Evaluation of the European Social Fund Objective 3 support for companies

Alec Fraser and Diarmid Hearns

A report of research carried out by Fraser Associates on behalf of the Department for Work and Pensions
Contents

Acknowledgements ........................................................................................................ vii
Glossary of terms ........................................................................................................... ix
Summary .......................................................................................................................... 1

1 Introduction .................................................................................................................. 9

2 Objectives, context and methods of research .............................................................. 11
   2.1 General .................................................................................................................. 11
   2.2 Purposes of the study ......................................................................................... 11
   2.3 Evolution of ESF support .................................................................................. 13
   2.4 Study method ...................................................................................................... 13

3 Research findings ........................................................................................................... 17
   3.1 General ................................................................................................................ 17
   3.2 Dimensions of workforce development activity supported by ESF .................... 17
      3.2.1 General ......................................................................................................... 17
      3.2.2 The scale and intensity of support for companies ...................................... 18
      3.2.3 The focus of support for companies ............................................................. 19
      3.2.4 The sectoral pattern of support .................................................................... 21
   3.3 Supply-side perspectives on ESF for workforce development ......................... 23
      3.3.1 General ......................................................................................................... 23
      3.3.2 Users of ESF for workforce development ..................................................... 23
      3.3.3 Qualitative changes since the introduction of co-financing ......................... 24
      3.3.4 The potential contribution of Sector Skills Bodies ....................................... 24
      3.3.5 Integration with RDA priority clusters ......................................................... 25
3.4 Strategic drivers and motivations for training among employers ..... 29
  3.4.1 General ........................................................................... 29
  3.4.2 The existence of strategic planning within businesses ...... 29
  3.4.3 The significance of skills as a strategic issue ............... 32
  3.4.4 Existence of a training culture ........................................ 34
  3.4.5 Recruitment into projects ................................................. 37
  3.4.6 Motivations for training ................................................... 38
  3.4.7 The scope of training as a solution to skills needs ......... 42
  3.4.8 The relative flexibility of ESF-supported training .......... 43
  3.4.9 Suitability of delivery ....................................................... 44

3.5 Outcomes from ESF-supported workforce development ............. 47
  3.5.1 General ........................................................................... 47
  3.5.2 Achievement of training objectives ................................ 47
  3.5.3 Achievement of soft objectives ......................................... 49
  3.5.4 Turnover and employment outcomes ............................ 51
  3.5.5 Changes in training orientation and practice ................ 53

3.6 The incidence of ESF-supported activity in the workforce ............ 57
  3.6.1 General ........................................................................... 57
  3.6.2 Employer perspectives...................................................... 58
  3.6.3 Employee beneficiary perspectives .................................. 60

3.7 Activity- and policy-added value from ESF involvement
  in workforce development ............................................................. 64
  3.7.1 General ........................................................................... 64
  3.7.2 Activity-added value ........................................................ 65
  3.7.3 Policy-added value ........................................................... 67

4 Conclusions and recommendations......................................................... 73
  4.1 Conclusions .................................................................................. 73
  4.1.1 Overview ......................................................................... 73
  4.1.2 The demand side ............................................................. 74
  4.1.3 The supply side ................................................................. 76
  4.1.4 Outcomes ........................................................................ 78
  4.1.5 Activity- and policy-added value ....................................... 78

4.2 Recommendations ......................................................................... 81

Appendix Case studies of ESF-supported workforce development........... 83
List of tables

Table 3.1 Number and percentage of companies supported by Objective 3 ................................................................. 18
Table 3.2 Distribution of training/other HRD delivered by measure .... 20
Table 3.3 Companies assisted by sector: planned and out-turn .......... 21
Table 3.4 Incidence of formal and informal strategic planning by size band ........................................................................ 30
Table 3.5 Incidence of formal and informal strategic planning by sector ................................................................................ 31
Table 3.6 Respondents perceiving skills issues as a significant factor influencing the progress of business by size band .......... 33
Table 3.7 Respondents perceiving skills issues as a significant factor influencing the progress of business by sector ................. 33
Table 3.8 Training/other HRD reported as carried out prior to the ESF-supported activity ............................................................. 34
Table 3.9 Training/other HRD reported as carried out prior to the ESF-supported activity by size band ......................................... 35
Table 3.10 Reported frequency of training activity by size band .......... 37
Table 3.11 Reported frequency of training activity by sector .............. 37
Table 3.12 Reasons cited for training being occasional or infrequent .... 39
Table 3.13 Reasons cited for training being occasional or infrequent by size band ........................................................................ 41
Table 3.14 Reasons cited for training being occasional or infrequent by sector ........................................................................... 42
Table 3.15 Business perspectives on the suitability of the training delivered ................................................................................ 44
Table 3.16 Reported achievement of core training objectives .......... 48
Table 3.17 Reported achievement of soft training objectives ............ 49
Table 3.18 Reported satisfaction with hard training outcomes by training history ................................................................. 50
Table 3.19 Reported satisfaction with soft training outcomes compared with training history ......................................................... 51
Table 3.20 Businesses reporting sales turnover or employment that can be clearly identified with the completed training/HRD project ................................................................. 51
Table 3.21 Businesses reporting sales turnover or employment that can be clearly identified with the completed training/HRD project by company history of training ........................................... 53
Table 3.22 Businesses planning further ESF-supported training or other HRD activity by company history of training .................................................. 54
Table 3.23 Businesses with formal training plans by company history of training .................................................................................. 55
Table 3.24 Evaluation findings on the extent to which companies would have proceeded with training/other HRD in the absence of the ESF-supported assistance .............................................. 66
Acknowledgements

We would acknowledge the guidance and valuable feedback provided by Rob Hardcastle at DWP and members of the Steering Group convened for the study. We would thank all of the project holders, business managers and trainees who participated in the surveys and who were generous with their time and in helping the consultants to organise an effective programme of meetings. The conclusions and recommendations are the consultants’ alone and we take full responsibility for them.
## Glossary of terms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABI</td>
<td>Annual Business Inquiry</td>
</tr>
<tr>
<td>CFO</td>
<td>Co-financing Organisation</td>
</tr>
<tr>
<td>DTI</td>
<td>Department for Trade and Industry</td>
</tr>
<tr>
<td>DWP</td>
<td>Department for Work and Pensions</td>
</tr>
<tr>
<td>ECDL</td>
<td>European Computer Driving Licence</td>
</tr>
<tr>
<td>EEDA</td>
<td>East of England Development Agency</td>
</tr>
<tr>
<td>ERDF</td>
<td>European Regional Development Fund</td>
</tr>
<tr>
<td>ESF</td>
<td>European Social Fund</td>
</tr>
<tr>
<td>ESOL</td>
<td>English as a Second Language</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>FRESA</td>
<td>Framework for Regional Skills Action</td>
</tr>
<tr>
<td>HRD</td>
<td>Human Resource Development</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communications Technology</td>
</tr>
<tr>
<td>ISO14001</td>
<td>International quality standard for environmental management</td>
</tr>
<tr>
<td>LSC</td>
<td>Learning and Skills Council</td>
</tr>
<tr>
<td>NVQ</td>
<td>National Vocational Qualification</td>
</tr>
<tr>
<td>NWDA</td>
<td>North West Development Agency</td>
</tr>
<tr>
<td>Objective 1</td>
<td>EU-funded development programme for regions with lagging economies</td>
</tr>
<tr>
<td><strong>Objective 2</strong></td>
<td>EU-funded development programme for regions with restructuring economies</td>
</tr>
<tr>
<td>-----------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Objective 4</strong></td>
<td>EU-funded programme for workforce development which operated in England from 1998-2000</td>
</tr>
<tr>
<td>OEM</td>
<td>Original Equipment Manufacturer</td>
</tr>
<tr>
<td>PSA</td>
<td>Public Service Agreement</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>RDA</td>
<td>Regional Development Agency</td>
</tr>
<tr>
<td>RDP</td>
<td>Regional Development Plan</td>
</tr>
<tr>
<td>SME</td>
<td>Small or Medium-sized Enterprise</td>
</tr>
<tr>
<td>UKTI</td>
<td>United Kingdom Trade and Investment</td>
</tr>
</tbody>
</table>
Summary

Scope and purpose of the study

In September 2004, Fraser Associates was commissioned by the Department for Work and Pensions (DWP) to evaluate training and other human resource development (HRD) provided to businesses under relevant Measures of the England and Gibraltar European Social Fund (ESF) Objective 3 Programme 2000-06.

The study has had four main objectives:

- to establish what training and other HRD businesses are receiving with ESF support;
- to understand how companies, employees and others are benefiting from this activity;
- to evaluate the effectiveness of ESF-supported activity in addressing their training objectives and more widely;
- to clarify the consistency between the support provided and the Policy Field aims and wider objectives of the ESF.

The study has sought to develop a clearer understanding of the role that ESF-supported training is playing within businesses and the extent to which delivery has contributed to wider ESF policy objectives. In contrast to other studies, which have emphasised large scale surveys to produce statistically representative findings, this exercise has emphasised a greater depth of research within a medium-sized sample to draw out qualitative findings. A key component of the study has been the development of case studies involving linked interviews with sponsors of projects, training providers, beneficiary businesses and those who have taken part in ESF-supported training or other HRD actions.

In relation to businesses and their use of ESF-supported training and other HRD activity, the evaluation has aimed to establish:
• a sophisticated understanding of what motivates businesses to train and what factors in the business environment influence their attitudes towards training;
• the range of ESF-supported HRD and other activity actually taken up by businesses;
• how businesses access ESF-supported training, and any influence this has on the form of training taken up;
• the outcomes achieved (both hard and soft) and perceptions of the effectiveness and quality of the ESF-supported training, both from the perspective of business and employee beneficiaries.

ESF does not merely provide funding for HRD and related activity, but brings with it a complex policy charge. In the context of workforce development, this is reflected in the broad objectives for Policy Fields 3 and 4 and the more detailed objectives of their underlying Measures. In addition, the more general objectives of the ESF and emphasis on value-added is intended to condition delivery, including:

• a focus on particular beneficiaries, including ‘hard-to-reach’ groups;
• the equal opportunities and sustainable development cross-cutting themes.

Accordingly, the study has examined the extent to which these policy aims are sustained at delivery and have added value to the activity supported.

Aside from its specific research aims, the evaluation has been intended to inform policy development for the post-2006 period when Structural Funds will only be available on a reduced scale, if at all, including:

• how the effectiveness of delivery of workforce development Measures might be enhanced;
• whether workforce development should be retained as priority under any Competitiveness Objective Programmes post-2006 and, if so, what form it should take.

General findings

Monitoring data show that ESF-supported training appears to be reaching a significant proportion of the business population, including many businesses that have not previously provided training. By the end of 2004, it is possible that almost one in 20 of all businesses and two-fifths of businesses with more than 250 employees had benefited.

Further data are required to draw firm conclusions on the out-turn intensity of support compared with that planned for the Programme. However:

• the surveys carried out, as part of this study, show that most of the activity supported is short-course training;
sample data have identified instances where the intensity of support was very low, particularly associated with the further and higher education sectors and the period before the introduction of ESF co-financing.

This pattern appears to be in some degree of tension with the first principle of the Structural Funds: concentration.

The surveys found that a very wide range of workforce development activity is being supported with ESF, including:

- the mentoring of senior managers;
- skills development for middle managers, supervisors and administrators;
- placements for graduates;
- skills for operatives.

Relatively few projects in the sample were found to be addressing the last group. This may be a reflection of shopfloor workers mainly being trained informally and on-the-job. However, it raises questions about the extent to which ESF can access groups conventionally regarded as ‘hard-to-reach’.

Comparison of the applications and final claims data reveal a considerable drift in the targeted and out-turn incidence of benefit by sector. In general, support for manufacturing is less than targeted and services correspondingly higher, with retailing and public/voluntary segments notably higher than targeted. While this may be seen as European Union (EU) funding reinforcing and adding value to a domestic agenda, it may also be argued that it involves displacement of resources intended to benefit the private sector and address competitiveness issues.

Findings among beneficiary businesses

Contrary to some stereotypes, the majority of the businesses surveyed as part of this study were found to be reasonably sophisticated in their approach to training. Even without formal skills or training planning processes, companies are typically aware of their skills base and areas where skills need to be upgraded.

More than three-quarters of the businesses surveyed had some level of training culture prior to the ESF-supported assistance. While this was less prevalent among sole-trader and micro-businesses, this was often because the business-critical skills were already present in the principals of the business.

Two-third of managers surveyed perceived skills as significant in the range of strategic issues confronting the business, but it was not the foremost issue for many of them. Marketing was the issue most commonly cited by respondents, by some margin, followed by investment, recruitment and retention of staff, market demand, and skills.
Businesses satisfy their skills needs through a spectrum of activity, including recruitment and buying in of services as well as skills development. ESF training is concentrated within a segment of skills development activity concerned with addressing short-term operational needs rather than induction, incremental updating of workforce skills or longer-term skills development.

Limited use of formal training is not necessarily equated with absence of training orientation. Most businesses train on-the-job.

Time required, including time to plan and organise training, followed by cost of training are the main barriers to training identified. There is some evidence that ESF provision can overcome this, but only for the specific training intervention rather than removing these barriers permanently.

Characteristics of ESF-supported training

The research suggests that following the introduction of co-financing, ESF-supported workforce development activity is being delivered as more tangible projects, although, in the early co-financing period covered by the sample, it is apparent that there is still scope to improve their strategic quality.

In some instances, the market intelligence used and tenders issued by CFOs were of a fairly general nature. The research has identified examples where the strategic quality and relevance of activity procured has been enhanced through greater involvement of Sector Skills Bodies, either as providers or in informing the framing of co-financing prospectuses.

While the training delivered under the Objective 3 workforce development Measures was found mainly to be of good quality, was valued by businesses, and widely involved elements of tailoring to the needs of individual businesses, it tended to have limited depth. Accordingly, with a few exceptions, it is:

- adding to the existing skills of workers at the margin;
- not typically supporting training that could avert the need to recruit;
- not providing training for specific technical skills and higher level skills;
- providing marginal operational gains rather than having a significant impact upon the competitiveness of businesses.

The activities supported that had greatest potential to impact on business competitiveness were:

- mentoring and training of managers, notably in relation to managing cultural change;
- support in introducing quality systems;
- to a lesser extent, graduate placements.
ESF-supported training was found to be relatively skewed towards managers and administrators, with relatively little going towards operative grades. However, it was noted in numerous instances that training for managers was not normally a priority in many beneficiary businesses, particularly in the smaller size bands and that they constituted an unexpected hard-to-reach group.

A key characteristic of ESF-supported training in comparison to mainstream training is its relative flexibility seen in:

- its ability to support flexible delivery that helps to overcome barriers to releasing staff to participate in training;
- the broad scope of activity that it can support, within which lies the potential to respond flexibly to the needs of businesses;
- its ability to support the relatively high promotion and organisational costs associated with accessing hard-to-reach sectors/businesses and/or in customising training to individual business needs.

Outcomes

A very high proportion of responding beneficiaries reported that their objectives from the ESF-supported activity had been wholly or substantially met:

- 88 per cent in relation to core objectives;
- 79 per cent in relation to soft objectives.

While fewer businesses anticipated soft outcomes at the start of the process, some recognised, in retrospect, that there had been important soft outcomes also, such as increasing staff morale and team-building.

In only a few cases were beneficiary businesses able to attribute changes in sales and employment to ESF-supported training, and where quantified, these effects were mainly small in scale. This is unsurprising given that these interventions were mostly short and low-cost. However, in a very small number of cases, effective management training or mentoring activity was playing a more significant role in moving businesses forward.

The survey findings suggest that participation in the ESF-supported activity was associated with some positive changes in perceptions towards formal training as a potential solution to skills development needs and also to budgeting for training. Nevertheless, several, particularly in manufacturing, still expected the majority of their training effort to be in-house.
Activity and policy-added value

A considerable level of activity-added value was identified, both at the level of projects and at the level of business participation in ESF-supported activity. None of the projects supported would have proceeded without considerable modification or reduction in scale. The participation of 41 per cent of businesses was wholly dependent on public funding and a further 40 per cent would have modified (usually reduced) or delayed the training.

Consultations with Learning and Skills Councils (LSCs) and others suggest that ESF represents a very considerable proportion of the total resources available to them that can be used to support workforce development activity. This has significant implications in the context of uncertainties over the continuation and/or focus of ESF after 2006.

Beyond the basic targeting criteria (Small and Medium-sized Enterprises (SMEs), employees, prospective self-employed) the leverage of wider ESF objectives (hard-to-reach groups and horizontal themes) has been found to be limited, and these policy aspirations appear over-complex to apply in the context of working with businesses.

It was found to be feasible to focus projects on sectors and even businesses with a weak training record. However, within an approach that aspired to be business-centred or demand-led, project holders could exert little leverage on the categories of workers that were nominated to take part in training.

Recommendations

Our recommendations have been framed with the development of successor Programmes in mind, whether these will be domestic or EU-funded.

We recommend that public support for workforce development should continue after 2006. There is a good level of activity additionality from current support.

We recommend that design of approaches to workforce development should take account of the realities of businesses:

- businesses, even micro-businesses and sole traders tend to have a good understanding of their skills needs;
- training is only one aspect of the way in which businesses meet their skills needs;
- there are limits on the scope of formal training to address the skills needs of businesses and that informal, on-the-job training is likely to continue to account for the largest proportion of effort; nevertheless
- there is a considerable latent willingness to engage with formal training;
- the business population is increasingly sole-trader, micro- and small businesses.
We recommend that policymakers should develop a clear view of their objectives from public support for workforce development and the extent to which a multiplicity of objectives is realistic and can be expected to add value to implementation.

We recommend that any future integration of horizontal agendas should be simplified and should be based upon clear guidance on the scope for integrating such issues; where they are likely to be relevant and good practice.

We recommend that there should be a clear differentiation in the promotion and delivery of actions that are intended to:

- strengthen the competitiveness of businesses;
- incentivise employment or training of particular groups of workers.

We recommend that a demand-led model of workforce development should be encouraged and that:

- in the short-term, the flexibility of ESF to facilitate this should be exploited.
- for post-2006, domestic funding regimes should be reformed to ensure continuity of the approach.

We recommend that consideration is given to the scope for extending the range of workforce development activity supported by ESF which is presently concentrated in focused training to address short-term operational needs. Consideration should be given to the scope for:

- eliminating very low-intensity interventions;
- supporting longer-term skills development;
- addressing more specialised and higher level skills needs;
- coordinating with, and adding value to, businesses’ own in-house training.

We recommend that the knowledge of sectoral skills agencies and other close-to-industry organisations is exploited in the design of workforce development initiatives, both to increase their relevance to businesses and also to incorporate a longer-term perspective on changing skills needs. This might extend to sector representative bodies or OEMs at the head of supply chains being encouraged play a greater role in the design and delivery of training.

We recommend, in the likely context of reduced ESF resources post-2006, that the targeting of ESF should take into account the availability of other domestic funding streams in this area. The availability of Employer Training Pilot funds is a case in point.
and perhaps suggests that ESF should be directed more towards higher level skills and management development activities.

We recommend that consideration be given to the adequacy of the present LSC remit and public service agreement (PSA) targets to addressing this agenda and whether a greater diversity of co-financing organisations (e.g. Regional Development Agencies (RDAs), higher education) is necessary.

We recommend that the design of workforce development interventions needs to address the main barriers to participation through:

- features and flexibility to overcome the difficulties that businesses have in scheduling training and releasing staff to take part in training;
- subsidy to overcome barriers of cost, where appropriate;
- support for design and organisation of training to exploit the latent aspiration among managers to train.

We recommend that the development of workforce development policy should be realistic about its potential to produce significant attributable business outcomes, particularly from short-course training. Training is unlikely to be a sufficient condition to allow businesses to grow.
1 Introduction

In September 2004, Fraser Associates was commissioned by the Department for Work and Pensions (DWP) to evaluate training and other human resource development (HRD) provided to businesses under relevant Measures of the England and Gibraltar European Social Fund (ESF) Objective 3 Programme 2000-06. This document is the final report on the evaluation.

The study has sought to develop a clearer understanding of the role that ESF-supported training is playing within businesses and the extent to which delivery has contributed to wider ESF policy objectives. In contrast to other studies, which have emphasised large scale surveys to produce statistically representative findings, this exercise has emphasised a greater depth of research within a medium-sized sample to draw out qualitative findings. A key component of the study has been the development of case studies involving linked interviews with sponsors of projects, training providers, beneficiary businesses and those who have taken part in ESF-supported training or other HRD actions.

The remainder of this report examines:

- the purposes, context and method of the research;
- the scope and scale of ESF-supported training and other HRD activity within companies;
- how project holders have used ESF for workforce development and how ESF-related policies have shaped the provision;
- what motivates employers to train and where skills development sits within the range of strategic issues confronting businesses;
- the business outcomes from ESF-supported training and other HRD activity;
- how ESF-supported training is distributed throughout the workforce;
- the activity and policy-added value from ESF involvement in workforce development;
- conclusions and recommendations arising from the research.
In addition, the Appendix presents case studies on 16 projects which were selected to cover the range of activity supported over the life of the Objective 3 Programme to date.
2 Objectives, context and methods of research

2.1 General

This chapter covers the background to the study and takes into account:

- the purposes for which it was commissioned;
- the context of past studies;
- how policy on European Social Fund (ESF) support for companies has evolved;
- the questions over future policy.

2.2 Purposes of the study

The study has had four main objectives:

- to establish what training and other human resource development (HRD) businesses are receiving with ESF support;
- to understand how companies, employees and others are benefiting from this activity;
- to evaluate the effectiveness of ESF-supported activity in addressing their training objectives and more widely;
- to clarify the consistency between the support provided and the Policy Field aims and wider objectives of the ESF.

As part of its Programme monitoring activity, the Department for Work and Pensions (DWP) collates information from projects that provide support to businesses through Measure 3.2 and Measure 4.1 to 4.3 of the Objective 3 Programme. However, these data provide only a basic picture of the number of companies supported and limited measures of training and other outcomes, although a regional and sectoral analysis is also possible.
In 2003, the DWP supplemented its monitoring data through a medium-sized telephone survey of businesses, and while this provided further insight, some of the findings were unexpected, possibly reflecting the limits of the research methodology. Accordingly, the present study was commissioned to provide more qualitative analysis.

In relation to businesses and their use of ESF-supported training and other HRD activity, the evaluation has aimed to establish:

- a sophisticated understanding of what motivates businesses to train and what factors in the business environment influence their attitudes towards training;
- the range of ESF-supported HRD and other activity actually taken up by businesses;
- how businesses access ESF-supported training, and any influence this has on the form of training taken up;
- the outcomes achieved (both hard and soft) and perceptions of the effectiveness and quality of the ESF-supported training, both from the perspective of business and employee beneficiaries.

The evaluation has examined additionality from several perspectives, including:

- the impact of ESF support in enabling projects and company use of training to go ahead;
- the qualitative contribution of ESF to delivery of activity and the outcomes achieved;
- whether the scope covered by ESF or its characteristics as a funding instrument, have produced additional benefits.

