9
Ceredigion (C)	70	5.5
Pembrokeshire (C)	54	7.2
Carmarthenshire (C)	54	7.1
Swansea (C)	56	9.1
Neath Port Talbot (C)	45	9.6
Bridgend (C)	52	9.0
Vale of Glamorgan	56	8.1
Cardiff	67	8.9
Rhondda, Cynon, Taff (C)	48	9.6
Merthyr Tydfil (C)	40	13.8
Caerphilly (C)	49	10.5
Blaenau Gwent (C)	44	14.5
Torfaen (C)	41	9.4
Monmouthshire	91	5.9
Newport	46	9.4

Sources: Number of residents aged 16-64 per WBL starts 2009/10 is calculated using WBL starts data from LLWR and population data from Annual Population Survey; the unemployment rate is also taken from the Annual Population Survey (hitherto the Labour Force Survey).

\* The unemployment rate is the ILO measure derived from survey, not claimant count

(C) = in ESF Convergence area

## **Distribution of WBL by level**

4.17 The trend in Apprenticeship levels was set out in Chapter 3 (Table 3.1). This showed that whilst the number of Foundation Apprenticeships and Apprenticeships declined between 2005/06 and 2010/11, the former declined more than the latter (by 31 per cent as against 19 per cent). Apprenticeships were 40 per cent of the total in 2005/06 but 43 per cent of the total in 2010/11. Thus, Apprenticeship as a whole moved towards a greater degree of progression – but, in this period, only slowly. Participation in the Level 4 Modern Skills Diploma declined from 2,900 cases in 2005/06 to 2,150 cases in 2009/10 but the policy focus was shifting to the development of Higher Apprenticeships (at Level 4 and above) and the demise of the Modern Skills Diploma brand. In that sense, the decline, in a quite small strand of WBL, is not greatly significant.

## **The relationship between Welsh Government objectives and the distribution of WBL**

4.18 As noted in the introduction to this chapter, in 2006/07, the Welsh Government took the position that the distribution of WBL should mainly be governed by demand as articulated by providers. Essentially, if providers believed that they could deliver the opportunities they bid for (those opportunities broadly reflecting those they had delivered in recent years) then this was a more-or-less accurate reflection of what employers wanted. There was a strong overt statement to providers that commissioning would reflect the historical shape of provision and, while reference was made to national and regional priorities and to some specific needs identified by external organisations, these were relatively minor influences. There was no comprehensive ‘model’ – an overview of the Welsh economy as the basis for prediction of its upcoming skill needs – which was available as an alternative basis for allocating provision.

4.19 If the basic argument – that what providers had successfully delivered in the past and, guided by that, what they offered to deliver from August 2007 onwards, was an effective estimate of demand – then the

distribution which resulted is beyond critique. By definition, the distribution of WBL which resulted was the best one possible (particularly, as government officials report that, if other specific demands *did* subsequently arise, then there was capacity to respond).

4.20 However, a brief external review<sup>76</sup> of 2007 contracting was commissioned by the Welsh Government. The general thrust of this review was that contracting in this way was not wholly efficient. Amongst other things, the review observed:

- While historical data *'provides a good baseline, it is important to link this with current intelligence to ensure best fit between what is funded and what is needed'*.
- *'The over-reliance on historical data (05/06) under the PS2 allocation's process (the 2006/2007 contracting arrangements) meant that certain areas of demand were not identified'*.
- *'The reliance on the supply network to generate that data (on forward looking demand) has proven to be unreliable'*.

4.21 The brief review did not identify the areas where mismatches between provision and demand were observed at the time and they are not intuitively perceptible now from historic statistics as set out previously in this chapter. It is also the case, as noted earlier, that flexibilities in the system may have allowed at least the most notable emerging needs to be addressed in subsequent annual adjustments of contracts. However, one of the main recommendations of the review was that there should be a 'cultural change' in favour of a more strategic approach to assessment of demand: *'It is recommended that a strategy be developed and implemented to enable a change in culture of the department'* with the concomitant recommendation *'that WG officials and external partners work together to develop a process for identifying and qualifying demand as part of a 3-5 year plan'*. The extent to which this has occurred in respect of the more recent 2011 contracting round is not substantially a matter for this evaluation report which is

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<sup>76</sup> Unpublished report: *Work Based Learning Allocations Process Review*, Commerce Decisions Ltd. For the Welsh Government, March, 2008

essentially directed to consider delivery between 2007 and 2011. The matter will, however, be briefly considered in Chapter 8 of this report which discusses developments in respect of WBL which occurred in the latter part of the 2007-2011 WBL delivery period.

- 4.22 However, while, as above, it is not possible to comment on the fit between Welsh Government objectives for the distribution of WBL (because the objectives themselves were not 'distributional' in character in the sense that they required conformance with a comprehensive 'map' of skill needs) there are two areas in which the data set out earlier in this chapter can be considered in slightly more detail.
- 4.23 First, it was noted earlier that there was a requirement for WBL to meet an ESF focus on the 'Convergence' area of Wales. It can be seen (from Table 4.6) that there was a very strong relationship between the take-up of WBL places (in relation to population) and whether a Welsh district is in the convergence area of Wales. Six of the seven 'non-Convergence' districts<sup>77</sup> were in the 11 districts which had the lowest WBL participation levels; only one non-Convergence district (Newport) was in the 11 districts which had the highest WBL participation levels. Overall, these simple statistics suggest that the required contribution of WBL to geographical regeneration and social cohesion objectives, as supported by ESF funding was delivered. A more detailed review of the distribution of ESF-funded WBL is set out in Chapter 6 of this report.
- 4.24 Second, the data set out in this chapter bears on Welsh Government (and ESF) quality and diversity objectives. Two forms of equality and diversity are considered: that relating to gender and that relating to ethnic group.
- 4.25 In respect of gender, women (55 per cent) had a rather larger share of total *Apprenticeship* places than men (45 per cent). This largely reflects the gender segregation of placements. Thus, the subject areas where women were in a substantial majority of places ('health, public services, and care', education, retail and customer services) had more

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<sup>77</sup> Vale of Glamorgan, Wrexham, Cardiff, Flintshire, Powys, Monmouthshire

places in total (16,954 in 2009/10) than the 'male' subject areas (construction, engineering/manufacturing, agriculture, 'leisure, travel and tourism' had a total of 11,470 placements in 2009/10).

4.26 There is a clear explanation of the imbalance therefore. The question is whether the underlying cause, gender segregation of occupations, represents an undesirable inequality in itself. A number of perspectives can be briefly set out. Firstly, the inequality may represent a form of economic inefficiency, in that the labour supply of particular sectors is restricted. This argument has been made by some Sectors Skills Councils (SSCs), for example, ConstructionSkills<sup>78</sup>, the SSC for the construction industry, and SEMTA<sup>79</sup>, the SSC for the engineering, manufacturing, and technology sector.

4.27 Secondly, in those two industries, WBL places are overwhelmingly held by men (8,400 men, 400 women in 2009/10). However, those places most clearly prepare individuals for work in technical, skilled trades, and operative occupations, whereas other WBL subject areas prepare individuals for work in administrative, personal service (such as social care), and sales and customer service occupations. The former occupations generate higher earnings than the latter group as shown in **Table 4.7.**

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<sup>78</sup> <http://www.cskills.org/aboutus/newsandevents/news/ukrc-charter.aspx>: 'Our industry faces the very real danger of skills shortages in the future, so our success depends on us being able to attract people from all sections of the community. We're working hard to send out the message that whatever your gender, race, religion or sexual orientation, there's a place for you in our industry and signing up to this charter clearly demonstrates that we're placing equality at the heart of our business.'

<sup>79</sup> [http://www.semta.org.uk/about\\_us/media\\_centre/news/gender\\_equality\\_commitment.aspx?theme-textonly](http://www.semta.org.uk/about_us/media_centre/news/gender_equality_commitment.aspx?theme-textonly): 'Women make up 50 per cent of the labour market, yet they make up less than 20 per cent of the labour market in the science, engineering, manufacturing and technology sectors. In order to fill the anticipated skills shortages we have to make more use of women as a labour resource. Only a concerted effort by the SET industry will break down the gender barriers that exist in these traditionally male dominated environments and we want to be part of a new consensus which creates an inclusive working environment for women. Skills gaps can then be filled and these industries will continue to drive the UK economy forward.'

**Table 4.7: Average weekly earnings by broad occupational group, UK, 2011**

	£
	Average weekly earnings
Technical occupations	561
Skilled trades	461
Operatives	426
Administrative	383
Personal services	333
Sales and customer service	305

Source: Annual Survey of Hours and Earnings, ONS, 2011

4.28 The gender distribution of WBL, therefore, offers a significant lifetime earnings advantage to men and, thus, while readily explicable in terms of long-standing patterns of male and female job take-up, constitutes an obvious and continuing inequality; though one which is, in part, based on individual preferences and aspirations in respect of occupations and not on under-representation of women in Apprenticeship (which, as above, supplies more places to women than to men) as a whole. Whether such inequality can be substantially reduced whilst those preferences and aspirations, which have deep socio-cultural roots, remain, is debatable. However, the public response to this inequality has been to showcase successful women Apprenticeships in the traditionally ‘male’ sectors<sup>80</sup> or, led by UKRC<sup>81</sup>,

<sup>80</sup> See, for example, [www.apprenticeships.org.uk/Be-An-Apprentice/Apprentice-Real-Life-Stories/RachaelHoyle.aspx](http://www.apprenticeships.org.uk/Be-An-Apprentice/Apprentice-Real-Life-Stories/RachaelHoyle.aspx); or <http://www.theukrc.org/news/2011/09/ellie-reed-of-bbc-series-the-apprentice-backs-women-apprentices-at-the-british-science-festival-bradford-14-september-2011>: ‘Ellie Reed of BBC series The Apprentice backs women apprentices at the British Science Festival, Bradford, 14<sup>th</sup> September 2011’

<sup>81</sup> The UKRC is the lead organisation for the provision of advice, service and policy consultation regarding the under-representation of women in science, engineering, technology and the built environment (SET). It works with employers; professional bodies; education institutions; women’s organisations and networks; policy institutes; sector skills councils; the government and many others to promote gender equality in SET. The UKRC is funded by the Department for Business, Innovation and Skills and through other funding sources. Specifically, it has introduced a pilot, Diversity in Apprenticeships, a partnership between the UKRC and a core of major employers who train and employ apprentices in the energy sector. It also brings together, as advisors, key organisations who have an interest in apprenticeships and can provide both expert advice in respect of the barriers to more diverse Apprenticeships. The project has been funded by the National Apprenticeship Service.

to work more strategically with businesses to change demand and break down barriers. In Wales, a series of recommendations to reduce the 'genderisation' of Apprenticeship were put forward in 2005 by Chwarae Teg<sup>82</sup>. These focussed on 'gender-proofing' of training provision, better research and information, and profile raising. However, as data in Figure 4.1 shows, they had little impact in the 2006/07 to 2009/10 period.

4.29 A majority of placements in *Skillbuild* was taken up by men (59 per cent in 2009/10) but *Skillbuild* is a programme which was largely directed at unemployed individuals. Men had a consistently higher rate of unemployment than women [for example, an average of 10.1 per cent in July 2009 to June 2010 for men against an average of 6.2 per cent for women in the same period (Annual Population Survey, 'ILO measure')]. In broad terms, the ratios (in *Skillbuild* participation and in unemployment) were complementary and no major inequality is implied.

4.30 In respect of ethnic minority under-representation in WBL, it has been suggested that a major barrier is preference, based on the perception that the occupations to which Apprenticeships lead are not of sufficiently high status:

*'Barriers to greater representation of ethnic minorities in apprenticeships include: parental views of suitable occupations and a lack of apprenticeship places. The main barrier identified ... was that of getting young people on to the apprenticeship programme due to perceptions about routes into a 'good job'. Other issues include certain groups not being aware of government initiatives, recruitment practices, direct and indirect discrimination, cultural barriers and having few positive role models'.<sup>83</sup>*

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<sup>82</sup> *Gender Equality in Modern Apprenticeships in Wales*, Chwarae Teg for the Equal Opportunities Commission with funding from the Welsh Assembly Government, 2005

<sup>83</sup> *Research to Shape Critical Mass Pilots to Address Under-Representation in Apprenticeships: Final Report*, Institute for Employment Studies, 2009

4.31 As with the gender issue, the question arises as to whether an 'inequality' which is substantially a matter of cultural choice, rather more than of unequal opportunity or overt discrimination, is one which can be eliminated other than over a long period.

## Conclusions

4.32 The distribution of *WBL overall* following the 2006/07 contracting round was such that:

- By Local Authority, the ratio of WBL places to population was highest in the Valleys districts<sup>84</sup> and, overall, broadly correlated with local unemployment rates.
- 'Gender segregation' of WBL places remained strong and increased slightly over the period.
- Within the overall decline in the number of WBL places in the period, the sharpest declines were in the number of WBL places in the education, business and administration, ICT and agriculture.
- In relation to the general population distribution, people from ethnic minorities remained underrepresented in WBL programmes.

4.33 In respect of *Apprenticeship*:

- The balance between men and women in Apprenticeship remained stable over the period, in favour of women.
- The balance between young and older Apprentices was stable over the period and much in favour of older Apprentices.
- There was a weak trend towards a higher proportion of Apprentices and a lower proportion of Foundation Apprentices within the overall total of Apprentices.

4.34 In respect of *Skillbuild*:

- The balance between men and women in Skillbuild remained stable over the period, in favour of men.

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<sup>84</sup> Blaenau Gwent, Bridgend, Caerphilly, Merthyr Tydfil and Rhonda Cynon Taff

- Young participants formed the great majority of Skillbuild participants but the balance moved slightly in favour of older Skillbuild participants.

4.35 Since there was no systematic analysis of economic or labour market skill needs available to guide contracting in 2007, and none has subsequently been generated for the relevant 2007-2011 period, there is little systematic basis on which to assess retrospectively whether those distributions were, in fact, appropriate to economic and labour market demand. Welsh Government officials report that where specific needs arose, there was flexibility to respond and, if major mismatches had occurred, these would have resulted in representations from employers or other external sources (which, in turn, would have generated a response since there was enough flexibility in the system to allow this). Somewhat in opposition to this view, a brief external review of the contracting process reported that the contracting process was insufficiently strategic and should become more so in future.

4.36 In respect of the ESF objective to distribute WBL opportunities in favour of 'Convergence' areas of Wales, this was achieved.

4.37 In respect of objectives for equality and diversity, more Apprenticeship opportunities were taken up by women than by men but these opportunities remain heavily 'gendered' by sector such that men continued to take up opportunities in the traditional 'male' sectors likely to lead to more highly paid occupations, and vice versa. Efforts to moderate this situation appear to have been ineffectual. Similarly, people from ethnic minorities remain under-represented in WBL programmes.

## 5 WBL programmes: quality, demand, and marketing

This chapter considers the quality of WBL programmes. The proportion of learners completing their programmes is used as an indicator of programme quality. The views of employers, learners, external stakeholders, and Estyn, the body responsible for inspecting WBL provision, as to the satisfactoriness of programmes also allows programme quality to be considered. These views are summarised in this chapter. The chapter also reflects on the level of demand for participation in WBL programmes and on some issues which arise in marketing WBL programmes to employers and potential learners.

### Key points

- Completion rates in Apprenticeship showed very substantial improvement over the 2007-2011 period.
- Employers who take part in WBL programmes (mainly in Apprenticeship) were shown in surveys and in discussions to be very supportive of, and to value, their programmes, both as a benefit to the business and to the learner. Employer representative organisations, too, are strongly supportive of Apprenticeship.
- Learners showed in surveys and focus groups that they valued their programmes and believed they were of good quality.
- Estyn's inspection-based reports for the period showed that quality of provision had improved greatly, though not without some inconsistent progress on some inspection criteria.
- Providers recognised the effect on them of a much more rigorous Welsh Government quality regime and delivery targets. They had more frequently instituted best practice to ensure quality.
- Though no statistics are available, evaluation discussions suggest that demand for Apprenticeship places was high in the period, with a great excess of applications for some employer schemes. Demand from employers was more mixed.
- A substantial and varied effort promoted WBL in the period but there was

some constraint on this effort to avoid creating demand, which programmes, Apprenticeship particularly, could not meet.

5.1 This chapter reviews evidence from a variety of sources on the quality and performance of WBL programmes. It does so within a number of sections which discuss in succession:

- Quality and performance as measured by completion rates.
- Quality and performance from the point of view of programme participants – employers and learners.
- Quality and performance as measured by Estyn – the inspectorate for WBL.
- Provider perspectives on WBL quality and performance.
- Demand as an indicator of programme value
- Marketing aspects

### **Completion**

5.2 Though there can be benefits both for learners and employers from increased skills even if a WBL programme is not completed, programmes are likely to be most effective if learners complete all their elements. The completion rate, the proportion of learners fulfilling all programme requirements, is taken as an indicator of programme quality. As noted in Chapter 3, there was a large increase in the proportions of Apprenticeships in which learners complete the full framework between 2006/7 and 2010/11. These changes were achieved in both Foundation Apprenticeships and Apprenticeships and across all subject areas. Overall, the strongest gains were at Apprenticeship level. As shown in **Table 5.1** in 2006/07, only 54 per cent of Apprenticeships were completed, a figure which rose to 81 per

cent in 2010/11, an increase in the completion figure of 27 percentage points<sup>85</sup>

**Table 5.1: Completion rates for Foundation Apprenticeships and Apprenticeship in 2010/11 and increase since 2006/07**

	Percentages			
	Completion of Foundation Apprenticeship in 2010/11	<i>Increase in rate since 2006/07 * (percentage points)</i>	Completion of Apprenticeship in 2010/11	<i>Increase in rate since 2006/07 * (percentage points)</i>
Health, public services and care	78	+22	79	+26
Agriculture	73	+11	**	**
Engineering and manufacturing technologies	82	+12	85	+19
Construction	69	+23	68	+17
ICT	80	+28	74	+28
Retail and customer service	85	+28	87	+47
Hair and Beauty	72	+14	69	+9
Hospitality and catering	80	+29	81	+37
Leisure, travel and tourism	75	+16	86	+22
Education and training <sup>1</sup>	93	-	88	-
Business and administration	81	+19	85	+35
<b>All</b>	<b>79</b>	<b>+20</b>	<b>81</b>	<b>+27</b>

Source: LLWR

<sup>1</sup> Not delivered in 2006/07

\* 'Increase' is the percentage point difference between the percentage of Apprentices completing in 2010/11 and the percentage completing in 2006/07

\*\* Too few cases for meaningful analysis

5.3 Discussions with the Welsh Government officials suggest that key factors in the rise in completion rates were essentially that:

- Providers were driven towards better performance by raised targets set by the Welsh Government and embedded in contracts. The

<sup>85</sup> Completion rates have also risen in England (from 64 per cent in 2007/08 to 76 per cent in 2010/11) but rates remain significantly below the average of 80 per cent which is now achieved in Wales.

expected minimum completion rate is now 70 per cent compared with 50 per cent a decade ago.

- Weaker providers were not awarded contracts as the Government moved towards contracting with a smaller set of 'lead contractor' providers. With provider numbers reducing throughout the 2000s, there was increasing pressure on providers to support learners to completion.
- Providers improved their practices, partly under stimulus from Estyn<sup>86</sup>, including better recruitment and selection, better management of the 'learner journey' and support for weaker learners, more sharing of best practice, and stronger self-assessment.

5.4 Welsh Government officials believe that some programme areas and providers moved towards a position at which they are now at, or close to, the maximum practicable completion level and that the future need is to raise rates for programme areas (such as construction) which are below those of other programme areas and to encourage providers who achieve targets but do not greatly exceed them to push for still higher standards.

### **Quality and performance of Apprenticeship Provision from the employer perspective**

5.5 Employer perspectives on the Apprenticeship programme derive from three sources:

- Statements made by organisations representing businesses in Wales – the Welsh branches of the Confederation of British Industry (CBI), the Federation of Small Businesses (FSB), and the Sector Skills Alliance (SSA). These statements derive from

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<sup>86</sup> See, for example, *What makes a good training provider?*, a guidance document for providers produced by Estyn, March 2010 web link to the document?

published documents<sup>87 88</sup> or from interview with a representative of the organisation undertaken as part of this evaluation.

- A small survey of employers who did or did not have WBL trainees undertaken as part of this evaluation in 2008 (76 employers with trainees and 100 without).
- Two sets of depth interviews with, mainly, large employers with Apprentices undertaken as part of this evaluation in 2008 and 2011/12 (10 cases in 2008 and 7 cases in 2011/12).

#### *CBI, FSB, and SSA views*

5.6 Broadly, all three organisations are strongly supportive of Apprenticeship. Within that context, however, the organisations had, variously, a range of concerns. These included:

- To see increased employer involvement;
- To have flexible frameworks which are responsive to employer needs;
- To have qualifications available which suit business needs;
- For bureaucracy to be reduced; and ,
- For improved awareness of Apprenticeship among young people

5.7 In respect of *small* firms, it is recognised that many small firms see the benefits of Apprenticeship – meeting skill shortages at affordable cost, offering an opportunity to train staff to meet unique or specialised roles, reducing the costs of training and improving staff motivation and retention. However, there are concerns that, while these benefits are recognised by firms with Apprenticeship experience, those without this experience frequently lack clarity about the role of public bodies and don't know who to approach, believe the cost in time and productivity to senior staff involved in supervising training would be too high, and fear

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<sup>87</sup> [www.cbi.org.uk/business-issues/education-and-skills/in-focus/apprenticeships](http://www.cbi.org.uk/business-issues/education-and-skills/in-focus/apprenticeships) and *CBI Response to the Welsh Assembly's Enterprise and Learning Committee consultation on the Draft Apprenticeship Bill*, September 2008

<sup>88</sup> *Barriers preventing employers offering apprentice places*, Russell Lawson, spokesman for FSB Wales, Western Mail, December 2010

that Apprenticeship is not flexible enough to meet the particular needs of small firms.

- 5.8 Particularly, the FSB has urged the Welsh Government to further incentivise micro-businesses to take on Apprentices, to promote Apprenticeship Training Agencies to help small firms overcome bureaucracy, and to stimulate Group Training Associations<sup>89</sup>.
- 5.9 It is acknowledged that the *quality* of programmes has risen, and evidence from Estyn (see later section in this chapter) is noted as demonstrating this. However, there is also some concern that the overall structure of the WBL programme has not been sufficiently responsive to economic need – too few opportunities in some sectors and more opportunities than are needed in other sectors; that strong lobbying by some employers rather than global evidence-based planning has influenced the allocation of provision; and that, in other cases, the ability of providers to deliver provision of certain types has over-ridden what employers want and need.

