Evaluation of the Career Development Loans Scheme Executive Summary

Of interest to Career Development Loans stakeholders including learning providers, National Association of Managers of Student Services (NAMSS), the CDL banks, the devolved authorities in Scotland and Wales and the Department for Innovation, Universities and Skills (DIUS). Also of interest to educationalists and researchers in the learning and skills sector.

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Of interest to National, Regional and Local Learning and Skills Colleagues.
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Introduction

Background

1. GHK Consulting Ltd was commissioned by the Learning and Skills Council (LSC) to undertake an evaluation of the national Career Development Loan (CDL) scheme. This Executive Summary presents an outline of the study, as well as highlighting the headline findings of the research and drawing overarching conclusions.

The CDL scheme

2. The CDL scheme supports the administration of bank loans – of between £300 and £8,000 – to fund work-related learning. Three high street banks deliver the loan scheme (Barclays, The Co-operative Bank and The Royal Bank of Scotland), and the LSC pays the interest on the loan for the duration of the course. The learner then begins loan repayments over an agreed period at a fixed rate of interest, beginning one month after the training is finished.

3. As an indication of the scale of the scheme, CDL achieves approximately 15,000 successful applications every year, totalling an average of around £70 million in loans. The scheme has been in existence since 1988.

Evaluation aims and objectives

4. The overarching aims of GHK’s evaluation were as follows.
   - To gain a clear understanding of the outcomes, effectiveness and value for money of the current CDL scheme.
   - To provide a base of evidence on which to establish realistic Comprehensive Spending Review bids and to support the further development of the CDL scheme.

5. More specifically, the objectives of the evaluation were as follows.
   - To establish a true picture of the current scheme – what it delivers, its value for money and its strategic fit with the wider Government agenda for learning and skills.
   - To produce recommendations for changes to ensure greater strategic coherence between the priorities of the LSC, the Department for Innovation, Universities and Skills (DIUS – formerly the Department for Education and Skills) and the Government.
The study methodology was developed with these aims and objectives in mind. It incorporated several different strands of activity in order to capture a complete picture of the CDL scheme.
Method and Approach

Timeline of the study

7 GHK’s evaluation began in November 2005, and was completed in October 2007. During this time, a number of key changes took place, altering the landscape for the delivery of the study:

- there were staff changes at the LSC;
- DIUS and the Department for Children, Schools, and Families were created;
- there were administrative changes to the CDL scheme (the provider guidelines were revised); and

8 However, the progress of the evaluation work was not adversely affected by these changes.

Key stages of the evaluation

9 The evaluation was made up of several strands of activity, which combined to provide a comprehensive picture of the CDL scheme. The main component parts are described below.

Learner survey

10 The learner perspective formed a core part of the evaluation: capturing the learner experience was central to accurately assessing the effectiveness and responsiveness of the CDL scheme. A postal survey of learners was carried out, and responses were received from over 10,000 individuals. A series of follow-up telephone interviews were then undertaken with 260 learners, to further explore the key issues that had emerged from the survey responses.

Learning provider survey

11 A learning provider must be registered with the LSC in order to deliver CDL-supported learning. The perspectives of the six largest CDL providers were captured through an initial consultation in 2005. This was followed by an online survey of all registered provider organisations in 2007, and then by detailed face-to-face and telephone interviews with a sample of 50 providers.
Stakeholder consultation

12 Interviews were undertaken at two points (during the initial phases and then the final stages) to explore the perceptions of key CDL stakeholders. Representatives from a range of organisations were consulted: the LSC, DIUS, the three CDL banks, the devolved authorities in Scotland and Wales, the higher education sector (including from the National Postgraduate Committee and the Higher Education Policy Institute), learndirect/ Ufi, the National Association for Managers of Student Services in colleges and the Sector Skills Development Agency.

Management information analysis

13 GHK undertook comprehensive analyses of the management information relating to the CDL scheme. Key findings and trends were identified for:

- learners (characteristics and location);
- providers (type, size and sector);
- course (subject, level and method of study); and
- loans (amount, repayment arrangements and banks).
Headline Findings

14 Each stage of the evaluation produced a set of key findings. These are summarised briefly below, presented by respondent group or type of analysis.

Learners

15 Generally, levels of satisfaction with the LSC, the course, the learning provider and the bank were good among learners (85.2 per cent of respondents said that they would recommend the CDL to others). Overall satisfaction levels were highest for advice and support and for the bank, and there were also good satisfaction levels for the course and the provider.

Figure 1: Learner satisfaction with different aspects of the CDL

![Figure 1: Learner satisfaction with different aspects of the CDL](image)

Source: CDL learner survey, GHK

16 While satisfaction levels are generally good, it is important to note that an important minority of respondents expressed dissatisfaction with the learning provider or course that they had chosen. But in many of these cases there were extreme circumstances to consider, e.g. the training provider had ceased trading and the learner was still obliged to repay the loan. It should also be noted that the choice of course and provider is very much the responsibility of the learner – these areas are to some extent outside the control of the CDL scheme.
Learners felt that their CDL learning had a positive impact on their qualifications, skills, income, employment prospects and future training. More than 80 per cent agreed that the CDL had helped them to develop new skills.