ESF does not merely provide funding for HRD and related activity, but brings with it a complex policy charge. In the context of workforce development, this is reflected in the broad objectives for Policy Fields 3 and 4 and the more detailed objectives of their underlying Measures. In addition, the more general objectives of the ESF and emphasis on value added under the England and Gibraltar Objective 3 Operational Programme is intended to condition delivery, including:

- a focus on particular beneficiaries, including ‘hard-to-reach’ groups such as businesses/sectors that do not provide or provide only limited training, employees with low levels of skills and those from groups that are likely to be less of a priority to receive training;
- the equal opportunities cross-cutting theme, which promotes support for women, ethnic minorities, disabled, and other groups facing disadvantage in the labour market;
- the sustainable development cross-cutting theme, which favours support to environmental industries, for environment-related training and for amelioration of environmental impacts in delivery.
Accordingly, the study has examined the extent to which these policy aims are sustained at delivery and have added value to the activity supported. This has included examining the role of ESF-supported training within businesses’ overall training effort, its relative intensity in comparison with other training and whether it is skewed towards particular social and occupational groups.

A final research area has been the role of ESF in support of regional cluster development. Since the establishment of the Regional Development Agencies (RDAs) in 1999, the cluster development concept has been a key driver of business development support in most, but not all, of the English regions. The research has examined the extent to which ESF is being used to address skills development needs in regional clusters.

2.3 Evolution of ESF support

Aside from its specific research aims, the evaluation has been intended to inform future policy.

ESF support for companies outside regional Structural Funds Programmes was introduced only relatively recently. Objective 4 was not adopted by the UK prior to 1998, mainly due to concerns over its additionality.

Looking forward to the post-2006 period when Structural Funds will only be available on a reduced scale, if at all, the study is intended to help inform:

- how the effectiveness of delivery of the workforce development Measures might be enhanced in the current and future Programmes;
- whether workforce development should be a priority for retention under any Competitiveness Objective Programmes post-2006 and, if so, what form it should take.

2.4 Study method

The study method was designed to provide a substantial qualitative picture of ESF support for workforce development. It has involved the development of 16 case studies around projects, comprising interviews with:

- the project holder or, since the introduction of co-financing, both the co-financing organisation (CFO) and the provider;
- three beneficiary businesses;
- two trainee beneficiaries.

Sampling for the survey endeavoured to take account of:

- the different measures under which businesses are supported (Measures 3.2, 4.1, 4.2 and 4.3);
Objectives, context and methods of research

- differences in sector (a five-sector model was used) and size of business (less or more than 10 employees);
- the possibility of regional variations;
- the period before and after the introduction of co-financing.

In addition to those covered as part of case study research, a further 48 business beneficiaries were targeted and their selection was aimed at increasing the robustness of the overall sample.

The complex sampling model required the consultants to obtain cooperation on several levels:

- from CFOs in identifying projects supported under relevant Measures of their co-financing plan and which are not visible in the DWP central database;
- from project holders and providers contracted to CFOs in providing initial details of their project and in identifying beneficiary businesses and their characteristics;
- from businesses, in agreeing to take part in the study and in providing access to trainee beneficiaries.

The assembly of this complex sample took more than two months and required very active management. Although almost 100 CFOs or project holders were approached initially, this produced barely enough to facilitate a sufficient sample and good choice of projects by Measure, region and pre-/post-co-financing. As a result, it was necessary to progress to the fieldwork stage with fewer reserve projects and businesses than desirable.

Once the fieldwork was underway, a good level of cooperation was obtained from the public sector, most training providers and most businesses. However, the passage of time and discontinuities in personnel and organisations resulted in organisational memory of the project being limited in some cases. The quantitative data requested in advance from business has generally not been made available.

By the time it was necessary to freeze the sample, 80 useable responses had been obtained from businesses out of an original target of 96. Most gaps relate to non-case study businesses.

There are some lessons from this evaluation that have general validity for future studies:

- there is a need for caution in the design stages of surveys, both on the part of those specifying and those proposing research to avoid over-complex sampling requirements. The greater scale of external cooperation required increases the inherent risks in this form of research;
• there is a need to build into contracts with intermediary bodies and training providers, an obligation to cooperate with evaluation research that has a similar force to audit. It is clearly more difficult to extend such obligations to private sector beneficiaries, but the cooperation risk from the private sector can generally be managed if a sufficient sample population can be drawn upon and the sampling model is not over-complex;

• experience in this and other studies in the past year, suggests that the Data Protection Act is increasingly being used as an excuse not to cooperate where its provisions simply do not apply. This represents a growing threat to reliable research and requires a strategic response.
3 Research findings

3.1 General

This chapter analyses the findings of the combination of primary and secondary research that comprised the study and variously reports on:

- the scope and scale of European Social Fund (ESF)-supported training and other human resource development (HRD) activity within companies;
- how project holders have used ESF for workforce development and how ESF-related policies have shaped the provision;
- what motivates employers to train and where skills development sits within the range of strategic issues confronting businesses;
- the business outcomes from ESF-supported training and other HRD activity;
- how ESF-supported training is distributed throughout the workforce;
- the activity and policy-added value from ESF involvement in workforce development.

3.2 Dimensions of workforce development activity supported by ESF

3.2.1 General

This section looks at the characteristics of ESF-supported workforce development activity visible in a combination of Programme monitoring data and the sample of businesses surveyed. It considers:

- overall numbers of companies participating;
- the intensity of training supported;
• the range of workforce development activity supported by ESF and its differentiation by Measure;
• the consistency between the forecast and out-turn beneficiaries by sector.

3.2.2 The scale and intensity of support for companies

Overall scale of support

Table 3.1 shows that by December 2004, ESF Objective 3 had provided support to just short of 90,000 businesses, of which some 78,000 (88 per cent) was under Policy Fields 3 and 4 which contain the main workforce development Measures.

Table 3.1 Number and percentage of companies supported by Objective 3

<table>
<thead>
<tr>
<th>Policy field</th>
<th>Less than 250 employees</th>
<th>More than 250 employees</th>
<th>Total</th>
<th>Percentage of companies (of total)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1,438</td>
<td>296</td>
<td>1,734</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>5,850</td>
<td>541</td>
<td>6,391</td>
<td>7</td>
</tr>
<tr>
<td>3</td>
<td>24,020</td>
<td>2,688</td>
<td>26,708</td>
<td>30</td>
</tr>
<tr>
<td>4</td>
<td>49,814</td>
<td>1,760</td>
<td>51,574</td>
<td>58</td>
</tr>
<tr>
<td>5</td>
<td>2741</td>
<td>110</td>
<td>2,851</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>83,863</td>
<td>5,395</td>
<td>89,258</td>
<td>100</td>
</tr>
</tbody>
</table>


It is helpful to consider this level of take-up against the total business population in England of 1.95m, of which 13,000 employ more than 200 people (source ABI 2003). Disregarding double-counting, this suggests that by the end of 2004, ESF had supported a number of businesses equivalent to almost five per cent of the total in England, and almost 40 per cent of all businesses with more than 250 employees.

Intensity of support

At 51,600, the out-turn number of companies assisted in Policy Field 4 to the end of December 2004, is almost exactly in line with the target of 51,360 for the first five years of the Programme.

In reviewing project monitoring data for the sample of projects, it was apparent that in some projects the intensity of support provided was very low. This could involve little more than a visit of a few hours and, in one instance, the unsolicited distribution of information packs. Such projects were noted as mainly being associated with the further and higher education sectors and with the period prior to the introduction of ESF co-financing.
3.2.3 The focus of support for companies

Table 3.2 shows the distribution of training and other HRD activity delivered in the businesses surveyed.

It is clear that a very wide range of activity is being supported from mentoring of senior managers, through skills development for middle managers, supervisors and administrators, to skills for operatives. Although the survey sample was selected to capture the range of activity supported rather than the relative weight of different types of training, it is apparent that in the sample at least, there are relatively few projects aimed at operatives. This is consistent with the findings of other research that has found that much ESF-supported training in companies has been directed at managers and supervisors.

There is some differentiation in the pattern of activity delivered by Measure evident in the table. However, supervisory skills and computing skills were found across all Measures. Most of these projects did not appear notably different in terms of beneficiary groups or content although more specialised computer applications were covered in some Measure 4.1 and 4.2 projects. This is consistent with the findings of previous studies that have noted considerable overlap in the scope of Measures in the Objective 3 Programme.

Some projects appeared to be oddly positioned, notably those providing mentored support for senior managers in business planning in Measure 3.2 (and also in 4.1 and 4.2) rather than in Measure 4.3 where the focus of the Measure is more obviously relevant. Similarly, the inclusion of graduate placement projects in Measure 3.2 as well as in Measure 4.3 is perhaps surprising.

Echoing the findings on the intensity of support, it is apparent that the training provided could vary considerably in its strategic significance, even though the assisted businesses generally regarded the activity as valuable. Some examples were encountered of businesses undertaking training that was related to growth plans or expansion of capacity, while for others, more basic requirements such as health and safety were being supported.
Table 3.2  Distribution of training/other HRD delivered by measure

<table>
<thead>
<tr>
<th>Measure 3.2</th>
<th>Measure 4.1</th>
<th>Measure 4.2</th>
<th>Measure 4.3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objectives</td>
<td>• To improve employability through directing and supporting lifelong learning provision so that it is responsive to the changing needs of employers.</td>
<td>• To update and upgrade employees’ vocational skills, including basic and key skills (through training tailored to business needs).</td>
<td>• To identify and meet emerging skills shortages, including higher level skills (through training tailored to business needs).</td>
</tr>
<tr>
<td>Target beneficiaries</td>
<td>• Employed people who do not receive training in the workplace.</td>
<td>• People in employment, particularly employees of Small and Medium-sized Enterprises (SMEs).</td>
<td>• People in employment, particularly employees of SMEs.</td>
</tr>
</tbody>
</table>

| General business skills | 1 | | | |
| Business planning, mentoring of managers | 3 | 1 | 2 | |
| Supervision, team leading | 1 | 3 | 2 | 1 |
| Marketing | 2 | 3 | | |
| Sales, account management | 1 | 1 | | |
| Language skills | | | 3 | |
| Quality management | | 3 | | |
| Financial/bookkeeping | 1 | 2 | | |
| Employment law | 1 | | | |
| ICT skills | 2 | 3 | 2 | 3 |
| Presentation skills | | 1 | | |
| Environmental skills | 1 | 1 | | |
| Operation of equipment | 1 | 2 | | |
| Graduate placement | 2 | | | 7 |
| Security | | 2 | | |
| Safe working/First Aid | | 5 | | 1 |
| Food hygiene | | | | 3 |
| Family-friendly guidance | | | | |

Research findings
### 3.2.4 The sectoral pattern of support

As part of the sampling process, analysis was carried out on the distribution of business beneficiaries, both at the planning and delivery stage. Table 3.3 summarises the findings. It should be noted that:

- these data are based on applications and claims up to summer 2004;
- in the period analysed, there is a considerably larger volume of activity forecast than for which there is final claims data, so the comparison is not like-with-like.

<table>
<thead>
<tr>
<th></th>
<th>Distribution by sector pre-co-financing</th>
<th>Distribution by sector under co-financing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planned %</td>
<td>Out-turn %</td>
</tr>
<tr>
<td>Agriculture</td>
<td>1.7</td>
<td>1.1</td>
</tr>
<tr>
<td>Mining</td>
<td>0.4</td>
<td>0.1</td>
</tr>
<tr>
<td>Utilities</td>
<td>1.0</td>
<td>0.5</td>
</tr>
<tr>
<td>Food and drink</td>
<td>5.1</td>
<td>2.3</td>
</tr>
<tr>
<td>Textiles</td>
<td>4.6</td>
<td>1.9</td>
</tr>
<tr>
<td>Chemicals</td>
<td>3.2</td>
<td>1.1</td>
</tr>
<tr>
<td>Metals</td>
<td>2.3</td>
<td>1.2</td>
</tr>
<tr>
<td>Engineering</td>
<td>5.5</td>
<td>14.2</td>
</tr>
<tr>
<td>Other manufacturing</td>
<td>45.9</td>
<td>15.6</td>
</tr>
<tr>
<td>Construction</td>
<td>4.1</td>
<td>2.5</td>
</tr>
<tr>
<td>Distribution</td>
<td>4.2</td>
<td>2.3</td>
</tr>
<tr>
<td>Transport</td>
<td>4.8</td>
<td>5.9</td>
</tr>
<tr>
<td>Banking</td>
<td>4.0</td>
<td>7.2</td>
</tr>
<tr>
<td>Professional</td>
<td>4.3</td>
<td>2.5</td>
</tr>
<tr>
<td>Other services</td>
<td>3.8</td>
<td>2.4</td>
</tr>
<tr>
<td>Health and education</td>
<td>2.1</td>
<td>15.6</td>
</tr>
<tr>
<td>Public administration</td>
<td>0.9</td>
<td>0.5</td>
</tr>
<tr>
<td>Other</td>
<td>2.1</td>
<td>23.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

DWP Applications and Final Claims Data up to summer 2004.

These caveats aside, it may be seen that both in the early part of the Programme and the period following the introduction of co-financing, there is an apparent drift between the sectors targeted at the applications stage and those actually benefiting. In general, there is a drift from primary, manufacturing, utilities and construction towards services. Within manufacturing, only engineering businesses have accounted for a larger share of businesses assisted than was forecast at the applications stage.
Within services, three segments account for the service sector’s higher than forecast share of businesses assisted:

- banking;
- health and education;
- other services, which includes personal services.

It is notable that this trend holds for both the early phase of the Programme and the period following the introduction of co-financing, although it should be noted that there was much more final claims data available for this analysis from the pre-co-financing period.

As part of consultations with Learning and Skills Councils (LSCs) and project holders, we explored the possible reasons for this trend. Two main explanations were forthcoming:

- that in a period of recession in manufacturing, it had been very difficult to secure the planned level of take-up from that sector;
- the requirement in the regulated care sector for all workers to become qualified to NVQ2 was seen as being responsible for the spike of businesses assisted in the health and other services segments.

There are two potential viewpoints on this latter finding. Taking a positive perspective, it reflects ESF following Government agendas, which has long been an aspiration. From an alternative viewpoint, it may be seen as a social agenda displacing industrial strategy and the Lisbon agenda for competitiveness. To draw a firm conclusion would require analysis of the latest data.

### Key points

- ESF-supported training appears to be reaching a significant proportion of the business population. By the end of 2004, it is possible that almost one in 20 of all businesses and two-fifths of businesses with more than 250 employees had benefited.

- Further data are required to draw firm conclusions on the out-turn intensity of support compared with that planned for the Programme. However, sample data have identified instances where the intensity of support was very low, particularly associated with the further and higher education sectors and the period before the introduction of ESF co-financing.

- A very wide range of workforce development activity is being supported with ESF, ranging from mentoring of senior managers, through skills development for middle managers, supervisors and administrators, to skills for operatives. However, the latter group appear to be less of a priority, raising questions about the extent to which ESF is benefiting ‘hard-to-reach’ groups.

- There has been a significant drift from the sectors targeted at the applications stage away from primary and manufacturing industries towards services. This is attributable, in part, to recession in manufacturing but also to Government policy on growing and regulating the care sector.
3.3 Supply-side perspectives on ESF for workforce development

3.3.1 General
This section looks at ESF support for workforce development from the perspective of the applicants, co-financing organisations (CFOs) and training providers. It considers:

- how and with what objectives ESF has been used by applicants, CFOs, and providers;
- what qualitative changes are noticeable since the introduction of co-financing;
- the potential contribution of Sector Skills Bodies;
- the extent of ESF integration with regional strategic initiatives on clusters and sectors and the issues behind this.

3.3.2 Users of ESF for workforce development
The consultations with applicants and CFOs reveals a different pattern of applicants and the use of ESF for workforce development in the periods before, and following, the introduction of co-financing.

In the pre-co-financing period, applicant organisations were mainly using ESF as a source of subsidy for HRD operations that fell into their area of operation. In numerous cases they involved continuation funding of existing activity, sometimes long established.

The pre-co-financing projects that were selected for case study were fairly specific, and mostly strategic but, as discussed in Section 3.3.3, this was not true of all pre-co-financing projects in the sample.

Following the introduction of co-financing, it is mainly LSCs that are operating as CFOs in the workforce development Measures. The ESF-supported activity procured has generally been at the fringes of the LSCs’ normal activity. In some cases, projects might have attracted LSC development funding, but for the most part they have been outside the LSCs’ core remit.

The delivery contractors for co-financed workforce development activity have tended to be a subset of those that were involved as applicants. There appears to be more involvement of Chambers of Commerce, Business Link and private contractors than in the past and less involvement of the education and local authority sectors than before. Discussion with the Chambers of Commerce and Business Link contractors found that, although they were contracted to a CFO, they still perceived that they were using ESF as an instrument to fund a human resources strand of their activity. It appeared that they still had considerable scope for pursuing their own agenda, or a regional strategy, within the confines of a co-financing contract.
3.3.3 Qualitative changes since the introduction of co-financing

Work on the sampling of projects suggested that in the period since the introduction of co-financing, ESF-supported projects had become more concrete. Further evidence substantiating this view was obtained in the course of the fieldwork.

Examination of sample applications and monitoring data from the early part of the Programme identified examples, particularly from the further and higher education sectors, where proposals were set out in vague terms. It was not always clear that the activity had been implemented as a coherent project. Rather, ESF appeared to be being absorbed against eligible activity that could be identified in retrospect. This was manifested in several cases by:

- a lack of awareness on behalf of beneficiary businesses, when interviewed, of the project in which they had participated;
- considerable drift between targeted and claimed beneficiaries;
- instances of very low intensity of assistance being provided.

This was not always the case, however. Some projects that had looked weak on paper were found to be among the best in terms of quality when beneficiaries were interviewed.

By comparison, co-financed projects, particularly at the level of contracted activity, appeared more concrete. Co-financing has introduced a process that is more likely to result in clearly defined projects allied with a management process that is more likely to ensure that the contracted project, or something reasonably close to it, is delivered.

3.3.4 The potential contribution of Sector Skills Bodies

At the introduction of co-financing it was envisaged that CFOs would have a strategic perspective on local labour market needs and, accordingly, would be more strategic in procuring training provision. However, the second evaluation of ESF co-financing found that many CFO prospectuses were fairly general in scope. This study, also covering projects from the first two years of co-financing, confirmed this finding.

Discussions with CFOs about the nature of the market information that was available to them, highlighted that much of this was general in nature and was based on analysis of trends at national, rather than local, level. It was apparent that the involvement of Sector Skills Bodies, either in informing the development of prospectuses or in the delivery of projects, could result in provision that was more closely attuned to the needs of businesses.

This was not consistently the case, however. One pre-co-financing project led by a Sector Skills Body was found to contain many of the problems of weak definition and low awareness among beneficiaries.
3.3.5 Integration with RDA priority clusters

The focus on business clusters has been a major element in the approach to business development in most, but not all, regions since the Regional Development Agencies (RDAs) were established. The approach, which has its origin in Michael Porter’s ‘the Competitive Advantage of Nations’ (1990), became a significant element of Department of Trade and Industry (DTI) policy, consolidated by various reports prepared by a team led by Lord Sainsbury in the late 1990s.

The cluster development approach perceives that the interactions between businesses in an industry, their supply chain and technology providers, can be levered to produce competitive advantage on an international scale. Since the establishment of the RDAs, considerable effort has been directed at mapping clusters and developing a response to their development needs. The results have sometimes been surprising. In some regions as many as 20 functional or aspirational clusters have been identified, accounting for to up to a third of the workforce, whereas the seminal literature suggested that no more than one or two internationally competitive clusters may exist in any country or region.

The most common method of implementing a clusters strategy involves the RDAs establishing groups to facilitate networking, identification of critical issues and joint problem-solving among businesses in their target clusters. Accordingly, it would not have been unreasonable to expect this process to have identified cluster-related skills needs and that these might have been met through ESF actions, particularly under Policy Field 4 of the Objective 3 Programme.

In fact, among the 80 businesses surveyed as part of this study, and including projects from before and following the introduction of ESF co-financing, none reported that the assistance they had received was related to an RDA cluster initiative, although a small number of the businesses interviewed reported that they had other involvement in such an initiative.

The study has, therefore, explored the relationship between RDA clusters and ESF through a series of specific interviews with RDA and LSC personnel in five regions and in more general discussions with LSCs elsewhere.

The findings of these consultations suggest that while there has been a considerable amount of partnership activity between RDAs and LSCs on aligning strategies, in most regions this has not translated into delivery by the LSCs of a distinctive skills agenda emerging from RDA priority clusters until relatively recently. A number of consultees perceived that the LSCs continue to be driven by their national skills agendas rather than being responsive to regional priorities. Others acknowledged the existence of a regional clusters agenda, but explained that this was only one among several regional priorities. There are, however, some indications that this may be changing.

Rather than being driven by the cluster facilitation process, a sector- or cluster-focused approach to the use of ESF is starting to emerge as a result of the establishment of Regional Skills Alliances and the Sector Skills Agencies. This has
produced a debate at regional level on tackling sector skills, but has not brought with it any significant new funding. As a result, regional partners are looking at the LSCs and the RDAs as the main sources of funding for this agenda.

In three regions: London, the South West and the North West, the consultations identified that sector-/cluster-focused actions using ESF had recently started or were in the process of development. Of these, London and the South West have never featured the clusters concept strongly in their Regional Economic Strategy. The focus in these regions is on key sectors, both bedrock and emerging. However, the North West is among the regions that remain most strongly committed to the clusters development concept.

In London, RDA priority sectors have become addressed as part of a pan-London co-financing plan fronted by LSC Central London and which has been resourced with ESF recycled from national underspend. The LSCs had been aware that some large organisations and niche organisations had wanted to develop projects that were not restricted by local LSC boundaries, and a pan-London plan was seen as an opportunity to address this. At the same time, London Development Agency, the Sector Skills Councils and others had been working on the FRESA strategy, but with no funding to achieve its targets. Accordingly, the pan-London ESF initiative was welcomed as a solution. It was reported that the LSC received input and advice on the targeting of ESF (i.e. the development of the pan-London prospectus) from the FRESA Group and the Sector Skills Councils which had researched emerging skills needs, skills gaps, and hard-to-fill vacancies. Out of 58 projects supported 33-50 per cent are sector-focused.

A similar initiative is in development in the North West where, under the revised Objective 3 Regional Development Plan, a ‘pot’ of funding has been created for regional activity. It is understood that Cheshire and Warrington LSC is leading on a prospectus that will result in support for pan-Regional projects identified in consultation with the Sector Skills Alliances and which features considerable coherence with the RDA priority clusters.

In the South West, there has been a progressive alignment between workforce development activity supported through Objective 3 and the RDA priority sectors. This started with ESF-funded skills research in the early part of the Programme which was helpful in reinforcing the RDA perspective on key sectors and has helped in securing agreement among the partners on the targeting of resources. More recently, the establishment of Sector Skills partnerships and the Regional Enterprise and Skills Alliance, has reinforced this trend. The RDA is now confident that ESF activity, where appropriate, is now being tied to its key sectors and highlighted projects focusing on the food and drink and the tourism sectors as examples.

In the East Midlands, the RDA’s involvement in cluster skills needs was at a strategic level, essentially setting the policy, but there was less awareness of how this skills agenda was then implemented through Objective 3 ESF support. However, a number of Objective 2 action plans contained ESF, and these have been used to
support skills development in clusters as part of integrated actions. The RDA has also pushed for LSCs to work together to develop regional level projects, and it is at this level that the RDA would anticipate any co-financed cluster development activity taking place.

The consultations explored the suitability of ESF to addressing sector skills needs and, in particular whether the:

- skills needs in RDA priority clusters were at a higher level than the core targets for the Objective 3 Programme;
- LSC targets, specified at NVQ2, militated against a cluster/sector focus.