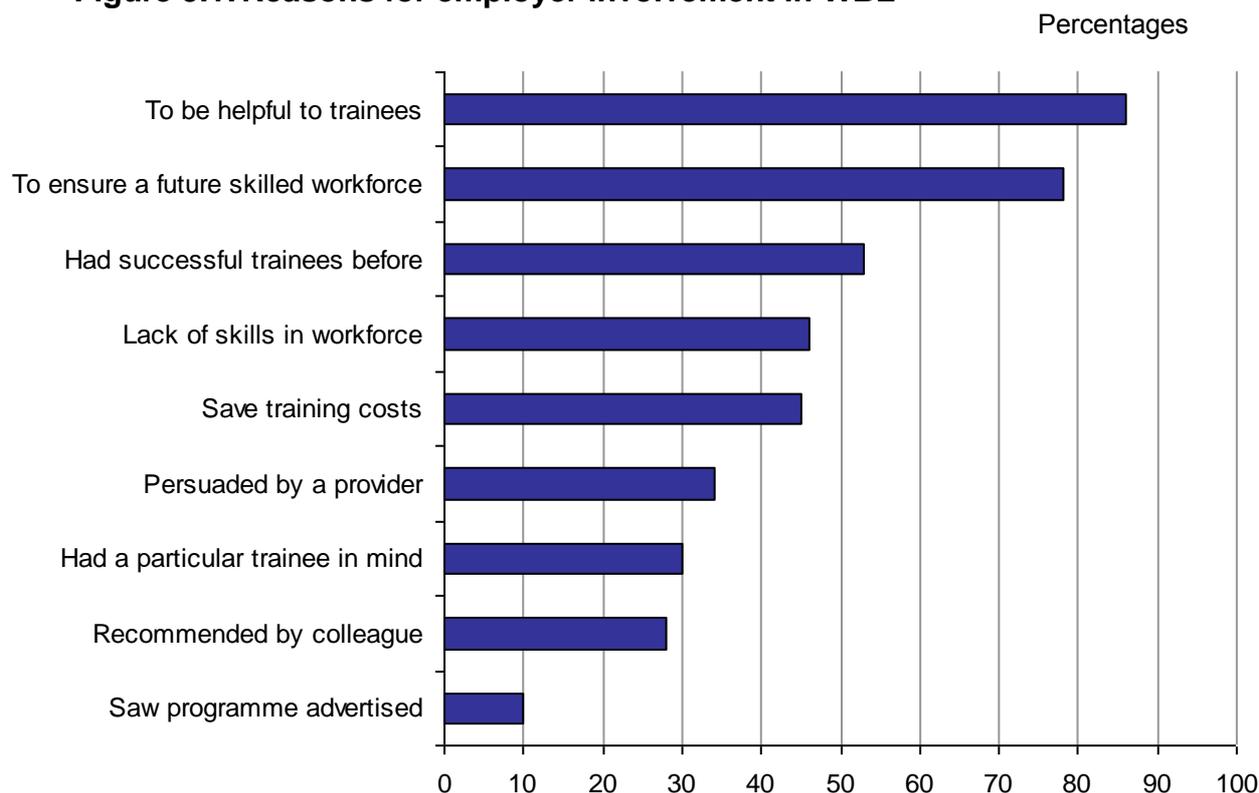
#### *Surveys of employers in 2008*

- 5.10 These representative organisations' views were broadly reinforced by the surveys of Welsh employers with and without WBL trainees (mainly Apprentices) undertaken in 2008.
- 5.11 As can be seen in **Figure 5.1**, the survey showed that employers with WBL trainees valued WBL for its social value – helping learners – and its business value in raising workforce skills and reducing training costs. It was also evident that, although less frequently, marketing effort, either by a provider or in the form of advertising, influenced employers in favour of their involvement:

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<sup>89</sup> *Five step plan for Government to encourage apprenticeships*, FSB in Wales, February 2011

**Figure 5.1: Reasons for employer involvement in WBL**



Base: 76

Source: Survey of 76 employers with trainees, 2008; prompted responses (multiple choice)

5.12 Employers also gave mainly positive answers to questions asking for ratings of various features of the programmes. These positive views suggest that the WBL programme (mainly Apprenticeship, since the great majority of respondents had Apprentices rather than other trainees) is of high quality, substantial majorities of respondents giving 'good' or better ratings on a range of measures. This data is not set out in detailed tables here but some key findings were:

- 8 out of 10 employers surveyed rated trainees or Apprentices as 'good' or 'very good' on a range of characteristics including working with other employees, timekeeping, overall ability to do the job, attendance, interest in the occupation, and general motivation.
- 8 out of 10 employers surveyed rated the organisation managing the programme as 'good' or 'very good' in respect of their professionalism, willingness to help, and expertise.

- 8 out of 10 employers surveyed, in cases where a College was separately involved, rated the relevance and content of College courses as 'good' or 'very good'.
- Only 2 per cent reported frequent problems with programme administration.
- 83 per cent said their WBL programme was very or moderately successful overall.

5.13 The quality of the programme was further indicated by its capacity to generate benefits for the business, for the sector the business was in, and for individual trainees or Apprentices. In summary, key points from the survey data were:

- 65 per cent of the employers surveyed said their WBL programme had had a moderate or significant impact on business efficiency or performance.
- 64 per cent said the programme had a moderate or significant impact on skills supply into their sector.
- 85 per cent said the programme had a moderate or significant impact on the long-term employability and wellbeing of their trainees or apprentices.

5.14 There were some minor downsides, which may be construed as limits on programme quality in the sense that smaller majorities of employers were positive about some aspects of provision:

- Two-thirds (68 per cent) of employers believed that their managing organisation was able to deal quickly with queries.
- Two-thirds (67 per cent) of employers where a College was involved were satisfied with the *general* efficiency of the College.
- Whilst only 2 per cent of employers reported frequent administrative problems, a further 18 per cent reported occasional ones.

5.15 As **Table 5.2** shows, even amongst employers *without* trainees, there was a strong majority which believed that the programme had value for their sector, for individuals, for society and the economy.

**Table 5.2: The perceived value of WBL programmes to employers without trainees**

	Percentages				
	No value	Moderate value	High value	Don't know	Total
To your sector	9	59	21	10	100
To trainees	2	32	52	14	100
To society	1	34	58	7	100
To the economy	2	34	55	10	100

Source: Survey of 100 employers without trainees, 2008

5.16 However, a significant minority of both groups of employers believed that public funding support should increase, as shown in **Table 5.3**.

**Table 5.3: Employer views on level of funding for workforce training**

	Percentages	
	Employers without trainees	Employers with trainees
About right	46	52
Government should put more in	34	38
Employers should put more in	6	3
Don't know	14	7
<b>Total</b>	100	100

Source: Survey of 100 employers without trainees, 2008; survey of 76 employers with trainees, 2008

5.17 The survey of employers without trainees also suggested (a decade and a half after Modern Apprenticeship came into existence) that lack of knowledge of WBL programmes amongst employers without experience of WBL was widespread (see **Table 5.4** following). This is not, of course, a reflection on the quality of the training which programmes deliver but, at a more general level, since the Welsh Government aspires to widen the base of employers who support the

programmes, it is a reminder of the challenge which that aspiration must meet.

**Table 5.4: Awareness and knowledge of WBL programmes amongst non-engaged employers**

	Percentages					Total
	Not heard of it at all	Just heard of it, know nothing about it	Know a little	Reasonably knowledgeable	Very knowledgeable	
Modern Apprenticeship	7	32	42	13	6	100
Foundation Modern Apprenticeship	42	18	35	5	0	100
Modern Skills Diploma	64	16	18	1	0	100
Pre Apprenticeship Learners	69	22	9	0	0	100
Skillbuild	80	7	13	1	0	100
Skillbuild Plus	90	6	4	0	0	100
Preparatory Learning	94	3	2	0	0	100

Source: Survey of 100 employers without trainees, 2008

Note: Programme brands as they were at the time of survey

5.18 When non-engaged employers were asked why they didn't participate in WBL programmes, the main reasons (see **Table 5.5**) were that they could train in other ways which suited them better or that they lacked awareness of the programmes. However, following behind these reasons were others reflecting the concerns of the FSB, that some small employers do not know how to go about getting involved or believe that too much bureaucracy or complexity is involved:

**Table 5.5: Reasons for non-participation reported by non-engaged employers**

	Percentages	
	All reasons	Single main reason
Can train people informally as necessary	67	23
Has a formal training process which suits your needs better	62	22
Has never heard of the programme	32	17
Has never really given it any thought - not been brought to your attention	28	2
Doesn't know how to go about it	26	5
Jobs don't really require much skill or training	18	1
Only recruit trained staff	18	5
The programmes have too much bureaucracy or are too complicated	17	4
Doesn't have the capacity in your organisation to support the programmes	16	*
Doesn't see the need	13	3
Has a poor impression of the programmes	12	2
Have had a bad experience with the programmes in the past	12	0
There is a lack of people with sufficient ability or motivation on the programmes	5	0
The company is too small to be bothered with that kind of thing	4	0
No main reason	0	13
Don't know	0	2
<b>Total</b>	<b>100</b>	<b>100</b>

\* Less than 0.5 per cent

Source: Survey of 100 employers without trainees, 2008

5.19 Consequently, as **Table 5.6** shows, the factors (from a prompted list) which would be most likely to encourage non-engaged employers to take WBL trainees were better information, greater programme flexibility, and a reduction in bureaucracy.

**Table 5.6: Factors which would encourage the participation of non-engaged employers**

	Percentages
More information on the programmes	61
More flexibility in how the programmes run	49
Less bureaucracy	41
Examples of other company's experiences with the programmes	37
Better quality and selection of trainees	34
A visit from an experienced advisor to tell you more about the programmes	34

Source: Survey of employers without trainees, 2008

5.20 The need for better information was reinforced by an organisation representing employers which was interviewed as part of the evaluation:

*'It's not clear to employers where the starting point is. Where do they get an Apprentice? Where do they secure the training? Employers don't know where to get the training for Apprentices. Currently SSCs have the information, but where that will come from in future is unclear. I don't think the Welsh Government can do it. Identifying training that is available at a specific geographic level is knowledge held only by a very few people'* (Employer representative organisation)

5.21 Finally, as **Table 5.7** shows, the survey suggested that, whilst most employers which had taken on WBL trainees would be likely to continue doing so, the proportions of those not engaged in WBL who might become engaged in future would be limited.

**Table 5.7: Whether will take on (new) WBL trainees in the future**

	Percentages	
	Employers without trainees	Employers with trainees
Certain to	2	45
Quite likely	15	23
Possible – will have to see how things go	41	27
Probably not	29	1
Definitely not	1	2
Don't know	2	1
<b>Total</b>	100	100

Source: Survey of 100 employers without trainees, 2008; survey of 76 employers with trainees, 2008

### *In-depth interviews with employers*

5.22 A total of seventeen companies (in two different groups) were interviewed face-to-face in 2008 and 2011/12. Although there was a handful of Small and Medium Enterprises (SMEs)<sup>90</sup> amongst them, most comprised major enterprises with national or international markets. This latter sub-set of those businesses which were interviewed in depth can, thus, be broadly equated with the 'anchor companies' which act as mainstays of the Welsh private sector economy in consequence of their support of supply chains, productivity growth, and employment.

5.23 There was no substantial difference between the views of employers interviewed in the first, 2008, round and the second, 2011/12, round of interviews. These views are described, therefore, without distinguishing whether points derive from the earlier or later interviews.

5.24 The first point is that all these businesses were committed to their support of WBL (in nearly all cases this means Apprenticeship although one business had used Skillbuild to recruit and train a substantial number of 'routine' operators). It was described variously as a 'key activity' or 'the way forward', or 'an integral part of skills strategy', or,

<sup>90</sup> Businesses employing fewer than 250 people

where Apprenticeship was used to develop the skills of staff new to the business, as 'the recruitment method of choice'.

- 5.25 Almost all were positive about the contribution of the providers who supplied the off-site training elements and reported that they had good, direct, and helpful relations with Apprenticeship or Skillbuild managers in the Welsh Government.
- 5.26 Where Apprentices were taken on externally (rather than existing employees being put into the programme), the processes for selecting trainees (applicants being reported usually to be in excess, sometimes vastly in excess, of the places they had to offer) were reported as having been refined to an efficient point. Usually these processes involved applying minimum GCSE standards, tests of literacy, numeracy, dexterity, and interviews (and any additional entry requirements specified in the Apprenticeship framework). Recruitment was usually a joint process involving themselves and training providers, with varying degrees of emphasis on one or the other. Consequently, retention and completion rates were good in all cases.
- 5.27 Apprentices were frequently seen as the 'future workforce' of the business and the business placed great emphasis on supporting them towards this role, with close mentoring and support to develop additional qualifications beyond those in the basic framework (and, in some cases, beyond those which their immediate job roles required). In some cases, Foundation Apprenticeship was established as the base rung of a ladder which led to study at honours degree level and beyond, the businesses having relationships with Higher Education providers, as well as those in Further Education, to make 'the ladder' work.
- 5.28 Employers interviewed reported in late 2011 that recession had caused some hiatuses in Apprentice recruitment but, where these had occurred, they had been reversed over the last year or so (prior to their interviews). Generally, long term order books and the important role of

Apprenticeship in maintaining the businesses' skills base ensured continuity.

5.29 It is *in that very positive light* that the concerns also revealed in interviews and discussed below should be considered:

- There was concern about the literacy and numeracy levels of young trainees and about their attitudes and motivations. One respondent said that the first 6 months of the Apprenticeship course was very much about inculcating work ethic and disciplines. One respondent was disappointed that one of their FE College providers did not sufficiently support this in off-site periods of training, allowing laxity in behaviour, time-keeping, and attendance (and contrasted this with another provider who created a very 'workplace-like' environment and imposed the normal disciplines of the workplace). There was a belief that schools were not yet doing enough to promote work-readiness, one business saying that the 'school mentality' was their biggest initial problem.
- There was some concern about Apprenticeship frameworks:
  - One was that processes to secure adjustments to fit their needs were slow and difficult, with a further concern that, while they, as large businesses, could achieve adjustments by negotiation with SSCs and the Welsh Government, SMEs would be less successful.
  - In some cases, it was suggested that new frameworks introduced in the last 1-2 years were not, in some cases, as good as the ones they replaced, with the loss of some valued qualifications.
  - There was concern that Technical Certificates<sup>91</sup> were being lost or weakened in some sectors with the perceived

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<sup>91</sup> A technical certificate is the award given, as part of the Apprenticeship framework, which certifies that the Apprentice has gained the necessary 'underpinning' or 'theoretical' knowledge, usually gained through tuition in an FE College or training centre separate from the workplace

consequence that the Apprenticeship concept was being 'dumbed down' and the Apprenticeship brand weakened<sup>92</sup>.

- There was concern about bureaucracy and paperwork (particularly the requirement to submit frequent evidence of the Apprentices' still being on the programme and of their progress). The concomitant view was that the Welsh Government should institute processes, for those major businesses working with Grade 1 providers<sup>93</sup> to deliver Apprenticeships, which showed a greater element of trust in that less, and less frequent, data on Apprentice attendance and progress should be demanded.
- There was concern that Government funding for Apprenticeship should be extended, with justifications including: businesses were doing 'remedial' work on young people's literacy and numeracy, making up for schools' failure, which deserved more reward; supplementary training outside frameworks but of great value was unfunded; and that they, rather than the external training provider, were providing much the greater part of training via their on-site staff – they were not just providing work experience – and, thus, were inadequately recompensed.
- Correspondingly, there was a frequently-expressed view that reduction of funding/increases in fees would have a negative effect on Apprenticeship places. Employers would be more likely: to train only to qualifications/skills which were of immediate utility rather than to full frameworks; to recruit older part- or fully-skilled staff; and to abandon key skills training as the proper duty of schools.
- Finally, there were some concerns about the government's approach to WBL: particularly that the government had not, in the past, been sufficiently 'strategic' in its planning of WBL and that, after its initial launch, there had been insufficient action to support

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<sup>92</sup> It is noted, however, that with the introduction of the new Specification of Apprentice Standards for Wales (SASW), this concern may be a perceptual one on the part of respondents, rather than one which reflects actual circumstances

<sup>93</sup> Those given an overall 'excellent' grade in Estyn inspection

the Government's intention to support 'anchor companies', including the use of Apprenticeship in this respect. Again, this latter perspective may reflect respondent lack of knowledge of a developing Welsh Government strategy rather than Government inaction in itself.

### **Quality and performance from the learner perspective**

5.30 Learner satisfaction with WBL programmes is firstly assessed in two ways: from a survey in 2008 of 500 learners who were currently in WBL placements in 2008; and from four focus groups held with learners, two in 2008 and two in 2011/12. Both the survey and the focus groups were undertaken as part of this evaluation. In both survey and focus group cases, learners included Foundation Apprentices, Apprentices, and Skillbuild participants. In addition, Estyn<sup>94</sup>, in its latest annual report<sup>95</sup>, reports the results of a survey of learners in Wales, including those in Work Based Learning.

5.31 In the case of the survey undertaken as part of this evaluation, a series of indicators assessed various aspects of respondents' experiences on their programmes and of their satisfaction with those experiences, as shown in **Table 5.8**.

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<sup>94</sup> Estyn is the statutory organisation charged with inspection of all levels and forms of institutional learning in Wales. Its evaluation of WBL forms part of Estyn's Annual Report. See [www.estyn.gov.uk](http://www.estyn.gov.uk) for description of Estyn's functions and operations

<sup>95</sup> Annual Report of Her Majesty's Chief Inspectorate of Education and Training in Wales 2010-2011, Estyn, January 2012

**Table 5.8: Learner evaluations of their programme**

	Percentages				
	Skillbuild	Foundation Apprenticeship	Apprenticeship	Modern Skills Diploma	Average
Feel needs were taken into account on programme	77	93	88	88	<b>89</b>
Very enthusiastic about starting the programme	60	63	72	61	<b>66</b>
Employers (where an employer involved): expertise of staff involved in training good or very good	85	84	86	71	<b>84</b>
Employers (where an employer involved): supportiveness good or very good	81	83	82	74	<b>82</b>
Training organisation: expertise of staff good or very good	78	85	86	85	<b>85</b>
Training organisation: supportiveness good or very good	85	87	88	90	<b>87</b>
FE College/University (where involved): expertise and knowledge good or very good	92	81	81	74	<b>81</b>
FE College/University (where involved): supportiveness good or very good	96	83	78	84	<b>82</b>
Programme gave opportunity to gain a valuable qualification	83	92	94	94	<b>92</b>
Programme gave opportunity to become more employable	82	98	91	86	<b>88</b>
Programme increased self-confidence	86	87	87	73	<b>86</b>
Programme gave opportunity to learn	80	87	85	77	<b>85</b>

	Skillbuild	Foundation Apprenticeship	Apprenticeship	Modern Skills Diploma	Average
new skills					
Proportion saying programme is very relevant to their long-term career goal	56	65	75	75	<b>68</b>

Source: Survey of 500 current trainees, 2008

5.32 These indicators suggest variations between the programmes:

- Skillbuild trainees gave a below-average positive rating on 10 out of the 14 indicators in the table. In particular they were less likely to feel their needs were taken into account, feel the programme was relevant to their long-term future career and to feel the programme gave them the opportunity to gain a valuable qualification. They were, however, more positive than average about the contribution of FE Colleges, both in terms of expertise and knowledge, and supportiveness.
- People seeking the Modern Skills Diploma also tended to give below average positive ratings than average frequency. For example, these respondents were less likely to be positive about employers in terms of both their expertise and supportiveness. However, these respondents more frequently stated that the programme was very relevant to their long-term career goal.
- Apprentices tended to be the most positive group with those at Apprenticeship level tending to be more positive than those at Foundation Apprenticeship level, particularly in respect of the relevance of their programme to their career and of their enthusiasm.

5.33 However, these variations are within a narrow range. Overall, the great majority of participants gave positive rating to most aspects of their experience.

5.34 This positive view was also evident in focus group discussions:

- Learners spoke positively about the information that they received from their provider when they commenced their individual WBL programmes. They reported that they had been fully informed by their tutor or assessor about the structure of their programmes and the requirements of their training, and were clear about how to contact their assessors if there were any problems at work.
- Respondents were highly positive about their experiences on the WBL programme, reporting that they had received high levels of support from the provider, with each being assigned an assessor/tutor. They found the amount of time and support provided by assessors and tutors as highly effective in ensuring that they were on the right track.
- Those undertaking Apprenticeships were satisfied with the frequency of workplace assessments. These had been fairly frequent, but more if they had a particular problem that needed addressing. They spoke at length about the time and support provided to them by assessors. They saw this as instrumental in their being able to develop their confidence and their skills. It was also reported as being highly motivating, especially to respondents who had had negative experiences in school or college, and by those who were returning to work and learning after periods out of the labour market. One respondent remarked, for example:

*I get an assessment visit every 3 weeks. He times it to fit in with what I'm doing at work so my employer doesn't mind. He's really good at looking at things in different ways and making sure that I do all my assignments as quickly as possible without doing things I don't need to do or doing things twice' (Male Apprentice in public sector)*

- Learners were generally positive about the support provided by their employers. They found that employers had a good understanding of the WBL programme that they were undertaking, and provided good access to assessors and tutors, and

themselves, supplying support when required. One focus group member reported that his employer was generally supportive:

*'My employer's very good and shows me what to do. The only thing is he expects me to do the written assignments in my own time but that's ok because it's really busy and I can see that we're under pressure'* (Female Apprentice in hospitality and catering)

- Some learners reported that their new-to-Apprenticeship employers had become more understanding of the needs and requirements of their training as time progressed. In some instances, learners reported that employers had become more open to the idea of supporting other staff into WBL training as they had seen how it had enhanced the quality of work and staff motivation.
- They also believed that WBL had provided them with a good progression path, enabling them either to commence their careers or to restart their careers after redundancy or other life changes.
- Gaining confidence and motivation were also felt to be highly positive aspects of the programme, enabling learners to build their skills in a supportive environment which provided on-going support and encouragement. For example, One respondent taking part in Skillbuild reported:

*'Skillbuild's given me a lot more confidence to get back into work and hopefully to get a qualification. I've done some work placements and these have helped me sort out what I want to do in the future'* (Female Skillbuild participant)

- Gaining ICT skills and learning how to apply these within a work environment were reported as being a specific advantage.
- Several respondents contrasted Apprenticeship positively with Higher Education courses which were not so clearly employment-directed and which led to debt.

5.35 The only substantial downsides in learners' views of WBL programmes were first, in some cases, that their school achievements in

Key/Essential Skills were not recognised sufficiently. They believed this resulted in their WBL course requirements duplicating prior learning and failing to add value in this area. Second, they felt that WBL routes were not sufficiently well promoted either by schools or JobCentre Plus. Some described their becoming aware of WBL options as ‘a matter of chance’. One respondent said:

*‘At school I was made to feel that A levels were the only option after GCSE. I started off A levels but quickly realised it wasn’t for me.’*

Another said:

*‘More people should be doing Apprenticeship instead of trying to go to university. In a lot of cases they won’t get a job or be ready for work and will be in debt as well’*

5.36 Estyn’s latest annual report (referenced earlier) supports the broadly very positive view of WBL provision set out above. The conclusion from their survey was:

*‘Learners in ... work based settings ... are also positive about most aspects of their learning experiences. ... about 95 per cent of learners state that they enjoy learning, were given good information by the provider when choosing their learning programmes, receive good personal support from tutors, trainers and assessors, and that staff help them to make good progress. A similar proportion of learners believe that taking part in their learning programmes has helped them to improve their life skills, while 97 per cent say that their learning will help them to achieve their goals. Nearly all learners in work-based settings say that they have access to good-quality work placements and that employers support them well in their work placements.’*

### **Estyn’s overview of WBL provision**

5.37 As part of its remit to inspect all learning provision in Wales, Estyn reviews WBL provision not just for learner satisfaction as described above but more generally. In its latest report for 2010/11, Estyn reports on inspections at 8 WBL providers. In summary, their judgements were broadly positive as shown in **Table 5.9**.