As learners generally take the decision to study before exploring the CDL as a funding option, the scheme has only a limited impact on the decision to undertake learning. Information, advice and guidance sought of the CDL scheme by learners about their choice of study tends to be limited.

Learners criticised the length of time that it can take to process a CDL application. This appears to vary considerably, but can sometimes take several weeks.

Learning providers

For the vast majority of learning providers, the number of CDL-supported learners is a small proportion of the overall number of learners. Nonetheless, more than half of providers stated that CDL was ‘very important’ or ‘important’ to them.

Providers generally found CDL learners to be similar or the same, in terms of their profile, as other learners following the same courses. However, some providers said that CDL learners tended to be more mature and more likely to be re-training than other learners.

Most provision undertaken by CDL learners was classroom-based, with a small proportion being delivered through a mixture of distance and classroom-based learning.

The vast majority of providers were satisfied with the administration aspects of the CDL (90 per cent were happy with their relationship with the LSC). One problem area is the extent to which providers become involved in helping learners to complete CDL applications (helping them to make initial enquiries, and to obtain and complete the application form, and advising them on the suitability of the CDL), as this is not within their remit. As CDL providers, they are not necessarily impartial.

Learning providers see the CDL as a valuable funding option that can help those who might not otherwise be in a position to finance their learning.

Stakeholders

Overall, responses from a range of stakeholder representatives were positive. The loan model in particular was highlighted as one of the CDL’s strengths, encouraging learners to complete their learning by requiring them to repay the money as they would any commercial bank loan.
Questions were raised by some stakeholders about the CDL’s strategic fit with the wider learning and skills agenda, as the loan can be used to pay for any type of vocational learning (with a CDL-registered provider) – it is not focused on either priority learning or learner groups. However, CDL does contribute to the demand led agenda framework for learning (as put forward in both *Prosperity for all in the global economy – world class skills*, published by HM Treasury in December 2006 and *World Class Skills: Implementing the Leitch Review of Skills in England*) which focuses on learner choice. This highlights an interesting balance that needs to be struck by the scheme in the future.

From the bank’s point of view, the CDL is seen as a ‘niche product’. While the CDL does not generate a significant amount of revenue for banks, their involvement fulfils some of the corporate responsibility elements of their business.

Issues were raised with regard to the administration of the CDL: delays can sometimes occur when a bank needs clarification from the LSC, or needs the LSC to resolve an issue relating to a specific application.

Management information analysis

CDL learners are most likely to be male, aged between 20 and 29, and living in London. From a geographical perspective, London is consistently over-represented in terms of learning location, with between 20 and 25 per cent of CDL learners residing there.

The CDL is most likely to be used to fund IT-based courses, courses that last for less than a year and full-time courses.

Mean course fees have increased to over £5,200 a year. Over £63 million was lent through the CDL scheme in 2006/07, at an average of £5,334 per loan. The average value of individual CDLs has increased virtually every year – in line with increases in course costs – however the limit for CDL borrowing remains at £8,000 a year.

The management information analysis identified some shortfalls in the data available. Recommendations have been made to inform future CDL data collection procedures.
Summary and Conclusions

Strengths and weaknesses

The CDL scheme has some key strengths, which have been outlined by the evaluation.

- It provides an important funding option for individuals who might not otherwise be able to afford course fees.
- It helps learners to increase their levels of employability.
- It supports a demand-led framework for learning (set out in Prosperity for all in the global economy – world class skills, published by HM Treasury in December 2006 (see www.hm-treasury.gov.uk/media/6/4/leitch_finalreport051206.pdf), and World Class Skills: Implementing the Leitch Review of Skills in England).
- There are good levels of learner satisfaction.

Some weaknesses have also been identified.

- There are some gaps to be addressed in the collection of management information for the scheme (including about levels of learning, qualifications achieved and learner characteristics).
- There is a potential issue around improving the strategic fit of the CDL scheme vs learner demand.
- There are issues with the amount of time that the application process can take.

Conclusions and recommendations

Even though the CDL scheme is not directly aligned with national strategic priorities for learning and skills, it has a definite place within the learner support framework, it does what it is designed to do, and it does it well.

Levels of learner satisfaction are good: some areas need to be addressed, but the key groups involved have a positive view of the CDL scheme overall. The loan can provide a source of funding for those learners who cannot access any other support and who would otherwise be preventing from participating.

In order to support the future development of the CDL scheme, more needs to be known about the longer-term impact of the learning undertaken.

Any future development of the CDL scheme will need to be implemented in a way that allows for improvement but does not detract from the scheme’s current strengths.