Some evidence of tension was identified in relation to both of these issues.

In London it was noted that research into skills gaps had primarily identified shortfalls at NVQ3 and above and concern was expressed about the consistency of LSC targets with market needs. While the LSC had funded some activity in the pan-London initiative at NVQ3, it was conceded that the majority is likely to have been focused on basic skills, ESOL, and lower level NVQs.

In the South West, it was reported that a broad range of sector skills needs had been identified through research carried out with ESF support, ranging from basic and intermediate skills in traditional sectors to Level 3/4 skills in technology-based sectors such as life sciences. This had led to sector-focused projects led by the LSC, but within which the RDA was funding the higher level skills element as this was not within the LSC remit. This had led both to a balance of delivery that was aligned with market needs and also to the greatest level of integration between ESF and the RDA skills agenda that was encountered in the survey.

In the East Midlands, cluster development activities along with sectoral approaches were identified as ways of stimulating demand in the region for higher level skills, including those at NVQ3 and 4. Originally, a deadline of the end of 2003 had been set for identifying skills gaps in all high priority clusters, but it is not apparent that this work was completed.

The consultations also explored the suitability of a sub-regional delivery mechanism (the LSCs) to sector-/cluster-focused skills initiatives. It was noted that in both London and the North West, the sector-/cluster-focused action using ESF has involved a pan-regional approach. Elsewhere, while several LSCs noted that they had supported projects that were sector-focused, it was generally conceded that more meaningful initiatives could probably be developed at regional level.

A recurring theme in the consultations was that a traditional (pre-2000) perspective of Objective 3 might have resulted in ESF not being seen as an obvious source of funding for sector skills needs. Several of those interviewed noted that ESF was seen as a resource for tackling volume skills issues, notably basic skills development on the supply-side of the labour market rather than work with companies.
Others pointed to the targeting priorities that accompany ESF and questioned their relevance to market needs. Furthermore, some respondents perceived these constraints, together with the centrally set allocation to Priority 4 to reflect a lack of enthusiasm at the centre for the use of ESF to support workforce development.

**Key points**

- In the period prior to the introduction of co-financing, ESF for workforce development subsidised provision by organisations that were directly involved in delivery. Quality appears to have been mixed. Some projects were specific and strategic; others lacked tangible character, had a low visibility where beneficiaries were concerned and in some instances involved a very low intensity of support.

- The introduction of co-financing has seen ESF for workforce development mainly mediated through the LSCs and support activity that is at the fringes of the LSCs’ remit. Co-financing has introduced a process which has produced more concrete projects and which increases the likelihood of their delivery through active management.

- Co-financing appears to have made some contribution to increasing the strategic quality of workforce development provision, but this should not be overstated. In the first two years following its introduction, many of the LSC tendering exercises involved very general specifications and were driven by market intelligence of a general nature.

- The study has found some evidence that involvement of sector skills, either in informing the development of prospectuses or in the delivery of projects, could result in provision that was more closely attuned to the needs of businesses. This was not consistently the case, however.

- Little evidence has been identified of RDA priority clusters levering ESF directly as a result of their cluster facilitation activity. No respondent in the survey of businesses was aware of receiving ESF support for HRD activity that was part of a cluster initiative.

- There is some evidence that, more recently, FRESA, Sector Skills and Regional Skills Alliance activity, influenced in part by Regional Economic Strategies, has resulted in ESF activity targeted on sectors. This appears to be strongest in regions where the RDAs maintain a sector development rather than a cluster development focus.

*Continued*
Key points (continued)

- The role of LSCs as the conduit for most ESF for workforce development, has potential to result in a partial response to market needs, as a result of the LSCs targets that emphasise support for training up to NVQ2. This can be overcome through integrated action in partnership with organisations whose funding remit covers intermediate and higher level skills.

- The use of a sub-regional delivery mechanism (the LSCs) as a channel for ESF for workforce development is not an absolute barrier to support for sector-/cluster-focused projects. However, the prospects for achieving coherent and strategic intervention appear to be greater where this activity is developed on a regional level.

- The scope for supporting workforce development through Objective 3 is not fully appreciated by regional actors. Misconceptions persist that ESF is about volume market interventions. However, others perceive the relevance of ESF for workforce development to be constrained by its targeting criteria that prioritise basic skills and particular groups of workers.

3.4 Strategic drivers and motivations for training among employers

3.4.1 General

This section examines the extent to which attitudes to training among employers is influenced by context and circumstances. It considers, among other issues:

- the extent to which businesses of differing size and sector carry out strategic planning and whether this includes consideration of skills issues;

- the hierarchy of strategic issues facing employers and where training sits within these;

- the pattern of formal and informal training in businesses;

- what motivates employers to train and what barriers constrain employers from training;

- the extent to which ESF has supported companies that had a limited track record of training.

3.4.2 The existence of strategic planning within businesses

Previous research has tended to link what it saw as inadequate investment in workforce development as a reflection of general weakness in strategic orientation within businesses. Small businesses, in particular, and the absence of a formal strategic planning process, more generally, have been characterised as ‘unstrategic’. The extended qualitative consultations with businesses in the present study
represented an opportunity to examine this issue further and, accordingly, as a starting point, businesses were asked about their approach to strategic planning and if this included consideration of skills issues.

Among the 77 respondents who were able to comment, 62 (81 per cent) reported that they carried out some form of strategic planning periodically. More detailed discussions with business managers revealed a range of strategic planning practice, spanning informal discussions among the management team, to formal monthly planning sessions. Among those who reported having a form of periodic strategic planning in place, a majority had an annual business planning process, which tended to focus on financial issues firstly, and market planning thereafter.

### Table 3.4 Incidence of formal and informal strategic planning by size band

<table>
<thead>
<tr>
<th>Size band of responding business</th>
<th>Businesses with strategic planning</th>
<th>Businesses with no strategic planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole trader</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Micro-business (less than 10 employees)</td>
<td>17</td>
<td>9</td>
</tr>
<tr>
<td>Small business (more than 50 employees)</td>
<td>25</td>
<td>2</td>
</tr>
<tr>
<td>Medium-sized businesses (less than 250 employees)</td>
<td>11</td>
<td>1</td>
</tr>
<tr>
<td>Non-SMEs</td>
<td>4</td>
<td>0</td>
</tr>
</tbody>
</table>

Base: 77 respondents of 80 sample.

From past experience in examining the incidence of strategic planning we would expect the proportion of businesses making some form of planning to be high, as this will include financial planning, including business plans and cash-flow forecasts. Similarly, our experience has found that smaller businesses, perhaps only operating with overdraft facilities, would be less likely to have a formal planning process. The size analysis bears this out, with the sole traders and micro-businesses less likely to have a strategic planning process in place. However, the majority of responding businesses in every size band were found to operate some form of strategic planning. From the discussions, it was apparent that even owners and managers of micro- and sole-trader businesses considered the development of their businesses in quite sophisticated terms and aspired to be effective managers and good employers.
Table 3.5 Incidence of formal and informal strategic planning by sector

<table>
<thead>
<tr>
<th>Sector of responding business</th>
<th>Businesses with strategic planning</th>
<th>Businesses with no strategic planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Utilities and construction</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>19</td>
<td>1</td>
</tr>
<tr>
<td>Retail/personal services</td>
<td>20</td>
<td>8</td>
</tr>
<tr>
<td>Industrial/business services</td>
<td>18</td>
<td>5</td>
</tr>
</tbody>
</table>

Base: 77 respondents of 80 sample.

When analysed by broad sector, the global finding on strategic planning was found to be sustained, with all of the sectors in the analysis reporting a clear majority undertaking planning activity, notwithstanding the small number of businesses covered in some sectors.

Primary sector and manufacturing businesses in the sample were the most likely to have a system of strategic planning in place. Retail/personal services businesses were the least likely to carry out strategic planning.

Discussions with managers explored whether their planning process extended to consideration of skills issues. Of the 66 respondents able to comment, more than three-quarters confirmed that this was the case. The reported planning of skills needs ranged from an ad hoc approach, to quarterly skills appraisals with staff skills linked to the company’s forward planning. For some respondents, skills analysis was linked to recruitment and induction, rather than part of an ongoing training process, but for others, developing the skills base of their company was an important part of their plans for development.

Examples of the approach to strategic planning and skills planning taken by companies in the case studies included the following:

Production engineering company (small business)

The company’s skills requirements were identified in the annual business plan, with staff having regular skills reviews. The company’s managing director (MD) was found to be very hands-on and to have been involved with diagnostic work facilitated by Business Link under a separate project. The MD was well aware of the range of training opportunities in the region and has developed good relations with Business Link and the RDA. Skills sets were perceived to be crucial to the company because they influence the type of engineering projects with which the company can become involved.
Packaging company (medium-sized business)

This packaging company was found to be characterised by a strong training culture, reflected in a training plan and the appointment of an HR manager. Staff are appraised of skills needs on a regular basis and encouraged to participate on externally provided training courses. Beneficiaries interviewed as part of this evaluation, reported participating on sales, customer relations and IT courses. The company has a high level of awareness of local training provision and is keen to take advantage of relevant opportunities for its staff.

3.4.3 The significance of skills as a strategic issue

Interviewees were asked about the factors that constrain the progress of their business and where skills fit in the hierarchy of strategic issues confronting them.

Marketing was the issue most commonly cited by respondents, by some margin, followed by investment, recruitment and retention of staff, market demand, and skills. Other issues, such as the costs of materials, were cited by only a handful of firms.

Unprompted, respondents tended to make a distinction between the recruitment/retention of staff and the development of staff skills, although in practice they may be linked, and respondents sometimes themselves made this connection as the interview progressed. In the mind of managers, there appears to be a continuum between growing skills internally, through recruiting to obtain the skills needed, to employing outside assistance, and companies will decide on the appropriate approach that is suitable to their circumstances. This is considered further in Section 3.4.6.

When asked directly whether skills were a significant factor influencing the progress of their business, almost two-thirds (65 per cent) agreed that skills were a significant factor. However, it is apparent from the responses to this question, and the preceding one concerning the range of strategic issues confronting the business, that while many respondents were prepared to acknowledge the significance of skills, it was not the foremost issue for many of them.

The skills issues highlighted as significant to the progress of businesses in the sample, primarily related to workers’ main tasks, but there was also some concern over adding complementary skills, such as knowledge of health and safety and quality control. Management and leadership skills were also mentioned by a substantial number of respondents.

A size analysis of responses shows that the perceived importance of skills to the progress of that business is not clearly related to size.
Table 3.6  Respondents perceiving skills issues as a significant factor influencing the progress of business by size band

<table>
<thead>
<tr>
<th>Size band of responding business</th>
<th>Perceiving skills as a significant factor</th>
<th>Not perceiving skills as a significant factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole trader</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Micro-business (less than 10 employees)</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td>Small business (more than 50 employees)</td>
<td>21</td>
<td>6</td>
</tr>
<tr>
<td>Medium-sized businesses (less than 250 employees)</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>Non-SMEs</td>
<td>4</td>
<td>0</td>
</tr>
</tbody>
</table>

Base: 78 respondents of 80 sample.

Only among small businesses and non-SMEs was there a clear majority viewing skills as a significant issue for the progress of their business. For other size categories, responses were more evenly split. In the case of micro-businesses and sole traders, business critical skills were often found to be present in the business owner and, accordingly, other issues were seen as more pressing.

Where respondents provided more detailed comment on skills issues, the importance of the recruitment of suitable staff was often mentioned. This further confirmed the inseparability of recruitment/retention issues and skills development for many of the respondents. Recruitment of staff with the necessary skills is one response to skill needs, rather than in-house training. The same company may prefer to recruit for certain skills, and for others develop skills internally. From discussions with companies, it was evident that recruitment was also a factor in internal skills development. For training to be effective, staff of the right calibre needed to be recruited in the first instance.

Table 3.7  Respondents perceiving skills issues as a significant factor influencing the progress of business by sector

<table>
<thead>
<tr>
<th>Sector of responding business</th>
<th>Perceiving skills as a significant factor</th>
<th>Not perceiving skills as a significant factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Utilities and construction</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>Retail/personal services</td>
<td>16</td>
<td>13</td>
</tr>
<tr>
<td>Industrial/business services</td>
<td>18</td>
<td>6</td>
</tr>
</tbody>
</table>

Base: 78 respondents of 80 sample.

Skills were seen as a significant issue in business progress in all the sectors surveyed, but were considered especially important by respondents in manufacturing and in industrial/business services. Positive responses were also obtained from the primary sectors, utilities and construction, but based on a very small number in the sample.
A significantly smaller proportion of retail/personal services businesses, though still a majority, reported skills as being a significant factor in business progress.

Examples of the perspectives on the significance of skills among companies in the case studies included the following:

**Printers (micro-business)**

Skills were not a particular issue for this business. Both owner-managers were highly experienced with the skills to meet demand and they were not looking to recruit. Accordingly they had no problems with the availability of skills.

**Organic vegetable producer (small business)**

This company has very diverse skills requirements, ranging from agronomists who are required to be aware of technological and innovation issues in respect of organic growing to operations, where competencies are required in areas such as line performance, yields, efficiency, etc. The company is keen to offer Modern Apprenticeships in some aspects of operations. Logistics, accounts and sales and marketing also involve skill sets which need to be updated. The Directors benefit from management training/mentoring. Skills requirements are reviewed annually through an HRD assessment.

### 3.4.4 Existence of a training culture

Business managers were asked about the history of their company’s involvement in training.

**Table 3.8 Training/other HRD reported as carried out prior to the ESF-supported activity**

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>17</td>
<td>23.6</td>
</tr>
<tr>
<td>Informal, on-the-job training</td>
<td>47</td>
<td>65.3</td>
</tr>
<tr>
<td>Formal, short course training</td>
<td>37</td>
<td>51.4</td>
</tr>
<tr>
<td>Formal, medium-long term training (e.g. apprenticeships)</td>
<td>20</td>
<td>27.7</td>
</tr>
<tr>
<td>Other (specify)</td>
<td>3</td>
<td>4.2</td>
</tr>
</tbody>
</table>

Base: 72 respondents of 80 sample, multiple responses possible.

Existing training activity among the respondents was concentrated in informal on-the-job training and, to a lesser extent, on formal short courses. Medium- to long-term training was supported in over a quarter of respondents. But a similar number of respondents had previously carried out no training at all.
Informal, on-the-job training was generally reported as involving trainees working under close supervision by a line manager or other experienced worker and having the scope of their tasks limited until they had demonstrated reliability and consistency in their role. This form of training was used extensively for inducting new employees and equipping them with the skills to perform their required role. A number of respondents also used informal, on-the-job training to broaden or deepen employee skills, for example, when introducing new equipment. By and large, businesses do not have a clear idea of the cost of on-the-job training. However, interviewers were left with the clear impression that, in most businesses, it is likely to outstrip spending on formal training by a very considerable margin.

Formal, medium- to long-term training, such as apprenticeships, had been employed by around one-quarter of the sample. This has tended to be either apprenticeships or an NVQ route, but had included support for staff taking higher degrees.

Table 3.9  | Training/other HRD reported as carried out prior to the ESF-supported activity by size band |
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>None</td>
<td>Informal, on-the-job training</td>
<td>Formal, short course training</td>
<td>Formal, medium-/long-term training (apprenticeships)</td>
</tr>
<tr>
<td>Sole trader</td>
<td>4</td>
<td>1</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Micro-business (less than 10 employees)</td>
<td>10</td>
<td>10</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Small business (less than 50 employees)</td>
<td>2</td>
<td>23</td>
<td>16</td>
<td>10</td>
</tr>
<tr>
<td>Medium-sized businesses (less than 250 employees)</td>
<td>0</td>
<td>11</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>Non-SMEs</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

Base: 72 respondents of 80 sample, multiple responses possible.

Analysis of the findings by size of business found that the sole traders that responded had either carried out no training previously, or were limited to informal on-the-job training or formal short course training. However, as noted above, these businesses were already based around the owners’ skills and experience, and this was further extended in the normal course of business.

Micro-businesses that responded were divided between a substantial minority who had carried out no training, and the slight majority, those who had been active in all other training categories, particularly informal and formal short-course training. Again, the owners’ existing skills were important among this group.
The small business category was more active in training than the micro-business category, with only two businesses of those who responded having carried out no training previously. Again, the bulk of activity was concentrated in informal on-the-job training and formal short course training, but with significant medium to long-term training taking place.

All of the medium-sized businesses that responded carried out some form of training, with similar usage of the different training routes to the small businesses in the sample.

Examples of training orientation among companies in the case studies included the following:

**Automotive component manufacturer (small business)**

Until recently, this company has concentrated its resources on training for workers on the shopfloor, the majority of which is short-term. Where this cannot be done in-house, the company has sought outside help to ensure that it is up-to-date with health and safety legislation and that employees are trained appropriately for compliance purposes. Other short-term training has been provided for employees where new machinery has been introduced, while shopfloor workers are provided with on-the-job training delivered by supervisors.

Prior to their involvement with the ESF-supported project, the company had paid little attention to skills associated with management. There had been contact with Business Link in the past, but the company’s management thought it important that the management team define the organisation and that it should mature before outside help was sought.

**Producer of videos (micro-business)**

Prior to participating in the training initiative, this company had undertaken no training, relying instead on the skills developed in their previous careers. Following the training intervention, both staff members were interested in undertaking further short, focused courses.

**Catering butchers (small business)**

Although a well-established and successful operation, performance in this company was reported to have been affected, at times, by staff turnover and by staff shortages. This situation frequently put managers and supervisors under considerable pressure and, as a result, staff relationships, basic training, and production quality suffered. Prior to the ESF-supported activity, any training that was provided to staff was done in-house, on-the-job.
Discussions also explored the extent to which training was a continuous activity in the businesses in the sample.

Table 3.10  Reported frequency of training activity by size band

<table>
<thead>
<tr>
<th></th>
<th>Continuous</th>
<th>Occasional</th>
<th>Infrequent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole trader</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Micro-business (less than 10 employees)</td>
<td>5</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Small business (less than 50 employees)</td>
<td>15</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Medium-sized businesses (less than 250 employees)</td>
<td>9</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Non-SMEs</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

Base: 69 respondents of 80 sample.

There was clear correlation between size of business and frequency of training in the sample. The larger the business, the more likely it was that training would be taking place on a continuous basis. It should be noted that a significant proportion of training was related to the induction of new employees, and that larger firms would be likely to undertake this more frequently. It was not clear that larger businesses carried out more training per employee than smaller businesses.

Table 3.11  Reported frequency of training activity by sector

<table>
<thead>
<tr>
<th></th>
<th>Continuous</th>
<th>Occasional</th>
<th>Infrequent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Utilities and construction</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>12</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Retail/personal services</td>
<td>11</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Industrial/business services</td>
<td>7</td>
<td>7</td>
<td>6</td>
</tr>
</tbody>
</table>

Base: 69 respondents of 80 sample.

Sectoral differences in the frequency of training were less marked, although manufacturing businesses in the sample had the highest proportion of businesses where training was carried out on a continuous basis, but again, this may be an artefact of business size.

3.4.5  Recruitment into projects

The research explored how businesses had been recruited into projects and the influence of this upon the activity in which they participated. This was prompted, in part, by research in 2004 in an Objective 1 context that had suggested that efforts to achieve n+2 targets might have been skewing workforce development actions towards short-course training.
The research found that business beneficiaries in the sample were most likely to be recruited to training initiatives as a result of promotional activities by training providers. Some 33 respondents had been recruited through this route. Promotional activities took a variety of forms, from press advertising, speculative mail and e-mail shots, to targeted invitations to seminars.

There were fewer beneficiaries in the sample taking up training as a result of firstly identifying a training need and then searching for suitable training; some 22 respondents fitted this description. Search activity could be limited to drawing on advertisements or newsletters, and these respondents could wait several months to identify suitable training. Other respondents were more proactive, and drew upon existing contacts, often enterprise agencies, to locate suitable training support.

A minority of firms reported the intervention of an intermediary as prompting the decision to take-up training. This intermediary could be an adviser to the company, an industry organisation, or an enterprise agency, and would direct the company to the training provider. A total of nine organisations reported an intermediary acting as a catalyst in taking up training, although the motivation varied. In some cases, the intermediary was aware of a training need in the beneficiary company, in others only that the business fitted the eligibility criteria.

Not all respondents could reconstruct the chain of events that led to them taking up training, and for some respondents, the distinction between identifying needs and responding to approaches was not very great. In practice, many of the respondents recruited through promotional activities had an awareness of a skills need that could potentially be addressed by training, but had not been proactively searching for a training solution due to other pressures. In several cases it was clear that managers welcomed the intervention of the training provider in ‘taking the problem out of their hands’ and organising and providing impetus to their desire to train. In some instances this was regarded as more important than the public subsidy.

Overall, some 74 per cent of respondents considered that the ESF-supported activity was more a reflection of what they needed rather than a reflection of what the provider had to offer and this is echoed in comments about the flexibility of training elsewhere. Of the remainder, there was generally awareness that they were receiving a standard product and little dissatisfaction was identified in these cases.

### 3.4.6 Motivations for training

Discussions with business managers explored the context of training and what factors led to their undertaking training.

Businesses undertaking training on a continuous basis mostly fell into two camps: either training efforts were related to staff turnover and recruitment, or were driven by changes in the industry. The industry changes most often cited were technological developments and changing customer requirements.
Companies engaged in continuous training were more likely to mention training in relation to company strategy, refreshing employees’ skills, and quality and customer care initiatives.

Examples of motivations for training highlighted by companies in the case studies included the following:

**Haulier (small business)**

In the past two years, this business had increased its investment in training, notwithstanding the narrow margins in its industry. In part, this has been in response to changing vehicle operating regulations and health and safety legislation, but a further motivation has been awareness that contracts increasingly demand formalised operating procedures and certification.

**Manufacturer of metal packaging (non-SME)**

Market factors have resulted in a tightening of control on costs in this company, and under previous ownership this had included the closure of an on-site training centre. The company’s involvement in the ESF-supported training initiative was prompted by a need to rewrite the plant’s quality and monitoring procedures in order to meet ISO requirements. A new management team is now in the process of reinstituting a systematic training regime including apprenticeships in response to awareness of skills gaps and the age profile of the workforce.

**Care sector business (small business)**

This company has a continual need to carry out training due to turnover in the care sector and most of this is carried out in-house. Against this background, training for employed staff is also accorded considerable priority. Training needs are identified through regular supervision and staff appraisals and the company has an awayday once a year that involves input from staff.

Where companies trained only occasionally or infrequently, a number of factors were cited. These are summarised in Table 3.12.

**Table 3.12 Reasons cited for training being occasional or infrequent**

<table>
<thead>
<tr>
<th>Reason Identified</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>No need to do more training</td>
<td>19</td>
</tr>
<tr>
<td>Financial constraints</td>
<td>16</td>
</tr>
<tr>
<td>Disruption/problems releasing staff</td>
<td>19</td>
</tr>
<tr>
<td>Availability of relevant training</td>
<td>3</td>
</tr>
<tr>
<td>Other</td>
<td>6</td>
</tr>
</tbody>
</table>

Base: 42 respondents of 80 sample, multiple responses possible.
Among respondents, at least, companies appear to divide into two groups: those who see no immediate need to undertake regular training, and those who see a need but for whom time required and cost, present obstacles.