**Table 5.9: Estyn: inspection results for 8 WBL providers in 2010-2011**

	Numbers	
	Good	Adequate
Overall performance	6	2
Prospects for improvement	7	1
Outcomes	6	2
Provision	7	1
Quality of training and assessment	5	3
Care, guidance, and support	8	0
Learning environment	6	2
Leadership and management	5	3

Source: Annual report of Her Majesty's Chief Inspectorate of Education and Training in Wales, January 2012

5.38 Usually Estyn annual reports include only the results of its annual inspection cycle (as in their 2010/11 above). However, in its 2009/10 Annual Report, Estyn reviewed a longer period and reflected on the 2004/05 to 2009/10 period of WBL in Wales. The main thrust of this longer evaluation was that the quality of programmes and delivery had improved significantly over the period. Amongst their key points were those that:

- Completion rates (as the statistics reported earlier in this chapter attest) had risen; and, in particular, there had been improvements in the quality of provision of, and in attainment from, key and basic skills teaching.
- Leadership in, and management of, provision broadly improved (though on occasion, this was only after initial unsatisfactory performance was rectified and was observed on re-inspection)
- Self-assessment by providers improved and produced grades in self-assessment reports which closely matched those awarded by Estyn inspectors.
- Value-for-money necessarily improved over the period as completion rates and the quality of delivery rose

- Provision, in the sense of the range and level of qualifications available, was appropriate to learner and employer needs, though in a minority of providers, learners were following programmes at too low a level in relation to learner abilities

5.39 Thus, Estyn offers a broadly positive view of the development of WBL provision in Wales in recent years. Progress was not constantly upwards, with some years' inspection scores on different aspects of provision falling backwards<sup>96</sup>. Notwithstanding these fluctuations and particular caveats about particular aspects of delivery, the underlying trend in quality was clearly upwards.

### **Provider perspectives on quality**

5.40 Providers interviewed during the evaluation, and commenting on the quality of their own delivery, were of the same broad view as Estyn. Their opinion was that much progress in the quality of delivery was made in recent years with the key indicator being the much higher rate of completion. They recognised that 'challenging' targets set by the Government had been the key driver. One respondent suggested that non-completion was now almost always a consequence of learners' personal circumstances or of changes in those circumstances, rather than of limitations in the quality or delivery of provision.

5.41 They believed their introduction of a range of practices and circumstances in response to Welsh Government and Estyn pressures had been instrumental in allowing the required improvements, including:

- Much better and closer monitoring of learners, their attendance, and their progress.
- Monitoring supported by more efficient IT systems<sup>97</sup>.

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<sup>96</sup> This is partly, perhaps, because Estyn inspects on a six-year cycle and, thus, only a limited number of WBL providers is inspected each year (for example, 8 in 2010/11). With small annual samples, there is, presumably, the possibility of year-on-year variation simply as a chance factor as to how many weaker or stronger providers fall into the inspection framework

<sup>97</sup> Including MAYTAS, a commercial tracking system developed by the Tribal Consultancy, and TRaCIO, a web-based tool developed by the Welsh Government which providers can use to record the development of learners' 'soft skills'.

- Learner mentoring and support systems instituted by providers to back up the monitoring process with fast intervention, where risk to progress or completion was evident, offering additional, prioritised support.
- External networks involving Local Authority departments and other agencies to assist with non-learning difficulties which threatened progress (typically, difficult home circumstances).
- Better self-assessment of performance by providers and, where several institutions hold a WBL contract as a consortium, internal institution-by-institution peer review.

### **Demand for Apprenticeship**

5.42 Though not, of course, a guarantor of quality, demand from individuals for Apprenticeship opportunities and from employers to be able to offer these opportunities are perhaps, proxies for quality; or, at least, indicators that Apprenticeship is valued. There are no statistics on demand from either source. However, there are qualitative indicators.

5.43 Generally, it appears that demand from *individuals* has been high over the period, particularly for opportunities in major companies in the Welsh economy. Most major businesses interviewed as part of the evaluation reported that their programmes were over-subscribed and that they received many more applications than they could accommodate. Government officials reported that Apprenticeship Weeks (annual events each comprising of a series of contributory events to promote Apprenticeship) had very high attendance. Providers reported that they had no difficulty in finding suitable people to take up places on offer. These indicators justify the caution in marketing Apprenticeship which government officials report (see next section of this chapter) for fear of creating even higher demand which cannot be met.

5.44 The position on *employer* demand is more ambiguous. On one hand, government officials reported that Apprenticeship Week events were very well supported by employers (including some not previously

involved in Apprenticeship) and that there was pressure from many larger businesses to supply funding in order to create more Apprenticeships. On the other hand, a small survey of 100 employers not involved in Apprenticeship as part of this evaluation (see Table 5.7) showed that only 2 per cent were 'certain to' take on WBL trainees in future (though 15 per cent were 'quite likely' to do so). Some providers reported that they still had to put in considerable effort to recruit new employers into the programme. Economic recession was clearly a significant factor in recent difficulty in finding Apprenticeship opportunities. For example, one provider reported:

*'Recession has made it harder to get into employers, there are fewer vacancies available and some Apprentices, particularly in construction, have been made redundant. We need to undertake more engagement activities and be more innovative about this'* (FE College)

5.45 A private training provider reported similar constraints:

*'Getting into private sector employers has been very difficult, particularly for business administration, retail and IT. We've also seen downturn in manufacturing Apprenticeships. Care and education are better because of the statutory requirements. But generally we've got to do a lot of employer engagement – you've got to keep a presence with employers'* (Private provider)

5.46 Another college reported how they adapted to some loss of Apprenticeship places:

*'The recession has hit construction and engineering mostly. We've lost placements here; but, being a college, we can move learners onto courses to continue developing their skills and finishing their technical certificates'* (FE College)

5.47 However, constraint on the number of Apprenticeship opportunities as a result of recession was not universally experienced:

*'We haven't had as much impact from the recession as we expected. We actually have more employers wanting Apprentices than our contract will allow, particularly in hospitality and catering'* (Private provider)

5.48 It seems possible that employer demand is somewhat divergent, strong from many larger employers and those who know and understand Apprenticeship, and particularly strong when they are able to allocate Apprenticeship to people in their twenties or older and to existing employees; weaker when employers are small and know less about Apprenticeship, and, overall, in relation to taking on 16-18 year old Apprentices. In this last respect, the Young Recruits programme (see Section 7 for more detail) is significant. In order to stimulate demand, the Young Recruits programme (YRP) instituted an incentive for employers to take on younger Apprentices but once that increase was in place, and could be used by providers to introduce the idea of Apprenticeship, take-up of YRP opportunities by employers (including many new to Apprenticeship) was strong. One provider observed that:

*‘Young Recruits has helped an awful lot, It’s helped us to get new employers on board, particularly smaller ones. An example, is that we got a small engineering company, part of the Airbus supply chain, to take on four new Apprentices using Young Recruits’*

### **Skillbuild: quality and performance**

5.49 In this report, evaluation of WBL tends to concentrate its analysis and comment on Apprenticeship, rather more than on the other substantial WBL programme, Skillbuild. There are a number of reasons for this. Some official statistics (and, in the main, Estyn reports) do not distinguish the different elements of WBL; almost all the employers who were interviewed in the course of the evaluation had Apprentices rather than Skillbuild learners; there is much more published literature on Apprenticeship than on Skillbuild; and where data concerns the distribution of WBL by sectors, this largely relates to Apprenticeship since the sectors in which Skillbuild work experience is located is not evident in official statistics.

5.50 This section, therefore, focusses specifically on the performance and quality of Skillbuild in order, as far as possible, to clarify these

attributes. Firstly, some key findings on Skillbuild distributed throughout the report are drawn together here in summary.

- 5.51 It is shown (Table 3.1) that the number of Skillbuild learners increased slightly (by 3 per cent) over the second half of the last decade (from 19,655 learners in 2005/06 to 20,230 in 2010/11) but that this apparent stability masks a fall in numbers from 2005/06 to 2007/08 (12,650 learners) before rising again, presumably as recession hit and employment became more difficult to find. The programme has predominantly been taken up by young people aged 16-18 (see Table 4.1 earlier) rather than those aged 19 or over (in a ratio of 70 per cent to 30 per cent); and more frequently by men (see Table 4.4 earlier) rather than by women (in a ratio of 60 per cent to 40 per cent).
- 5.52 Following Skillbuild, more learners were in employment and fewer were unemployed than before Skillbuild (see Table 3.5). However, the subsequent rate of unemployment was still very high compared with the equivalent rates for the general population (Table 3.5).
- 5.53 More positive findings were reported in respect of learner perceptions of gain from participation. Very substantial majorities reported gaining 'soft' benefits, such as increased confidence and motivation, and gaining skills; and 62 per cent reported getting accredited qualifications (see Table 3.4 earlier). However, whilst, on balance, positive, only a smaller majority (of 56 per cent) said Skillbuild was relevant to their long term career goal, a lower figure than for Apprentices (75 per cent) who were asked about this matter (see Table 5.8).
- 5.54 Objective data (see Table 6.3) confirms that around 6 out of 10 learners gained a qualification, but virtually all of these, 99 per cent, were at Level 2 or below, and 70 per cent were at Level 1 or below (see Table 6.5).
- 5.55 From the employer point of view, Skillbuild was not widely known (see Table 5.4). 80 per cent of employers had not heard of the programme and only 1 per cent described themselves as 'reasonably knowledgeable' about Skillbuild.

- 5.56 From a statistical perspective, therefore, Skillbuild shows a mix of positive and negative attributes. It produced some outcome gains but these were modest.
- 5.57 Interviews with Welsh Government officials and other stakeholders expanded this statistical analysis. A number of points were made. First, it was suggested that provider contracts to deliver the programme did not distinguish 'young people' and 'adult' components (as to how provision should be tailored to the different needs participants of different ages); and that this reflected, and produced, uncertainty about the programme's objectives and functions. It was argued that young people need a stronger emphasis on the learning progression element of employability programmes, whilst adults need a stronger emphasis on the 'getting into work' element, but that this was not clearly differentiated in Skillbuild's 'all age' approach.
- 5.58 There were further concerns that an expectation of minimum provider performance, targets for employment outcomes, were not sufficiently reflected in provider contracts; and that provision was insufficiently tailored to learner needs at an *individual* level. Reinforcing this last point, a perception had become widespread that Skillbuild was a '13 week' programme, even though statistics<sup>98</sup> showed that this was not, in actual fact, the case.
- 5.59 Generally, the programme was seen as suffering from a poor image or from having no image at all. Respondents recognised that Skillbuild, (as statistics in paragraph above confirm) had virtually no profile amongst employers and reported further that many learners were not confident that Skillbuild was other than a low-grade experience, with low or undefined status when compared with Further Education, 6<sup>th</sup> Form, or increasingly with Apprenticeship. It was suggested that the poor image of the Youth Training Schemes of the 1980s and 90s had not been dissipated by Skillbuild. In essence, a positive concept of

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<sup>98</sup> LLWR data shows that average stays in Skillbuild ranged from 19 to 22 weeks for 16-18 year olds and from 16 to 19 weeks for adults (annual averages in the 2007/08 to 2010/11 period)

post-16 education and training, for those with low achievement and/or in difficult employment markets, and one which fitted into a 'family of recognised options', had not been created.

5.60 Against this somewhat negative perception of Skillbuild, it was, however, further suggested that the period of 2007 to 2011 was one of development in two senses. First, it was suggested that in those years, delivery of Skillbuild improved and became more professional. Some factors in this were:

- Estyn and the Welsh Government put pressure on providers to improve their performance.
- The Welsh Government continued to move towards provision by a smaller number of contracted lead providers. Since this trend was known to providers, they were pressured to raise their game in a more competitive environment.
- The National Training Federation for Wales became more effective and professional, engaging with the Welsh Government, bringing providers more clearly into a network of provision, and generally stimulating a better provider response to the challenges which Skillbuild faced.

5.61 Improvement was evidenced in a number of ways: WBL provision received generally more positive inspection reports in the later part of the period than hitherto; Skillbuild learner success rates rose (from 63 per cent in 2007/08 to 78 per cent in 2009/10<sup>99</sup>); and, whereas there was an underspend (of c.10 per cent-12 per cent) on the budget for Skillbuild in 2007, by 2011 the budget was fully committed.

5.62 Overall, thus, 2007 to 2011 was seen as a development period in which limitations in the design and delivery of Skillbuild were recognised and partially dealt with; but in which, following the publication of Skills that Work for Wales in 2008, the ground was laid for the more fundamental reform of the Welsh Government's main

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<sup>99</sup> Estyn Annual Report, 2010-2011, Section 4: Annual Report data – Commentary on performance

programme for improving the employability of people with most labour market disadvantage. The transition from Skillbuild into the outcome of that reform, the Traineeship and Steps to Employment programmes introduced in August 2011, is discussed in more detail in Chapter 8.

### **WBL programme marketing**

5.63 Previous sections of this chapter have considered the quality of WBL programmes from a number of perspectives. The marketing of programmes is, however, an important link between learners and employers and the programmes, generating awareness, promoting their value, and encouraging participation and engagement. This section briefly considers some marketing issues raised by government officials and stakeholders as an aspect of the overall quality and performance of WBL delivery.

5.64 A wide and varied range of marketing approaches was applied to promote WBL to individuals and employers including mail-outs, advice lines, websites, leaflets and booklets, events, databases, and press releases<sup>100</sup>.

5.65 A first observation (by a government official) on the marketing of WBL was that a key marketing challenge is to overcome attitudes of schools which continued to give insufficient value to Apprenticeship and to promote academic routes to Apprenticeship's disadvantage; with this attitude strengthened by the financial reward to schools which results from keeping young people in Sixth Forms and by parents' and pupils' belief in the 6<sup>th</sup> Form/University route as the best basis for a rewarding career. A provider also observed that:

*'We've found it difficult to access learners in school to promote WBL. The local 14-19 network has also been lukewarm to WBL – it's still seen as a second class choice and it's hard for us to break into with promotional activities'*

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<sup>100</sup> Examples include: the 'Where Now' mail-out to Year 11-13 leavers backed up by advice line support; information on the Careers Wales, Welsh Government and 'Your Future, Your Choice, Your Action' websites; Apprenticeship Week, Adult Learner Week, Skills Cymru, and multiple skills competitions and awards ceremonies; the 'Courses in Wales' and the Apprenticeship Matching Service databases accessible via the Careers Wales website; the Welsh Government's Business Skills Hotline.

- 5.66 Government officials observed that there was also a significant tension between marketing activity and individual expectations. Simply, unrestrained marketing ran the danger of leading individuals, particularly young people and their parents, to believe that there is a greater level of opportunity and choice than is actually the case, either in aggregate or in a particular location. A fine line needed to be drawn between developing brands and precipitating many more applications than could be successful.
- 5.67 There was a concern (expressed by some larger employers, by government officials, and by an organisation representing providers) that the Apprenticeship brand may weaken given the width of activity which it covers – from short training for an existing member of staff leading to Foundation Apprenticeship in, say, the retail sector; to four years of intensive skills development to Levels 3 or 4 which turns a new recruit into a highly skilled engineering technician in advanced manufacturing. It was questioned whether the ‘Apprenticeship’ brand could sustain market credibility in the long term given this variety.
- 5.68 It was suggested (by government officials) that there was some lack of integration in the marketing of WBL. For example, WBL providers were reported as often being unwilling to integrate their individual marketing efforts either with Welsh Government promotions or with that of other providers (although it was believed that improvements, involving the National Training Federation for Wales, are occurring). Generally, there was a fear that young people were sometimes not well-informed because information came from too many directions, was fragmented, and was sometimes contradictory with the Welsh Government, schools and colleges, and Careers Wales each being involved in marketing – there was no ‘one-stop shop’ for information.
- 5.69 Finally, at the point when the final round of stakeholder discussions in the evaluation was held (autumn 2011), there were concerns about the Apprenticeship Matching Service (which is discussed in more detail in Chapter 7), considered as a marketing device for Apprenticeship. The

Service's operation at a Welsh national level is relatively new and issues raised may reflect teething problems. However, providers were concerned:

- That it was bureaucratic, requiring substantial input to monitor vacancies;
- That there was a lack of information and communications as to how AMS operates ('the system just does not seem ready')
- That 'AMS gets in the way of the provider-employer relationship' and slows down referrals of young people to employers; and
- That AMS was worsening providers' relationship with Careers Wales because of the rigidity of its requirements.

5.70 A providers' representative organisation suggested that the system was not fully effective (despite contractual obligations on providers, from August 2011 onwards, to enter all Apprenticeship opportunities into the system) because of lack of employer buy-in (beyond some larger ones) and its unwieldy character. Providers were also concerned that young people who did not access the Careers Wales website would have no knowledge of it. This point was reinforced in a focus group with young people. One individual, clearly unaware of the Careers Wales access point, reported that in initially considering Apprenticeship:

*'I put 'Apprentices' and 'Apprenticeships' into Google and came across a vacancies site but when I looked I couldn't get any vacancies in my area. It was only after a while that I realised the site was just for England'*

5.71 Overall, the key 'marketing' message deriving from evaluation interviews is, perhaps, that WBL marketing, by the Welsh Government and its external agencies, needs to evolve in the directions of simplification, co-ordination, and consistency.

## Conclusions

- 5.72 There was clear evidence of increasing quality<sup>101</sup> and effective delivery of WBL in Wales. This starts from the very substantial increase in completion rates which was largely driven by Welsh Government targets embedded in provider contracts, by the focus on provision by a smaller number of lead contractors and the ending of contracts with weaker providers, and by the pressure exerted by the Welsh Government's quality team. Clearly, a basic condition of quality of delivery is that learners should complete their full learning programmes and very significant strides were made in this direction between 2007 and 2011.
- 5.73 Estyn also observed that, though progress was not universally constant, the actual quality of delivery of programmes had also been on an upward trend within the period (a factor which may itself be associated with improvements in completion rates though this relationship cannot be proved). This view was supported by research with employers and learners.
- 5.74 Thus, in a survey of employers with trainees undertaken as part of the evaluation, substantial majorities of employers reported positively on various aspects and outcomes of their participation. Three major employer representative groups, the Confederation of British Industry (CBI), the Federation of Small Businesses (FSB), and the Sector Skills Alliance (SSA) are strongly supportive of WBL programmes, Apprenticeships particularly. In addition, all employers who were interviewed in more depth, most of which were major businesses in the Welsh economy, were overall, very positive about their WBL

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<sup>101</sup> Though not strictly relevant to the quality of Apprenticeship in Wales, Welsh Government officials and some stakeholders, believe that the application of quality standards in Wales has led to the Welsh Apprenticeship programme being of generally higher quality than its English equivalent. There is little measurable data on differences in quality between the two nations but the House of Commons Public Accounts Committee reported in May 2012 on the English Apprenticeship programme. The Committee noted that a fifth of schemes lasted for 6 months or less and were 'of no real benefit' and had concerns 'about the amount and quality of training some Apprentices receive'. There was also concern that rapid expansion of Apprenticeship in England was at the expense of quality and that much of the training which was delivered by Adult Apprenticeships was simply that which would have been delivered by the Train to Gain programme, which itself had been scrapped because of its perceived inefficiency.

programmes. In most cases, their programmes constituted a core element in their recruitment and skills development strategies and their continued participation in programmes was anticipated.

- 5.75 In a survey (of learners undertaken as part of the evaluation in 2008), learners were also very positive about their programmes. This was particularly true of Apprentices but substantial majorities of those in the Skillbuild and Modern Skills Diploma programmes also gave positive evaluations of different aspects of those programmes and reported beneficial results from participation. In focus groups, learners were similarly positive. They reported favourably on their induction into programmes and on their-on-programme experiences. They reported that providers and employers were supportive, that they had gained confidence and motivation as well as specific job skills, and that they believed their programmes offered progression into valued careers. These findings were supported by Estyn's survey of WBL learners undertaken in 2010-2011.
- 5.76 Providers also reported that their quality of delivery, under Welsh Government and Estyn pressure, had improved in recent years. Learners were more closely monitored, support to learners was more systematically organised and more comprehensive, and provider self-assessment was improved. In consequence, completion rates had risen substantially.
- 5.77 In summary, there were clear improvements in Apprenticeship completion rates and quality over the period and strong majorities of participant employers and learners were positive about the programme. Though Skillbuild was subsequently re-designed, majority of learners in this programme also believed that it had benefits for them.
- 5.78 In this overall positive context, a number of concerns were, however, raised, particularly by employers and their representative organisations.
- 5.79 First, there were some concerns expressed about Apprenticeship frameworks. This included concerns that frameworks should be flexible

and responsive to business needs. Conversely, there was concern that frameworks should not be 'dumbed down' as the integration of some technical certificates with NVQs might imply. At the extreme there was a perception (from a marketing perspective) that a broad spectrum of Apprenticeship frameworks, from those allowing quite rapid delivery in sectors such as retail to much more complex programmes in technical sectors, might stretch the identity of the Apprenticeship brand.

5.80 'Bureaucracy' remained an issue for employers and their representative bodies. One view, held particularly by larger businesses, is that they should be trusted to deliver their programmes with less frequent monitoring. Clearly, the tension between employers wishes for simplicity of administrative process and the need to guarantee the probity of public expenditure remains.

5.81 On funding matters, there was some interest (from the CBI in a published document<sup>102</sup>) in the direct funding of employers being directly funded rather than indirectly funded via providers. More widely, employers were implicitly or explicitly resistant to any movement towards a larger employer contribution to Apprenticeship costs. If anything, employers took the view that government should increase its contribution to costs, frequently on the grounds that, in improving learners' key skills, they were undertaking an educational function not solely one which developed the specific job skills which the business needed.

5.82 Finally, there was concern about awareness and knowledge of WBL programmes. There were several aspects to this. It was suggested that small businesses were too frequently unaware of programmes or knew little about them: a perception supported by survey evidence which showed that, even above a reduction in bureaucracy, more information would be the most important factor encouraging non-engaged employers to consider participation in programmes. Learners reported

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<sup>102</sup> *CBI Response to the Welsh Assembly's Enterprise and Learning Committee consultation on the Draft Apprenticeship Bill, September 2008*

in focus group discussions that Apprenticeship was not sufficiently well promoted and that they 'came across' Apprenticeship indirectly.

- 5.83 These effects may stem from the view reported by several government officials, that the marketing of Apprenticeship needs to be cautious in order to avoid raising expectations about the availability of opportunities beyond their actual availability. Alternatively, government officials also recognised that programme marketing was somewhat fragmented (with, for example, opportunities being promoted on different web-sites, by Careers Wales, and by individual providers); that schools, with a funding interest in maintaining post-16 numbers in 6<sup>th</sup> Forms, may not wish to promote Apprenticeship; and that the traditional 6<sup>th</sup> form route into Higher Education retains considerable power.
- 5.84 Demand for Apprenticeship places from individuals was mostly strong in the 2007-2011 period. Some employers' Apprenticeship programmes attracted many applicants for each available place. Demand from employers was more mixed. On the one hand, government officials reported strong employer support for promotional events such as Apprenticeship Week and receiving direct requests for additional places. On the other hand, a small survey of employers without learners, suggested that only a minority would be likely to engage with the programme in future and providers reported that they still had to work consistently to secure Apprenticeship places.

## 6 The ESF contribution to WBL

This chapter considers evidence of the effectiveness of ESF funding in supporting WBL in Wales. It sets out the targets which the ESF funding sought to achieve and shows actual achievement in relation to these. It describes the outcomes of participation for learners supported by ESF funding and the benefits, skills and qualifications they gained. Some insights into the operation and value of ESF funding as part of the WBL programme, based on discussions with government officials, are reported. Annexes A-D provide further project-by-project information.