Perceptions of no need to carry out further training accounted for 19 out of 42 respondents that reported that their training was occasional or infrequent. However, the remaining 23 respondents reported obstacles to training. Practical difficulties in releasing staff to take part in training were slightly more commonly identified as an obstacle than the cost of training. Only a small minority of respondents cited the lack of relevant training as being a barrier to more frequent training.

Other barriers to training cited, including by those who had also identified cost or operational constraints, included:

- lack of management commitment;
- lack of information on good quality providers;
- the organisational culture was resistant to outside assistance;
- resistance to training due to low staff retention;
- limited management time to organise and embed the outcomes;
- inflexible delivery;
- short planning timescales making training too long term a commitment.

Examples of barriers to training highlighted by companies in the case studies included the following:

### House builders

The training intervention was the first instance of formal training the Chief Executive had undertaken in his time with the company. The principal barrier to undertaking training was availability of time, although cost was also a consideration.

### Specialist marketing services provider

The company had not carried out any training until its involvement with the ESF-supported project. In this period the directors were aware of training needs. However, these had not been addressed due to a combination of not having the time or staff cover to enable training to take place, and having quite specialised training requirements in terms of presentational skills, account management and bid/tender management.
Specialist printing company

This company had not previously provided time or resource for an employee to undertake formal short course training and stated that they would not have undertaken this training in the absence of ESF support. This was solely because of financial constraints preventing both investment in the course and the downtime costs associated (in this instance) with a key employee. The subsidised provision and delivery of the course at work-friendly times had been key to the beneficiary undertaking this training.

The propensity of businesses to identify barriers to training was found to vary by size of business.

Table 3.13 Reasons cited for training being occasional or infrequent by size band

<table>
<thead>
<tr>
<th></th>
<th>No need to do more</th>
<th>Financial constraints</th>
<th>Time/capacity factors</th>
<th>Relevant training</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole trader</td>
<td>3</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Micro-business</td>
<td>9</td>
<td>7</td>
<td>11</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>(less than 10 employees)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small business</td>
<td>6</td>
<td>8</td>
<td>6</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>(less than 50 employees)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medium-sized businesses</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>(less than 250 employees)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-SMEs</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Base: 42 respondents of 80 sample, multiple responses possible.

Analysis of the findings by size of business found that the sole traders in the sample cited the fewest barriers to training, with most either not commenting or stating that there was no need to undertake other training.

Micro-businesses also had a high number of respondents stating that there was no need to undertake other training efforts. However, a substantial proportion of micro-businesses identified constraints on time and capacity to release staff as a barrier to training, unsurprising given their smaller staff numbers, and financial constraints were also significant.

Small businesses were more likely to cite financial constraints as a barrier to training, but there were substantial numbers who also found time to be a constraint, or who did not consider there to be a need to undertake training.
Only one medium-sized business in the sample, out of a total of twelve, identified a constraint to training, this being time.

None of the non-SMEs in the sample considered that there was no need to do more training. Constraints identified were time and finances, both by the same respondent.

For respondents in the sample at least, small businesses emerged as the group with the highest propensity for continuous training and yet the greatest constraints to developing skills through training.

Table 3.14 Reasons cited for training being occasional or infrequent by sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>No need to do more</th>
<th>Financial constraints</th>
<th>Time factors</th>
<th>Relevant training</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Utilities and construction</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>2</td>
<td>5</td>
<td>5</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Retail/personal services</td>
<td>9</td>
<td>6</td>
<td>7</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Industrial/business services</td>
<td>6</td>
<td>4</td>
<td>6</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Base: 42 respondents of 80 sample, multiple responses possible.

Services sector respondents, both retail/personal and industrial/business, were the most likely to state that there was no need to do more. However, respondents in these sectors also highlighted financial and time constraints. Manufacturing businesses predominantly identified financial and time constraints; only two respondents in this sector stated that there was no need to do more training.

3.4.7 The scope of training as a solution to skills needs

Discussions with businesses explored views on the scope and limitations of training as a solution to skills needs. Formal training was perceived as a potential solution to:

- soft skills development, such as customer care, languages, etc.;
- sales and marketing skills;
- management skills;
- training in regulatory issues such as health and safety and first aid, etc.;
- IT training.
However, approximately one-third of respondents recognised limitations to training as a potential solution to skills needs. Most commonly cited were:

- shopfloor technical skills where a very large proportion of manufacturers in the sample did not see an alternative to on-the-job training, although they were generally positive about the use of formal training for other skills needs;

- specialist skills where the size of a business did not justify having a member of staff devoted to these and where the solution was normally to buy in professional or technical services;

- highly specialised skills, including skills that would take too long to grow internally and where the solution was normally to compete in the labour market for these.

The responses above are interesting in relation to the findings reported in Section 3.6 concerning the types of training provided and the range of beneficiaries supported. The findings on the range of skills that can be addressed effectively through formal training, point to skill areas where providers can effectively develop a training product. The finding on the relevance of training to shop-floor skills suggests that there are limitations to the potential for generalist formal training providers to develop effective products to meet more advanced technical skills development and this provides one potential explanation for so few operative grades benefiting from ESF-supported training.

3.4.8 The relative flexibility of ESF-supported training

Discussions with business managers explored whether there was any perceived difference in the flexibility of the ESF-supported training and that which they normally accessed.

Most saw no difference or did not have experience of comparable training to provide a basis for comment. However, approximately a third of recipients of ESF-supported training/HRD observed that delivery had been more flexible, while a very small number reported that the training was less flexible than that which they had previously used.

Comments, both positive and negative, generally related to two issues:

- the degree to which the training had been customised to meet the needs of their business or industry;

- the timing or other flexibility in delivery, which made it more or less easy for employers to accommodate the training.

In some cases, the flexibility of the training was reported as having been instrumental in the provision being taken up.

Where beneficiaries had received a standard training package – a less flexible form of training – experiences were still generally positive. Beneficiaries were aware of what they were getting and were generally satisfied with this form of provision. In a
small number of cases, however, beneficiaries had found standard training packages to be constraining or not suited to their needs. This tended to be where participants from different sectors or different levels of ability had been trained together.

The two cases that identified the ESF-supported training as being less flexible than that of which they had experience, both pointed to problems with the timing of the training and, in both cases, this related to training delivered outside working hours. These respondents considered that employees would find it difficult to work and attend the course and one considered that it was an important gesture of commitment from an employer for training to be run in normal working hours.

Examples of flexibility highlighted by companies in the case studies included the following:

**Haulier (small business)**

The training coordinator arranged for the company’s package of training to be delivered on two Saturdays and in two locations, one close to the haulier’s base, the other elsewhere in its operating area. Without financial support and this flexibility in delivery, it was reported unlikely that as many drivers would have participated in the training.

**Exhibition service provider (micro-business)**

This company had previously given consideration to finding training solutions to business problems but had often found that the provision they were able to access was either too expensive (from private organisations) or too inflexible in its structure (from public organisations such as colleges).

3.4.9 Suitability of delivery

Discussions explored the level of satisfaction among beneficiary businesses with regard to the form in which ESF-supported training/other HRD had been delivered.

<table>
<thead>
<tr>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholly suitable</td>
<td>52</td>
</tr>
<tr>
<td>Substantially suitable</td>
<td>18</td>
</tr>
<tr>
<td>Only partly suitable</td>
<td>8</td>
</tr>
</tbody>
</table>

Base: 78 respondents of 80 sample.

The form of training delivery suited the needs of the majority of respondents, with 89.7 per cent of respondents describing the training delivery as being either wholly or substantially suitable. The high positive response rate may reflect the fact that
beneficiaries were aware what the form of training delivery was before embarking on the training activity. However, if the beneficiaries had not previously undertaken such a form of training, they may have been unable to anticipate how well it would meet their needs.

Where respondents reported that the form of training delivery had only partly met their needs, a number of factors were highlighted, reflecting companies’ individual circumstances. For some respondents, classroom-based training was slowed down by having different levels of ability in the same class; for others, mentor-led approaches proved expensive; and for others, the release of staff in working hours, or conversely, the training not taking place in working hours were problematic.

Observations on the suitability of the ESF-supported training delivered highlighted by companies in the case studies included the following:

**Specialist printing company**

This company had not previously provided time or resource for an employee to undertake formal short-course training and stated that they would not have undertaken this training in the absence of ESF support. This was solely because of financial constraints preventing both investment in the course and the downtime costs associated (in this instance) with a key employee. The subsidised provision and delivery of the course at work-friendly times had been key to the beneficiary undertaking this training.

**Video production company**

The beneficiary experience of the training was very positive. They were aware of courses covering the same area that demanded much greater time commitments and required the trainee to work through a systematic programme of instruction. With the shorter course, and a small class size, the beneficiary was able to acquire the desired knowledge in a more efficient way. Had the course been longer, the beneficiary would not have taken part.

**Key points**

- The study points to a need for caution in the use of stereotypes where the strategic character of businesses, and small businesses in particular, is concerned. The research found that 81 per cent of businesses surveyed carried out some form of strategic planning periodically and that in three-quarters, this extended to consideration of skills issues. While less common among sole-trader and micro-businesses, a majority of responding businesses in every size band were found to operate some form of strategic planning. Even owners and managers of micro- and sole-trader businesses considered the development of their businesses in quite sophisticated terms.
Key points (continued)

- Some 65 per cent of businesses in the survey perceived skills as significant in range of strategic issues confronting the business, but it was not the foremost issue for many of them. Marketing was the issue most commonly cited by respondents, by some margin, followed by investment, recruitment and retention of staff, market demand, and skills.

- Skills development was seen as one possible response to meeting skills needs alongside market solutions such as recruitment and buying-in of specialised skills. Approximately one-third of the businesses interviewed perceived training as having limitations as a solution to skills needs. The approach taken depended upon the scale and circumstances of businesses.

- More than 75 per cent of the businesses surveyed had some level of training culture prior to the ESF-supported assistance. While this was less prevalent among sole-trader and micro-businesses, this was often because the business-critical skills were already present in the principals of the business.

- Informal, on-the-job training constitutes the most common form of skills development activity among employers surveyed. It appears to represent the largest investment in training by employers, although its cost is not clearly visible. Many employers, particularly in manufacturing, while open to formal training for other purposes, see formal training as having limited scope as a substitute for on-the-job training where shop-floor skills are concerned.

- Formal, short-course training was found to have been used previously by more than half of the businesses surveyed and formal medium-long term training by around a quarter, most commonly small and medium-sized businesses.

- Frequency of training was found to be correlated with the size of business and may be a simple artefact of size. It was not clear that larger businesses carried out more training per employee than smaller businesses.

- More businesses were recruited into ESF-supported activity as a result of promotion than through their own initiative. In a minority of cases training was taken up on the recommendation of another intermediary. A number of employers valued the initiative of providers in helping to move forward their desire to train.

- Approximately three-quarters considered that the training provided reflected their needs and pointed to elements of tailoring to their circumstances. Most of the remainder were aware that they were receiving a standard product but were satisfied with that. Very little evidence was encountered of businesses being pressed into unsuitable training or other activity.

Continued
Key points (continued)

- The main motivations for training identified were either related to staff turnover and recruitment, or were driven by changes in the industry. The industry changes most often cited were technological developments and changing customer requirements.

- Almost half of occasional or infrequent trainers, particularly those in the service sectors, perceived no need to do more training. However among the remainder of businesses that trained only occasionally or infrequently, the most commonly identified barriers to training identified were practical difficulties in releasing staff followed by financial cost. The availability of relevant training was not an issue for most respondents.

- The ESF-supported training received was perceived to be more flexible than other forms of training by a third of businesses interviewed and a larger proportion of those who had experience upon which to base a comparison. Relative flexibility was highlighted in relation to the degree of customisation of the training and/or the timing or other flexibility in delivery that enabled employers to accommodate the training.

- A high level of satisfaction with ESF-supported activity was expressed with almost 90 per cent of respondents describing the delivery as either wholly or substantially suitable.

3.5 Outcomes from ESF-supported workforce development

3.5.1 General
This section explores the outcomes of the ESF-supported activity from the perspective of employers, including the:

- extent to which foreseen and unforeseen outcomes were achieved;
- impact of ESF-supported training on businesses;
- influence of ESF-supported activity on attitudes and intentions on skills development.

3.5.2 Achievement of training objectives

Concrete objectives
Discussions with business beneficiaries explored the extent to which training objectives had been achieved, differentiating between core or concrete objectives, such as the acquisition of skills relevant to a specific role and softer objectives, such as the effect on staff morale and retention.
The majority of respondents reported that their core training objectives had been wholly or substantially achieved. A small minority reported that core objectives have been only partly achieved, and a still smaller minority that the training had failed to meet their core objectives at all.

Where core training objectives had been only partly achieved, respondents tended to report a mismatch between the elements of the training package and their own company’s culture or markets.

Respondents who had not realised any of their core training objectives, had in one case lost two of their staff in part due to the sales training provided being too ‘high pressure’, and in the other two cases, from a project concerned with ISO14001 standard, had not either not gone forward for ISO14001 assessment for reasons of cost, or had failed their ISO14001 assessment.

Failure to achieve all core training objectives was not usually serious, with respondents reporting either that there would be no impact on the business, that other means had been found to address their needs, or that they would revisit these needs in due course. In one case, the respondent reported that the failure to achieve the desired training outcome (ISO14001 accreditation) could mean the company would have to withdraw from supplying its preferred automotive market and look to alternative markets.

Examples of concrete outcomes highlighted by companies in the case studies included the following:

**Automotive component manufacturer (small business)**

The training was considered to have been beneficial, and the objectives to have been largely achieved. A high level of satisfaction is reflected in the consultant having been retained beyond the subsidised support provided through the ESF-supported project to assist the company in obtaining ISO9000 status. Other beneficiaries reported positively on the experience with this project, already noticing tangible differences in the way the company was operating.
Manufacturer of metal packaging (non-SME)

The graduate placement project was regarded as successful by the employer and had the benefit of completing the updating of quality procedures earlier than would have been the case if it had been carried out by managers alongside their existing responsibilities. On completion of the placement, the graduate was offered, and accepted, a permanent position, although he subsequently moved on.

3.5.3 Achievement of soft objectives

Considerably fewer respondents had soft objectives for the training at its outset. Perceptions on whether these were achieved are summarised in Table 3.17.

Table 3.17 Reported achievement of soft training objectives

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholly</td>
<td>21</td>
<td>43.8</td>
</tr>
<tr>
<td>Substantially</td>
<td>17</td>
<td>35.4</td>
</tr>
<tr>
<td>Only partly</td>
<td>7</td>
<td>14.6</td>
</tr>
<tr>
<td>Not at all</td>
<td>3</td>
<td>6.3</td>
</tr>
</tbody>
</table>

Base: 48 respondents of 80 sample.

Of those who replied, 79.2 per cent reported that their soft training objectives were wholly or substantially achieved, compared with core objectives, where 87.7 per cent were wholly or substantially satisfied with the outcomes. Respondents who had only partly realised their soft objectives were twice as numerous as was the case for core objectives, but there was a smaller increase in the number of respondents reporting that their soft objectives were not achieved at all.

Lower reporting on the achievement of soft objectives may be due to businesses having no such expectations of the training, the difficulty in measuring the achievement of softer outcomes, or the fact that the soft outcomes primarily accrued to the training beneficiaries and were, therefore, not readily identifiable by management.

Although having reported that they had not anticipated soft objectives at the outset of the training, a small number identified such benefits in retrospect, such as improved staff morale, increased interest in further training or improved team-working. Others reported that it was too early yet to determine whether the softer training objectives had been achieved.

Where soft objectives were desired, but had not been achieved or only partly achieved, no adverse consequences were reported.

Examples of soft outcomes highlighted by companies in the case studies included the following:
Drug discovery company (small business)

Management intended for the training to contribute to staff morale, and to creating a bond within the company. Consultations with other staff participants suggest there may have been more success in achieving these softer objectives than the harder ones focused on management skills and improving efficiency. Nevertheless, satisfaction with the training amongst staff appeared generally high.

Social research company (micro-business)

It was notable that, through the graduate placement scheme, the company had been able to access graduates who are particularly well qualified, but from disciplines that did not offer a clear career path. The graduate beneficiaries reported that the scheme had been helpful in providing insight to the wider application of the generic skills that they had developed while at university and had given them a clear focus for further study and career development.

The findings on core and soft outcomes were analysed by the training history of beneficiary businesses and the findings are summarised in Tables 3.18 and 3.19.

Table 3.18  Reported satisfaction with hard training outcomes by training history

<table>
<thead>
<tr>
<th>Training activity</th>
<th>Wholly achieved</th>
<th>Substantially achieved</th>
<th>Only partly achieved</th>
<th>Not achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuous</td>
<td>15</td>
<td>10</td>
<td>5</td>
<td>0</td>
</tr>
<tr>
<td>Occasional</td>
<td>10</td>
<td>7</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Infrequent</td>
<td>10</td>
<td>4</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Base: 63 respondents of 80 sample.

Satisfaction with hard training outcomes was higher in companies with less of a history of training, although the majority of respondents of all training types were wholly or substantially satisfied with their training outcomes.
Table 3.19  Reported satisfaction with soft training outcomes compared with training history

<table>
<thead>
<tr>
<th>Training activity</th>
<th>Wholly achieved</th>
<th>Substantially achieved</th>
<th>Only partly achieved</th>
<th>Not achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuous</td>
<td>7</td>
<td>8</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Occasional</td>
<td>4</td>
<td>6</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Infrequent</td>
<td>6</td>
<td>2</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

Companies in the sample that had only infrequently trained reported a higher incidence of having wholly achieved soft training outcomes, whereas companies that carried out training on a continuous basis more frequently reported that soft objectives had only partly been met. The greatest impact of intangible benefits from training, which includes increasing staff morale and team-building, may be in those organisations with limited previous exposure to training.

3.5.4 Turnover and employment outcomes

Respondents were asked whether there was now increased sales turnover or employment that could be identified as resulting from the completed training or HRD intervention.

The majority of respondents could not identify specific changes in turnover or employment that were clearly linked to the training intervention.

Some 10 out of 74 respondents (14 per cent) were able to identify such outcomes, although in some cases they could not quantify these. It should be noted that this is a gross outcome, before consideration of the additionality of the training/HRD activity.

Table 3.20  Businesses reporting sales turnover or employment that can be clearly identified with the completed training/HRD project

<table>
<thead>
<tr>
<th></th>
<th>Reporting sales/employment outcomes</th>
<th>Reporting no sales/employment outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sole trader</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Micro-business (less than 10 employees)</td>
<td>5</td>
<td>22</td>
</tr>
<tr>
<td>Small business (less than 50 employees)</td>
<td>3</td>
<td>23</td>
</tr>
<tr>
<td>Medium-sized businesses (less than 250 employees)</td>
<td>1</td>
<td>10</td>
</tr>
<tr>
<td>Non-SMEs</td>
<td>0</td>
<td>4</td>
</tr>
</tbody>
</table>

Base: 74 respondents of 80 sample.
The incidence of turnover or employment outcomes attributed to training was highest among sole traders (17 per cent) and micro-businesses (19 per cent), although the finding in the former category is based upon a very small number of businesses.

Some 12 per cent of small businesses in the sample reported an identifiable employment or turnover impact, but this dropped to nine per cent for medium-sized businesses, and was not reported at all for the four non-SME businesses in the sample.

While relatively few businesses could attribute hard outcomes to the training/HRD activity, most talked in terms of the activity as having been valuable and about qualitative benefits. This is interesting insofar as relatively few had commenced the training with soft outcomes in mind.

Examples of business outcomes highlighted by companies in the case studies included the following:

**Catering butcher (small business)**

This business had suffered from staff shortages caused by high levels of staff turnover leading to problems with product quality and complaints from customers. The company planned to tackle these problems by stabilising staff numbers through improved staff retention and adopting more efficient working practices.

The company benefited from ESF-supported management training that covered improved supervisory skills, communications and motivation, and coaching and leadership.

As a result of the intervention, the manager reported that turnover has improved significantly, by some 20 per cent, without increasing staff numbers, and the amount of wastage and customer complaints have definitely been reduced.

**Management consultant (sole trader)**

Following training received through the ESF-supported initiative, the beneficiary refocused his work on the forestry sector. The training initiative supported him in becoming qualified in a range of forestry-related activities, allowing him to play a more active and practical role in advising forestry industries. It was reported that over half of the business now comes from the forestry sector.
Steel fabrication company (small business)

This company provides steel products in small quantities to some 200 customers. The business had grown over the past five years in response to customer demand, but this demand can be very uneven, causing stresses on the business. The training intervention provided the company with a mentor, who advised them on business planning, in particular on focusing on stable markets rather than taking on every customer request.

The company now has a five-year plan focusing on diversification and steady growth, and the selective use of subcontracting. Management consider that some £250,000 of turnover can be attributed to the new strategy, which has also created three new full-time posts.

The findings on business outcomes were analysed by the training history of beneficiary businesses and the findings are summarised in Table 3.21.

Table 3.21 Businesses reporting sales turnover or employment that can be clearly identified with the completed training/HRD project by company history of training

<table>
<thead>
<tr>
<th>Training activity</th>
<th>Reporting sales/ employment outcomes</th>
<th>Reporting no sales/ employment outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuous</td>
<td>5</td>
<td>24</td>
</tr>
<tr>
<td>Occasional</td>
<td>2</td>
<td>18</td>
</tr>
<tr>
<td>Infrequent</td>
<td>2</td>
<td>13</td>
</tr>
</tbody>
</table>

Base: 64 respondents of 80 sample.

Businesses in the sample who carried out training on a continuous basis reported a slightly higher incidence of the training intervention having an identifiable employment or turnover outcome.

3.5.5 Changes in training orientation and practice

Awareness and perception of training providers

Relatively few business beneficiaries reported that involvement in the ESF-supported training had any effect on their awareness and perceptions of formal training provision. A small number reported that they were now more aware of the support that they could obtain and that they viewed such training more positively. However, a more common view was that a positive experience with the ESF-supported training had not changed perceptions of training providers more generally; and that such perceptions were often mixed.
Future training intentions

Respondents were asked about their likely future use of formal training provision on the basis of their experience of the ESF-supported activity. The largest proportion said that they were unchanged in their intentions, but 19 out of 62 (31 per cent) respondents considered that it was more likely that they would use formal training.

When pressed to clarify their view of the of formal training as a solution to their skills needs, 20 out of 66 (30 per cent) confirmed that they were now more inclined to see formal training as a potential solution. However, several qualified this by emphasising that they still expected the majority of their training effort to be in-house.

In addition, business managers were asked if they had any plans to carry out further ESF-supported training. Some 32 of 78 respondents confirmed that this was their intention, although a number were unsure whether their training plans would be supported by ESF or another source of subsidy.

Table 3.22 Businesses planning further ESF-supported training or other HRD activity by company history of training

<table>
<thead>
<tr>
<th>Training activity</th>
<th>Planning further ESF-supported activity</th>
<th>Not planning further ESF-supported activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuous</td>
<td>13</td>
<td>17</td>
</tr>
<tr>
<td>Occasional</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>Infrequent</td>
<td>4</td>
<td>12</td>
</tr>
</tbody>
</table>

Base: 66 respondents of 80 sample.

Where intentions to undertake further ESF-supported activity could be compared with respondents’ training practices, those companies that had previously trained only occasionally were less likely to again access ESF-supported training. Companies involved in continuous or occasional training activity were more or less divided on whether further ESF training programmes would be accessed. This suggests that the experience of the ESF-supported training had relatively little impact upon respondents’ predispositions towards engaging in training.