### Key points

- Programme output data shows that ESF-funded WBL provision broadly met or exceeded its targets in respect of total participation, gender, ethnic group, age, disability, employment status, and geography.
- The programmes prepared participants for types of occupation and awarded them levels of qualifications which were in line with programme objectives and expectations.
- Surveys of ESF-funded programme leavers some months after their participation showed continuing high levels of employment among ex-Apprentices. Employment of Skillbuild participants was much less frequent but still showed significant gain on the rate of employment of participants before their participation. Apprentices and Skillbuild participants supported by ESF-funding reported significant gains in work-related attitudes and skills.
- Discussions with Welsh Government officials suggested that ESF funding had brought a number of other benefits:
  - Additional volume of participation.
  - Longer term planning and contracting which had positive impacts on providers, learners, and programme quality.
  - More rigorous procurement, audit and mentoring of learners,
  - Support to the Welsh Government's Equality and Diversity and Education for Sustainable Development and Global Citizenship

(ESDGC) agendas.

- A major input to WBL marketing.

6.1 Between 2007 and 2011 the European Social Fund (ESF)<sup>103</sup> supported WBL in Wales through a number of strands:

- World Class Apprenticeship in East Wales (the ‘competitiveness’<sup>104</sup> area ).
- Modern Apprenticeship World Class Skills for a Knowledge Economy ( in the ‘convergence’<sup>105</sup> area ).
- Modern Skills Diploma (in the ‘convergence’ area).
- All Age Skillbuild for the Unemployed Inactive and NEET (in the ‘convergence’ area).

6.2 The first of these projects was funded under Competitiveness Priority 2 ‘*Improving skills levels and the adaptability of the workforce*’. The objective of which was to support productivity, adaptability and progression in employment by tackling low skills, raising skill levels amongst managers and workers in small enterprises, and improving systems for anticipating and responding to skill needs.

6.3 The second and third of these projects were funded within the ESF Convergence Priority 3 ‘*Improving Skills Levels & Adaptability of the Workforce*’. The overall objective of this priority was to support productivity and progression in employment by raising skills levels at the levels of basic skills, intermediate and higher level skills, to tackle skills gaps and shortages, and to promote gender equality in employment. Modern Apprenticeship was funded under Theme 1 and Modern Skills Diploma under Theme 2. *Theme 1* was to raise the skills

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<sup>103</sup> [www.wefo.wales.gov.uk](http://www.wefo.wales.gov.uk)

<sup>104</sup> Competitiveness area = Flintshire, Wrexham, Powys, Vale of Glamorgan, Monmouthshire, Newport, Cardiff.

<sup>105</sup> Convergence area = Blaenau Gwent, Bridgend, Caerphilly, Carmarthen, Ceredigion, Conwy, Denbighshire, Gwynedd, Isle of Anglesey, Merthyr Tydfil, Neath Port Talbot, Pembrokeshire, Rhondda Cynon Taff, Swansea, Torfaen

base of the workforce and support progression in employment through basic and intermediate level skills. This theme aimed to improve levels of basic literacy and numeracy skills, also ICT skills, other generic skills and occupational skills within the workforce. *Theme 2* aimed to build Skills for the Knowledge Economy – higher level skills and systems for workforce development. The theme aimed to support the provision of higher level skills, including graduates and post graduates, to support the knowledge economy, to improve systems to identify skills needs, to help employers identify their skills needs, anticipate potential gaps or shortages, and to help people adapt to changing economic pressures impacting on businesses and organisations.

- 6.4 The fourth programme, Skillbuild, was developed under ESF Convergence Priority 2, ‘Increasing Employment & Tackling Economic Inactivity’. The aim of this priority was to raise levels of employment and economic activity, and secure higher participation in the labour market, including through gaining of qualifications and entry into further learning. Skillbuild was delivered under ‘Theme 1 – Helping People into Sustainable Employment’, which aims to increase employment and tackle economic inactivity by bringing more people into employment.
- 6.5 It has been noted that most other analysis in this report, discussing WBL as a whole, can be assumed to apply to ESF-supported WBL, since ESF support did not affect the basic programme models. However, information which allows the specific contribution of ESF to be assessed is available and is reviewed in this chapter. It includes:
- Data on participation levels and achievement set against targets set out for the different strands of support (from WEFO progress data and Business Plans).
  - Data drawn from a survey of learners who left their programme in 2009 (whether fully completing or not) – the 2009 European Social Fund Leavers Survey<sup>106</sup>.

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<sup>106</sup> *The 2009 European Social Fund Leavers Survey*, WEFO, 2010

- Information gained from discussions with officials from the Welsh Government.
- Evaluations of pilot programmes funded by ESF.

## **Participation**

- 6.6 Analyses compare targets and outcomes for the four main strands of ESF. This data is cumulative over the 2007-2011 period. A first analysis shows the total level of participation within each of the strands in relation to targets for participation. Because ESF-funding is directed to defined 'Convergence' and 'Competitiveness' areas of Wales, it would be expected that distributions of participants would closely conform to this distinction. This is supported both by the fact that three WBL projects were ESF-funded in the Convergence area and only one in the Competitiveness area and also by the fact that the target number for the ESF Apprenticeship Convergence project was substantially higher than for the Apprenticeship Competitiveness project.
- 6.7 The data in **Table 6.1** shows that targets for total numbers of participants were achieved (in fact, slightly over-achieved).

**Table 6.1: Total participant number targets and achieved**

Numbers

Apprenticeship (Competitiveness)		Apprenticeship (Convergence)		Modern Skills Diploma (Convergence)		Skillbuild (Convergence)	
Target	Achieved	Target	Achieved	Target	Achieved	Target	Achieved
6,772	6,872	32,955	33,192	2,266	2,286	21,300	22,619

Source: Data accumulated from claims for ESF funding made by providers and supplied by the Welsh Government

6.8 **Table 6.2** shows that targets for the engagement of different demographic groups were also largely met, with only a few very or fairly small shortfalls (achievement of BME target for Apprenticeship in the Competitiveness area and in Modern Skills Diploma; as well as male and disabled targets for Modern Skills Diploma)..

**Table 6.2: Participation targets and achieved numbers for demographic groups**

	Apprenticeship (Competitiveness)		Apprenticeship (Convergence)		Modern Skills Diploma (Convergence)		Skillbuild (Convergence)	
	Target	Achieved	Target	Achieved	Target	Achieved	Target	Achieved
Male	3,091	3,140	15,077	15,174	679	604	12,356	13,168
Female	3,681	3,732	17,878	18,018	1,587	1,682	8,944	9,451
Black and minority ethnic	341	338	533	556	68	51	249	280
Not black and minority ethnic	6,431	6,534	32,422	32,636	12,198	2,235	21,051	22,339
Disabled	229	234	421	1,085	90	81	2,297	2,416
Not disabled	6,543	6,638	32,534	32,107	2,176	2,205	19,003	20,203

Source: Data accumulated from claims for ESF funding made by providers and supplied by the Welsh Government

6.9 Actual outcomes, in terms of participants gaining qualifications and entering further learning, are shown in **Table 6.3**. The table shows that almost all targets were achieved and exceeded by varying amounts. The only target against which there was any under-achievement concerns a minor shortfall against the target for participants entering further learning from Skillbuild, though this is countered by the substantially larger overachievement of the number of Skillbuild participants moving into employment.

**Table 6.3: Learning related participation targets and outcomes, ESF-funded learning, 2007-2011, cumulatively**

Numbers

	Apprenticeship (Competitiveness)		Apprenticeship (Convergence)		Modern Skills Diploma (Convergence)		Skillbuild (Convergence)	
	Target	Achieved	Target	Achieved	Target	Achieved	Target	Achieved
Participants gaining qualifications	4,335	4,563	24,232	24,579	1,222	1,336	11,926	13,654
Participants entering further learning	328	447	2,580	2,645	50	65	4,260	4,232
Participants entering employment	N/A	N/A	N/A	N/A	N/A	N/A	4,050	4,767

Source: Data accumulated from claims for ESF funding made by providers and supplied by the Welsh Government

## The 2009 European Social Fund Leavers Survey

6.10 The performance data reported above derives from complete records concerning all participants in ESF-funded learning. The 2009 European Social Fund Leavers Survey<sup>107</sup> is sample-based but, with fairly large samples of Skillbuild and Apprenticeship participants, allows robust analysis. It is used here to add two insights into the effectiveness of ESF-funded learning: first, whether or not it improved the employment status of participants; and, second, whether participants were able to report benefits from participation

6.11 The impact of participation on learners' employment status six months or more after their participation ended can be seen in **Table 6.4**.

**Table 6.4: Employment status of ESF- funded Apprenticeship and Skillbuild participants before and after their programmes**

	Percentages			
	Apprenticeship		Skillbuild	
	Before *	At time of survey	Before *	At time of survey
Doing paid work as an employee	87	88	9	31
Self-employed	2	3	1	1
Full-time education or training	5	2	16	18
On a government-funded employment or training programme	1	**	6	7
On a training course not funded by government	**	**	1	1
Unemployed and looking for work	4	4	58	34
Doing voluntary work	**	**	2	1
Not looking for work	**	2	7	7
Not known	**	**	1	1
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: The 2009 European Social Fund Leavers Survey

\* 'Before' = week immediately before starting programme

\*\* Less than 0.5 per cent

Note 1: Level 2 and Level 3 Apprenticeships were not distinguished in the survey

Note 2: This data was previously used in Tables 3 and 5 as the only recent data available on employment outcomes of Apprenticeship and Skillbuild in general

<sup>107</sup> The 2009 European Social Fund Leavers Survey, WEFO, December 2010

6.12 Table 6.4 suggests that ESF-funded learning maintained the employment status of Apprentices in the sense that their employment rate prior to starting on the programme (87 per cent) was high and remained so (88 per cent) 6 months after completing the programme. However, as noted earlier, Apprentices in the survey were asked what they were doing in the week immediately before the survey. This may result in understatement of the employment impacts of Apprentices since some may have been taken on some weeks or months earlier with the intention of their taking up an Apprenticeship but had to wait for the programme to start. In the case of Skillbuild, the employment rate 6 months following the programme was 31 per cent. This rate (though significantly below the general employment rate of 67 per cent for 16-64 year olds in Wales at the time of survey) had risen significantly from 9 per cent prior to the programme. The unemployment rate for ex-Skillbuild leavers was 34 per cent (8.3 per cent for the workforce in Wales at the time of survey)<sup>108</sup> but their unemployment rate had fallen (from 58 per cent prior to the programme). These positive changes cannot be *shown* to be attributable to Skillbuild. However, it seems reasonable to assume that Skillbuild participation was at least associated with positive changes for a substantial minority of Skillbuild learners.

6.13 Secondly, the benefits of the programmes in terms of attitudes and skills gained can be seen in **Table 6.5**.

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<sup>108</sup> General employment/unemployment rates from Annual Population Survey, ONS, 2010

**Table 6.5: ESF-funded Apprenticeship and Skillbuild participants reporting benefits from participation**

	Percentages	
	Apprenticeship	Skillbuild
<b>'Soft' benefits</b>		
More enthusiastic about learning	82	82
Taking part in more voluntary or community activities	27	30
Clearer about what to do in life	75	75
More confident about abilities	92	91
Clearer about range of opportunities open to them	85	84
Feeling better about self generally	88	88
Feeling have improved employment or career prospects	86	84
Feeling more healthy	59	62
Made new friends	61	69
<b>Skills and qualifications</b>		
Gained job-specific skills	79	74
Gained problem-solving skills	79	78
Gained team-working skills	83	83
Gained organisational skills	82	80
Gained literary skills	66	66
Gained numeracy skills	68	68
Gained IT skills	56	61
Gained communication skills	85	85
Gained job search skills	48	55
Gained CV preparation or interview skills	47	55
Gained accredited qualifications	97	62

Source: 1,869 Apprenticeship Participants and 1,124 Skillbuild participants interviewed in the ESF Leavers Survey in Wales, 2009

Note: Skillbuild data was previously used in Table 3.5 as the only recent data available on the benefits of participation in Skillbuild in general

6.14 It can be seen that both Apprentices and Skillbuild respondents were broadly very positive about the benefits of participation. Substantial majorities in both cases report gaining each of a range of 'soft' benefits and skills or qualifications. The main difference between the two

groups was simply that almost all Apprentices reported achieving a qualification compared with 62 per cent of Skillbuild participants. This difference would be expected given that Apprenticeship is focussed both on gaining qualifications and on preparation for employment, whereas Skillbuild was focussed *primarily* on employment outcomes rather than on participants gaining qualifications.

### **Insights from discussions with Welsh Government officials**

- 6.15 Discussions with Welsh Government officials generate a set of further insights into the ESF contribution to, and relationship with, WBL in Wales as a whole.
- 6.16 First, it is widely recognised across programme management that ESF funding enabled a substantially larger WBL programme than would otherwise have been possible. However, achieving an exact measure of the uplift is difficult. Broadly, to establish a whole annual budget for WBL of c.£120 million, the ESF contributes c.£20 million, the Welsh Government supplies a further £20 million in 'match funding' to the ESF contribution, and then supplies a further £80 million independent of ESF. This would suggest that ESF contributed around a sixth of the total budget or that, with match funding included, ESF 'generates' around a third of the budget.
- 6.17 Looking at the issue in terms of learner numbers, however, the picture is somewhat different. Calculating the number of learners within a particular period is not simple because many learning episodes extend over the first and last dates of the chosen timeframe. However, if a simple measure, the number of starts in each year, is used as an approximation, then, cumulatively, between 2007/08 and 2010/11, there were 75,620 Apprentice learners, 49,705 Skillbuild learners, and 3,980 Modern Skills Diploma learners. ESF output reports for 2007-2011 indicate 'ESF learners' numbers as: Apprenticeship, 39,392; Skillbuild, 21,576; Modern Skills Diploma, 2,166; implying respectively an ESF contribution of: Apprenticeship, 52 per cent; Skillbuild, 43 per cent; Modern Skills Diploma, 54 per cent.

6.18 Second, it is recognised that, at a high level, ESF and Welsh Government approaches were not in conflict in that basic principles – use of WBL programmes to support economic development, promote employment, and reduce disadvantage – were clearly shared. However, it was also suggested, by Welsh Government officials, that practical organisation of the ESF funding contribution raised some tensions. Instances reported by Government officials included, for example:

- That ESF had a stronger emphasis on reducing economic inactivity, the Welsh Government on unemployed claimants;
- That ESF had a stronger emphasis on employment and progression outcomes whilst the Welsh Government was, until latterly, more focussed on measures of training activity and qualification achievement;
- That there was initial misalignment of Skillbuild for 16-18 year olds with the ESF Priorities (see earlier in this chapter) within which ESF funding was allocated.

6.19 A number of complex adjustments to funding eligibility criteria and waivers was required to accommodate these tensions.

6.20 It was also suggested that Apprenticeship is seen as a route into skilled work by most participants, not into further learning immediately on completion, with the result that, as noted earlier in this chapter, the target for Apprentices to enter further learning was not achieved. The Welsh European Funding Office (WEFO) accepted that in hindsight, the initial target was probably unrealistic and had failed to reflect the fact that employees undertaking a full 3-4 year Apprenticeship are understandably unlikely to seek to undertake further learning immediately on completion.

6.21 Third, officials assert that the introduction of ESF funding, with its multi-year budgeting, into WBL planning was at least partly responsible for a shift in the mid-2000s from annual contracting for WBL delivery to the introduction of 3 year contract cycles; and that this shift brought greater

stability, longer term planning, made staff recruitment by providers easier, and resulted in less disruption to learner journeys – with consequent positive impacts on quality and completion measures.

6.22 Fourth, it is asserted that ESF introduced discipline into WBL delivery – driving better management and retention of records, encouraging the development of the Quality and Effectiveness Framework<sup>109</sup>, and sharpening WBL procurement and audit procedures. From the provider perspective, this was not necessarily all perceived as positive: in some interviews with providers, the ESF contribution was seen as driving up the ‘bureaucratic burden’ significantly to the detriment of programme delivery.

6.23 The level of contribution of ESF funding to Equality and Diversity and ESDGC<sup>110</sup> agendas was not agreed by all programme managers. On one hand it was asserted that these principles, particularly adherence to Equality and Diversity, were, and are, integral to Welsh Government policy and, hence, ESF funding, though requiring attention to the agendas, did not make any particular difference. On the other hand, the argument was made that targets for specific disadvantaged groups in ESF-funded provision, the requirement placed on programme managers in the Welsh Government to report back to the Welsh European Funding office (WEFO) on provider activity in respect of ESDGC, and the encouragement of Equality and Diversity and ESDGC requirements in WBL procurement and quality monitoring, stimulated the two agendas.

6.24 In practice, adherence to ESDGC and Equality and Diversity principles was enforced through Welsh Government contracts with providers which required them to set out their practices in these areas. Officials reported that a ‘toolkit’ had been generated which gave guidance to providers on how *ESDGC* principles could be embedded into the learning programmes they supported and that relevant learning

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<sup>109</sup> *Quality and Effectiveness Framework for post-16 learning in Wales: Delivering Skills that Work for Wales*, Welsh Assembly Government, 2008

<sup>110</sup> Education for Sustainable Development and Global Citizenship

materials had been produced. Providers were described as having mixed reactions to the ESDGC agenda, with some being enthusiastic whilst others saw it as a bureaucratic imposition. Whilst Estyn considered ESDGC as part of their inspection process this was at a high level, looking at the policies of institutions inspected, rather than through observation at the classroom level. It was suggested that while there was adherence to ESDGC principles, on occasion this amounted to little more than 'lip service'.

6.25 In respect of equality and diversity, government officials suggested that these principles were very strongly embedded and believed there was no conscious discrimination in the system. They noted, however, that what was on offer was equality of opportunity. There were no systematic efforts to create equality of outcome. Thus, for example, marketing effort and publications promoted the idea that Apprenticeship opportunities of all kinds were open to men and women and to people from different ethnic backgrounds but there were no 'quota' systems to promote a particular level of take-up by different groups. Thus, as seen in Chapter 4, substantial 'gender segregation' of Apprenticeships in different sectors remained strong and ethnic minorities were somewhat under-represented in WBL programmes.

6.26 Further, ESF funding substantially supported the marketing of WBL in Wales via events such as Skills Cymru<sup>111</sup> and Skills Competition Wales<sup>112</sup>. These activities are regarded by programme managers in Wales as important showcases for WBL.

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<sup>111</sup> A major careers and skills event held at the Millennium Stadium in Cardiff between 16<sup>th</sup> and 19<sup>th</sup> September 2010; 68% of the c.£1 million budget was supplied by ESF.

<sup>112</sup> A set of c.30 skills competitions held in Wales as part of World Skills UK, a portfolio of skills competition activity managed overall by the National Apprenticeship Service in England in partnership with organisations from industry and education.

## Conclusion

- 6.27 It was noted in the introduction to this report that ESF funding did not support fundamentally 'different' WBL. Hence, many observations made on WBL, or its particular strands, throughout this report are implicitly about ESF-funded learning as well. However, some statistics on, and insights into, the operation of the ESF element are more specific and have been set out in this chapter.
- 6.28 On the basis of this information, it is clear that the ESF contribution was significant in supporting an additional volume of learners who otherwise would not have been supported. Applying the kinds of multiplier which were used earlier in this report (Chapter 3), it can be argued that the return to annual expenditure of ESF funds on adult Apprenticeship is approximately 18 times the financial input; and that each Skillbuild place funded by ESF which avoids a young person becoming NEET in the long term saves upwards of £50,000 in long term social costs.
- 6.29 It is also clear that programme targets were also broadly met including targets for overall volume of participation, for WBL distribution by gender, disability, and ethnic group, and for the achievement of qualifications and progression into further learning or employment.
- 6.30 Data from the ESF leavers survey suggests that the employment rate of supported Apprentices following their programmes was high. The employment rate of Skillbuild learners subsequent to the programme was considerably higher than the rate before their participation (though direct attribution of this to participation in Skillbuild cannot be asserted). Large majorities of participants in both programmes reported 'soft' benefits from participation and that their 'employability' skills were developed.
- 6.31 There were some difficulties in getting ESF funding to fit with on-the-ground objectives for the organisation of WBL programmes – rules for the allocation of ESF funding sometimes running counter to how the

Welsh Government saw its priorities. However, there was sufficient flexibility to resolve these difficulties. Subsequently, though the extent is not wholly measureable (and was sometimes debated), ESF funding contributed to the stability and longer-term planning of WBL, encouraged rigour in record keeping, quality management, procurement and audit, may have advanced the Welsh Government's interests in promoting Equality and Diversity and ESDGC in WBL, and made a significant contribution to marketing WBL in Wales.

## 7 Apprenticeship: pilot and ancillary programmes

This chapter describes the processes and results of specific evaluations of four innovations in the delivery of Apprenticeship in Wales. These evaluations each had their own inputs (such as reviews of documents, surveys, discussions with stakeholders, officials, and providers, and focus groups with participants). Most of the findings, and discussions of those findings, set out in this chapter are drawn from these evaluations, which took place between 2008 and 2011. However, some observations on the pilots were subsequently made by respondents in the main evaluation programme and some of these have also been incorporated.

### Key points

- Separate evaluations were undertaken of the Shared Apprenticeship, Flexible Funding and Apprenticeship Matching Service pilots, and of the Young Recruits programme.
- The Young Recruits programme successfully achieved its objective of generating additional Apprenticeship places for young people.
- Evaluation of the Apprenticeship Matching Service raised a number of operational issues which, it was reported, might need attention on full roll-out of the service.
- Though Flexible Funding supplied training of benefit to employers and learners, it did not greatly stimulate employer investment in training, was limited in its appeal to some sectors, and may be limited in its additionality.
- Shared Apprenticeship provides successful Apprenticeship training but there may be constraints on its wider application.

7.1 In the introduction to this report, it was noted that in addition to the mainstream WBL programmes, there had been four supporting developments:

- The introduction of the *Young Recruits Programme* which offered an incentive to employers to take on young Apprentices.
- The development of the *Apprenticeship Matching Service*, a web-based service to widen access by would-be Apprentices to Apprenticeship opportunities and to allow employers to offer opportunities to a wider set of potential applicants.
- A pilot of the *Flexible Funding* programme – support for employers and individuals who felt a full Apprenticeship framework was not appropriate .
- A pilot of *Shared Apprenticeships*, an arrangement allowing Apprentices to gain work experience with more than one employer.

7.2 These programmes and pilots were each separately evaluated. This chapter summarises those evaluations.

## **The Young Recruits Programme**

### *Introduction*

7.3 The Young Recruits Programme (YRP) was introduced in August 2009 as part of a Welsh Government set of measures to respond to recession. The programme was specifically aimed at helping young people aged 16 to 24 into Apprenticeships. It did so by offering employers a maximum subsidy of £2,600 over a year, or of £50 per week. The subsidy, paid quarterly in arrears, was available to employers who offered an Apprenticeship opportunity when they would not have done so without the subsidy. Initially, the programme had a target of 1,000 Young Recruits opportunities but a second wave of the programme followed in February 2011 which added a further 1,000 opportunities.

7.4 The programme was driven by concern about youth unemployment which rose markedly from 2008 and by recognition of the social and financial costs of young people becoming ‘NEET’ (Not in Education, Employment, or Training) and that status then becoming entrenched.

### *Evaluation method*

7.5 The evaluation of Young Recruits was required to answer a number of key questions concerning:

- The effectiveness of the grant in attracting employers without deadweight.
- The wider motivations for employer engagement.
- The effectiveness of the processes by which its participants (employers, Apprentices, and providers) became engaged in the programme.
- The effectiveness of the Apprenticeships themselves in generating employer satisfaction and in delivering positive outcomes.

7.6 To generate intelligence on these matters, a number of research elements were undertaken:

- 101 grant-assisted employers were interviewed by telephone in structured survey interviews. These employers were drawn randomly from a list of all Young Recruits employers. They were spread across Wales (27 in North Wales, 6 in Mid Wales, 30 in South West Wales, and 38 in South East Wales).
- A further, small sample of employers was engaged in more in-depth discussions.
- A small sample of Apprentices supported by the YRP was interviewed on the telephone (this sample was identified by employers who, in the survey above, agreed to provide access to their Apprentices).
- Stakeholders (including programme managers from the Welsh Government and providers) were interviewed, either face-to-face or on the telephone, in order to generate insights into the Young Recruits programme from those engaged in its delivery.

## *Conclusions*

7.7 The evaluation concluded that the Young Recruits programme has many strengths, including:

- It is straightforward and easy to present to employers.
- It has value in avoiding some young people becoming NEET. The average lifetime social cost of NEET status has been estimated (see Chapter 3 earlier) as being of £56,000 per individual. The exact value of Young Recruits in relation to this figure cannot be quantified as it is not known how many Young Recruits would, in fact, have become NEET if not for the programme. However, given this high potential long-term cost to society of persistent disengagement, the possible benefit is large in relation to the cost of the subsidy.
- The programme has substantial additionality.
- The level of subsidy was about right – high enough to incentivise employers but not so high as to encourage employers to take on young people purely for financial reasons.
- It seems likely that rates of completion and of continuing employment after Young Recruits Apprenticeships will be comparable with those of standard Apprentices – suggesting that the availability of subsidy has not lowered standards of delivery.
- This is confirmed by employer satisfaction with the quality of their Young Recruits (which employers believe is comparable with that of standard Apprentices) and with the quality of the off-site training element of the programme; and by Apprentice satisfaction with their experiences on the programme and its actual and prospective benefits.
- Although not a primary objective, the programme engaged a significant proportion of employers new to the programme. The base of employers with Apprenticeship experience, with the potential for future placements, has been expanded.

- A substantial majority of employers reported that they had become generally more favourable to the recruitment of young people.

7.8 The programme's weaknesses were few, and mostly concerned with administration:

- There was an initial misjudgement as to the level of marketing which would be needed to recruit employers.
- There were one or two initial errors in presentation of the programme.
- Under-resourcing of programme administration at points where there were relatively high in-flows of employer applications and claims for payment was reflected in the employer survey, particularly in relation to some dissatisfaction with the timeliness of payments.
- The requirement for providers to flag Young Recruits Apprenticeships in the LLWR database was not widely adhered to, with the result that description of the programme's structure and monitoring of its outcomes using LLWR, has been inhibited.

7.9 Basically, thus, the Young Recruits Programme, with a few minor administrative blemishes, broadly achieved what it set out to do; that is, to provide (in two phases) 2,000 Apprenticeship places of good quality for young people who were not in, or not firmly established in, the workforce, which would not otherwise have been available.

### *Recommendations*

7.10 For the future operations of the Young Recruits Programme, recommendations were that:

- The burden of paperwork associated with the programme needs to be made as light as possible, consistent with ensuring that the subsidy is not dishonestly or erroneously paid. Micro-businesses, particularly, should not have bureaucratic costs which are out of proportion with programme benefits.

- Accurate identification of Young Recruits Apprenticeships on LLWR should be enforced on providers to allow more effective programme monitoring.
- Administration of the programme should be resourced adequately to allow employer applications and claims for payment to be processed quickly.

## **The Apprenticeship Matching Service**

### *Introduction*

7.11 The recommendation to introduce a 'clearing house' in Wales which would match potential Apprentices with employers was included in the Work-Based Learning Improvement Plan prepared by ELWa, the agency then responsible for funding post-16 learning in Wales, in January 2006. Subsequently, after a period of further planning and deliberation, the Careers Wales Association (the umbrella body for the six Careers Wales companies which deliver all-age careers advisory and development services across Wales) was contracted in 2009 to undertake the development and programme management of an Apprenticeship Matching Service (AMS).

7.12 Two Careers Wales areas within the ESF Convergence area were selected to act as pilots for the Apprenticeship Matching Service:

- Neath and Port Talbot and Swansea, in the Careers Wales West area;
- The Careers Wales North West area covering Gwynedd and Anglesey.

7.13 Systems development work commenced in late 2009, with the project being managed by the Careers Wales Association. The AMS site was launched in July 2010 in the two pilot areas.

7.14 AMS was designed to be used by providers, Apprenticeship candidates and employers. It was expected that:

*Providers would be able to:*

- Make Apprenticeship places openly available on the Matching Service segment of the Careers Wales website;
- Observe and monitor the process through which candidates and vacancies were brought together.

*Candidates would be able to:*

- Look at all available Apprenticeships;
- Save search results to consider later;
- Apply on-line for a suitable Apprenticeship;
- Receive messages from employers letting candidates know if they have been shortlisted; and
- Be invited for interview by an employer or work-based learning provider.

*Employers would be able to:*

- Enter their own opportunities directly onto AMS;
- Review on-line applications;
- Sort applications into a shortlist;
- Invite applicants for interview; and
- Link up with a work-based learning provider on-line.

#### *Evaluation method*

7.15 Having reached a point at which the pilot had been in operation for some months, the evaluation of the pilot had the overall aim ‘to evaluate the development and implementation of the Apprenticeship Matching Service from the perspectives of its target groups and develop recommendations for the roll out of the Service across Wales’.

7.16 The evaluation considered a range of evidence including management information and the views of stakeholders, employers and Apprentices engaged in the pilots. The main inputs to the evaluation were:

- A review of the number of candidate and employer registrations on the Apprenticeship Matching Service from July 2010 to February 2011;
- Two focus groups with Careers Wales staff, one in each of the pilot areas; an interview with a Careers Wales vacancy manager; and an interview with the Careers Wales Association Apprenticeship Matching Service project manager;
- Telephone interviews with 13 employers whose details were registered on the Apprenticeship Matching Service;
- Telephone interviews with 15 employers who had been sent marketing information about the Apprenticeship Matching Service prior to its launch;
- Telephone interviews with 10 work-based learning providers across the two pilot areas;
- Telephone interviews with 8 candidates who had registered their details on the Apprenticeship service.

### *Conclusions*

7.17 A number of conclusions were drawn, based on evidence collected by this research process. The first was that only a proportion of Apprenticeships were open to competition between individuals. Many Apprenticeships were filled by employees converting to Apprentice status. Others were made available to individuals who had sufficiently impressed employers on a Skillbuild work placement to be offered an Apprenticeship place. In some cases, employers sought to give an Apprenticeship place to a particular individual who was known to them. Providers may similarly seek to move suitable candidates, particularly those in Pathways to Apprenticeship or other preparatory learning, into Apprenticeship places without opening those places to wider competition. These factors limited to the number of places which were available to be entered on to the system.

- 7.18 Second, the number of Apprenticeships available to be put into the AMS system was further restricted by the launch of the pilot after the main spring peak of Apprenticeship recruitment.
- 7.19 Third, despite marketing effort, employers had little awareness of AMS even where their Apprenticeship vacancies had been placed on the system. They appeared to be largely content to allow providers or Careers Wales to manage the recruitment process.
- 7.20 Fourthly, some providers saw AMS as an unnecessary addition to their established Apprenticeship placement practices which they regarded as efficient and effective.
- 7.21 Fifth, some lack of clarity as to the respective roles of Careers Wales and providers was evident. For example, providers and Careers Wales were uncertain as to who should take responsibility for sourcing and logging vacancies.
- 7.22 Sixth, candidates who registered on the AMS site were generally positive about the system, but were disappointed that the system contained relatively few vacancies, would prefer the site to offer more detail of vacancies and would like to be able, via the site, to provide more detail about themselves. The evaluation was not able to provide information on other people who accessed the site but did not register and who may or may not have found it useful or user-friendly.
- 7.23 Seventh, the AMS system needed further development in respect of functionality, the Welsh language, and web-site design.

### *Recommendations*

- 7.24 For further extension of AMS on a national scale, recommendations were:
- Seek to rapidly increase the number of vacancies which are available to would-be Apprentices who browse the system.
  - Introduce guidance for Careers Wales and providers as to which types of Apprenticeship vacancy *must* be put into the system.

- Consider enforcing this guidance with suitable conditions in provider and Careers Wales contracts<sup>113</sup>.
- Undertake any full national launch at a point when the availability of Apprenticeship vacancies is at its seasonal maximum.
- Pre-national launch, market AMS extensively to those responsible for careers guidance and advice in schools and colleges.
- Market AMS (at national launch and beyond) to young people using appropriate media which young people access.
- Allocate precise responsibilities within DfES and to Careers Wales and providers for AMS's leadership and development and for the practical aspects of the Service, including the entering of vacancies into the system and their subsequent management.
- Ensure that the work involved in maintaining a 'live' system which needs to be continuously up-dated and refreshed is adequately staffed and funded.
- Ensure that this resourcing is responsive to seasonal variation in system 'traffic'.
- Ensure that national roll-out maintains consistency of procedure across Wales.
- Consider responding to Apprenticeship candidates' views that: they should be able to input more detail of their abilities and qualifications into AMS; and that more detail of Apprenticeship in general and of specific Apprenticeship vacancies should be available from the AMS site.
- Ensure that vacancies on the AMS site are genuinely for Apprenticeship and not for Skillbuild (or its successor programme).
- Improve the AMS internet site to improve its clarity and effectiveness.

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<sup>113</sup> Note: Since August 2011 it is a contractual requirement of all providers to place all Apprenticeship vacancies on AMS. This was not the case at the pilot stage.

- Accelerate the development of the Welsh language version of site content.

## **The Flexible Funding programme**

### *Introduction*

7.25 The Flexible Funding programme was introduced in the 2007-2008 academic year in order to make Apprenticeship frameworks more responsive to employers' needs for skill development. The programme offered providers in Wales 50 per cent of the standard Welsh Government rate for delivering any of the NVQs, Technical Certificates, or Key Skills Certificates which are on the list of accredited qualifications currently used in Apprenticeship frameworks. Training providers were then able to 'sell on' the qualifications to employers at whatever rate they wished in the light of prevailing market conditions and their own commercial objectives.

### *Evaluation method*

7.26 Evaluation of Flexible Funding took place in two phases. Firstly, in the second half of 2008, in a period when the number of learners who entered learning supported by Flexible Funding rose to 400 (in December 2008), an *interim evaluation* was undertaken. This was based on a mix of face-to-face and telephone interviews with 6 providers involved in delivery and with 10 employers who had taken up the Flexible Funding offer. 52 individuals who received training funded by the pilot programme were surveyed using telephone interviews. An interim evaluation report (*An evaluation of DCELLS' 'Flexible Funding' arrangements*, BMG Research), was delivered in March 2009.

7.27 Secondly, a final evaluation was undertaken in late 2010 and early 2011. The inputs to this second research programme comprised, in summary:

- Management information on the programme originating from the Welsh learner record (LLWR).
- A telephone survey of 50 employers.
- A postal survey of 168 learners.

- Discussions with 8 providers who had contracted to deliver Flexible Funding

### *Conclusions*

7.28 The study concludes that training supported by Flexible Funding was worthwhile for employers and learners and delivered genuine benefits for both – it delivered quality training which generated better motivated staff, higher productivity, and reduced staff turnover for employers; and qualifications and career benefits for employees.

7.29 However, the study raised a number of questions.

7.30 First, providers reported, and the survey of employers confirmed, that a significant volume of Flexible Funding training was delivered free or almost free to employers – Flexible Funding had not greatly increased employer investment in training and, from the provider point of view, the Flexible Funding approach could not continue on any significant scale on this financial basis.

7.31 Second, providers reported that part of the reason why providers often delivered Flexible Funding at no or very little cost to the employer is because Apprenticeship training is free. Some knowledgeable employers did not see why they should pay for part of a framework when they can get the whole for nothing. Government officials do not see this as a negative feature, since the Government would prefer employers to see full Apprenticeship frameworks as the first option for employers, with Flexible Funding only being taken up where that is the employer's preferred option.

7.32 Third, some providers suggested that Flexible Funding may represent a distortion in the commercial training market such that providers without WBL contracts with the Welsh Government may not be able to sell training when competitors with contracts are able to offer it at a substantial discount. Government officials, however, consider that this argument is greatly over-stated and that any significant market distortion is unlikely.

- 7.33 Fourth, almost 4 out of 10 learners (38 per cent) in the programme undertook qualifications in social care (mainly NVQ in Health and Social Care). Discussions with businesses in the care sector suggested that Flexible Funding was helping them to meet the requirement of the Care Standards Act that 50 per cent of care home staff should be qualified to Level 2. A further 15 per cent of learners undertook qualifications in railway engineering. Thus, over half the learning supported by the programme was undertaken in two industries. The question was raised as to whether the appeal of the programme across sectors, somewhat uneven in the pilot, needed to be broadened.
- 7.34 Fifth, 66 per cent of employers said they would have provided the training funded by the programme if Flexible Funding had not been available. This may have been by other Government-funded routes. However, if at least some of the training had been paid for by employers themselves, then some lack of additionality is implied.

#### *Recommendations*

- 7.35 Overall, it was concluded that Flexible Funding had supported training which has increased skills and business efficiency. It had been inexpensive in total – with a quite small number of learners and quite small subsidies (half the cost of an NVQ, the most frequent output of learning funded by the programme, perhaps being of the order of £750). However, as the programme continued or was expanded, it would generate better value if ways could be found: (1) to raise its ability to stimulate employer investment in training; (2) to establish arrangements in which it is not competitive with Apprenticeship (as, providers report, was sometimes the case); (3) to ensure that it does not constitute a possibly unfair distortion of the commercial training market; (4) to broaden its appeal across the economy as a whole; (5) to ensure that it is not substituting for training which employers themselves would pay for.

## Shared Apprenticeships

### Introduction

- 7.36 Evidence<sup>114</sup> suggests that small businesses are often dissuaded from engaging with the Apprenticeship programme by their perception that Apprenticeships are bureaucratic, costly, and involve risk – of taking on a young person and of committing to their training for a fixed period in which workload and company income is uncertain.
- 7.37 A ‘Shared Apprenticeship’ model in which a central management organisation takes care of administration and in which the Apprentices moves between different employers who share the responsibility for the Apprentice’s on-site training may resolve these problems. ELWa<sup>115</sup> proposed a pilot scheme for Shared Apprenticeship in its WBL Improvement Plan<sup>116</sup> which was approved by the Welsh Assembly Government’s Minister for Education, Lifelong Learning and Skills in January 2006.
- 7.38 Subsequently, the Shared Apprenticeship pilot was developed and implemented with funding from the (then) Department of Children, Education, Lifelong Learning and Skills (DCELLS) of the Welsh Assembly Government and the support of two SSCs: ConstructionSkills and SEMTA<sup>117</sup>.
- 7.39 The pilot was intended to test the viability of operating a Shared Apprentice approach for a total of 75 Apprentices in the construction sector and of 90 Apprentices in the engineering sector. In each case, it was intended that approximately a third of each sector’s total should

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<sup>114</sup>See for example: *Research into Expanding Apprenticeships*, LSC, 2008; Press Release, Federation of Small Businesses, February 2011; *Building Business Through Apprenticeships*, City and Guilds, February, 2011; [www.southdevon.ac.uk/business-news/1054](http://www.southdevon.ac.uk/business-news/1054); March 4<sup>th</sup>, 2011; *Education and Skills Survey*, CBI/Edexcel, 2008; *You’re hired! More Apprentices for Business*, CBI, July 2010; *LPC 2008 Survey of Employers*, Institute of Employment Studies, Report 466, 2009

<sup>115</sup> ELWa (Education and Learning Wales) was a public body funded by the Assembly Government to plan and fund all post-16 learning and training in Wales except for Higher Education. Set up in 2002, it was merged with the Welsh Assembly Government in April 2006

<sup>116</sup> *The Work Based Learning Improvement Plan*, prepared by ELWa and approved by the Minister for Education, Lifelong Learning and Skills in January 2006

<sup>117</sup> ConstructionSkills is the SSC for the construction sector. SEMTA is the SSC for the engineering and marine technologies sector. For more information on ConstructionSkills go to [www.cskills.org](http://www.cskills.org) and on SEMTA go to [www.semta.org.uk](http://www.semta.org.uk)

undertake their Apprenticeships in three annual cohorts starting in 2007, 2008, and 2009.

7.40 Each SSC piloted its own model, with the ConstructionSkills pilot operating from one geographic location; and the SEMTA pilot operating from three geographic locations, one in each of North, Mid and South West Wales. Delivery commenced in September 2007 for the first cohort of ConstructionSkills Shared Apprentices. SEMTA was unable to start its Shared Apprentice pilot until a year later, with their first cohort beginning training in September 2008.

#### *Evaluation method*

7.41 The primary purpose of the evaluation was to report on progress in realising the aims and objectives of the pilots and to provide recommendations for their future roll-out. The evaluation study commenced with an inception phase, followed by:

- Desk based research;
- Five stakeholder and delivery partner consultations;
- 8 depth discussions and 2 focus groups with Apprentices in the pilot programmes;
- 15 depth discussions with employers; and
- 14 follow-up interviews with learners who have completed their Shared Apprenticeship.

#### *Conclusions*

7.42 The study concluded that there was no doubt that Shared Apprenticeship had succeeded, and was succeeding, as a training programme. It had been successfully delivered. It had outcomes which appeared to be at least as good and (though based on a small number of trainees in the programme) perhaps better than those of standard Apprenticeship. A number of particular conditions conducive to, or attributes of, this broad picture of success were recognised, however:

- It was established most readily where there was an existing sector network of employers willing, indeed keen, to host Apprentices in the programme.
- The programme had a strong process for Apprentice selection and secured particularly able and motivated candidates.
- It was particularly fitted to difficult economic circumstances because it allowed Apprentices to be readily re-located when workloads fell off, or, in some cases, when businesses in the programme closed down.
- It appeared to have a somewhat stronger fit with the construction sector – which is generally mobile, has fluctuating workloads, and quite varied site conditions – than with the engineering sector.
- It had higher costs, because of government subsidy to Shared Apprentices' training allowances or wages, and because of the greater amount of management time which the programme requires, than had standard Apprenticeship. On a per-completed Apprentice basis, because of possibly higher completion rates for Shared Apprenticeships, these higher costs may be mitigated but this factor was unlikely to make up the difference.

### *Recommendations*

7.43 Some key recommendations which derived from this analysis for any future extension or development of Shared Apprenticeship in Wales were:

*A full costing exercise, to ascertain the true cost of Shared Apprenticeship for each completed Apprenticeship compared with the equivalent cost of a completed 'standard' Apprenticeship in the same sector, should be undertaken and made available.*

7.44 Because of the higher management input, Shared Apprenticeship was recognised as relatively costly but the scale of difference was not widely available. It would be important to any future development of the Shared Apprenticeship approach that the cost implications should be

clearly visible to all parties involved in decisions as to whether or not to take the shared approach forward. A straightforward balance sheet, explicitly comparing the costs of Shared and standard Apprenticeship models, would be helpful.

*A wage subsidy in Shared Apprenticeship may need to be factored into any future Shared Apprenticeship programme.*

7.45 Both pilots operated with a training allowance or wage paid to Apprentices which, whilst fed through the SSCs involved, was an additional government subsidy over and above the normal government payment of off-site training costs in standard Apprenticeship. It seemed improbable that employers in the pilots (or any successor programme) would generally agree to pay a significant wage to an Apprentice who was not 'theirs' and who may be with them for only a short period of time (particularly if this is at an early stage of the Apprenticeship when Apprentices' value to the business may be quite low or negative).

*Seek to roll-out Shared Apprenticeship in locations where there are existing employer networks which are committed to supporting the Shared Apprenticeship programme.*

7.46 The evaluation clearly showed that the model worked most readily in the construction case where an employer network was already in place. In the engineering case, that network had to be constructed at some cost in time and effort and with significant delay in getting the programme up and running.

*Consider carefully whether Shared Apprenticeship has wide application across all sectors.*

7.47 It seems that the construction sector – a mobile sector with episodic or fluctuating workload and considerable variety in the nature of work offered between sites – fitted most closely with the Shared Apprenticeship concept. Other sectors may or may not provide conditions in which an Apprentice's ability to demonstrate competence in different parts of their NVQ is necessarily enhanced by movement between employers.

*To achieve a good success rate, Shared Apprenticeship needs to select from the most able and committed Apprenticeship candidates.*

7.48 Shared Apprenticeship pilots were successful at least in part because there was a high degree of selectivity of the strongest Apprenticeship candidates. It seems probable that less able and motivated candidates would not have achieved as well and would have been less able to cope with the transitions from employer to employer.

*Shared Apprenticeship needs to be seen as a minority variant of standard Apprenticeship, to be applied in particular circumstances which warrant that application.*

7.49 Given the previous recommendations, it seemed unlikely that Shared Apprenticeship (particularly in difficult times for public finances) could become a mainstream delivery mode of Apprenticeship. It may be that alternatives which have the key advantages of Shared Apprenticeship (the reduction of costs, bureaucracy, and risk for small businesses) but which do not have its complexities, may be preferred. The 'Group Training Association model' by which an external or umbrella organisation employs the Apprentice and then places the Apprentice with a placement business for a fee is the obvious example.

## **Conclusions**

7.50 Generally, the development of pilot programmes showed a positive willingness on the part of the Welsh Government and its officials to consider innovations and flexibility in WBL delivery outside its mainstream formats. The Young Recruits Programme was a positive response to growing youth unemployment. The Flexible Funding pilot responded to employers' concerns that the full Apprenticeship framework was sometimes too 'heavyweight' for some circumstances and sectors. The Shared Apprenticeship pilot recognised that SMEs could not always accept the risk of employing an Apprentice when future workloads were uncertain but could, in some cases, agree to share the risk. The Apprenticeship Matching Service sought to increase fairness in the Apprenticeship programme by ensuring that

Apprenticeship opportunities are widely available rather than being offered in ways which limit competition and in which the candidate or a small set of candidates is effectively pre-ordained.

7.51 In practice, pilot evaluations showed, firstly, that the **Young Recruits Programme** had, after an initial slow start, successfully achieved its objective of stimulating the number of Apprenticeship places for young people and had done so without introducing major deadweight.

7.52 The evaluation of the **Apprenticeship Matching Service** raised some concerns that, at the pilot stage, the AMS web-site hosted by Careers Wales was not particularly user-friendly and contained few vacancies, that employer awareness of the Service was very low, that all providers were not convinced of the Service's value, and that there were some operational issues. AMS has now been rolled-out nationally but has not been evaluated at this level and it is not known formally whether the recommendations of the pilot evaluation have been followed.

7.53 Informally however:

- Government officials recently interviewed in the course of the main evaluation had mixed views on AMS in its national role. Some reported that it was making a significant contribution in, as intended, opening up Apprenticeship opportunities to a wider audience and, thus, bringing greater transparency and fairness, but it was suggested by others that, still, too few Apprenticeship opportunities were being placed on the system.
- Providers, though now contractually obliged to enter opportunities onto the system, mainly accepted AMS somewhat grudgingly. From their perspective it was often seen as bureaucratic and onerous and an interference with the 'traditional' methods by which providers, employers and individuals interacted personally to establish Apprenticeships. Of course, a key objective of AMS is to open up Apprenticeship opportunities. From a public policy perspective, provider antipathy to AMS may be regretted as a factor which potentially impedes the system's implementation

but not regarded as a factor which undermines the rationale for AMS's implementation.