Existence of training budget

Discussions with business managers explored the existence of a formal training budget before the ESF-supported intervention and afterwards.

Before taking part in the ESF-supported training, only some 25 per cent of those responding had a budget for training or other human resources development. A significant amount of training activity by respondents, therefore, appears to be undertaken on an ad hoc basis, and without budgetary planning. This includes on-the-job training, the most commonly employed form of training used by businesses in the sample.
Following their involvement in the ESF-supported training initiative, 39 per cent (30 out of 67 respondents) reported that they now had a training budget in place, a rise of 13 per cent. Participation in the ESF-supported training therefore appeared to influence the importance with which formal training activity was treated in some beneficiary businesses.

**Existence of training plan**

Businesses were asked whether they now had a plan for training or other HRD actions. A substantial minority, 32 out of 78 (41 per cent) respondents, reported that they now had such plans. This compares to some 77 per cent of respondents with a strategic planning process who had some form of training or skills component.

**Table 3.23  Businesses with formal training plans by company history of training**

<table>
<thead>
<tr>
<th>Training activity</th>
<th>Companies with training plans</th>
<th>Companies without training plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>Continuous</td>
<td>20</td>
<td>11</td>
</tr>
<tr>
<td>Occasional</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>Infrequent</td>
<td>1</td>
<td>15</td>
</tr>
</tbody>
</table>

Where it was possible to analyse responses by the training history of the company it was apparent that those with continuous training activity were much more likely to have formal plans for further training or other HRD activity. Companies undertaking training occasionally were still unlikely to have a plan for training/HRD activity. Almost all of the respondents who trained infrequently did not now have a plan for training/HRD activity. This suggests that the experience of the training intervention did not prompt these respondents to formalise their planning for training.

Examples of revised perspectives highlighted by companies in the case studies included the following:

**Information technology supplier and trainer (small business)**

This company had developed a relationship with Business Link and other staff at management level had attended short-term courses arranged by this organisation. This relationship continues and it is likely that the respondent will attend future courses, although time is a key issue. Via its Investors in People (IiP) status, the company is developing a training culture, with financial rewards offered in some cases for participation and the gaining of qualifications – it is viewed as an important source of reward and morale raising.
Specialist printing company

As a result of their positive experience on this programme, the company was more likely to engage in formal training and was more inclined to see training as a solution to skills issues. However, they did not have a training budget or immediate plans to undertake any further training.

Key points

- Some 88 per cent of responding business beneficiaries reported that their core objectives from the ESF-supported activity had been wholly or substantially achieved.
- Just over half of the businesses surveyed also had soft training objectives in mind from the outset, such as improved staff morale, increased interest in further training or improved team-working. A slightly lower proportion of this group (79 per cent) reported that soft objectives had been wholly or substantially achieved. This appeared to reflect the more abstract nature of soft outcomes and the fact that other factors, in addition to training, have a bearing upon them.
- It was notable that the highest level of achievement of both hard and soft outcomes was reported by businesses where training had hitherto been occasional or infrequent. The greatest impact of intangible benefits from training, which includes increasing staff morale and team-building, appears to have been in those organisations with limited previous exposure to training.
- Only 14 per cent of responding businesses attributed gross changes in turnover and/or employment to the ESF-supported activity, although in some cases they could not quantify these. This finding is strongly at variance with those from the 2003 telephone survey, but is more consistent with other evaluation research into the outcomes of HRD interventions in businesses.
- Where these effects were quantified, they were mainly small in scale, such as the creation of a full-time post following a successful graduate placement. However, in a very small number of cases, effective management training or mentoring activity was playing a more significant role in moving businesses forward.
- Most respondents talked in terms of the training being useful but not having dramatic outcomes and, again, this is to be expected from what, in many cases, was relatively short and low-cost interventions.
- Notwithstanding that most reported a favourable experience, relatively few business beneficiaries reported that involvement in the ESF-supported training had any effect on their awareness and perceptions of formal training provision.
Key points

- As a result of having taken part in the ESF-supported activity, some 30 per cent of those responding considered that they were now more inclined to see formal training as a potential solution to skills development needs. However, several, particularly in manufacturing, still expected the majority of their training effort to be in-house.

- Approximately 40 per cent of respondents indicated that they planned to carry out further ESF-supported training, but this finding was skewed towards businesses with a continuous or occasional history of training. This suggests that the experience of the ESF-supported training had relatively little impact upon respondents’ predispositions towards engaging in training, but it may also be an artefact of business size.

- There is some evidence that participation in ESF-supported training was associated with an increased formalising of training policy, with a 13 per cent increase in the number of businesses having a training budget after the ESF-supported activity. However, less than half had a formal training plan, although more than three-quarters reported taking account of skills issues in wider strategic planning.

3.6 The incidence of ESF-supported activity in the workforce

3.6.1 General

This section of the research was concerned with examining who has benefited from the ESF-supported activity and employee beneficiary perspectives on the quality and outcome from ESF-supported activity.

As part of the research with businesses, it had been intended to isolate ESF-supported activity within the overall training effort of businesses. In the event, the necessary information was forthcoming from very few businesses to allow this to be done in a detailed fashion. In part, this was due to the difficulty faced by businesses in isolating the cost of on-the-job training and other informal training, which clearly accounted for the majority of effort in most businesses. The findings in this area are necessarily impressionistic, therefore.

In developing the case studies, a total of 38 employee beneficiaries were surveyed. This sample was essentially dictated by the sample of businesses surveyed and could not be controlled separately to be representative of workforce development beneficiaries as a whole. As a result, the findings are best regarded as indicative.
3.6.2 Employer perspectives

General
The research had been set up to research the pattern of ESF-supported activity within employers’ overall training effort and a research instrument was distributed to case study companies in advance of the consultations to aid this. In the event, very few companies were able to provide this due to:

- the passage of time;
- insufficient or inaccessible records of training;
- a lack of transparency where the costs of on-the-job training were concerned.

Accordingly, the findings reported here are based on qualitative results from a very limited number of respondents.

Differences in the form of training
Managers were asked if there was anything different about the form of the training/other HRD carried out under the ESF-supported project and other activity carried out that year in terms of the intensity of the training/other HRD per beneficiary and its delivery (e.g. off-site, out-of-hours, etc).

Some 17 respondents reported that there were differences between the ESF-supported training and other recent training experiences. Of these, 14 reported that the intensity of training per beneficiary was higher than was usual, and three respondents reported that the form of delivery of the training differed from normal practice. The differences included a focus on management, on-site training rather than off-site, follow-up visits, more resources devoted to the training initiative and training undertaken out-of-hours.

However, several respondents reported that they had no basis on which to make a comparison, with either no other recent training being undertaken, or no prior experience of formal training.

Differences in beneficiaries
Managers were asked whether there was anything different about the beneficiaries in ESF-supported projects from those participating in other training/HRD carried out in the year in question, in terms of:

- occupational grade;
- the gender balance;
- the ethnic balance;
- people who would normally have been a lower priority for development.
The training interventions under review were found to have only a very limited impact in changing who was trained, and almost no impact on changing the pattern of gender balance, ethnic balance, or lower priority beneficiaries, in comparison to regular training practices:

- Nine respondents reported that different occupational grades had benefited from the ESF-supported training, as compared with mainstream sources of training. Three respondents noted that management-grade employees had benefited from the training, who were not usually a priority for training. The remaining respondents noted that it was the fact that training was offered to all in the company that made the ESF-supported training distinctive.

- Only one respondent reported that the ESF training had a different gender balance to mainstream training efforts. This was a respondent in a haulage firm, who noted that the ESF-supported training was available to all members of staff, rather than only the drivers (who happen all to be male).

- No respondents reported that the ESF-supported training had had an impact upon the ethnic balance of who was trained, compared with mainstream training.

- Only one respondent reported that the ESF-supported training had benefited lower-priority trainees than was usual. This was a hospitality business, where the doormen did not usually receive formal training.

From the business beneficiary perspective, it is evident that the ESF-supported training under review was not substantially different to the training provision usually undertaken. The greatest difference identified was in the occupational grades of training beneficiaries, with the groups who would not normally receive training within their company benefiting.

Almost no impact on gender or ethnic balance of beneficiaries was noted by business beneficiaries. However, it was apparent from interviews with project holders that some selection may already have taken place. The project holders may already have determined how the project would target groups who did not normally receive training, (for example, in a project supporting women-owned businesses) through targeted mailshots or recruiting selectively to a project. The beneficiaries may therefore not be aware that the ESF-supported training has been directed to them, and may experience the training intervention as no different to normal. But it was evident that for individual beneficiaries within respondent companies, there was almost no impact in terms of gender or ethnicity in who was benefiting from the training.
3.6.3 Employee beneficiary perspectives

Composition of the sample

As noted in Section 3.6.2, the beneficiary sample has some very distinctive characteristics:

- respondents were dominated by management, professional and administrative grades;
- all had a record of continuous, or near continuous, employment;
- most respondents had a high level of prior educational achievement;
- relatively few were from ethnic minority groups and none reported any disability when asked.

Past studies of ESF-supported workforce development have found that beneficiaries are skewed towards management or other relatively senior employees. This was true in this case, with 20 of 38 in occupational class AB and a further 16 in Group C1. Only two were in groups D and E. However, the weight of ABs in this survey partially reflected the inclusion, as case studies, of a number of projects that were focused on self-employed individuals.

All respondents reported that they had an employment history of continuous, or near continuous, employment although, in the case of the six graduate placements covered, the projects had played an important role in their becoming established in the labour market.

The sample contained a very high proportion of beneficiaries from a white and (mainly) White British background, with only four of 38 being non-white. Again, the graduate placement projects were different, with almost all of the black and Asian respondents found in these projects.

Although not demonstrably a representative sample, there was little indication from the beneficiary survey that ESF-supported workforce development is achieving its objective of helping disadvantaged beneficiaries, although some projects were clearly targeted at hard-to-reach sectors and other groups of businesses.

The incidence of training

The survey of business beneficiaries had attempted to establish whether ESF-supported trainees were in any way different from those normally receiving training, but it had been difficult for managers to provide a comprehensive picture of training effort. It was possible to explore this to some degree with employee beneficiaries.

Only employees of relatively recently established businesses reported that no previous training had been carried out. In almost all of the others, employees reported that some form of training took place regularly and that it appeared that a broad range of staff was taking part. In only one non-SME was it reported that less training was being carried out now than in the past, as a result of pressures on the
business and in one other where it was noted that training was normally provided only to those who were perceived to be committed to their employer.

When pressed further on whether there was anything unusual about the ESF-supported training, several managers reported that it was unusual for such senior staff to receive training or such intensive training. Indeed, the wider survey of businesses had found that ESF was, in some cases, helping managers and entire businesses to effect cultural change and this was echoed in the comments of some of the employees who were interviewed, including:

- the MD of an engineering firm who was trying to introduce a more strategic approach to markets and skills management and who was using the training to help to build commitment among his fellow directors;
- a senior manager in a construction company who was charged with its growth;
- an administrative manager within a business working towards ISO9000 status who noted that the ESF-supported training was the first time that management issues had been addressed through training.

Other employees who considered the ESF training to be unusual, mainly highlighted its formality, in contrast to most training which was on-site and on-the-job. A smaller number remarked on the flexibility of delivery, noting options as to when a course could be taken and the use of computer-based distance learning.

**The form of and outcomes from training**

The majority of employee beneficiaries reported that the ESF-supported training in which they had participated was relatively short.

Some training, particularly in IT skills, was intensive, over two to three days. Most was reported to be short-course, involving a day or half a day per week over a 10-12 week period. The exception to this was one management course in which participants reported having been involved for 12 or 18 months. As a result of the emphasis on snapshot or short-course training, only around a third of training courses involved beneficiaries working towards a qualification. Furthermore, of those working towards a qualification, in only one instance was this a higher level qualification than the individual already possessed.

The most visible outcome of training was found among participants in graduate placement schemes where all of those interviewed had secured permanent jobs with the employer at the end of their placement.

This appears to suggest that, in the case-study sample of businesses at least, the focus of ESF training was on widening existing skill sets rather than a more radical upgrading of employees’ skills.

A further concomitant of the limited scope of ESF-supported activity appears to be the absence of impact on career progression. Apart from the graduates, who had
been unemployed and to some extent struggling to become established in the labour market, almost all respondents reported that they were in the same job and on the same pay grade as before the training, although some administrators and junior managers received training shortly after having been promoted. In the case of senior executives, it was reported that their pay was related to the performance of the business but none attributed any change in pay to participation in the ESF-supported activity.

Nevertheless, the vast majority of respondents who had participated in ESF-supported training reported very favourably on the experience. In most cases beneficiaries commented on the professionalism of the tutors and the flexibility of the training provided. However, a small number reported that:

- the training could have been made more relevant to their business or industry;
- the training experience was diminished by a lack of streaming of participants by prior experience or due to the inclusion of participants that were not committed to learning.

More than 90 per cent of employees interviewed reported that they had fully achieved (23) or mostly achieved (12) their objectives from the training. Only one reported that they had partly achieved their objectives and this was from an isolated example where the training provided was different from what had been expected by participants.

Only two training beneficiaries, both self-employed, highlighted unexpected benefits where the training had enabled them to move their business forward faster than anticipated, although in one case this was as a result of contacts made through the training rather than the training itself.

In discussions with beneficiaries, we were interested in exploring their experience of training in employment. It was found that almost 90 per cent of relevant respondents reported having received training in previous jobs. Of the three that had not, two were relatively junior administrators that had only held one previous job. The type of training that people reported having received in the past varied in formality. On-the-job training was a common feature of past experience, but most had also participated in some formal training. In some instances, quite extensive formal training had been a feature of staff development in large institutions, such as the BBC or other utilities.
Key points

- The findings from the research examining who has benefited from the ESF-supported activity and employee beneficiary perspectives on the quality and outcome from ESF-supported activity, should be seen as indicative due to the difficulties that employers had in producing evidence on the pattern of training effort and the lack of control in sampling employee beneficiaries.

- Of 17 business managers reporting differences between the ESF-supported training and other recent training experiences, 14 reported that the intensity of training per beneficiary was higher than was usual, and three respondents reported that the form of delivery of the training differed in terms of location, timing and the use of follow-up visits.

- The main difference in the incidence of ESF-supported training identified by business managers, was a greater focus on training of management grades, who were not normally a priority for training, and may be considered a hard-to-reach group where training is concerned. The impact of ESF support on the gender and ethnicity of trainees was noted as negligible.

- The beneficiary sample was uncontrolled and had very distinctive characteristics:
  - respondents were dominated by management, professional and administrative grades;
  - all had a record of continuous or near continuous employment;
  - most respondents had a high level of prior educational achievement;
  - relatively few were from ethnic minority groups and none reported any disability when asked.

- There was little indication from the beneficiary survey that ESF-supported workforce development is achieving its objective of helping disadvantaged beneficiaries, although some projects were clearly targeted at hard-to-reach sectors and other groups of businesses.

- Discussions with employees suggest that some level of training was taking place in the majority of businesses surveyed. Only employees of relatively recently established businesses reported that no previous training had been carried out. In almost all of the others, employees reported that some form of training took place regularly and that it appeared that a broad range of staff was taking part.

- The main distinctive characteristics of ESF-supported training identified by employee beneficiaries were a higher than average emphasis on management training and its formality in contrast to most training which was on-site and on-the-job. A smaller number remarked on the flexibility of delivery, noting options as to when a course could be taken and the use of computer-based distance learning.

Continued
Key points (continued)

- The majority of employee beneficiaries reported that the ESF-supported training in which they had participated was relatively short – two to three days for block courses or around five days spread over a three month period. Accordingly, only around a third of training courses involved beneficiaries working towards a qualification. The most visible outcome of training was found among participants in graduate placement schemes where all of those interviewed had secured permanent jobs with the employer at the end of their placement. In the case-study sample of businesses at least, the focus of ESF training was on widening existing skill sets rather than a more radical upgrading of employees’ skills.

- As a consequence of the short duration of ESF-supported training, almost all respondents reported that they were in the same job and on the same pay grade as before the training. The main exception was those who had participated in graduate placements and who had all secured a permanent job.

- The vast majority of employee beneficiaries viewed the ESF-supported training very favourably and, in particular, the professionalism of the tutors and the flexibility of the training provided. Those who were less satisfied highlighted problems associated with the mix of participants on their course, that this constrained tailoring of the training to their work or that some participants were disruptive.

3.7 Activity- and policy-added value from ESF involvement in workforce development

3.7.1 General

This section considers the added value from ESF support for workforce development. This potentially falls within two main classes:

- activity-added value, whereby ESF funding results in additionality at the level of projects, in participation by businesses and in participation by employees in training and other HRD activity, both as a result of part-financing and from the characteristics of ESF funding;

- policy-added value, whereby the wider aims of the ESF (benefit for specific target groups and the cross-cutting themes) are secured through their reflection in the delivery of workforce development activity.
3.7.2 Activity-added value

Activity-added value at project level

Discussions with applicants and CFOs found that ESF was substantially additional at project level. The majority of project holders considered that their projects would not have gone ahead at all in the absence of the specific financial support they had obtained, with these respondents citing a lack of suitable alternative funding streams.

A second, smaller group of project holders reported that the form and scale of the project would have been significantly altered had the package of public funding not been in place. The differences were mainly in scale, with projects up to 75 per cent smaller, and potentially more sectorally-focused. Some project holders reported that they would also market the project differently, concentrating on recruiting larger companies who would be more able and willing to pay for training, rather than hard-to-reach businesses. The proactive marketing of training to hard-to-reach businesses was noted as an expensive component of some projects.

A small minority of project holders reported that their projects would be likely to be delayed in the absence of the public support they had received. Project holders in these cases would either have sought alternative public funding or reorganised the project in order to charge a commercial rate.

The argument of a high level of additionality appears to be particularly plausible following the introduction of co-financing. LSCs are largely using 100 per cent ESF to fund activity that goes beyond their core remit. There is limited cash matching.

The research has also found that efforts to develop a sectoral approach to training in the absence of ESF, have struggled to identify sources of funding that are sufficiently flexible.

Indeed, ESF is often vilified by commentators for its lack of flexibility and bureaucracy, but in the context of workforce development, consultations with the LSCs found that ESF was much more flexible than mainstream sources of funding in terms of what it could support. Furthermore, consultees were unable to identify any mainstream funding source of any scale that can be used to deliver demand-led training in the way that ESF can. ESF was also valued as a funding source for reasons including:

- the scope for developing sectoral and regional projects as a result of the scale of funding on offer, whereas other funding sources had a sub-regional focus and agenda;
- reluctance among companies to pay full costs for training.
Applicants and CFOs were not unalloyed in their positive view of ESF. Problem factors with ESF that were highlighted included:

- the rules on the eligibility of companies, particularly the size of companies, representing a barrier to engaging with an important section of the workforce;
- rules on competitive tendering;
- a perceived lack of realism in allocated targets (where targets are passed down from Programme level with scant regard for the local or sectoral context);
- a continuing high level of bureaucracy.

**Activity-added value at the beneficiary business level**

Respondents were asked about the role of public sector financial assistance (which, in the pre-co-financing period, at least, tended to be only part ESF) in relation to their participation in the training/other HRD activity.

**Table 3.24 Evaluation findings on the extent to which companies would have proceeded with training/other HRD in the absence of the ESF-supported assistance**

| It would have gone ahead in a similar form and scale and in a similar timescale | 13  | 18.8 |
| It would have gone ahead in a similar form and scale but would have been delayed | 10  | 14.5 |
| It would have gone ahead but in a different form and scale | 18  | 26.1 |
| It would not have gone ahead at all | 28  | 40.6 |

Base: 69 responses from 80 sample.

The training/other HRD activity in the sample was substantially additional to public sector financial support, with only some 19 per cent of respondents reporting that in its absence, the training would have gone ahead in a similar form and scale and on a similar timescale. The largest proportion of respondents reported that in the absence of public sector support, the training would simply not have taken place at all. A smaller proportion of respondents reported that the training would have gone ahead but would have been in a different form or on a different scale.

Examples of the reporting on additionality among the case study businesses included the following:
Speciality chemicals manufacturer (small business)

The owners acknowledged that much of the training would have gone ahead without ESF support. However, they reported that it would have been delayed, with some implications for productivity, and would probably have been carried out on a piecemeal basis. This training programme was different from the past insofar as it involved all members of staff and, as a result, was considered to have helped to integrate individuals into corporate thinking and practices. The company is currently considering IiP and considers that involvement with the ESF-supported training has galvanized this process.

Sub-assembly component manufacturer

As a relatively new business, the company had previously invested only in essential training required to operate effectively, such as plant-specific training of operatives and health and safety training. The company stated that they would not have engaged in this training at the unsubsidised cost level due to the financial constraints of operating as a new-start business, compounded by the loss of a primary client early in the life of the business.

3.7.3 Policy-added value

Awareness of ESF support

While project organisers are obliged to advertise the involvement of ESF, past research has shown that this does not always make an impression upon business beneficiaries or trainees. Within the sample of businesses surveyed, some 65 per cent were aware that the training intervention had been part-financed by ESF.

Influence of ESF on targeting

The more general ESF policy in this area is on differentiating ESF activity from the mainstream and prioritising support for the hard-to-reach. In the context of workforce development, this translates to prioritising support for:

- businesses and employees in sectors that have a weak training record;
- other businesses that do not have a significant record of training;
- other employees that are a low priority to receive training.

Discussion with project holders found that they were primarily focusing on the core eligible groups – SMEs, employees of SMEs and the self-employed. In general, project holders reported that they were managing to recruit within these groups.

Only in a limited number of instances was a greater effort being made to reach the hard-to-reach. Notable examples included the Forestry Forward project run by Northwoods which focused exclusively on an industry characterised by weak training performance.
There was only limited reported effort among the project holders to target firms, sectors or employees that did not normally receive training, although a small number of respondents had made use of databases of local businesses to achieve this.

The practice here shows that it is possible to address this wider ESF policy objective through a sectoral focus or intensive marketing effort directed at specific firms. Several project holders also highlighted the possibility of targeting particular groups of workers, e.g. managers, supervisors, etc. where a competitiveness or business-related case was concerned. In contrast, advancing a case for targeting support on vulnerable workers was considered a much more difficult proposition.

This was reflected in the findings among business beneficiaries. Only one manager was aware of ESF involvement having any influence on the selection of employees to participate in the training intervention.

Influence on project content

Beyond the eligible activities in the Workforce Development Measures which, in aggregate, are very broad in scope, the main ESF policy interest, where the project content is concerned, is in promoting the cross-cutting themes of:

- equal opportunities;
- environmental sustainability;
- the information society.

Discussions with project holders concerning the cross-cutting themes found that in most, but not all cases, the approach to them was passive. Some viewed them as an issue for monitoring rather than active integration. Some CFOs considered that they were doing enough by reiterating the relevant text from the Objective 3 Regional Development Plan and in passing onto the contractors the targets that they had been handed down from the Government Office.

As with the issue of targeting specific workers in businesses, a number of project holders reported difficulties in taking a proactive approach in steering resources towards women. It was noted that in working with sectors and businesses, project holders had to work with the existing composition of the workforce. In industries where there was an established pattern of gender segregation, it was reported to be difficult to fulfil targets that were being passed to projects without consideration of their context.