7.54 The evaluation of **Flexible Funding** noted that it supported training of benefit both to employers and learners. However, a number of issues were raised about its stimulus to employer investment, its competitiveness with full Apprenticeship frameworks, its particular appeal to some sectors, and its apparently limited additionality.

7.55 **Shared Apprenticeship** was assessed as highly successful as a mode of Apprenticeship delivery. However, it was suggested that its wider applicability may be constrained by its higher costs and its better fit with some sectors than others. It was also suggested that it is most successful, or at least easiest to establish, when an existing network is in place to support it.

7.56 Since the individual evaluation of Shared Apprenticeship, discussions with government officials suggest that Shared Apprenticeship is recognised as having significant costs above those of standard Apprenticeships and that Shared Apprenticeships are only appropriate to some circumstances and to some, mostly small, employers. These factors will inevitably limit its application. However, the Shared Apprenticeship pilot experience is also believed to have been valuable as a guide to the development of some aspects of the Pathways to Apprenticeship approach <sup>118</sup> and, hence, has had this added value.

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<sup>118</sup> Pathways to Apprenticeships is a programme under which primarily young people undertake one year's learning in Further Education. This delivers basic elements of an Apprenticeship framework. Whilst subsequent employment as an Apprentice is not guaranteed, the programme increases the likelihood of such employment.

## 8 The future development of WBL in Wales

In the course of the evaluation of WBL in Wales between 2007 and 2011, a number of changes occurred. In response to recession, the Welsh Government developed a new economic strategy, the Skillbuild programme was replaced by two new programmes, and the main contracting round for WBL provision from 2011 to 2014 (Project Secure 3) was undertaken. Some statistics from the 2007 to 2011 period inform these developments and later respondents in evaluation interviews put forward views on them. Some points emerging from these sources are set out in this final chapter. They are not evaluative of the 2007 to 2011 period but may give pointers as to the future development of WBL in Wales.

### Key points

- Discussions with Welsh Government Officials, external stakeholders, and major employers raised a number of issues in respect of future WBL design and delivery. These included:
  - The limited effectiveness of the application of priority sector targeting in the August 2011 contracting round ('Project Secure 3') and the continued need for better economic and labour market information as the basis for planning.
  - Provider concerns that Project Secure 3 had taken risks with programme quality and had not resulted in equitable results for all regions of Wales.
  - The extensive lead/sub-contractor networks and consortia, which have been built in order to substantially reduce the number of WBL lead contractors, need to be fully quality-assured.
  - Welsh Government objectives to move funding towards young participants may place pressure on the all-age character of programmes.
  - There is significant support for the re-constitution of Skillbuild as Traineeship and Steps to Employment. However, it is recognised that these programmes will continue to work with many individuals in

difficult circumstances and with significant behavioural and attitudinal problems. It is recognised that achieving substantial outcome targets will be far from easy.

- There was concern from Welsh Government officials that providers too often act competitively and too infrequently act collectively. It was believed that if this was less the case, providers could be drawn more effectively into the strategic design of WBL and that the Welsh Government could act less prescriptively. From their side, providers see WBL planning as opaque. A stronger partnership ethos is seen as potentially beneficial to WBL's future development.

## **Introduction**

- 8.1 The evaluation of WBL described in this report, concerns the period 2007 to 2011, relating to contracts for WBL delivery from August 2007 onwards. These contracts were initially for 3 years but were then extended due to delays in setting up a new contracting round in 2010. Thus, WBL delivery over a 4 year period has been described and assessed in various ways.
- 8.2 However, in the course of that period, recession followed the financial crisis of 2008 and has been succeeded only by a period of very weak economic growth. A new economic strategy<sup>119</sup> was developed by the Welsh Government and has been pursued since; the decision was taken to re-define and re-name the Skillbuild programme from 2011/ 12 onwards; and, as some evaluation activity extended into late 2011 and early 2012, a new contracting round took place to establish new provider contracts for the period Autumn 2011 to 2014.
- 8.3 In later discussions in the evaluation period, government officials and external shareholders were keen to reflect on developments towards the end of the 2007 to 2011 period; and some statistics gathered on that period may offer pointers for the future development of WBL.

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<sup>119</sup> *Economic Renewal: a new direction*, Welsh Assembly Government, July 2010

- 8.4 This final chapter sets out some of these reflections and statistics. They are not evaluative of the 2007 to 2011 WBL programme in Wales as such but they may be helpful to WBL delivery in future years.

### **Priority sectors and the distribution of WBL**

- 8.5 A first analysis (see Table 30 below) considers the implication of the trend in the sector distribution of WBL places between 2006/07 and 2009/10 (as shown earlier in Table 9) for the Welsh Government's Economic Renewal programme<sup>120</sup> as it developed from 2010 onwards. Under that programme, six priority sectors were initially identified (advanced manufacturing, creative industries, energy and environment, financial and professional services, ICT, and life sciences) to which three more (construction, tourism, and food and farming) were later added. A difficulty is that the priority sectors are defined in terms of Standard Industrial Classifications which mainly do not clearly match the categorisation of WBL learning programmes by subject area (with the exception of construction). However, using approximations of the match, it is possible to suggest how WBL needs to develop over future years if it is to make a focused contribution to the renewal strategy:
- 8.6 These suggestions are made by the authors of this report. Broadly, they are based on the assumption that, if WBL, Apprenticeship particularly, is to contribute specifically to priority sector development, then more Apprenticeship places of particular types would ideally be generated in these sectors. In some sectors, this would imply that recent declines in the number of Apprenticeships in the sector would be reversed, as shown in **Table 8.1**.

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<sup>120</sup> Economic Renewal: A new direction, Welsh Government, 2010

**Table 8.1: Possible implications of trends in WBL 2006/07-2009/2010  
for the future development of WBL**

Priority Sector	Trend in WBL 2006/07 to 2009/10 <sup>121</sup>	Comment
Advanced manufacturing	Engineering and manufacturing slightly advanced its share of WBL in the period but the absolute number of places declined	To contribute to <i>advanced</i> manufacturing particularly may suggest that expansion of Level 3 and Higher Apprenticeships would be the most important contribution
Creative industries	'Art media and publicity' WBL, though a category (in LLWR), registered fewer than 5 learners in 2009/10, down from 70 in 2006/07	Work in 2012 by the SSC for the creative industries (the Creative and Cultural Skills SSC) to trial and evaluate a Creative Apprenticeship programme may presage the greater use of Apprenticeship in this sector.
Energy and environment	Not a WBL category but perhaps the sector most closely accords with WBL categories engineering/manufacturing and construction	'Energy and environment' covers a large number of specialist sub-sectors each with relatively low employment. However, regeneration programmes aimed at energy efficiency may be able to offer significant numbers of WBL places and specialist forms of engineering may be assisted by higher levels of Apprenticeship
Financial and professional services	The 'business and administration' and ICT WBL categories had some of the sharpest falls in the period	Professional services (having a large graduate intake) are not a traditional home for WBL. Financial services, with more routine and intermediate jobs, may offer better prospects for growth of WBL inputs
ICT	As noted above, ICT placements declined more strongly than average in the period	Will need to reverse a declining trend if WBL is to contribute more strongly to the sector
Life sciences	Difficult to relate directly to WBL categories but may straddle manufacturing/engineering and 'public services, health, and social care'. WBL in the first group declined in numbers but the 'public services, health, and social care' group grew in absolute terms	On the assumption that this is a highly technical industry, WBL may be able to contribute significantly mainly at Level 3 and above

<sup>121</sup> See Table 8 earlier for more detail on these trends

Priority Sector	Trend in WBL 2006/07 to 2009/10 <sup>121</sup>	Comment
Construction	WBL placements in construction grew substantially in absolute terms in the period, against the general trend	Apprenticeship is a traditional route for entry to the industry and Apprenticeship would be expected to remain a very significant part of industry skills supply and development. Cyclical downturns in a relatively volatile industry may be the main constraint
Tourism	Retail, hospitality and 'leisure, travel and tourism' WBL placements are most obviously relevant to this sector. Each broadly held their share of placements in the period but declined numerically	Reversal of the trend in numbers, particularly in the rural and coastal areas of Wales, will be necessary if WBL is to contribute more strongly in this sector
Food and farming	WBL places in farming are small in number and declined more than average in the period. Food processing placements are 'lost' in the engineering/ manufacturing WBL category and a meaningful trend is not available	May need to reverse a declining trend in agricultural placements in order to contribute

8.7 Overall, thus, if WBL is to contribute more strongly it will need declines in numbers of places relevant to the priority sectors to be reversed and/or a stronger concentration on higher levels of Apprenticeship in sectors where skills at the higher level are important

8.8 However, in in-depth discussions with government officials and external shareholders, there were concerns about the approach to sectoral distribution of WBL, particularly of Apprenticeship, which was taken in the 2010-2011 commissioning process ('Project Secure 3') which led to the award of WBL contracts in August 2011. It was recognised by Welsh Government officials that the Government's intention was to distribute WBL in a way which particularly supported the priority sectors identified by the Government's renewal programme. One government official suggested that, since the priority sectors are quite wide, much pre-existing provision could be replicated in August 2011 contracts.

- 8.9 Some providers and organisations representing providers suggested that the 'priority sector' approach did *not* meet needs. It was argued that businesses in priority sectors were not distributed evenly across Wales and that some regions and localities had needs in, for example, retail, business administration, and hospitality which were more pronounced than those in priority sectors but were unmet because of the criteria imposed on providers in those regions or localities.
- 8.10 More broadly, it was suggested, through the 2007 to 2011 period and into the new post- August 2011 period, that the intentions of the Skills that Work for Wales strategy in 2008 had not been fulfilled. One representative organisation commented:

*'Skills that Work for Wales was quite clear about mapping need and addressing need through planned and targeted provision. This has not happened. Developing and delivering a WBL programme that is grounded in economic needs and based on employer-led requirements has stalled. Provision is too FE-focussed with provision being fitted around what is already in existence and what providers feel comfortable with delivering. There has been no policy refresh. Initial research hasn't been shared and now the new contracts are up and running and there has been no review of what has been going on.'*

- 8.11 Welsh Government officials acknowledged that the allocations process in 2011 was not greatly structured by detailed perceptions of demand. A number of difficulties were recognised. There was a view that not all SSCs are able to give a clear view of demand for WBL in their sectors; that many SMEs are poor at predicting future skill needs; and that Labour Market Information as a whole was not strong or detailed enough to form a good basis for a more strategic view of sector allocations.
- 8.12 It was also noted by Welsh Government officials that some of the best provision is that which is based on long term programmes rolling over from year to year with particular employers. Such programmes meet

the needs both of the businesses and, through them, of communities and the economy. Economic or labour market analysis used as a basis of a more strongly structured planning approach would have to be approached cautiously to avoid de-stabilising such valuable provision. It was also noted that, as in the period 2007 to 2011, the system retains capacity for annual adjustments to meet needs which arise during the contract period. Further, it was observed that the number of places which employers are able to offer, particularly in recession, in the more rural parts of Wales, and for young Apprentices aged 16-18 may be limited. Planning could not in 2011, nor probably in future, ignore the reality that establishing an adequate number of Apprenticeship opportunities must recognise employer demand in terms of employers who are actually willing to take on Apprentices as well as in terms of 'objective' analysis of sector skills priorities.

- 8.13 Overall, therefore, to date, only limited intelligence on skills needs has been available to guide the distribution of WBL, Apprenticeship opportunities particularly. The basic process, in 2011 as in 2007, was to take most account of the historic pattern of provision, to make specific adjustments to particular known demands, and then to allow adjustments in following years if any imbalances become operative. Welsh Government officials believe that this actually produces a serviceable solution which has allowed Apprenticeship in Wales to now be seen as a strong success story (more so, they assert, than in England).
- 8.14 On the other hand, some stakeholders external to government believe that the programme is not so representative of economic needs as it could be.
- 8.15 Questions in planning for 2014 are basically whether systematic information on the Welsh economy's skill needs at that time and for the foreseeable future will be available and whether it will be sufficiently detailed and robust as to have more influence on the planning process than the limited information which has been available to date.

8.16 A further question will concern the relationship of any skills needs assessment to government objectives. These objectives include aspirations not just to support priority sectors, as above, where the government believes the best chances of growth are located, but also to support more strongly the development of higher level skills, through Apprenticeships at Level 3, Higher Level Apprenticeships, and Foundation Degrees, and to shift the balance of provision in favour of younger participants in Apprenticeship. It is possible, however, that an objective analysis of skill needs might not conform neatly with these aspirations. In principle, there might be three 'models' for allocation of WBL which, whilst overlapping, would probably not be wholly congruent:

- The current 'organic' model, largely developed by historical precedent and by adjustments of provision to meet emerging circumstances
- The Welsh Government's model, reflecting economic and social priorities
- An objective skill needs assessment model based on some form of comprehensive consultation, survey, and analysis process

8.17 In 2011 contracting, both the first and second of these models were in play, but on that occasion the 'organic' approach essentially formed the baseline because of limitations in knowledge as to detailed economic priorities. The Welsh Government's sector priorities were a relatively minor influence on WBL's distribution (though targets for age distribution had greater impact). In 2014, any greater stringency in government objectives, possibly with an input from the third, skills needs assessment, model, might require careful arbitration of conflicting perspectives.

### **An all-age WBL programme**

8.18 The prioritisation in WBL of 16-18 and 19-24 age groups by the Welsh Government as a response to high youth unemployment together with tightening public finances may place some stress on the funding of

Apprenticeship to train older workers and of Skillbuild's recent replacement for support of older unemployed people, the 'Steps to Employment' programme.

8.19 Both employers and providers and their representative organisations were consistently and strongly in favour of an all-age programme. Employers strongly supported all-age provision (one major employer describing funding for adults as 'the jewel in the crown'). Given that 'all-age' provision is effectively a subsidy to staff training costs this support would, of course, be anticipated. Providers, too, gain substantial income and reported that they find it easier to generate Apprenticeships for 25+ adults than for younger people often not yet in the workforce. Government officials suggested that Wales has a higher proportion of WBL learners aged 25 or over than anywhere else in Europe, partially driven by providers' targeting of the adult Apprenticeships which best serve their commercial interests.

8.20 Some government officials raised questions about the future shape of the all-age programme. It was variously observed:

- As a general point, the logic of giving priority to younger age groups within fixed or shrinking budgets will inevitably and automatically reduce support for 25+ adults and some form of reduction in provision for that group will occur.
- One form of reduction would be to further reduce numbers of 25+ adult opportunities in non-priority sectors.
- Steps to Employment<sup>122</sup> for adults aged 19 or over was observed as being most effective when it involved 'bespoke' training linked to 'LEP PET'<sup>123</sup> arrangements – in practice, using the Steps to Employment programme to supply pre-employment training to people in response to major investment projects which create a

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<sup>122</sup> Steps to Employment is the new replacement for adult provision in Skillbuild

<sup>123</sup> Local Employment Partnerships (LEPs) establish working arrangements between JobCentre Plus, providers, and employers to get unemployed people into work; Pre-Employment Training (PET) courses supply the specific training needed to effect the employability of those people.

substantial number of jobs. It was speculated that Steps to Employment might, in future, move to a stronger emphasis on this use and be reduced in its more general role. Eligibility for Steps to Employment is restricted only to people who are not eligible for the DWP's work programme (broadly, those in the first 6 months of unemployment). It was suggested, in this light, that Steps to Employment (beyond its 'LEP PET' contribution) for adults aged 25 or over might be seen as less than a priority.

- It was also suggested that a way of compensating for a constrained WBL budget would be to fund only part of the training costs of adult Apprenticeship, leaving Apprentices or, more probably, employers to fund the rest – perhaps distinguishing Apprenticeship in non-priority sectors as receiving only part-funding whilst still funding 100 per cent of the training cost in priority sectors. As noted earlier, employers would be highly critical of such a change and reduction in employer engagement would be anticipated.

8.21 The overall point is that some WBL programme managers expect that adjustments will be required to accommodate the pressure on all-age WBL programmes.

### **Project Secure 3 and the reduction in number of contracted providers**

8.22 Project Secure 3 culminated in the award of WBL contracts to 24 lead contractors, including 7 provider consortia, in August 2011. This represented a further sharp decrease in contractor numbers, which had been successively reduced from the 160+ contractors in the late 1990s and early 2000s to 24 lead contractors in 2011. Externally to the Welsh Government, it was widely recognised that the reduction had brought simplification and greater clarity and had removed some poor quality providers from the WBL system.

8.23 However, there were a variety of concerns (expressed by some providers) about the process and effects of Project Secure 3. A first concern was that provider bids were not 'capacity-checked' prior to the award of contracts and that Project Secure 3 took significant risks in

contracting with under-resourced providers who subsequently had to generate new and inexperienced capacity to deliver the volumes of training which they won. Alongside this, it was suggested that there was inconsistent application of Welsh Government stipulations on the extent of growth, pre- to post-Project Secure 3, in the volume of provision for which providers would be permitted to contract. One provider observed, for example:

*'We were disappointed with the PS3 process, Outcomes did not seem to fit the guidelines provided by DFES. One provider was allowed to provide their own business case which others weren't permitted to do. They appear to have secured a disproportionately large contract in breach of original guidelines'*  
(FE College)

8.24 Government officials assert that this perception is inaccurate. In fact, the process was such that the Invitation to Tender asked for bids that were normally in line with an increase in contract value of no more than 20 per cent. It was not expected that the tender would facilitate significantly increased levels of learning delivery and the Invitation to Tender questionnaire allowed space for responses in line with this expectation. In the event, a large number of tender submissions were received which *did* include bids for large growth. Following the end of the Invitation to Tender period, responses received were evaluated in relation to capability and capacity. The responses of some tenderers bidding for large growth were judged acceptable. Some successful responses exceeded the suggested word limit, but others were under that limit. It was clear in answers to questions during the Invitation to Tender period, which were issued to all tenderers, that the word limit was not absolute. Formal 'business cases' were not required to justify large growth. However, it may be that the term 'business case' was used by DfES staff as a shorthand for the content of adequate responses in some verbal feedback, and DfES appreciates that this term may have been confusing or unhelpful for some of the organisations. Where responses in relation to capability and capacity were judged less than adequate, tenderers were asked to adjust their

Apprenticeship bids to no more to 120 per cent of historic delivery. Because it was a more straightforward process, this adjustment was made by DfES for relevant tenderers' Steps to Employment and Traineeships bids. Tenderers were informed of this and had the opportunity to comment.

- 8.25 Some providers and their representative organisations also believed that the combination of sector targets embedded in Project Secure contracting, perpetuation of historical bias in favour of South East Wales, and ESF Convergence area funding had acted to the detriment of skills investment in Mid and North Wales. Again, government officials assert that this is a perceptual issue which is not supported by statistics on the actual distribution of WBL in 2011 contracts.
- 8.26 Although the benefits of reducing the number of providers were recognised, some possible negative consequences were also advanced. It was argued that reduction in the number of lead providers may result in reduced employer engagement with WBL as employers will be reluctant to work with providers with whom they have no existing relationship. It was also recognised that, although the number of lead providers had reduced, there were still many sub-contract providers.
- 8.27 It was further suggested that the Welsh Government in transferring management inputs and costs to lead providers responsible for managing networks of sub-contract providers was risking programme quality, as, for example:

*'A single provider with good Estyn grades may well be solid, but how can this approach be successfully transferred across 17-18 sub-contracted providers – it's high risk. If just one of the providers in the networks of the 24 lead contractors under-delivers in terms of quality and achievement, that is going to impact on an awful lot of learners.'*

8.28 On this point, some respondents pointed to Estyn which had reported<sup>124</sup> that between 2007 and 2011:

*‘... about half of the providers who acted as lead providers worked with their sub-contractors effectively. In these cases there was a good correlation between the standards that learners achieved and the effectiveness of the contracting relationship.’*

but....

*‘... too many lead providers did not focus on the quality of the individual learner’s experience. Instead they focussed on ‘contract compliance’, meeting overall learner attainment targets; and completing DFES documentation to an appropriate standard.’*

8.29 The simple messages may be that the 2014 contract award process needs to be undertaken in a way which generates wider provider confidence in its conduct and outcomes and that vigilance as to quality of delivery across lead contractor/sub-contractor and consortia arrangements continues to be required.

### **The transition from Skillbuild**

8.30 Skillbuild was not without its achievements as has been evidenced in this report. However, as discussed in Chapter 5, Welsh Government officials believe it had not achieved wide recognition by employers and had little brand value amongst participants, being widely associated with failure. It was described as being too frequently part of the ‘revolving door’ phenomenon in which people went through cycles of unemployment, short periods of insecure employment, and participation in skills programmes without ending up in a reasonable job which lasts<sup>125</sup>.

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<sup>124</sup> *The effectiveness of sub-contracting arrangements in work-based learning*, Estyn, November 2011

<sup>125</sup> A phenomenon recognised by the Wales Employment and Skills Board in *Moving forward: Foundations for Growth*, Volume 4: Youth Unemployment, WESB, May 2012

- 8.31 In 2011, new, replacement, programmes were designed and implemented. 'Traineeship' is a programme for 16-18 year olds and 'Steps to Employment' is a programme for adults aged 19 or over. Broadly, these programmes differ from Skillbuild in that they have clearly defined stages within them aimed much more clearly at progression towards employment and are more flexible as to the volume of skills development they supply. Whereas Skillbuild had become known (not entirely accurately) as a '13 week programme', Traineeship and Steps to Employment will not have a fixed schedule for all individuals but will supply the level of input which individuals need to become work-ready. It is not intended that the programmes should be restricted to low-ability individuals and will be equally available to, say, young people with A/S level qualifications but who have dropped out of college or school; and it is hoped that the 'Traineeship' name will gain higher status than the Skillbuild brand had achieved. However, it is recognised that Traineeship is a significant part of the Government's response to the 'NEETs' problem and inevitably a high proportion of its participants will have few or no qualifications and will need to develop the focus on employment or confidence which allows them to move towards employment.
- 8.32 Given the recent implementation of the new programmes, there was no remit to evaluate them as part of this study and there would have been little evidence on which to do so.
- 8.33 However, a first observation on the programme, based on discussions undertaken in the course of this study, is that generally, Welsh Government officials are optimistic about the programme. Broadly, it is hoped that greater personalisation of learning and greater focus on employment outcomes will reduce or end the 'roll-on, roll-off' characteristic which previous employability programmes have tended to have.
- 8.34 However, other officials were more cautious. They pointed to the chaotic social backgrounds of many likely participants, including housing instability, alcohol and drug use, and offending. They

suggested that any learning programme which deals substantially with people with these backgrounds will inevitably have a significant rate of failure and that 'expectations need to be set against situations' in assessing the eventual achievements of the new programmes. In this light, providers suggested that the 65 per cent target for successful Traineeship outcomes, particularly in a difficult economic climate, is 'extremely challenging'.

8.35 Finally, one external stakeholder reflected that the programmes, Traineeship particularly, were essentially a symptom of weakness in the 14-19 agenda. The programmes were seen as remedying the failure of schools and colleges in developing basic and key skills and the personal and social skills, attitudes, and motivation necessary to find stable work: 'If schools were doing their job we wouldn't need Traineeship at all.'

#### **A strategic role for providers**

8.36 Finally, it was suggested by Welsh Government officials that providers, under commercial pressure, have not yet cohered as a group. Symptoms of this included a 'dog-eat-dog' approach in the Project Secure 3 bidding round, with many 'mega-bids' and few bidding 'to their scale'. There were also doubts as to whether consortium arrangements were based on strong co-operative instincts. It was suggested that the National Training Federation has worked effectively to co-ordinate provider positions in many areas but is insufficiently resourced.

8.37 It was argued that if providers 'matured' and, with greater consistency, acted collectively (particularly as the number of lead contractors has sharply reduced) they could change their relationship from one in which they are the 'recipients' of Government policy, under extensive bureaucratic supervision, to one in which they had a significantly greater input to the formation of policy, with the Welsh Government then acting less prescriptively.

- 8.38 From the provider side, it was suggested that, in respect of operational issues, whilst they found the Department for Education and Skills to be more responsive and accessible, there were still communication issues (with most communications being remote and electronic). Some providers reported that the National Training Federation had become the channel by which issues were raised with the Department, where, in previous years, they would have sought direct resolution. Strategically, as noted earlier, some providers believe widely that planning and contracting practices by the Department are opaque, with detrimental consequences for particular providers and the economies and communities in which they operate.
- 8.39 The question is raised as to how and whether a stronger partnership element in the relationships between providers and between providers and government can be developed with beneficial effects on WBL programme distribution and delivery.

## **Conclusions**

- 8.40 Maximising WBL's contribution to Priority sectors identified by Wales' economic renewal strategy may need changes in the distribution and trend of WBL opportunities which obtained in the 2006/07 to 2009/10 period. It is not clear that, in practice, the 2011 contracting process (Project Secure 3) was much better informed by a 'strategic' view of Welsh skill needs than was the case with 2007 contracting.
- 8.41 Government officials believe that the contracting process, although not informed by a strong or comprehensive overview of skill needs, is broadly robust and is flexible in response to demands which arise. They believe that Apprenticeship in Wales is a major success story and is widely recognised as such.
- 8.42 However, some providers had significant reservations about Project Secure 3, including those that it was not meeting needs on a systematic basis and that it had worked to the disadvantage of some sectors and some locations.

- 8.43 There was a further concern that Project Secure 3 had allowed some lead contractors to contract for large volumes of provision without adequate delivery resources in place before the award of those contracts. More generally, although the benefits of reducing the number of lead providers were recognised, there was concern that the establishment of more extensive consortia and sub-contract arrangements should not lead to deterioration in quality as some management responsibility for WBL programmes is moved from the government to the lead contractor network.
- 8.44 There was recognition that, within a constrained WBL budget, the Welsh Government prioritisation of young people will put pressure on the 'all-age' programme which has, in recent years, extensively supported the training of people aged 25 and over. Various alternatives were suggested, including less support for older learners in non-priority sectors, focussing Steps to Employment for over-25s on provision within programmes undertaken in Local Economic Partnerships, and only part-funding some post-25 learning
- 8.45 The transition from Skillbuild to 'Traineeship' and 'Steps to Employment' was widely reported as a very positive innovation by government officials and external stakeholders. However, at the same time, it was recognised that the programmes frequently deal with multiply disadvantaged clients and that targets for success rates will be challenging for contracted providers.
- 8.46 Finally, it was suggested by government officials that providers remain very competitive and that the extent to which they take a collective view or a collaborative approach is limited. It was argued that it would be a significant step forward if providers could develop a more strategic perspective which allowed them to work more closely with government in the planning and design of WBL. For their part, providers suggest that government planning of and contracting for WBL remains opaque.

## 9 Conclusions

This chapter sets out the main conclusions of the evaluation drawing on the analysis and discussion set out in previous chapters. The main points and arguments supporting each conclusion are summarised.

### Key points

- Between 2007 and 2011, Apprenticeship was a highly successful public programme in Wales.
- Between 2007 and 2011, Skillbuild, despite limitations which led to its re-design and re-branding in 2011, also had significant achievements.
- Between 2007 and 2011, the Modern Skills Diploma was a programme of limited scale which was mainly used by a sectorally-narrow group of employers to develop particular skills at Level 4.
- Overall, between 2007 and 2011, WBL contributed positively to the Welsh economy and society.
- 'Bureaucracy', the administrative burden which participation places on various groups of participants, remains a feature, perhaps an inevitable one, of the delivery of WBL.
- The Welsh Government has adopted a broad Apprenticeship policy and has sought to make Apprenticeship as flexible as possible to meet employer needs.
- The main factors configuring the scope and shape of the Apprenticeship programme between 2007 and 2011 were the budget available from the Welsh Government and the European Social Fund and quality controls. Deliberate planning to direct the distribution of Apprenticeship places to different economic sectors or to particular age groups of individuals was a relatively minor influence on the pattern of provision.
- Directive planning of WBL in 2011 for the 2011 to 2014 delivery period was a stronger but still not dominant factor in the nature of the pattern of provision which was commissioned.
- The process and outcomes of the 2011 WBL contracting round were not regarded as satisfactory by some external stakeholders.

- Labour Market Information on current and future skills needs in the Welsh economy has not been sufficient to allow a stronger 'strategic' approach in the planning of WBL.
- The breadth and variety of Apprenticeship provision raised concerns amongst some stakeholders that the Apprenticeship brand may weaken.
- There is a need for continued marketing of WBL programmes to employers and individuals and for marketing by the various actors involved (mainly, the Welsh Government, Careers Wales, providers, and organisations representing providers and employers) to be more strongly co-ordinated.
- No progress has been made in reducing the extent to which take-up of WBL opportunities in some sectors is strongly weighted to men or women.
- There are concerns that the sharp reduction in the number of primary WBL providers and the consequent generation of more frequent and extensive sub-contract and consortium arrangements may lead to failures in quality of provision not being spotted.
- Recent policy direction to direct a greater proportion of the WBL resource to young people will place pressure on the budget for support to older learners given constraint on the total available budget.
- One way of supporting the budget for older learners would be to seek a greater financial contribution from learners or from employers but the latter is likely to prove difficult.
- The evaluation programme as a whole included separate evaluations of focused 'pilots' – of the Young Recruits Programme, of Flexible Funding provision, of Shared Apprenticeship, and of the Apprenticeship Matching Service. These pilots show that innovative and flexible approaches to WBL formats are possible within the Welsh Government's overall WBL model but the advantages and disadvantages of each pilot need careful consideration to ensure that they provide value if the approaches are to become established elements of WBL in Wales.
- WBL strategy and programmes have developed incrementally, responding as necessary to events and circumstances in Wales, most recently, in

response to weakening economic circumstances and to the Government's Economic Renewal programme. As such, and with further challenges ahead, it may be useful to institute a strategic review of WBL in Wales and to publish a formal WBL strategy.

## **Conclusions**

*Between 2007 and 2011, Apprenticeship was a highly successful public programme in Wales.*

- 9.1 Apprenticeship, the core element of Wales' WBL programme, trained over 75,000 people in Wales between 2007 and 2011. If multipliers calculated in England, for the return to public investment in adult Apprenticeship, are even approximately true for Wales, then the value of adult Apprenticeship to the Welsh economy, released over the future working lives of Apprentices, is high. The return to Apprenticeships for young people aged 16-18 would be expected to be even higher (though no equivalent multiplier is available) because of their, on average, longer working lives.
- 9.2 Many more Apprentices completed their programmes than was the case five years earlier. Estyn confirms that the quality of provision rose significantly in the period. Employers who took part in the programme were, in the great majority of cases, satisfied with their participation. For some large 'anchor' companies, Apprenticeship was a key part of their workforce development strategy. Apprentices, too, were mostly very satisfied with their experiences and confident that the programme was their route to a rewarding career. Again, if figures calculated in England are broadly true of Apprenticeship in Wales, they are correct in this view since Apprenticeship delivers a substantial lifetime wage premium (over that of people who, in similar positions, do not undertake Apprenticeship).

*Between 2007 and 2011, Skillbuild, despite limitations which led to it's re-design and re-branding in 2011, also had significant achievements.*

- 9.3 Around 66,000 learners entered the Skillbuild programme between 2007 and 2011. Skillbuild has recently been re-cast as Traineeship and Steps to Employment with a new programme design, greater emphasis on employment as an outcome, and higher targets for achievement. In that circumstance, an evaluation of Skillbuild is somewhat academic since it has already been implicitly judged as unsuccessful or, at least, as in need of reform
- 9.4 Nevertheless, Skillbuild was not without its achievements. Those were, principally, that substantial majorities of Skillbuild participants, surveyed some months after their participation, reported that they had gained a wide variety of 'soft' and employability skills and around 1 in 3 participants were in employment. That employment rate was, of course, low in comparison with the general rate of employment and it is not known how many might have been in work anyway. However, the great majority of Skillbuild participants were aged 16-18, many Skillbuild participants had significant disadvantages, of low skills and qualifications and difficult home circumstances, and the employment rate was estimated (by the survey) at a post-recessionary point when jobs, especially for young people, were in short supply. It is suggested that if Skillbuild meant that even a quite low number of young people were transferred from being 'NEET' for a protracted period, a circumstance which has been calculated to have high long term costs for society, into sustained employment, then the overall value of the programme may well have been significant.

*Between 2007 and 2011, the Modern Skills Diploma was a programme of limited scale which was mainly used by a sectorally-narrow group of employers to develop particular skills at Level 4.*

- 9.5 The Modern Skills Diploma was a much more limited programme which had around 4,000 entrants between 2007 and 2011. It mainly trained women and was mainly used by employers to develop business management and care sector skills at Level 4 for people aged 18 and over. As such, its effect, to which no particular total value can be

attributed, was presumably positive but limited in scale and focussed on a relatively narrow set of skills.

*Overall, between 2007 and 2011, WBL contributed positively to the Welsh economy and society.*

9.6 Overall, thus, WBL, in all its main strands, plausibly contributed significantly to the economy, residents, and communities of Wales – most clearly in the case of Apprenticeship, with sufficient caveats in the case of Skillbuild to lead to that programme’s reform, and on a limited scale in respect of the Modern Skills Diploma.

*‘Bureaucracy’, the administrative burden which participation places on various groups of participants, remains a feature, perhaps an inevitable one, of the delivery of WBL.*

9.7 In the evaluation, WBL programmes were criticised for being ‘bureaucratic’ – for example, imposing demands on providers and employers to keep records and make regular returns and requiring training supported by WBL funding to include a closely defined set of procedures and highly specified content, all elements of which must be ‘ticked off’ even if some are not thought (by employers or individual learners) to be appropriate to particular circumstances. This factor emerged in surveys and discussions with employers, providers, and learners – as a possible barrier to some employer engagement, as an undue burden to some engaged employers, and as a significant cost to providers (which, it was suggested in one case, could better be directed to delivery rather than administration). In the learner case it was argued by some focus group members that their programme did not sufficiently recognise prior attainment of key skills at school and required repetitive learning and assessment.

9.8 Essentially, however, the persistence of bureaucracy appears to be an inevitable correlate of government involvement in WBL in Wales or anywhere else. It is simply a product of the need to ensure that the public purse gets what it pays for. Whilst minor adjustments may ease ‘bureaucracy’ in some cases, it seems unlikely that it can be reduced

greatly and likely that future evaluations of WBL will continue to register complaints on the matter (as have previous evaluations in Wales dating back for nearly a decade<sup>126</sup>).

*The Welsh Government has adopted a broad Apprenticeship policy and has sought to make Apprenticeship as flexible as possible to meet employer needs.*

- 9.9 In Chapter 2, it was noted that academic commentators have commented on the variety of training activity which is encompassed by the Apprenticeship label, from quite short programmes in service sectors requiring little off-the-job learning to much more intensive and prolonged training with a strong technical content. Cross-cutting this variety of type and scale of training is the dichotomy between the use of Apprenticeship, in its traditional role, as a mode of induction for mainly young entrants to an occupation and its associated skill set, and the use of Apprenticeship to train older workers, often ones already working with the employer where the Apprenticeship is created.
- 9.10 In these senses, Apprenticeship is clearly a broad term encompassing very varied types of activity and both induction and up-skilling functions.
- 9.11 Embedded within the breadth of Apprenticeship's applications, there is further scope for variation. This concerns the extent to which the content of Apprenticeship frameworks is varied to meet the needs of particular employers. This report has noted that employer representative bodies, such as the CBI, have been vocal in calling for greater flexibility so that Apprenticeship frameworks can be more easily adjusted but remain funded by government. In the course of the evaluation, employers reported their experiences in seeking framework adaptations so that funded training conformed with what they needed. These employers were large ones, one of whom noted that, whilst they got what they wanted, small businesses would be unlikely to have the resources or power to achieve the same outcome.

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<sup>126</sup> See, for example, *Evaluation of National Traineeship and Apprenticeship in Wales*, BMG Research, for Welsh Assembly Government, 2003

9.12 Innovative pilot programmes sought to bring additional flexibility. The Shared Apprentices programme developed a form of Apprenticeship in which the Apprentice was able to gain experience with more than one employer. The Flexible Funding pilot introduced an even more radical ‘flexibility’: that the Welsh Government would subsidise workplace training which led to parts of an Apprenticeship framework being completed without the necessity to complete the whole.

*The breadth and variety of Apprenticeship provision raised concerns amongst some stakeholders that the Apprenticeship brand may weaken in consequence.*

9.13 Some government officials and some large employers raised the issue of whether the Apprenticeship brand may weaken over time, given the breadth of different experiences for people of different ages which it encompasses. One employer, hosting a progressive technical Apprenticeship programme, was concerned that such provision should not be down-valued by association with programmes in other sectors with less intellectual content.

*The main factors configuring the scope and shape of the Apprenticeship programme between 2007 and 2011 were the budget available from the Welsh Government and the European Social Fund and quality controls. Deliberate planning to direct the distribution of Apprenticeship places to different economic sectors or to particular age groups of individuals was a relatively minor influence.*

9.14 In the period 2007-2011, the Welsh Government adopted a position in which it was, in principle, willing to support any employer training programme which led to qualifications within Apprenticeship frameworks, for any person of working age. The content of frameworks was largely a matter for employers and Sector Skills Councils but Welsh Government officials were supportive of those large companies which sought to tailor framework content to meet their skill needs. The broad constraints on this position were the limits of the total budget for Apprenticeship and the requirement for provision to meet minimum

quality standards (and because of excess provider bids over the number of fundable places, to exceed those minimum standards).

9.15 Within these constraints, planning in 2007 was fairly 'light touch'. The provider bids which were selected in 2007 were mainly chosen by reference to the existing pattern of provision. What providers had provided in the recent past and offered to provide in the 2007 'Project Secure 2' bidding process was broadly accepted as being what the Welsh economy needed. Providers were advised to take note of the national and regional statements of skill needs when preparing their bids but, in sector terms at least, these statements were mostly quite broad and it is not clear that they had much effect given parallel advice to take account of the historic pattern of provision. However, there was capacity in the system (which was in fact, exploited on a number of occasions), to respond to specific demands for support (subsequent to the initial contracting process) by annual adjustments to contracts.

*Planning of WBL in 2011 for the 2011 to 2014 delivery period was a stronger but still not dominant factor in the pattern of provision which was commissioned.*

9.16 The process of procurement in 2011 for 2011 to 2014 delivery of WBL in Wales ('Project Secure 3') had a stronger element of direction in it, with targets for the minimum numbers of opportunities for people under 25 and a requirement for a minimum proportion of opportunities to be located in the Welsh Government's priority sectors. Funding from the European Social Fund continued to weight the geographical distribution of opportunities to Convergence areas of Wales. However, some officials and stakeholders interviewed during the evaluation reported that the 'priority sector' requirement had no great impact since the priority sectors cover a large spectrum of the economy and existing (2007-2011) patterns of provision easily met the priority sector targets and could, thus, be rolled over.

*The process and outcomes of the 2011 WBL contracting round were not regarded as satisfactory by some external stakeholders.*

9.17 Some disquiet about 'Project Secure 3' in 2011, the allocation of WBL contracts for 2011-2014, was expressed by some external stakeholders. Some of this may not be objectively justified and may reflect the perspectives of those who lost out in the process. However, some concern derived from sources which were not affected in this way. The key concerns were:

- That the allocation process was insufficiently transparent and the rationale and justification for the actual allocations were not available.
- That all providers were not treated consistently (note: government officials assert that this is a matter of perception not fact) and that some bids were risky in that they subsequently required large expansions of capacity by the relevant providers after the bids were accepted.
- That the interactive effects of the targets set by the Welsh Government (notwithstanding the commentary above as to the limited impact of planning) were sufficient to generate some regional and sectoral inequities.

*Labour Market Information on current and future skills needs in the Welsh economy has not been sufficient to allow a stronger 'strategic' approach in the planning of WBL.*

9.18 A key factor limiting planning of WBL in Wales is that systematic information on Welsh skill needs was not available to government officials managing the allocation of contracts in 2007 or 2011. As has been described, contracting processes were obliged to allow existing patterns of provision to lead the distribution of opportunities, rather than a strong central conceptualisation of where skills development through the programme would deliver the greatest returns.

9.19 Thus, a key challenge in taking WBL forward, is whether a stronger strategic element can be introduced into the planning and allocation of opportunities and whether evidence can be produced that WBL does

not just generate value but that its value has been maximised by reference to a 'map' of skills needs.

*There are concerns that the sharp reduction in the number of primary WBL providers and the consequent generation of more frequent and extensive sub-contract and consortium arrangements may lead to failures in quality of provision not being spotted.*

9.20 The reduction in the number of lead contractors over the past decade but particularly during 'Project Secure 3' in 2011 has, in the view of Welsh Government officials, simplified programme management. Other stakeholders recognise this but it was suggested to the evaluators that, in transferring the responsibility for managing increased numbers of sub-contract providers to lead providers, the Government may have taken risks with programme quality.

*No progress has been made in reducing the extent to which take-up of WBL opportunities in some sectors is strongly weighted to men or women.*

9.21 The evaluation showed that WBL opportunities in sectors such as construction, engineering, and social care are strongly 'gendered'; and, if anything, this has become more marked in the period which was evaluated. In so far as the Welsh Government and the sectors themselves wish to see greater equalisation between the sexes in take up of WBL opportunities, more effective measures need to be put in place to generate change.

*There is a need for continued marketing of WBL programmes to employers and individuals and for marketing by the various actors involved (mainly, the Welsh Government, Careers Wales, providers, and organisations representing providers and employers) to be more strongly co-ordinated.*

9.22 A further factor which emerged from the evaluation was that awareness and knowledge of WBL programmes remained limited. This may seem surprising given that Apprenticeship, particularly, now has nearly two decades of history. However, learners in focus groups reported that they had come across Apprenticeship 'by accident' and only 1 in 5 employers not engaged in Apprenticeship described themselves as

'reasonably' or 'very' knowledgeable about the programme. The Federation of Small Businesses in Wales reported that even if employers know about Apprenticeship they may not know how to go about getting involved should their interest extend that far. Discussions with government officials suggest that there may be several factors involved. Schools continued to 'push' the Sixth Form route at the expense of Apprenticeship; there was no 'one-stop' shop through which WBL programmes were marketed; and marketing of Apprenticeship had to be cautious to avoid raising learner expectations about the availability of Apprenticeships above the level of actual availability.

9.23 Thus, marketing of WBL programmes continues to be needed – particularly perhaps, and assisted by the Young Recruits programme, to smaller businesses – in order to establish Apprenticeship comprehensively as a post-16 option. Since Skillbuild was withdrawn in part because of an 'image' problem, marketing which generates greater knowledge and more positive appreciations of Skillbuild's replacement programmes, 'Traineeship' and 'Steps to Employment' will be valuable. However, marketing of programmes clearly needs to continue to be sensitive. The number of opportunities will continue to be restricted by the available budgets for programmes and promotion clearly should not generate employer or learner demand which is hugely in excess of the supply of opportunities.

*Recent policy direction to direct a greater proportion of the WBL resource to young people will place pressure on the budget for support to older learners given constraint on the total available budget.*

*One way of supporting the budget for older learners would be to seek a greater financial contribution from learners or from employers but the latter is likely to prove difficult.*

9.24 Chapter 2 of this report observed that in England the coalition government was moving towards a position in which funding for many Apprenticeships would comprise part-funding of Apprenticeships'

training costs or the withdrawal of any funding, the expectation being that employers or Apprentices (assisted by a loan scheme) would pay instead. This evaluation simply makes clear that a move to require an employer contribution in Wales would be strongly opposed by employers. In a survey, only 3 per cent of employers with WBL trainees thought that employers should pay more towards their costs as against 38 per cent who thought government should pay more. In in-depth discussions with employers, they took a similar view, believing that they (rather more than providers) bore the training burden and that part of this burden was education in key skills which was properly the responsibility of the state.<sup>127</sup>

*The evaluation programme as a whole included separate evaluations of focused 'pilots' – of the Young Recruits Programme, of Flexible Funding provision, of Shared Apprenticeship, and of the Apprenticeship Matching Service. These pilots show that innovative and flexible approaches to WBL formats are possible within the Welsh Government's overall WBL model but the advantages and disadvantages of each pilot need careful consideration to ensure that they provide value if the approaches are to become established elements of WBL in Wales.*

- 9.25 Individually, the Young Recruits Programme successfully met an immediate need in particular economic circumstances. Economic conditions and the priority to move the Apprenticeship balance towards young people, argued for the programme to be given a more established role.
- 9.26 The review of Flexible Funding provision was less positive as, in the pilot stage at least, it largely trained existing adult employees and the level of additionality of that training was questioned.
- 9.27 Shared Apprenticeship was evaluated as successful in its own terms – that is, in providing high quality training within its planned operational model – but was relatively complex to establish and manage and, thus,

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<sup>127</sup> In the major report to the government in England (*Review of Vocational Education – The Wolf Report*, Alison Wolf, March 2011) Professor Alison Wolf supported this last perspective, seeing it as a proper function of the state to fund basic education whether or not it chose to fund vocational skills development

was relatively costly compared with the standard model of Apprenticeship. Evaluation suggested it may have limited transferability and may not, in its present format, make more than a 'niche' contribution to the Apprenticeship picture as a whole. However, its contribution to development of the Pathways to Apprenticeship model was acknowledged.

- 9.28 The Apprenticeship Matching Service (AMS) had made only limited progress at the point of its pilot. It had been established on-line and its 'functionality' tested but very few Apprenticeship opportunities had been entered on the system. Employers were not widely aware of AMS and providers were often sceptical of its value. Since then AMS has been extended nationally. No formal evaluation of the service has been undertaken but views on it, expressed in the course of the wider evaluation of WBL, remain mixed. Some government officials believe it is achieving its objective to bring greater open-ness into the allocation of Apprenticeships. Some providers continue to believe the Service is an unnecessary and onerous burden.

*WBL strategy and programmes have developed incrementally, responding as necessary to events and circumstances in Wales, most recently, in response to weakening economic circumstances and to the Government's Economic Renewal programme. As such, and with further challenges ahead, it may be useful to institute a strategic review of WBL in Wales and to publish a formal, WBL strategy.*

- 9.29 This final, overview, conclusion of the evaluation is that of the evaluators rather than that of those on the delivery or participant sides of WBL in Wales. The argument is put forward here that, overall, WBL in Wales has clear value which, particularly in respect of Apprenticeship, has been demonstrated in this evaluation. However, as a whole, the programme has developed breadth and complexity. Apprenticeship covers 'all ages', levels of learning from Level 2 to Level 4, and various mechanisms (Pathways to Apprenticeship, Shared Apprenticeships, Flexible Funding, Young Recruits) to assist or vary the standard arrangements. Skillbuild has been transformed into

Traineeship and Steps to Employment. The Modern Skills Diploma is being superseded by Higher Apprenticeships and Foundation Degrees. Within a total budget for WBL, a mix of the historical pattern of provision, government policy imperatives, and some planning targets govern the distribution of WBL opportunities. There have been clear and successful drives to improve quality and to simplify management through a sharp reduction in the number of lead contractors.