Nevertheless, a minority of project holders were able to report elements within their projects that they perceived as contributing towards the equal opportunities cross-cutting theme:

- their pre-existing culture of equality and policies;
- the inclusion of some modules on diversity issues and the development of model policies within general management training;
some limited scope to be selective in recruiting, for example, targeting women-owned businesses;

• the inclusion of fringe facilities such as childcare and transport costs, although some were not aware that this had any impact on recruitment;

• vertical projects concerned with female entrepreneurship.

Many, but not all of these elements were additional actions taken in response to the formalisation of the equal opportunities cross-cutting theme.

With regard to the environmental sustainability theme, very little substantive action was identified that was additional to this cross-cutting theme. Some projects reported low-level compliance such as the use of electronic forms to minimise use of paper. Only a small minority of projects included more tangible elements:

• one vertical project focused on environmental management;

• the inclusion of environmental assessment in business diagnostic exercises.

Almost all projects reported making considerable use of ICTs in delivery, the provision of ICT-specific training and, in a limited number of cases, promotion of ways of using ICTs to enhance business efficiency. However, no instances were identified where the project was substantively different as a result of the formalisation of the information society cross-cutting theme. Outcomes could be reported, but these were deadweight where the policy was concerned.

While the survey of businesses reveals that around 65 percent of businesses recollect that their project was ESF-supported, there was virtually no awareness of ESF policy influence on the activity supported.

Among beneficiary businesses, the horizontal themes had a very low profile. Many were aware of the requirement to report the gender of trainees and saw this as a requirement to ‘help the project holder meet the administrative requirements of ESF’.

Only four business managers commented that they were aware that ESF involvement had had an influence on the way the training was delivered. Of these, one commented that there was an issue each year in waiting to find out whether or not the project would continue, and from a second respondent, the comment that the training provider had had to deliver against certain targets dictated by ESF.

Only one respondent reported that they were aware that ESF involvement had had any influence on the selection of employees to participate in the training intervention.

No respondents reported that they had been pressed by their training provider to take account of, or report on, the environmental characteristics of the supported activity. One respondent did note that the project itself (Environmental Training) had been to do with environmental sustainability.
Review of the case studies finds that most of the activity that was relevant to the themes was found in vertical projects rather than from horizontal integration of the cross-cutting themes:

**Space Angels**

The Space Angels project placed experienced individuals (‘Space Angels’) in beneficiary companies for up to three months, with the intention of transferring skills and providing companies with the capacity to improve existing business activities or expand into new areas.

The Space Angels themselves went through an individualised induction process which, in addition to providing them with any necessary management training, also included modules on equal opportunities and sustainable development. The expectation was that the horizontal themes would be introduced into the beneficiary companies as needed, and as part of a business-focused activity. The hope was that companies would be more likely to internalise these themes when they were connected to real-world actions, rather than as a stand-alone intervention.

**Greening Industry**

The Greening Industry project delivered training, counselling guidance, and advice to SMEs in developing their awareness of environmental issues. As such, its core theme was environmental sustainability.

The project worked to incorporate the remaining horizontal themes in the execution of the project. Before embarking on the programme, participants were asked a detailed set of questions on any special needs or arrangements needed to access the course, including the use of interpreters. Over time, the training materials used have changed from being primarily text-based to greater employment of pictures and illustrations to ensure the widest possible understanding. The project has also used its website and CD-R published material to supplement the course, making the project documentation available in electronic form. The project holder has also involved other partners to assist with IT equipment and training support to SME beneficiaries where this would be useful.

The project holder has also monitored participants’ views on training delivery, and incorporated this into the design of projects.
ICT Skills for Business

The ICT Skills for Business initiative provided businesses in Buckinghamshire with basic ICT skills, including word-processing, spreadsheets and databases. Recruitment to the project, in line with equal opportunities targets, was achieved by the use of the project holder’s database of Buckinghamshire companies, which allowed targeted mailshots to be delivered. Greater effort was required to get hard to reach sectors or populations involved, but the project holder perceives this to be one of the benefits of ESF, that it supports additional effort in recruitment that would not be possible using their own funds. Businesses on the project holder’s database are regularly canvassed on what courses they would like to see run, but also the preferred form and timing of delivery.

The Information Society theme was developed beyond simple IT use, by setting up a project website that housed coursework and a forum for the exchange of experience among beneficiaries. The project holder is also currently rolling-out a smartcard system which, it is hoped, will help promote a more coherent approach to training. The system will keep a record of individual beneficiaries’ progress, allow access to online training to keep skills up to date, and alert beneficiaries to new training opportunities.

Key points

- At project level, ESF support was found to have produced considerable absolute, temporal, scale and qualitative additionality. Where projects would have gone ahead in the absence of ESF support, these were likely to have been significantly reduced in scale, or delayed. In both cases, the pattern of beneficiaries recruited would also have been likely to change, with a focus on larger businesses that were easier to reach, and who would be more likely to pay for training.

- Since the introduction of co-financing, ESF is supporting workforce development activity at the fringes of the LSC remit. Accordingly, it is plausible that only a fraction of these projects would have been supported otherwise.

- The consultations have confirmed that there is very little alternative funding to support demand-led workforce development activity as is presently supported by ESF. Most domestic mainstream funds are not presently able to do this. This has considerable implications for the delivery of this activity post-2006.

- As a result of the involvement of other public funding, it is not possible to isolate the additionality in the participation of businesses that accrues to ESF support.

Continued
Key points (continued)

- Evaluation findings among the businesses surveyed found that 19 per cent of support was wholly deadweight. Around 40 per cent reported that without public support the activity would have been delayed, reduced in scale or have taken a different form. A further 41 per cent would not have undertaken the training at all without public assistance. These findings which are derived from a probing interview, appear plausible when set against the findings on barriers to training where only a proportion of respondents identified cost. To a large extent, funding lubricates interaction between providers and businesses. A number of businesses identified that it was the initiative and support of the provider, rather than the funding itself, that resulted in the training taking place.

- For the most part, targeting of activity was found to be at the level of eligible beneficiaries (SMEs, employees of SMEs and self-employed) rather than on the basis of the ESF priority for supporting the ‘hard-to-reach’. It was found to be feasible to focus projects on sectors and even businesses with a weak training record. However, within an approach that aspired to be business-centred or demand-led, project holders could exert little leverage on the categories of workers that were nominated to take part in training.

- The approach to the cross-cutting themes was found to be passive in the majority of cases. Of the themes, equal opportunities was most widely integrated where the focus of projects made selection of beneficiaries possible or by including elements that encouraged wider participation. Only some of these benefits were additional to the formalisation of the cross-cutting theme.

- Outside of one project specifically concerned with environmental management, there was very little integration of environmental sustainability. There appeared to be limited appreciation of the scope and potential for integrating this theme.

- ICTs were used extensively in the delivery of projects, including some quite innovative delivery of distance learning. However, with very few exceptions, this activity was deadweight where the information society cross-cutting theme was concerned.
4 Conclusions and recommendations

4.1 Conclusions

4.1.1 Overview

Monitoring data show that European Social Fund (ESF)-supported training appears to be reaching a significant proportion of the business population, including many businesses that have not previously provided training. By the end of 2004, it is possible that almost one in 20 of all businesses and two-fifths of businesses with more than 250 employees had benefited.

Further data are required to draw firm conclusions on the out-turn intensity of support compared with that planned for the Programme. However:

- the surveys carried out as part of this study, show that most of the activity supported is short-course training;
- sample data have identified instances where the intensity of support was very low, particularly associated with the further and higher education sectors and the period before the introduction of ESF co-financing.

This pattern appears to be in some degree of tension with the first principle of the Structural Funds: concentration.

The surveys found that a very wide range of workforce development activity is being supported by ESF, including:

- mentoring of senior managers;
- skills development for middle managers, supervisors and administrators;
- placements for graduates;
- skills for operatives.
Relatively few projects in the sample were found to be addressing the latter group. This may be a reflection of shopfloor workers mainly being trained informally and on-the-job. However, it raises questions about the extent to which ESF can access groups conventionally regarded as ‘hard-to-reach’.

The beneficiaries supported in projects have generally been found to be ESF-eligible and relevant to the given Measure. In some cases it is debatable whether projects might have been better suited to one Measure than another. However, previous studies have noted a lack of clear differentiation between beneficiary groups across the Measures of the Objective 3 Programme, a factor that can be compounded by different interpretations in the various RDPs.

In some instances, projects were flirting with the margins of ESF and were perhaps operating in the traditional sphere of ERDF (including what appeared good quality and well received projects).

Comparison of the applications and final claims data reveal a considerable drift in the targeted and out-turn incidence of benefit by sector. In general, support for manufacturing is less than targeted and services correspondingly higher, with retailing and public/voluntary segments notably higher than targeted. There is a particular spike in relation to the care sector, much of which is voluntary/social economy sector activity. The interviews reveal that this is a response to Government stimulation and regulation affecting this sector, childcare in particular.

On one hand this may be seen as European Union (EU) funding reinforcing and adding value to a domestic agenda, which has been a long-standing Government aspiration for the Structural Funds. However, from other perspectives it may be seen as displacement of resources intended to benefit the private sector and address competitiveness issues by a public sector, and essentially social, agenda.

### 4.1.2 The demand side

Contrary to some stereotypes, the majority of the businesses surveyed as part of this study were found to be reasonably sophisticated in their approach to training. Even without formal skills or training planning processes, companies are typically aware of their skills base and areas where skills need to be upgraded.

More than three-quarters of the businesses surveyed had some level of training culture prior to the ESF-supported assistance. While this was less prevalent among sole-trader and micro-businesses, this was often because the business-critical skills were already present in the principals of the business.

Two-third of managers surveyed perceived skills as significant in the range of strategic issues confronting the business, but it was not the foremost issue for many of them. Marketing was the issue most commonly cited by respondents, by some margin, followed by investment, recruitment and retention of staff, market demand, and skills.
There is a spectrum of activity through which businesses address their skills needs:

- recruitment to replace or to expand workforce;
- induction training;
- focused training to address short-term operational needs;
- focused training to provide an incremental updating of workforce skills;
- longer-term training to grow highly skilled workers in-house;
- recruitment to access specialist skills;
- buying-in of services to access specialist skills.

Not all areas of the spectrum involve skills development and, indeed, skills development was perceived to have limitations in satisfying skills needs. Some require a market solution.

At present, ESF appears mainly to be providing focused training, primarily to address short-term operational needs rather than incremental updating of workforce skills. It is concentrated in particular areas of skills development and in a limited area of the overall spectrum of activity through which businesses address their skills needs.

Much company training effort is related to recruitment activity. There is, therefore, a dynamic between recruitment/retention and training. ESF-supported training is likely to have only a limited role in this, as much of the training is highly company-specific. ESF might have a role at induction in equipping low-skilled workers with basic skills, particularly in regions with tight labour markets. However, the present research found little evidence of this.

Limited use of formal training is not necessarily equated with absence of training orientation. Most businesses train on-the-job. In more sophisticated production and services businesses, this can involve a considerable, long-term, investment, although its cost is rarely explicit.

Companies (in the sample) were more likely to engage in formal training in response to an external prompt – whether marketing or an intermediary – but a significant number also sought out training provision through their business networks when a need had been identified.

Time required, followed by cost of training are the main barriers to training identified. There is some evidence that ESF provision can overcome this, but only for the specific training intervention, ie. one experience of training will not remove these barriers permanently.

While managers tended to highlight one dimension of time – that required to allow staff to participate in training – it was evident from discussions that another aspect of time was also important: time needed to plan and organise. The fact that managers were most likely to respond to external prompting suggests:
• there is a considerable latent desire to train;
• other pressures on management time can act as a barrier to crystallising training needs, designing and organising training.

The research identified several instances where a turnkey solution to this problem was provided with ESF support.

4.1.3 The supply side

Our examination of data provided by project holders suggests that some activity in the pre-co-financing era barely existed as projects. This appears to reflect past practice in the further and higher education sectors, in particular, where activity that was ESF eligible was identified and claimed against ex-post.

Following the introduction of co-financing, projects are generally tangible. However, in the early co-financing period covered by the sample, it is apparent that there is still scope to improve their strategic quality. At this time the tender specifications issued by co-financing organisations (CFOs) were often very general and derived from the RDP targets rather than a strategic appraisal of need by sector. Discussions with CFOs as part of the current study suggest that their market intelligence is of a fairly general nature. The research has identified examples where the involvement of a sectoral training organisation has resulted in a highly relevant project being developed in the framework of a very general tender specification, but the evidence for this is not uniform. Nevertheless, we perceive potential to enhance strategic quality through greater involvement of Sector Skills Bodies, either as providers or in informing the framing of co-financing prospectuses.

The training being provided under the Objective 3 workforce development Measures was found mainly to be of good quality and was valued by businesses, almost 90 per cent of respondents describing the delivery as either wholly, or substantially, suitable.

Approximately three-quarters of businesses interviewed considered that the training provided reflected their needs and pointed to elements of tailoring to their circumstances. Most of the remainder were aware that they were receiving a standard product but were satisfied with that. Very little evidence was encountered of businesses being pressed into unsuitable training or other activity.

However, the workforce development Measures are mainly providing training of limited depth. Accordingly, with a few exceptions it is:
• adding to the existing skills of workers at the margin;
• not typically supporting training that could avert the need to recruit;
• not providing training for specific technical skills and higher level skills;
• providing marginal operational gains rather than having a significant impact upon the competitiveness of businesses.
The activities supported that had greatest potential to impact on business competitiveness were:

- mentoring and training of managers, notably in relation to managing cultural change;
- support in introducing quality systems;
- to a lesser extent, graduate placements.

ESF-supported training was found to be relatively skewed towards managers and administrators, with relatively little going towards operative grades. However, it was noted in numerous instances that training for managers was not normally a priority in many beneficiary businesses, particularly in the smaller size bands and that they constituted an unexpected hard-to-reach group. As noted above, training for managers was more likely to produce an impact on the competitiveness of businesses.

ESF-supported training is most different from mainstream training in the dimensions of intensity of provision and flexibility of provision. Although not administratively elegant, ESF has considerable strength compared with domestic funding regimes in its relative flexibility in:

- its ability to support flexible delivery that helps to overcome barriers to releasing staff to participate in training;
- the broad scope of activity that it can support, within which lies the potential to respond flexibly to the needs of businesses;
- its ability to support the relatively high promotion and organisational costs associated with accessing hard-to-reach sectors/businesses and/or in customising training to individual business needs.

Some projects have provided training at very high rates of subsidy or even free. In some cases, subsidy has been discretionary, with some beneficiaries paying and others (e.g. the voluntary sector) receiving help for free. A range of perspectives was obtained on highly subsidised training:

- some argued that it is reasonable where the employer is bearing costs from releasing workers to train;
- a counter-argument was that it compounds grant-dependency and constrains the shift towards a training culture;
- others argued that free or highly subsidised training was likely to be perceived as low-quality or not to be valued by beneficiaries;
- some trainees noted that the involvement of people with a low commitment could affect the quality of the training experience for those who wanted to learn.
4.1.4 Outcomes
A very high proportion of responding beneficiaries reported that their objectives from the ESF-supported activity had been wholly or substantially met:

- 88 per cent in relation to core objectives;
- 79 per cent in relation to soft objectives.

The highest level of achievement of both hard and soft outcomes was reported by businesses where training had hitherto been occasional or infrequent.

Fewer businesses anticipated soft outcomes at the start of the process, but some who had focused initially on hard outcomes recognised, in retrospect, that there had been important soft outcomes also. The greatest impact of intangible benefits from training, which includes increasing staff morale and team-building, appears to have been in those organisations with limited previous exposure to training.

There are few cases (14 per cent) where beneficiary businesses have been able to attribute significant benefits in terms of sales and employment to ESF-supported training and other human resource development (HRD) interventions. Where quantified, these effects were mainly small in scale, such as the creation of a full-time post following a successful graduate placement. However, in a very small number of cases, effective management training or mentoring activity was playing a more significant role in moving businesses forward. This is in stark contrast to the findings of the 2003 telephone survey, but in our judgement is to be expected from what, in many cases, were relatively short and low-cost interventions.

The survey findings suggest that participation in the ESF-supported activity was associated with some changes in perceptions:

- some 30 per cent of those responding considered that they were now more inclined to see formal training as a potential solution to skills development needs;
- some 40 per cent planned to undertake further ESF-supported training, but less than this level among businesses that had previously trained infrequently;
- there was a significant increase in the number of businesses with a formal training budget.

Nevertheless, several, particularly in manufacturing, still expected the majority of their training effort to be in-house.

4.1.5 Activity- and policy-added value
A considerable level of activity-added value was identified, both at the level of projects and at the level of business participation in ESF-supported activity. None of the projects supported would have proceeded without considerable modification or reduction in scale. The participation of 41 per cent of businesses was wholly dependent on public funding and a further 40 per cent would have modified (usually reduced) or delayed the training.
Consultations with Learning and Skills Councils (LSCs) and others suggest that ESF represents a very considerable proportion of the total resources available to them that can be used to support workforce development activity. This has significant implications in the context of uncertainties over the continuation and/or focus of ESF after 2006.

While the survey of businesses reveals that around 65 percent of businesses recollect that their project was ESF-supported, there is virtually no awareness of ESF policy influence on the activity.

Beyond the basic targeting criteria (Small and Medium-sized Enterprises (SMEs), employees, prospective self-employed) the leverage of wider ESF objectives (hard-to-reach groups, horizontal themes) has been found to be limited. That is not to say that many beneficiaries relevant to these objectives have not been supported. However, this has mainly been as a result of the coincidence of target groups with those actually recruited, rather than projects being bent to enhance performance in relation to wider ESF policies and objectives.

It was found to be feasible to focus projects on sectors and even businesses with a weak training record. However, within an approach that aspired to be business-centred or demand-led, project holders could exert little leverage on the categories of workers that were nominated to take part in training.

The approach to the cross-cutting themes was found to be passive in the majority of cases:

- equal opportunities was most widely integrated where the focus of projects made selection of beneficiaries possible or by including elements that encouraged wider participation. Only some of these benefits were additional to the formalisation of the equal opportunities cross-cutting theme;

- there was very little integration of environmental sustainability outside of projects with a vertical environmental purpose. There appeared to be limited appreciation of the scope and potential for integrating this theme;

- Information and Communication Technologies (ICTs) were used extensively in the delivery of projects, including some quite innovative delivery of distance learning. However, with very few exceptions, this activity was deadweight where the information society cross-cutting theme was concerned.

These findings are generally consistent with what we have seen in the Mid-term Evaluations of Structural Funds Programmes and more specific work on the horizontal themes:

- a very large amount of monitored activity is deadweight and is a reflection of inherent characteristics of projects or their targeting;

- equal opportunities is generally well embedded in supply-side interventions, but more difficult to impose in business-focused interventions;
• sustainable development and environmental sustainability are less developed as concepts where HRD interventions are concerned;

• ICTs as a surrogate for the information society had been near redundant as a theme due to the very fast assimilation of ICTs into the mainstream.

In working with companies, there is a need to differentiate between ESF’s competitiveness and social agendas. Working with companies is an entirely different market from conditioning the labour supply outside employment. The present situation where it is unclear whether the Objective 3 workforce development measures are a social or a business-centred instrument is an uncomfortable one, both because of its potential for confusion in the marketplace and because of its potential to make design and delivery of projects over-complex.

We conclude that most projects are focusing on the core eligible targets and taking a passive role to more detailed targeting, including the horizontal themes:

• to avoid creating barriers to take-up;
• to avoid delivery risks associated with highly selective targeting;
• in recognition that they have very limited leverage with employers in targeting particular groups of workers within a general approach to workforce development;
• to avoid being seen as social agents masquerading as agents of competitiveness.

The main scope for delivering benefits to the hard-to-reach appears to lie in targeting sectors and businesses with a weak training record. Beyond that, there is limited leverage that project holders can exert in steering support towards particular groups of workers within businesses.

It is possible to steer resources towards particular groups of workers with a clearly defined and differentiated instrument. The Employment Pilot scheme is a good example, providing subsidised training for target groups. Employers understand this type of offer.

A business-centred perspective need not involve giving up on the horizontal themes and, indeed, could increase the effectiveness of their integration. It is possible to advance the horizontal objectives in a competitiveness context where these provide a relevant solution to an identified problem (for example, support in introducing a diversity policy where this will help to overcome recruitment problems). However, it is clear that businesses will not respond positively to a proposition that purports to assist their competitiveness but is encumbered by unrelated conditions and caveats.
4.2 Recommendations

Our recommendations have been framed with the development of successor Programmes in mind, whether these will be domestic or EU-funded.

We recommend that public support for workforce development should continue after 2006. There is a good level of activity additionality from current support.

We recommend that design of approaches to workforce development should take account of the realities of businesses:

- businesses, even micro-businesses and sole traders tend to have a good understanding of their skills needs;
- training is only one aspect of the way in which businesses meet their skills needs;
- there are limits on the scope of formal training to address the skills needs of businesses and that informal, on-the-job training is likely to continue to account for the largest proportion of effort;
- nevertheless, there is a considerable latent willingness to engage with formal training;
- the business population is increasingly sole-trader, micro- and small businesses.

We recommend that policymakers should develop a clear view of their objectives from public support for workforce development and the extent to which a multiplicity of objectives is realistic and can be expected to add value to implementation.

We recommend that any future integration of horizontal agendas should be simplified and should be based upon clear guidance on the scope for integrating such issues; where they are likely to be relevant and good practice.

We recommend that there should be a clear differentiation in the promotion and delivery of actions that are intended to:

- strengthen the competitiveness of businesses;
- incentivise employment or training of particular groups of workers.

We recommend that a demand-led model of workforce development should be encouraged and that:

- in the short-term, the flexibility of ESF to facilitate this should be exploited;
- for post-2006, domestic funding regimes should be reformed to ensure continuity of the approach.
We recommend that consideration is given to the scope for extending the range of workforce development activity supported by ESF which is presently concentrated in focused training to address short-term operational needs. Consideration should be given to the scope for:

- eliminating very low intensity interventions;
- supporting longer-term skills development;
- addressing more specialised and higher level skills needs;
- co-ordinating with and adding value to businesses’ own in-house training.

We recommend that the knowledge of sectoral skills agencies and other close-to-industry organisations is exploited in the design of workforce development initiatives, both to increase their relevance to businesses and also to incorporate a longer-term perspective on changing skills needs. This might extend to sector representative bodies or OEMs at the head of supply chains being encouraged play a greater role in the design and delivery of training.

We recommend, in the likely context of reduced ESF resources post-2006, that the targeting of ESF should take into account the availability of other domestic funding streams in this area. The availability of Employer Training Pilot funds is a case in point and perhaps suggests that ESF should be directed more towards higher level skills and management development activities.

We recommend that consideration be given to the adequacy of the present LSC remit and public service agreement (PSA) targets to addressing this agenda and whether a greater diversity of co-financing organisations (e.g. RDAs, Higher Education) is necessary.

We recommend that the design of workforce development interventions needs to address the main barriers to participation through:

- features and flexibility to overcome the difficulties that businesses have in scheduling training and releasing staff to take part in training;
- subsidy to overcome barriers of cost, where appropriate;
- support for design and organisation of training to exploit the latent aspiration among managers to train.

We recommend that the development of workforce development policy should be realistic about its potential to produce significant attributable business outcomes, particularly from short-course training. Training is unlikely to be a sufficient condition to allow businesses to grow.
Appendix
Case studies of ESF-supported workforce development

A.1 General

The 16 case studies (three each from Measures 3.2 and 4.3 and five each from Measures 4.1 and 4.2) were selected to capture a broad range of projects being supported under the relevant Measures.

A.2 Measure 3.2 case studies

A.2.1 Project: Space Angels
Sponsor: Business Link Kent
Pre-co-financing

The Space Angels project works to match small businesses with experienced managers and professionals who are looking to help local business. The project is similar to the Business Angels concept, except that the Angel contribution is in the form of advice and support, rather than finance.

Business Link Kent developed the Space Angels project from an earlier ADEPT-funded project: Grey Angels. This combined the management skills and experience of professional business people (Grey Angels) with entrepreneurs in small growing companies. During a six-month placement, the Angel provided advice and guidance on issues such as technology and marketing. The assumption was that those managers able to give of their time and expertise would be more senior, hence the ‘Grey’.

The Space Angels project drew upon the experience gained during the running of Grey Angels, and refined the training offer. Under Space Angels, Business Link Kent
would attempt to match company needs with older workers not in full-time employment. The expectation was that the beneficiary company would gain new skills or the support to undertake new business development, while the Angel would gain new work experience which may lead to ongoing work with the company on a part-time or consultancy basis. Angel participants could have a variety of motivations: to return to the workforce, to gain consultancy experience, or simply to help local businesses.

No additional market research was carried out prior to the launch of Space Angels, the project organisers were confident that the demand was there, and that the Angel concept offered a workable solution. The most significant change to the approach was the adoption of shorter placements, for which evaluation had identified a need.

Under this project there are two dimensions to training:

- training of people who are underemployed or unemployed for the Angel role;
- transfer of the Angels’ skills and experience to the host business.

Space Angels were recruited to the project through referrals from the business support network, and through a limited advertising campaign. The Angels were inducted and given a package of business management training to refresh and upgrade their knowledge. Angels were then matched with up to three companies, who they proceeded to work with for a period of months. Angels received an allowance and travel expenses during this time.

In practice, the project organisers found it straightforward to recruit Angels, the majority of them coming from the early-retired interested in making use of their skills, and the self-employed looking to develop a consultancy role. Training needs’ assessment was on an individual basis through a liaison officer, with the Angels receiving training in a number of areas, as required. The matching of Angels with companies was partly through referrals from the project organisers, and partly using a project Intranet where Angels and businesses could post vacancies and required/available skills. The project did not attempt to target hard-to-reach sectors or recruit particular skills, rather the project was dependent on the mix of Angels and businesses coming forward.

It had been envisaged that project delivery would be one day per week per client, up to a maximum of 20 days, but in practice greater flexibility was demanded, particularly by the beneficiary companies. This was resolved by allowing Angels and companies to work through their own individual negotiations on timing and scale of effort, which the project then endorsed, providing costs stayed within their overall parameters.

A total of 30 Space Angels were recruited which was in line with resourcing of the project.
Horizontal themes were incorporated into the project in the form of training modules. Each Angel beneficiary received training on equal opportunities and sustainable development, in the expectation that this knowledge would be passed on to beneficiary businesses, where relevant. Other themes were also tackled through this approach, including health and safety issues. The information society theme was apparently delivered more directly, with a number of the Angel/business matches centring on the transfer of Information Technology (IT) skills.

In the view of the respondents, the most significant success factor in the project was the experience gained from earlier projects, including the Grey Angels pilot project. Business Link Kent’s confidence in the Angel approach is illustrated by the subsequent establishment of linked projects: Red Angels, which provided some 40 beneficiary businesses with specialist health and safety mentors; and Green Angels, which provided 21 specialist advisers on improving environmental standards. The most significant constraint on the success of the project was the short time frame – the success of the interventions was dependent on the Angel being able to transfer skills quickly, whereas the reality was that it might take time to build a rapport with the beneficiary business.

Working with ESF posed no significant problems for the project holders, although it was reported that aspects of the bureaucracy could be discouraging. The high administrative overhead also ultimately meant fewer resources for project delivery. Monitoring was found to be very budget-based and focused on hard targets. In the view of the respondents, the ESF monitoring framework does not cover all of the soft outcomes from such projects. However, the Business Link tries to capture these through its own final evaluation. ESF guidance was also perceived as flawed, being vague or inconsistent on occasion, and requiring clarification to be sought.

Overall, this project was successful in its aims of recruiting and retraining mature workers to act in a consultancy role. The success of the placements appears to be more mixed and to reflect factors such as the existence of a well-defined need in the host company, capacity and willingness of the host business to engage with the work of the Angel, as well as personal chemistry.

Although explicitly targeted at older workers and involving relevant training modules, the mechanism involved in the project – recruiting Angels and matching their skills to the needs of host businesses – constrained the scope for integrating other dimensions of the horizontal themes and priority for the ‘hard-to-reach’. 

Appendix – Case studies of ESF-supported workforce development
Specialist printers (micro-business)

This case concerns a small printing firm employing three people, and catering to local businesses in the Medway area. The firm is a partnership between two experienced printers, and one spouse, who had previously worked for larger firms, but who were now looking to run their own business in the interests of greater control over workload in the run-up to retirement.

The company has steady demand from local businesses, particularly club promotions and tickets. Turnover, profitability and employment have all been static since the company’s establishment, and the owners are keen not to take on too much work and exceed capacity. While recruitment to the business would be possible, and both owners have managed larger operations, they would prefer to avoid the business becoming more highly-geared and taking on the additional responsibilities of managing staff.

The availability of skills was not perceived as a particular issue for this business. Both owner-managers were highly experienced with the skills to meet demand and, as they were not looking to recruit, they had no problems with the availability of skills.

The Space Angels initiative placed an experienced marketing manager with the company to help with promotion and marketing of the business. One of the owner-managers described accepting the placement as being a favour to local business support staff who had been very helpful when their own business was being established.

The respondents anticipated improved marketing capabilities, including more use of electronic and web-based marketing.

The placement ultimately proved to be unsuccessful, with no skills apparently being transferred. The respondent reported only limited contact with the Angel, and was not aware of any changes or improvements in marketing efforts. However, the respondent has no motivation to improve or extend the company’s marketing efforts and is in fact keen to limit the amount of work generated. The failure of this intervention is, therefore, the product of a mismatch between the Angel placement and the beneficiary business, rather than a failure of the scheme itself.

The beneficiary was unaware that the initiative had been funded through ESF.
Construction materials manufacturer (small business)

This company is a supplier of cut-to-order cladding and insulation panels for the construction industry. The company was founded in 1998 and has grown steadily as demand for its products has increased, with staff numbers now around 25 people. The majority of staff are semi-skilled manual workers who cut and package the panels. A team of three specialists are responsible for obtaining client specifications, working out solutions, creating cutting dies, and preparing the assembly lines.

Availability of skills and training were not seen as significant issues for the company. Higher-level skills were already present, and as these skilled individuals had all been with the company for several years, there has been no need to recruit or train such individuals. The company was willing to train shop-floor staff up to NVQ standard, as needed. A more significant issue was the supply of employable and training-ready workers in a tight labour market.

The company, which has good relations with the business support network, used the opportunities offered by the Space Angels project to obtain the services of an experienced Computer Aided Design (CAD) professional. This Angel provided training and support to the three specialists in the company – the cost-estimator, the engineer and the shop-floor supervisor – in the use of CAD systems.

The beneficiaries’ experience of the training was very positive. The training was on-site, was conducted at their own pace, and was directly linked to the activities they were undertaking.

In the view of the business owner, the training has improved the efficiency and quality of operations, particularly where the client is working from a CAD package, and specifications can be communicated electronically. However, the CAD element is only one part of the overall business process, and one that is not used in every contract. The business beneficiary was unable to quantify any increase in turnover or employment directly linked to the training intervention, although he was in no doubt that it had been beneficial for the business.

Overall, the business owner and beneficiaries had a very positive view of the intervention, both in terms of new skills gained and in personal development. The company would look favourably on similar opportunities in the future.

The beneficiaries were unaware that the project was supported through ESF.
A.2.2 Project: North East Future Leaders Programme
Provider: Partners in Excellence Ltd
Pre-co-financing

The North East Future Leaders programme was devised and delivered by Partners in Excellence Ltd – a private company and licensed franchisee of the Academy for Chief Executives (ACE). ACE is a leading UK provider of interactive peer group learning for business leaders.

The initiative was designed as an innovative response to the provision of lifelong learning to senior executives in companies (primarily SMEs) based in the North East of England.

The programme was based on learning from a pilot group of eight members which ran for 18 months prior to the application for ESF support. This group had benefited from the peer group learning but had proved difficult to sustain and expand within the region, despite strong interest. The provider had experienced difficulty in converting strong interest from introductory sessions into memberships and this was attributed to cost both in time and membership subscriptions. Other barriers identified by the providers in pursuing potential applicant enquiries included misconceptions in the business community of the role of learning for chief executive officers (CEOs), and exclusion of employers in rural areas.

The Programme was aimed at chief executives and senior managers in regional SMEs, with the objective of establishing two sustainable groups – one for chief executives (the CE Forum) and another for senior managers (The Leader’s Forum). Both were based on monthly, facilitated peer group learning sessions and, in addition, the CE Forum provided for monthly one-to-one coaching and mentoring sessions.

Unusually, membership of the programme was marketed as being ‘by invitation only’, with potential members meeting with one of the provider’s co-chairmen for assessment. The availability of ESF support allowed a more proactive search for members by providing certainty of provision over a predefined time period. Awareness-raising was undertaken through a series of breakfast launches delivered in conjunction with the North East Chamber of Commerce.

The programme was centred on the process of peer group learning and consisted of:

- monthly group meetings lasting a full day. These consisted of:
  - an interactive three to four hour session with a nationally recognised expert speaker;
  - an issue session for peer group review of individual members’ problems;
- monthly one-to-one coaching and mentoring sessions, for those in the CE forum.

The programme was run in collaboration with the Teesside Business School at the University of Teesside which assessed and accredited the training provided.
Meeting dates were provided for one year in advance to facilitate the invitation of key speakers. Participants reported that they were involved in deciding the agenda for the peer group discussions. Those in the CE Forum reported complete flexibility in establishing the issues for discussion in their monthly one-to-one coaching and mentoring sessions, which lasted up to two hours.

The providers sought to reflect ESF policy objectives in the design and delivery of their project by targeting provision on senior executives in employment. They considered that, apart from formal business school courses, this group was not provided for in the design and delivery of training in the region. They further suggested that the impact on the regional economy of training this group was potentially significant given:

- their ability to fundamentally alter the strategic direction and performance of the SME base;
- the potential for transfer of management knowledge and expertise between peers;
- the importance of demonstrating commitment to lifelong learning (and its advantages to business) at the highest levels of management;
- their ability to increase opportunities for employment through growth of their businesses.

The providers appear to have taken an active approach to equal opportunities, but not to the other horizontal themes. In their application for ESF support, the providers specified targets for gender and ethnic balance within participants, and in the course of consultations, these were confirmed as being met. There were a total of 31 beneficiaries, 21 male, 10 female. Of this total, three were from ethnic minorities. Moreover, the providers stated that the proportion of women and ethnic minority participants was considerably above the proportions holding senior management positions in regional SMEs. The providers had also actively sought and secured participants from the more peripheral parts of the region. Nevertheless, the membership by invitation only involves some tension with equality of access objectives and was justified by the need to recruit people who would make a positive contribution to the group rather than join out of a sense of self-importance. This approach positively encouraged diversity.

The providers stated, based on evidence from the pilot and past low conversions from enquiries to membership, that the cost of provision of the programme was a barrier to take-up. They also stated that, to be effective and sustainable, the programme required a critical mass of participants to provide a bank of learning and experience. The experience of the non-ESF-funded pilot suggested that this critical mass of experience could not be sustained if the full cost of provision was borne by participants. In consultations with beneficiaries, two stated that they would not have engaged on this course in the absence of public support and a third stated that a lower cost standardised solution (such as a short issue-specific management
course) would have been substituted. It should be noted, however, that in spite of this apparent price sensitivity, none of the beneficiaries was able to state the precise monthly or total cost to them of the programme when asked in the course of consultations. All of the beneficiaries were aware of ESF support for the programme but did not perceive this as having an impact on programme content or the profile of beneficiaries.

The unsubsidised cost of the CE Forum-level provision in the pilot, based on discounted national ACE rates, was stated by the providers as being £545 per month for a monthly meeting and mentoring session. With ESF support, full membership of the CE Forum was provided at a cost of £380 per month with Membership of the Future Leaders programme (which did not include mentoring) at £120 per month. Not-for-profit organisations benefited from a substantial discount.

In consultations, the provider stated that, in the absence of public support, the Programme might have continued from the pilot but in a different form and scale. The most likely scenario in the absence of the ESF support would have been an attempt to continue and grow the CE Forum, with the Future Leaders Forum not being provided. The providers considered that this scenario would have led to a much lower intensity of benefits and that they might have delivered a maximum of 25 per cent of the benefits delivered through the assisted programme.

Each of the three beneficiaries consulted, reported an initial meeting with one of the chairs of Partners in Excellence in advance of commencing on the programme. These sessions were used to establish the specific issues being faced by the individuals and their companies, along with an assessment of personal development objectives they wished to pursue through attendance.

The objectives of all of the beneficiaries interviewed included accessing an ‘out-of-house’ resource where difficult issues and potential solutions could be shared and tested with peers. In addition, each of the beneficiaries was seeking to stretch their business and, by implication, their own abilities to manage and drive forward the businesses.

Those who had received mentoring input considered that this had provided them with an outlet for discussion of those issues that they did not consider appropriate to air in the group sessions.

Beneficiaries interviewed all reported the programme as wholly or substantially fulfilling the training and business objectives they had identified, and reported the content and delivery of the training as wholly fulfilling their requirements.

While all beneficiaries valued the content of the programme and were applying it in the business environment, none could directly attribute additional sales or employment to the programme. However, one respondent considered that the application of learning from the programme was generating efficiency benefits, enhanced productivity and had led to a potential new collaborative venture. It is also
noteworthy that two of the three beneficiary interviewees had embarked on the programme to assist them in advance of implementing a planned programme of business expansion.

All beneficiaries interviewed have been highly satisfied with the content, delivery and relevance of the training. They had also derived significant benefits from the peer group learning format, which they particularly valued given their inability (due to the seniority of their positions) to discuss key issues and strategic decisions in an internal corporate environment. It was also apparent that the experience and learning was being taken back into their organisations and used to enhance competitiveness, improve efficiency and improve management communications and decision-making.

Whilst each of the consulted organisations had an ongoing commitment to training before embarking on the programme, it was clear from consultations that they were now more inclined to seek out training solutions to organisational development.

This suggests that their experience on the programme has provided positive reinforcement of the benefits of training and lifelong learning to senior managers. This is particularly important given their role in deciding on future commitments to investment in training throughout their organisations.

Overall, it is apparent that this programme has delivered additional training to senior managers in dynamic regional SMEs. Of particular note is the fact that all of the beneficiaries considered the training as unusual because it focused on the most senior personnel in the organisation. One chief executive stated that attendance on the programme had been the only formal training they had received in seven years in post.

**House builder (non-SME)**

In this case the chief executive of the house building subsidiary company attended the Future Leaders Forum. (The chief executive of the parent company was also a member of the CE Forum but was not interviewed in the course of the case study). This was the first instance of formal training the chief executive had undertaken in their time with the company. The principal barrier to undertaking training was availability of time, although cost was also a consideration. During the period on the programme, the subsidiary was undergoing rapid expansion, in part as a result of a strategic investment decision by the parent to grow the housing development component of the business. The key objectives of the beneficiary were to access a forum for discussion of issues that could not be discussed or resolved in-house and to meet with peers to discuss such issues and approaches to their resolution. At the outset, the beneficiary considered these to be softer, more developmental, objectives with no direct linkages to corporate performance. However, in retrospect the beneficiary was able to link how experience and assistance gained through
the forum had stimulated new business approaches and ideas. Whilst they could not directly attribute increased turnover or employment to the programme, they had identified business benefits in the form of enhanced efficiency, improved communications and management structures. The beneficiary described the programme as having ‘real credibility because they were meeting real people working in a real environment and dealing with real issues on a daily basis’. In the absence of public support it was considered that the beneficiary would have accessed some form of training but this was more likely to have been short-course and issue-specific. The most valued elements of issue discussion and resolution, and peer group learning would not have been provided by this alternative. The training was considered unusual for the organisation because of both the seniority of the staff trained and the intensity of provision – involving a full day out of the office each month. However, this was not viewed as downtime because the issues dealt with were real and their resolution key to the development of the company. The beneficiary was more inclined, as a result of their experience on the Programme, to use formal training provision as a solution to their skills requirements.

Regional care service provider (voluntary organisation)

This regional organisation had expanded significantly in the period prior to and during the attendance of their chief executive on the CE Forum programme. The CE had been in post for seven years and attendance on the programme was the first formal training received in that period. Voluntary status, and a requirement to maximise funding for service delivery, made cost a significant factor in committing to training. The beneficiary’s primary objective for embarking on the programme was to improve the organisation’s approach and techniques for the management of senior staff. There was also a desire to enhance their performance and skill sets in a chief executive role. In prospect, the programme was considered to be particularly beneficial because it would allow for the transfer of experience in running the voluntary organisation as a business, drawing on the experience of executives operating in a purely commercial environment. The forum and associated mentoring would also assist in enhancing guidance, by providing additional advice and assistance to the CEO, which the organisation’s Board was not in a position to provide due to their role and collective experience. In retrospect, the programme was considered to have delivered on these anticipated benefits and the beneficiary drew particular benefit from the one-to-one mentoring sessions that allowed discussion of specific issues. Given the nature of the organisation, it is understandable that no direct employment or other financial benefits could be attributed to the Programme. However, the beneficiary reported enhanced management communications and associated efficiency benefits. They had also cascaded some of the learning and materials from the Programme to other senior managers in the organisation. As a result of their experience, the chief executive considered that the organisation (which already had a planned approach to skills assessment and training) was more inclined and more likely to use training to address skills issues in the organisation.
Design services provider to UK retail and property development market (small business)

The chief executive of a specialist design company with a UK client base attended the Future Leaders Forum. Signing up to the programme was seen as an important precursor to embarking on a programme of market diversification and practice expansion. The business development objectives of the beneficiary in embarking on the Programme were to compare their own experience with that of others in business and to build awareness of how others approach common issues. Other, softer objectives included expanding their personal knowledge of business methods, expanding horizons and acting as a source of inspiration for taking the business forward. The practice, because of the nature of its business, had a history of investing in continuous professional development, both through a regular series of internal workshop sessions and formal short-course training. The training undertaken through the programme was unusual both in the seniority of the recipient and the fact that it related to business management and development rather than enhancing technical skills or professional competencies. The training was also more intensive than that normally undertaken by senior managers within the practice evidenced by the dedication of one day per month to the programme. The beneficiary considered that their objectives for embarking on the programme had been substantially achieved and that they had gained insight to techniques and strategies for managing the business and taking it forward. They did consider, however, that the group was in danger of losing its dynamism as individuals became aware of each other’s characters, approaches and anticipated responses to issues. This was perhaps more an observation on the process of peer group learning than a mild criticism of the programme. The beneficiary considered that, in the absence of the availability of the programme and the financial assistance provided through ESF, they would not have been able to commit to any form of senior management training due to cost. The company was unchanged in its inclination to use training but this was a reflection of previous levels of commitment and the beneficiary remained committed to delivering appropriate training regardless of its source or levels of public support.
A.2.3 Project: Environmental Training – ‘Greening Industry’
Provider: Coventry City Council
Pre-co-financing

Through the work of its Environmental Advice Department, Coventry City Council identified the need to find new ways to help local manufacturers, especially in the automotive industry, learn about and respond to developments in environmental protection policy and regulation. Members and officers recognised that relationships with industry based largely on policing and enforcement functions and often influenced by publicity linked to incidents and investigations, were not helpful to establishing a general level of acceptance of these changes in the regulatory context for industry. More broadly, it was also recognised that the failure of local businesses to respond to these changes in environmental regulation would be likely to have a considerable impact on the viability of the economy in the West Midlands.

The involvement of the automotive industry in the project has been strengthened by the development of European regulations that affect that industry, including the End of Life Vehicle Directive and the Climate Change Levy. Currently, environmental legislation is the fastest expanding area of UK law. The ISO14001 Environmental Management Standard (EMS) was first introduced in 1996. The requirements of this standard have influenced the shape of the project and the training.

The Ford Motor Company has required its first tier suppliers to maintain the ISO14001 standard since 2003 and it is expected that compliance with the standard will become a contractual requirement throughout the automotive supply chain by 2006. Project managers recognise that small businesses need encouragement and support to tackle their training needs and that the area of environmental management is sufficiently specialist as to present considerable challenges to the average small company.

A proposal for an ‘Environmental Training’ project was first developed with ERDF support in the mid-1990s and delivered in conjunction with Jaguar. A further ERDF project was developed with Rover. Subsequently, the two projects were merged and renewed by direct application to the Government Office for the West Midlands. Delivery of this project now involves a partnership between Coventry City Council and the Ford Motor Company including Jaguar and Land Rover and delivery is from the Land Rover plant in Solihull. In addition to the training, the funding supports the work of four project staff and five environmental advisers.

The rationale for this project is based on an analysis of the implications of these regulations and associated developments along with analyses of previous experience with the project. Experience with the automotive industry shows that although there are now just a handful of manufacturers in the UK, there are a very large number of medium and small businesses that are dependent on those large manufacturers for orders. One-third of the workforce in the West Midlands is dependent on the automotive industry. Given the pan-European structure of the automotive manufacturers based in the West Midlands, there is particular concern...
that, should local suppliers fail to meet environmental protection regulations and standards, the multinational manufacturers can easily turn to suppliers elsewhere in Europe who do meet the regulations.

Delivery of the project is focused on a range of interventions, which include:

- off-site general introductory workshops and seminars (one-day or part-day);
- more focused or specialist seminars for example to do with waste and energy management or the implications of new legislation and directives (one-day or part-day);
- specific skills training in the form of internal EMS auditing course (two days).

These are supported by on-site advisory work provided especially where SMEs need to review their own responsibilities in regard to the legislation or where they make a commitment to achieving the ISO14001 standard. The advisory support includes local training with SME staff and has included, with many SMEs, a lot of support in the application and use of IT. The project has built strong links with Ufi/LearnDirect in promoting their services and support to SMEs.

The project was promoted largely as ‘free training’ in a variety of ways. The key method has been by direct contact through lists of suppliers provided by purchasing departments of the major motor manufacturers. In addition to this the project is promoted through a website; through other environmental bodies; public sector bodies and business advice agencies. The Government Office for the West Midlands; the Environment Agency; the Department of Trade and Industry and agencies such as Action Energy and Envirowise have close links with the project; their staff are often involved in delivering seminars and they are an important part of the promotional network.

The flexibility in the project is essentially achieved through the role of the environmental advisers who tailor their input totally to the needs of the business beneficiary but within the framework of the legislative requirement or the ISO14001 EMS. Workshops and seminars usually have a standard content based on the appropriate regulations or the criteria for the ISO standard but participation is according to need. The project changed its method of delivering seminars to much smaller scale (40 to 50 delegate) events because participants found it hard to engage with the larger scale (100 delegate) events.