- 9.30 However, this programme development has been largely 'organic' and reactive to circumstances. Skills that Work for Wales included WBL within its wider scope but did so only briefly and in terms largely of broad aspirations (for example, for a larger Apprenticeship programme, for higher Apprenticeship completion rates, and for Skillbuild to evolve into a more successful employability programme). There was little exposition or analysis of the social and economic functions of WBL programmes, of the relative priorities which the Government wished to give to these, and no statement of how programme resources should be deployed to correspond to these priorities over future years.
- 9.31 Thus, for example, it is not clear why the budgets for WBL overall, and of its constituent programmes, are at the level they are (rather than lower or higher in each case); planning targets for the distribution of WBL opportunities appear somewhat arbitrary; the scale on which, or even whether, pilot programmes and the Young Recruits programme are intended to become permanent parts of the overall programme is not publicly clear; and the levels of demand for programmes from employers and individuals remain unmeasured.
- 9.32 Within the Welsh Government administration, there appears to be a dominant pattern of thought that the 'organic' approach has been largely satisfactory. Apprenticeship is seen as a success story with rising quality and high completion rates. Pilot programmes are seen as delivering the flexibility which employers want (through Flexible Funding and Shared Apprenticeships), widening access to Apprenticeship opportunities (the Apprenticeship Matching Service), or assisting young people into training and subsequent employment (the

Young Recruits programme). There are high hopes that the new replacement programmes for Skillbuild will achieve higher status and generate better employment outcomes.

9.33 However, while external stakeholders can see the value of individual cases of training activity (say, a highly successful Apprenticeship programme run by a major employer) some cannot see the overall ambitions and the underpinning logic of the pattern of programme distribution and some are not convinced that the right solutions are being produced.

9.34 And Welsh Government officials also recognise challenges ahead. Pressures on budgets are foreseen, for example, in delivering more, more expensive, Apprenticeships at Level 3 and above. Pressures on 'all-age' aspects of the programmes are foreseen if the move to allocate more resource to engaging and training young people is intensified. Apprenticeship completion rates may be more difficult to maintain if the proportion of Apprenticeships for older, already employed people falls (since these latter are recognised as typically more likely to complete than average). Targets for employment outcomes for Traineeship and Steps to Employment are recognised as being challenging and DWP programmes to promote the employability and employment of adults are seen by some officials as weakening the rationale for high levels of investment in Steps to Employment, the Welsh Government's programme to support adult employability.

9.35 Generally, the proposition is put forward here that Wales would benefit from a thorough and focussed review of WBL in Wales which explored the intended functions, scope, and distribution of WBL over a foreseeable period ahead and the rationale for that (in terms of Government priorities and the evidence which supports the establishment of those priorities). It is suggested that publication of that review, consultation on it, and eventual delivery of a formal WBL strategy document, would help Government administration to formalise and stabilise its collective thinking on WBL, provide a roadmap as to what is expected and intended to happen, and give external

stakeholders, particularly providers and employers and their representative bodies, a better sense that they are involved in delivery of a clear vision for post-16 skills development in Wales.

## Annex 1 Performance of ESF WBL projects

### *Introduction*

This annex provides an assessment of each of the ESF-funded work Based Learning Projects against the targets agreed between the Welsh Government's Department for Education and Skills and the Welsh Funding Office (sections A to D). Section E provides a discussion of the contribution that these projects have made towards achieving the aim and objectives of the relevant Strategic Frameworks under which they operated.

### **A. World Class Apprenticeships in East Wales**

#### **Overview of the project**

The project aimed to raise the skills base of the workforce and support progression in employment through basic skills and basic and intermediate skills training in workplace settings at levels 1-3. The project aimed to support the delivery of Modern Apprenticeships in East Wales regions and boost the vocational prospects of the individuals undertaking them thus also ensuring a more highly skilled and adaptable workforce.

<b>Programme</b>	Competitiveness ESF
<b>Priority</b>	2
<b>Theme</b>	0
<b>Strategic Framework</b>	Improving Skills Levels and the Adaptability of the Workforce
<b>Lead Sponsor</b>	Welsh Government, Department for Education and Skills
<b>Sector</b>	Public Sector
<b>Joint sponsors</b>	N/A
<b>Regional area(s)</b>	Central, North, South East
<b>Project start date</b>	08/2009
<b>Project end date</b>	08/2011
<b>EU funds awarded</b>	£5,000,000
<b>National funds</b>	£7,499,999
<b>Targeted Match Fund</b>	No
<b>Case ID</b>	80641

The following targets were agreed for the project with the Welsh European Funding Office:

<b>Indicator</b>	<b>Project target</b>
Participants (number)	6,772
Participants gaining qualifications (number)	4,335
Projects delivering specialist training in sustainable development	1

### *Introduction*

The World Class Apprenticeships in East Wales project sought to make the East Wales workforce more competitive by supporting the delivery of Modern Apprenticeships (including Foundation Modern Apprenticeships) in East Wales, and in doing so to provide industry standard recognised skills and qualifications, including NVQ competencies and underpinning knowledge certificates.

Apprenticeships offer a unique combination of practical and theory training, combined with employability skills, portable industry standard qualifications and skills and competencies, including Key Skills (employability skills), which will ensure that the Participants have a better opportunity to both earn more, help their employers develop their productivity, and enable more business start ups / self-employed status opportunities for the apprentices.

### *Aim and objectives*

World Class Apprenticeships in East Wales aimed to support the delivery of Modern Apprenticeships (including Foundation Modern apprenticeships) in East Wales regions and boost the vocational prospects of those individuals undertaking them resulting in a more highly skilled and adaptable workforce.

The objectives of the project were:

- To support apprenticeship training for 6,772 participants and in doing so ensure that:
- To provide training which achieves qualifications for 4,335 participants by the project end date
- To ensure 328 ESF Participants move into further learning as a positive next step to their current learning. This may include further i.e. an additional progression into a new higher level apprenticeships or other types of learning, but not funded by this project.

### *Overview of performance against targets*

Analysis of monitoring data as part of the evaluation demonstrates that performance targets set for this project were exceeded in all but one case (where BME participation target was narrowly missed). Table A1 provides a breakdown of the project's performance in terms of participation by demographic groups,. Table A2 provides a breakdown of the data on participants gaining qualifications and entry into further learning.

**Table A1 Overall participation and participation by demographic groups, targets and outcomes.**

	<b>Target</b>	<b>Outcome</b>
<b>Total participants</b>	6,772	6,872
<b>Participation by demographic groups</b>		
Male	3,091	3,140
Female	3,681	3,732
Black and minority ethnic	341	338
Non black and minority ethnic	6,431	6,534
Disabled	229	234
Not disabled	6,543	6,638

Source: Welsh Government and WEFO progress data

**Table A2 Participants gaining qualifications and entering further learning**

	<b>Target*</b>	<b>Outcome</b>
<b>Total number of participants gaining qualifications</b>	4,335	4,563
None/ Not NQF	Not available	19
Below NQF level 2	Not available	205
At NQF level 2	Not available	2,637
At NQF level 3	Not available	1,663
At NQF level 4 - 6	Not available	39
At NQF level 7-8	Not available	0
<b>Participants entering further learning</b>	328	447

Source: Welsh Government and WEFO progress data \* By project end date.

## B. Modern Apprenticeship World Class Skills for a Knowledge Economy

### *Overview of the project*

The project aimed to raise the skills base of the workforce and support progression in employment through basic skills and basic and intermediate skills training in workplace settings.

<b>Programme</b>	Convergence ESF
<b>Priority</b>	3
<b>Theme</b>	1
<b>Strategic Framework</b>	Raising the skills base of the workforce and supporting progression in employment through basic and intermediate level skills.
<b>Lead Sponsor</b>	Welsh Government, Department for Education and Skills
<b>Sector</b>	Public Sector
<b>Joint sponsors</b>	N/A
<b>Regional area(s)</b>	Central, North, South East, South West
<b>Project start date</b>	08/2007
<b>Project end date</b>	08/2011
<b>EU funds awarded</b>	£52,877,529
<b>National funds</b>	£44,971,341
<b>Targeted Match Fund</b>	No
<b>Case ID</b>	80108

<b>Indicator</b>	<b>Project target</b>
Participants (number)	32,955
Participants entering further learning (number)	2,580
Participants gaining qualifications (number)	24,232
Projects delivering specialist training in sustainable development	1

### *Introduction*

Apprenticeships offer a unique combination of practical and theory training, combined with employability skills, portable industry standard qualifications and skills and competencies, including Key Skills (employability skills), which will ensure that the Participants have a better opportunity to both earn more, help their employers develop their productivity, and enable more business start ups / self-employed status opportunities for the apprentices.

Modern Apprenticeship World Class Skills for a Knowledge Economy aimed to develop and improve the apprenticeship projects to better enable

them to meet economic and workforce policy objectives, including piloting new approaches within the parameters of the nationally agreed, industry backed, training frameworks. In so doing the project would support the One Wales commitment to substantially increase the number of people undertaking apprenticeships in Wales and seek to mitigate any negative effect the economic downturn may have on the delivery and esteem of apprentices in Wales.

*Aim and objectives*

The project aimed to up-skill the workforce, improve basic and key skills in the employed workforce, and improve adaptability, and to provide demand led skills training through apprenticeships and pilots, at level 2 and 3, including in key growth sectors.

Key objectives of the project include: increase the number of individuals participating in apprenticeship projects and improve the completion rates for apprenticeships.

*Overview of performance against targets*

Analysis of monitoring data recorded demonstrates that performance targets set for this project were in most cases met or exceeded. The target for participation of people who were not disabled was not met, but for people who were disabled was exceeded. The target for numbers gaining below NQF 2 were not met but at NQF 2 and at NQF 3 were exceeded. Performance for the NQF4-6 and 7-8 levels were also not met. Table A1 provides a breakdown of the project's performance in terms of participation by demographic groups. Table A4 provides a breakdown of data of participants gaining qualifications and entering further learning.

**Table A3 Overall participation and participation by demographic groups; targets and outcomes.**

	<b>Target</b>	<b>Outcome</b>
<b>Total participants</b>	32,955	33,192
<b>Participation by demographic groups</b>		
Male	15,077	15,174
Female	17,878	18,018
Black and minority ethnic	533	556
Non black and minority ethnic	32,422	32,636
Disabled		
Not disabled	421	1,085
	32,534	32,107

Source: Welsh Government and WEFO progress data

**Table A4 Participants gaining qualifications and entering further learning**

	<b>Target*</b>	<b>Outcome</b>
<b>Total number of participants gaining qualifications</b>	24,232	24,579
None/ Not NQF	0	8
Below NQF level 2	1,914	1,197
At NQF level 2	14,905	15,718
At NQF level 3	7,277	7,564
At NQF level 4 - 6	136	90
At NQF level 7-8	0	2
<b>Participants entering further learning</b>	2,580	2,645

*Source: Welsh Government and WEFO progress data*

## **C. Modern Skills Diploma**

### *Overview*

This project aimed to support employers to identify and address skills shortages and skills needs including technical, management and craft skills.

<b>Programme</b>	Convergence ESF
<b>Priority</b>	3
<b>Theme</b>	2
<b>Strategic Framework</b>	Raising the skills base of the workforce and supporting progression in employment through basic, and intermediate level skills.
<b>Lead Sponsor</b>	Welsh Government, Department for Education and Skills
<b>Sector</b>	Public Sector
<b>Joint sponsors</b>	N/A
<b>Regional area(s)</b>	Central North, South East, South West
<b>Project start date</b>	08/2007
<b>Project end date</b>	08/2011
<b>EU funds awarded</b>	£2,901,102
<b>National funds</b>	£2,158,371
<b>Targeted Match Fund</b>	No
<b>Case ID</b>	80109

The following targets were achieved for the project

<b>Indicator</b>	<b>Project target</b>
Participants (number)	2,266
Participants entering further learning (number)	50
Participants gaining qualifications (number)	1,222
Projects delivering specialist training in sustainable development	1

### *Introduction*

The Modern Skills Diploma was aimed at employees of all ages, providing opportunities to improve their skills and knowledge to NVQ Level 4 with entrants to the project normally already holding technician and/or people management positions.

### *Aim and objectives*

The aim of the project was to help address the high level vocational (including managerial) skills gaps in West Wales and the Valleys.

The objectives were to:

- Raise the skills base of the workforce and support progression in employment through level 4 vocational and key skills training in workplace settings (and pursuit of relevant nat. recognised vocational qualifications).
- Support the One Wales commitment to substantially increase the number of people undertaking apprenticeships in Wales. (MSD beneficiaries are Level 4 apprentices).
- Contribute to a wider drive (under Priority 3 Theme 1) to raise the esteem, profile, awareness of, and participation and engagement in apprenticeship and work based skills training in Wales, particularly West Wales and the Valleys, amongst potential participants, the general public and employers.

### *Overview of performance against targets*

Analysis of monitoring data recorded demonstrates that performance targets set for this project were in most cases met or exceeded. However, fewer BME participants took part than targeted and there were fewer male participants, though more females. Table A5 below provide a breakdown of the project's performance in terms of participation by: demographic groups, local authority and level of prior qualification. Table A6 provides a breakdown of data of participants gaining qualifications and entering further learning.

**Table A5 Overall participation and participation by demographic groups, targets and outcomes.**

	<b>Target</b>	<b>Outcome</b>
<b>Total participants</b>	2,266	2,286
<b>Participation by demographic groups</b>		
Male	679	604
Female	1,587	1,682
Black and minority ethnic	69	51
Non black and minority ethnic	2,198	2,235
Disabled	90	81
Not disabled	2,176	2,205

*Source: Welsh Government and WEFO progress data*

**Table A6 Participants gaining qualifications and entering further learning**

	<b>Target</b>	<b>Outcome</b>
<b>Total number of participants gaining qualifications</b>	1,222	1,336
None/ Not NQF	Not available	0
Below NQF level 2	Not available	0
At NQF level 2	Not available	69
At NQF level 3	Not available	37
At NQF level 4 - 6	Not available	1,216
At NQF level 7-8	Not available	14
<b>Participants entering further learning</b>	50	65

## **D. All Age Skillbuild for the Unemployed Inactive and NEET**

### **Overview of the project**

Skillbuild is an all age project which has evolved as a large government funded project offering those not in work, work related skills including NVQs and basic skills, as part of improving their skills and prospects.

<b>Programme</b>	Convergence ESF
<b>Priority</b>	2
<b>Theme</b>	1
<b>Strategic Framework</b>	Increasing employment and Tackling Economic Inactivity
<b>Lead Sponsor</b>	Welsh Government, Department for Education and Skills
<b>Sector</b>	Public Sector
<b>Joint sponsors</b>	N/A
<b>Regional area(s)</b>	Central, North, South East, South West
<b>Project start date</b>	08/2007
<b>Project end date</b>	08/2011
<b>EU funds awarded</b>	£32,964,900
<b>National funds</b>	£26,995,692
<b>Targeted Match Fund</b>	No
<b>Case ID</b>	80074

The following targets were agreed for the project:

<b>Indicator</b>	<b>Project target</b>
Participants (number)	21,300
Participants entering employment (number)	4,050
Participants entering further learning (number)	4,260
Participants gaining qualifications (number)	11,926
Participants who receive support with caring responsibilities	0
Projects integrating sustainable development into awareness raising education and training projects (number)	1

#### *Introduction*

Skillbuild is an all-age government funded project which offers those who have left full time education, and are not in work, work related skills and work placements including the opportunity to undertake an NVQ and/or basic skills, as part of improving their job skills and prospects.

The project aimed to tackle unemployment and economic inactivity in the project area by upskilling and helping these individuals gain skills, work experience, and vocational qualifications, and better prepare them to go into employment and further learning.

#### *Overview of performance against stated aim and objectives*

Analysis of monitoring data recorded demonstrates that the only performance target not to be met or exceeded was participants progressing into further learning, however, this is counterbalanced by the target for participants progressing into employment being exceeded. Table A7 provides a breakdown of the project's performance in terms of participation by demographic groups. Table A8 provides a breakdown of data of participants gaining qualifications, entering further learning and entering employment.

**Table A7 Overall participation and participation by demographic groups, targets and outcomes.**

	<b>Target</b>	<b>Outcome</b>
<b>Total participants</b>	21,300	22,619
<b>Participation by demographic groups</b>		
Male	12,356	13,168
Female	8,944	9,451
Black and minority ethnic	249	280
Non black and minority ethnic	21,051	22,339
Disabled	2,297	2,416
Not disabled	19,003	20,203

*Source: Welsh Government and WEFO progress data*

**Table A8 Participants entering employment, entering further learning, gaining qualifications**

<b>Indicator</b>	<b>Target</b>	<b>Outcome</b>
<b>Participants entering employment</b>	4,050	4,767
<b>Participants entering further learning</b>	4,260	4,232
<b>Participants gaining qualifications</b>	11,926	13,654
None/ Not NQF		11
Below NQF level 2		9,564
At NQF level 2		3,955
At NQF level 3		124
At NQF level 4 - 6		0
At NQF level 7-8		0

*Source: Welsh Government and WEFO progress data*

## Section E

This section considers the contribution that the four ESF-funded Work Based Learning projects considered above have made to achievement of the aim and objectives of the relevant Strategic Frameworks within which they operated.

Turning first to apprenticeships and the Modern Skills Diploma:

*What effect, if any, has ESF support had on participants' ability to progress in the workforce, in terms of the skills level and pay level of employment?*

Analysis of the results of the 2009 ESF Leavers survey<sup>128</sup> suggests that for those undertaking ESF-funded apprenticeship, participation in the program maintained participants' employment status in the sense that their employment rate prior to starting on the project (87 per cent) was high and remained so (88 per cent) 6 months after completing the project. However, it should be noted that, apprentices in the survey were asked what they were doing in the week immediately before the survey. This may result in understatement of the employment impacts of apprentices since some may have been taken on some weeks or months earlier with the intention of their taking up an apprenticeship but had to wait for the project to start.

In terms of *financial* benefits for apprentices, it has been reported<sup>129</sup>, in England that:

- The value ('net present value') of Foundation Apprenticeship to individuals ranges between £48,000 and £74,000 in additional lifetime earnings.
- The value ('net present value') of apprenticeship to individuals ranges between £77,000 and £117,000 in additional lifetime earnings.

There is no equivalent calculation for Wales. However, if it is assumed that the lifetime return to apprenticeship in Wales is equivalent to, or any substantial fraction of, the return in England, then significant financial benefits accrue, on average, to Welsh apprentices.

Those participants surveyed as part of the 2009 ESF Leavers survey identified a range of benefits flowing from their participation in the apprenticeship project. Of those surveyed the majority (97 per cent) reported that they gained an accredited qualification together with a range of associated skills including: team-working skills (83 per cent), problem-solving skills (79 per cent), organisational skills (82 per cent) and communication skills (85 per cent). In addition, respondents identified a range of softer skills developed as a result of participation in the apprenticeship project including: greater enthusiasm for learning (82 per cent), increased confidence in abilities (92 per cent), improved self-confidence (88 per cent), improved employment and career prospects (86 per cent), increased awareness of range of opportunities available (85 per cent).

Overall, therefore, evidence suggests that apprenticeship brings soft benefits (such as increased self-confidence), at least maintains employment rates (from pre- to post-apprenticeship), and raises the lifetime income of participants. These are clear benefits for the individuals concerned. If it is further assumed

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<sup>128</sup> Owing to sample size it was not possible to run separate analysis for those who had participated in the Modern Skills Diploma.

<sup>129</sup> *Returns to Intermediate and Low Level Vocational Qualifications*, Department for Business, Innovation and Skills, Research Paper 53, September 2011

that these benefits spin off to families and, in aggregate, to communities, then it seems reasonable to conclude that, whilst unquantifiable, the social, as well as economic, benefit of apprenticeship is significant.

*How many participants have received part qualifications as a result of ESF assistance?*

Turing first to ESF-supported apprentices in the Convergence area, data shows that at project completion just under three-quarters (74 per cent) had gained qualifications. Whilst for ESF-supported apprentices in the competitiveness area two-thirds (66 per cent) had gained qualifications. The figures for the Modern Skills Diploma and Skillbuild were 58 per cent and 60 per cent respectively.

*What effect, if any, has ESF support had on the matching of training provision with employer need and sector demand?*

In terms of matching Work Based Learning provision to employer need and sector demand, from the outset training providers bidding to deliver the projects were advised that, although there would be a strong element of continuity in the pattern of provision, provision should be informed by national and regional skills priorities as set out in the National Learning and Skills Assessment<sup>130</sup> (which established national priorities for post-16 education and learning in Wales and the Four Regional Statements of Needs and Priorities<sup>131</sup> (which identified regional and sub-regional additions to national priorities).

Specific priorities (set out in the National and Regional skills needs documents referenced in the previous paragraph) for support to skills development in different industries can be summarised as:

- *National sector priorities:* the built environment (particularly plumbers and gas installers); early years and childcare; customer service skills in retail, hospitality, leisure and other sectors.
- *Mid Wales sector priorities:* outdoor pursuits; nuclear decommissioning.
- *North Wales sector priorities:* tourism and hospitality; nuclear decommissioning.
- *South East Wales sector priorities:* 'growth sectors' including construction, social care, leisure and tourism, hospitality, media, and retail; high level communication and technology skills in Bridgend and Rhondda, Cynon, Taff.
- *South West Wales sector priorities:* hospitality, leisure, and tourism; care of the elderly.

It should, however, be noted that, whilst the broad pattern of provision was established by the main contracting period in 2007, there was subsequently some flexibility to adjust provision from year to year as new needs were identified; for

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<sup>130</sup> National Learning and Skills Assessment 2006-2007, Welsh Government, May 2006

<sup>131</sup> *Regional Statements of Needs and Priorities* (for South East, South West, North and Mid Wales), Welsh Government, 2006

example, to support the training of teaching assistants and care workers and to assist the nuclear industry in North Wales.

*What effect, if any, has ESF support had on the ability of enterprises and workers to adapt to new forms of work organisation and new technologies?*

The evaluation found that commitment to Work Based Learning was strong amongst employers with particular emphasis placed on the investment in the future of the organisation that taking on apprentices signifies. With regards to apprenticeships, these were described variously as a 'key activity' or 'the way forward', or 'an integral part of skills strategy', or, where apprenticeship was used to develop the skills of staff new to the business, as 'the recruitment method of choice'.

Apprentices were frequently seen as the 'future workforce' of the business and the business placed great emphasis on supporting them towards this role, with close mentoring and support to develop additional qualifications beyond those in the basic framework (and, in some cases, beyond those which their immediate job roles required).

Turning now to Skillbuild:

*How many (net) participants have entered employment as a result of ESF assistance and how many of these participants are still in employment 12 months after receiving ESF assistance?*

According to the ESF leavers survey, immediately prior to participating in Skillbuild a quarter of participants were unemployed with just under a fifth (19 per cent) having been unemployed for up to one year and a further 6 per cent being long-term unemployed (for over one year); a further 75 per cent were economically inactive (excluding those in full time education or training) before entry to the project.

WEFO data show that just over a fifth (21 per cent) of Skillbuild participants entered employment after completing the project.

Analysis of the 2009 ESF Leavers Survey shows that of those Skillbuild participants surveyed just under a third were in employment six months after completing the project.