The project has attracted over 80 per cent of its targeted individual beneficiaries and has achieved 100 per cent of its target for beneficiary businesses working with environmental advisers towards ISO14001 EMS.

Apart from the contracted outputs, project managers believe that the project has:

- generally raised awareness in environmental issues among the manufacturing workforce;
provided a further prompt to SMEs to get involved, generally, in training and to experience the benefits from training; and

provided a high profile, local example of productive partnership between multinational companies and local government.

The ESF horizontal objectives are reflected in the delivery of the project but were not found to be driving integration. In its vertical purpose, the project is itself focused on achieving environmental sustainable activities. In addition to the training support provided to IT literacy, the project uses IT in a variety of ways in its delivery using a website for interaction and communication with participant businesses and delivering a lot of the information including manuals on the website or through CD-R. Equality of opportunity has not been explicit in the promotion of the project or the targeting of beneficiaries but is very prominent in the arrangements for the day-to-day management of the seminars and workshops.

The providers consider that, without ESF support, this project would not have gone ahead. It was suggested that there is an unwillingness among the large private sector partners to fund this type of activity and the local authority would not have had the funds available even though officers recognised the importance of the task.

Consultations with business beneficiaries have found the support from the project and especially their individual environmental adviser very helpful. However they have found their engagement with the environmental regulation regime somewhat frustrating. They recognise that a raised level of awareness around these issues is important but they have found that compliance with ISO14001 has had only minor impact on their organisation and operations. Where business beneficiaries are based in areas outside Coventry, they have not generally found that the local advisory structures are geared up to respond to the issues that the environmental training has caused them to raise.

As a result of their experiences it is not clear that the business case for this training and these developments is fully recognised by all SMEs. In the absence of the support from the project, it is not clear that the business beneficiaries would have funded the environmental training themselves. It is clear that the final assessment fees for ISO14001 EMS represent a considerable barrier for some SMEs in finally completing the standard.
Automotive systems manufacturer (small business)

This company is a small but fast-growing firm with 32 staff. It manufactures specialised, high performance, high value screen wash-wipe systems for luxury sports cars. The company is also involved in the manufacture of small electric motors and the distribution of other vehicle accessories. It is a first tier supplier to the automotive industry so compliance with the IOS14001 EMS was critical to the security of their business. The production workforce is semi-skilled but quality standards are a critical aspect of their work; 10 per cent of the total staff has a quality management role. Quality management forms the basis for a carefully structured and formal on-the-job training programme. The directors and managers of the company have placed an important emphasis on the achievement and maintenance of industry standards including ISO9002 and ISO14001. The importance of training where it has a clear contribution to ‘the bottom line’ is well recognised. The directors and managers have been involved in leadership training and managers and supervisors are engaged in further training aimed at reducing variation in quality. Their experience in purchasing training is that it is ‘quite easy to find providers but it is much more difficult to find out if they are any good’. When it became clear that compliance with ISO14001 EMS was going to become a contractual requirement for first tier suppliers to the automotive industry, the company was very pleased to find the services of the project available and it has been involved with Greening Industry for several years. The company has achieved the ISO14001 standard and continues to receive support from the environmental adviser who is particularly important now in maintaining the environmental awareness of new staff. The company found their participation in the project and the support from the environmental adviser very helpful. However their progress towards achieving the ISO14001 standard was initially slow and they realised that it needed a concerted effort on their part to drive the process to a successful completion.

Manufacturer of foam products (micro-business)

This company is a small but long established manufacturer of foam products (gaskets, filters, sound/vibration proofing fittings) mainly for the automotive industry. The production work involved in their business is unskilled and requires relatively simple ‘on-the-job’ training for new staff which is achieved largely through job-rotation. Their training programme and most production management systems were developed primarily in order to achieve and maintain compliance with the BS5750 (ISO9002) standard. The company found the environmental training worthwhile and a good introduction to the legislation and its implications for their company. The person responsible for quality management and for training is the proprietor’s son. When the company embarked on the environmental training, it did not have a computer for business use and the quality manager found the support from the environmental

Continued
adviser very helpful in introducing their use of IT and developing IT skills in the company. He found the internal (EMS) auditing training helpful but quite challenging and he regretted that there were very few people from a manufacturing background on the course. The company reports that the environmental training has not had the same impact on the company as the training and systems development associated with BS5750. They found that achieving BS5750 gave them an important ‘edge’ in the market place and hoped for the same from ISO14001. However, as a second-tier supplier, the company is not yet clear whether the contractual requirement for ISO14001 will apply to it. The company completed its internal audit and found that, because of the size of its operation, many of the requirements of the standard are not easily applied to them. The final assessment costs £1,500 so the decision to take that final step will need to be carefully considered. Managers have not investigated the availability of similar training in the market place but in investigating other training in the past, sales skills training for example, they have found local provision very expensive. They would have found it very difficult to decide to fund the environmental training themselves without knowing much more about its implications for their company.

A.3 Measure 4.1 case studies

   Project holder: Manufacturing Advisory Service East (MAS-East)
   Pre-co-financing

Aspen was developed against the background of closure of Vauxhall’s Luton plant and was intended to assist automotive engineering suppliers who were not equipped for change in the sector or in possession of the knowledge to move on and grow.

Ownership of the project has been somewhat convoluted, reflecting the restructuring of the economic development organisations in the East of England in recent years. MAS-East emerged as the Project Holder, with Cranfield University coordinating its implementation.

The potential demand for the project was established through research carried out jointly by Cranfield, Luton and Hatfield Universities, and which examined the effects on the supply base of the closure of Vauxhall’s Luton plant. The research concluded that there was a:

- tranche of companies that continued to perform well and were not dependent on Vauxhall for their core business;
- proportion of suppliers that remained fairly secure but were also heavily reliant on Vauxhall;
number of companies that were entirely dependent on Vauxhall for their business and were unlikely to be sustainable.

The Aspen project aimed to target the middle group.

Interest in the project was initially generated in the course of the research itself. In addition, MAS-East made use of its database of 900 regional companies operating within, or close to, the automotive industry. These were all contacted by letter initially and the larger companies were followed up with phone calls. Business Links, Chambers of Commerce and local authorities were all made aware of the project, although few referrals appear to have been made.

Support was based on an initial diagnostic exercise with the company, followed by an appropriate programme of action. One of MAS-East’s key roles was to work with companies to select providers with the specific expertise to address the issues raised in the diagnostic. The initiative was targeted at both managers and employees of SMEs in the relevant sectors.

The support was intended to be as flexible as possible and was entirely based on the issues raised through the initial diagnostic process. A self-assessment benchmarking tool (‘Rapidscore’) was used as a means of addressing gaps in the organisation and where staff training was required. The diagnostic involved senior management and key personnel in a half-day session to obtain views on company performance. This process underpinned the subsequent training activities provided through Aspen.

In some cases (33 per cent or 22 companies), diagnostics were carried out and companies took the decision that the suggested programme of action was either too expensive or time consuming. In the majority of cases, however, companies were keen to address HRD-related issues and support was provided. MAS-East’s database of training consultants enabled it to match companies with an appropriate provider, while training and development resources were also provided by the Universities of Luton and Hertfordshire. Specialist training providers were specifically selected to solve discrete employee skills training issues identified by participating companies.

The support delivered through Aspen falls into seven areas:

- Management training varied from formal half-day sessions to mentoring senior staff as they implemented change activities. It focused primarily on communication and problem solving skills.
- Skills training was provided to a small number of companies, focusing on specific machine setting skills.
- ISO/Quality support ranged from training additional ISO9000 internal auditors to the complete design and implementation of quality systems leading to ISO9000 registration.
- Lean production training was delivered mainly by MAS-East and the University of Hertfordshire. It was focused on reducing cost and time out of the production process and typically involved shopfloor personnel.
• Health and Safety Training and Environmental Awareness was delivered mainly through the Engineering Employers Federation, which provided five-day certificated training for a five-day programme.

• Marketing support involved a variety of models with varying results. A marketing skills training programme was organised but found to be too theoretical by participants, while another company found the costs of one-to-one mentoring prohibitively expensive (see GB Innomech below). Other programmes demonstrated more success.

• ICT skills support was provided through two CADCAM training providers that supported the systems used within the automotive sector.

Arrangements for support were made between the providers and companies based around the company’s requirements and commitments. In some cases this would have been a structured commitment, in other cases consultants provided support when it suited the company. In most cases support was provided at the company’s premises.

Most support through Aspen was aimed at management level and came in the form of mentoring, although as the case studies show, other members of staff were often involved in the process.

Management training proved to be the most expensive activity to support, both in terms of the cost of supplying quality training providers and on the part of the companies, due to high hourly staff costs. Around a third of the total number of companies assisted (21) received this form of training.

A number of factors are believed to have contributed to the success of Aspen:

• the timing of the project soon after the closure of Vauxhall was beneficial to participating companies, helping them to adapt to a changing market place. At the same time, there was not always a direct link between the closure and the beneficiary companies – none of the companies interviewed for the evaluation mentioned the closure of Vauxhall as having impacted on their business;

• the process of engaging businesses, enabling a rapid diagnosis and development of an action plan;

• flexibility in delivery, with specialised resources being brought in to meet training needs and providers often delivering the training at times suitable to the companies;

• the development of good relationships with companies, with the university remaining involved to ensure smooth delivery by contracted providers.

While the project has targeted people in employment, including in SMEs, the specific focus on management skills, competitiveness and managers as beneficiaries is arguably more compatible with Measure 4.3 than 4.1. No evidence was encountered suggesting any substantive emphasis upon ‘hard-to-reach’ businesses or employees.
In terms of project outcomes, 66 companies were assisted of which 21 took no further part after the diagnostic exercise. The original target was assistance for 55 companies. Individual beneficiary targets were well exceeded for both males and females. There were no targets in respect of qualifications, although the expectations on softer targets – such as improved business awareness and capabilities – were largely met. However, the project did not achieve the length of engagement anticipated (12-15 weeks on project development with one to two hours per week mentoring) as beneficiaries wanted very specific training over a short period of time. Nevertheless, the project holder reported that in funding this short-term activity, some companies began to examine other activities that could be delivered by core staff with a longer-term effect on business performance.

The project holders reported a lack of guidance on the horizontal themes – the original application had to be re-submitted to address these issues more convincingly. However, the project manager believes that the project has scored strongly in terms of the Information and Communication Technology (ICT) theme through project control/project management systems and informally through providers, to illustrate to companies how they could improve efficiency and take advantage of e-commerce, the internet and the web as a marketing tool. At the same time, these, together with delivery of the targets for participation by gender, appear to reflect intrinsic characteristics of the project and target groups rather than an active effort to enhance performance in relation to the horizontal themes.

Overall, this appears a well conceived and delivered project, although beneficiary businesses are unequivocal in their response. Nevertheless, there are some questions about its goodness-of-fit with Measure 4.1 and the design appears to have been rather passive where the wider ESF objectives and the horizontal themes are concerned.

**Motorsports manufacturer (small business)**

This small business is involved in the design and manufacture of specialised components mostly for motorsports but also for some road vehicles. The company’s markets are international, but are focused especially on the USA, South Africa and Scandinavia. Market conditions have created difficulties for the company in recent years, as a result of steel component prices being driven up, combined with strong competition from the Far East. The respondent believes that the market is beginning to swing towards Western Europe where they believe superior products are manufactured, and is confident that the company will benefit from this. These market conditions have constrained growth since 2000, while profitability has been squeezed. Despite these challenges, staff levels have been maintained. Although the company produces an annual Business Plan, this does not explicitly address skills issues amongst its employees. The respondent did not identify skills issues as a pressing priority within the company. Nevertheless, they were keen to encourage multi-skilling

Continued
amongst employees in the workshop (e.g. welding and assembly). Training
was normally carried out on the job, although it was unclear whether there
was sufficient capacity among the existing workforce to facilitate skills-transfer
on this level and there did not appear to be a clear plan for taking this initiative
forward. The respondent indicated that the company had historically been
sceptical of outside assistance (including training/skills issues) but that
involvement with Aspen may be the first step in overcoming that hurdle. A
diagnostic was carried out by the University of Hertfordshire, which focused
on the company’s need to address weaknesses in its stock code system. The
project centred on logging all of the stock on a computer system. It was
designed to enable the company to build better relations with suppliers
(collating details on contact sheets, logging delivery times, introducing stock
codes and making sure that the company had a database of secondary
suppliers). The training was provided by a consultant who, in effect, played a
mentoring role. The consultant attended on-site for half a day, once per month
when it was suitable for the company. The benefits of the support remain
ambiguous. Perspectives among interviewees differed on how wide involvement
in the training had been below management level. The respondent considers
the project had been a step in the right direction, but at the same time observed
that a successful computerised stock code system for the company is difficult
to achieve. At the time of the consultations, there were no firm plans to extend
training on the stock code system or for addressing other skills issues within
the company.

Production engineering company (small business)

This company is involved in product and production engineering. Its main
areas of expertise are within the fields of CAD design; prototyping; production
automation; product and process development; and plant optimisation. The
company’s growth in recent years has been based on satisfying the UK market,
with its main customers being in the pharmaceuticals, automotives, food and
aerospace sectors. The company employs just over 20 people and its workforce
has more than doubled in the past five years. Turnover had increased also, but
not so rapidly. Profitability has also increased but has been affected by high
levels of investment in R&D. The company’s skills requirements are identified
in the annual business plan, with staff having regular skills reviews. The
company’s managing director (MD) is very hands-on and has been involved
with diagnostic work facilitated by Business Link under a separate project. The
MD is well aware of the range of training opportunities in the region and has
developed good relations with Business Link and EEDA. Skills sets are crucial
because they influence the type of projects the company can get involved in.
A substantial proportion of training can be addressed through on-the-job
training by supervisors, but the company has a record of accessing external
support, of which the Aspen project is one such example. Unfortunately, the
project failed to meet the company’s expectations, although these appear

Continued
to have been coloured as a result of informal contact with a contractor to the programme that had left the MD under the impression that they would be awarded in the region of £30-£40k. The company was aware that it could do with some external help in improving its sales and marketing activities and approached the provider with this in mind. The company was disappointed when it was initially awarded £3k to develop a marketing plan with mentoring by a consultant. This frustration was compounded when the company was advised that, in line with the Aspen process, a diagnostic should be carried out to determine skills issues within the company. The MD didn’t feel the company needed this and that the issues (essentially the need for a marketing strategy) were straightforward. Nevertheless, after agreeing to a one hour meeting, a further £3k was awarded to help with development of the company’s website. Although the outcome of these developments was a marketing strategy and improved company website, no quantifiable impacts on the business could be attributed to the assistance. Indeed, the MD was of the opinion that costs incurred by the company far outweighed the benefits and that the strategy and website improvements could have been achieved more efficiently and effectively by buying in consultants. Despite being disappointed with its experience with the Aspen project, the relationship between this company and key regional business support providers remains strong. At the same time, some scepticism was expressed concerning the bureaucracy associated with ESF in relation to the low monetary value of assistance on offer.

Brake component manufacturer (small business)

Established in 1996, this company specialises in brake disc manufacturing for the automotive industry. Around 60 per cent of production is exported to Europe and the US, with the remainder sold in the UK. Performance has remained consistent in the past five years, with 38 people employed on a full-time basis and the company breaking even regularly against a background of difficult trading conditions. A strong pound in the mid-1990s reduced the company’s competitiveness compared with rival manufacturers, while in recent years China has provided strong competition. Until recently, the company has concentrated its resources on training for workers on the shopfloor, the majority of which is short-term. Where this cannot be done in-house, the company has sought outside help to ensure that it is up-to-date with health and safety legislation and that employees are trained appropriately for compliance purposes. Other short-term training has been provided for employees where new machinery has been introduced, while shopfloor workers are provided with on-the-job training delivered by supervisors. Prior to being approached about the Aspen project, the company had paid little attention to management skills. There had been contact with Business Link in the past, but the

Continued
company’s management thought it important that the management team define the organisation and that it should mature before outside help was sought. However, it was felt that the time to introduce training for management had become appropriate as it was becoming apparent that the company structure was top-heavy, with few opportunities for middle management to influence the development of the company. The training offered was highly flexible, and tailored specifically to company needs and commitments. Mentoring was provided on-site by a management consultant for one or two days per month over a 12 month period. There was also some off-site training provided by the consultant’s colleagues at Cheltenham College. As well as the MD, four employees at middle management level were the participants. Four key objectives were identified:

- to determine a plan for restructuring;
- to review material storage and material flow through the site;
- to develop the management team to work using objectives;
- for project planning to be improved and managed in a more consistent and organised format.

The training was considered to have been beneficial, and the objectives to have been largely achieved. However, it was not possible to attribute any change in performance or employment to the intervention at this stage. Nevertheless, a high level of satisfaction is reflected in the consultant having been retained beyond the subsidised support provided through the Aspen project to assist the company to obtain ISO9000 status. Aside from the MD, other beneficiaries reported positively on the experience with the Aspen project, already noticing tangible differences in the way the company is operating.

A.3.2 Project: Forestry Forward Northumberland
Provider: Northwoods on behalf of Forestry Contracting Association
Co-financing organisation: LSC Northumberland

Forestry Forward is the training dimension of a more broadly-based forest industries initiative in the North East of England. Developed from a bid to LSC Northumberland by the Forestry Contracting Association (FCA), the project is managed by Northwoods, a regional woodland industries initiative which is co-located with the Forestry Commission in Rothbury in rural Northumberland. It is currently in its second phase of support.

The project was developed in response to a call for Measure 4.1 projects issued by LSC Northumberland in its first round of ESF co-financing. The tender specification was general and was not specifically targeted on particular industries.

In describing the physical demands and working conditions in the industry, forestry was likened by one respondent to ‘mining at ground level’. Even with the wide
exploitation of mechanisation, forestry involves very hard manual labour and exposure to all weathers. The industry is characterised by a very high level of self-employed contracting and sub-contracting and foresters often work for long periods in isolation. Notwithstanding that there is a often quite a high level of capital investment, margins in the industry are tight and most foresters are working long hours to make a fair living.

This combination of factors has made foresters a difficult group for industry bodies, business support organisations, and training providers to engage with. Their availability to participate in non-routine activity is restricted and uncertain. Suspicion of bureaucracy is widespread and a further obstacle to engagement and full recording of outcomes.

The Forestry Forward project was designed as a regional initiative to support upskilling and to address strategic skills issues affecting the woodland industries sector in the North of England in a fashion that would overcome the distinctive barriers to training that exist in the industry. It has sought to build upon an existing business and sectoral support initiative.

ESF support has enabled Northwoods to employ a project manager, adding considerably to the capacity and operational flexibility of the initiative.

A very active and multi-faceted approach to generating interest in the project and in reaching beneficiaries has been employed. Starting with an existing list of contacts from FCA, the project manager has built a larger database of people involved in the industry since through various means:

- a business questionnaire, responses from which were used to assess potential demand for different types of training;
- the running of a large number of awareness raising events at local level and in surroundings where people will feel relaxed (often in the pub);
- newsletters, flyers and press releases;
- exploiting Northwoods’ existing clients as a network.

The emphasis of this activity has been on identifying what people in the industry need and developing delivery to meet it. It has not promoted the ESF-supported training as a stand-alone activity, but as a business development service that is integral to the Northwoods initiative.

The progress made by the Forestry Forward project in penetrating a sceptical and difficult-to-reach target group appears largely attributable to the flexibility of:

- the training offered;
- delivery.

While the project had been informed by FCA research at national level on industry needs, it did not start with a fixed programme of delivery in mind. Instead, the focus
of training has been substantially demand-led, responding to needs identified through the awareness-raising activities.

In developing delivery, a considerable effort has been made to tailor training to be relevant to the needs of the industry, or even individual businesses. This has involved a careful packaging of activity and, in some cases, has involved bringing in specialists from outside the region or exploiting expertise from within the sector. This has added value to the training and has enhanced the credibility of the Northwoods initiative more generally.

Considerable effort has been made to make training accessible. Northwoods will normally try to run courses on at least three occasions and in different, and sometimes remote, locations. Courses have sometimes been run at weekends to minimise the impact on businesses; it is reported that on several occasions training has been rearranged to fit with client business needs.

A consequence of this flexibility is that organisational and delivery costs have been relatively high in relation to the volume of training provided, the benefits of which are probably not fully appreciated by the business and trainees that have participated.

Training and dissemination of good practice delivered through the Forestry Forward project has included:

- certificated training in the operation of chainsaws and other equipment;
- emergency aid tailored to the needs of woodland industries;
- health and safety in arboriculture, wood processing and forest haulage;
- wildfire management;
- ICT training, including offering of the ECDL course;
- employment law;
- flexible support for new entrants to the industry;
- a regional woodland industries information and good practice event, arb:North, which has become an annual fixture.

In its current round, Forestry Forward is supporting training that is closely integrated with Northwoods’ sectoral development initiatives, notably ignite, a biofuels initiative for which a new NVQ qualification is being developed.

ESF policy objectives have exerted limited leverage on this project although they have in many cases been delivered. The project holders report not having received guidance on the horizontal themes, but that there were implicit in some of the targets in the tender specification. Environmental good practice has been incorporated in some training courses where relevant, but this had been in response to encouraging compliance and contractor standards rather than as a result of prompting by the ESF horizontal objective.
The project succeeded in attracting almost 25 per cent more than its overall beneficiary target, the majority of which conform with the ESF objective to provide access to training for those which would otherwise be unlikely to participate. However, more detailed policy-related targets proved more difficult to meet or unfeasible, being derived from the LSC’s co-financing plan rather than an industry-based appraisal. In particular, equal opportunities and ICT targets which derive from the LSC’s co-financing plan have proved unfeasible given the gender profile of workers and the job content of workers in forestry. However, targets related to supporting new entrants were difficult to meet at a time when the industry was in recession. The achievement of full NVQs at levels 2 and 3 by new entrants was difficult in the project timescale and, accordingly, reporting was made against progress towards NVQs.

Beyond hard outcomes, the project has produced significant qualitative benefits. In augmenting the capacity of Northwoods, it has helped the develop the initiative’s standing within the woodland industries in the North East. It has enabled Northwoods to become a networking hub for the industry regionally, in some instances helping to link those who are short of work with short-term opportunities. It is increasingly seen as an impartial source of advice in an industry that is suspicious of official channels.

Overall, this ESF-supported initiative is considerably more successful and valuable to its client group than bald reporting against Programme targets suggests.

The characteristics of ESF funding were seen as instrumental to what has been achieved under Forestry Forward. The project holders were unable to identify any alternative pre-matched funding source that was comparably flexible and would support the costs associated with reaching this target group. Notwithstanding that some difficulties in the relationship with the co-financing organisation were reported (which appear, substantially, due to issues of continuity of staff in the LSC allied to the learning curve faced by Northwoods in administering these resources), the project holders remained enthusiastic about future use of ESF and were concerned about project continuity and the sustainability of the wider benefits that have been produced in its absence.

### Hauliers (small business)

This is a family-owned specialist timber haulage business operating from a remote location in rural Northumberland. The business employs 10 people and operates six rigs. In addition to the core business, there is a subsidiary that operates through subcontracting to owner-drivers. The combined business provides the link between harvesting and wood processing activities across the North East. In the past two years, the business has increased its investment in training, notwithstanding the narrow margins in this type of business. In part, this has been in response to changing vehicle operating regulations and health and safety legislation, but a further motivation has been awareness that contracts increasingly demand formalised operating procedures and

Continued
certification. The company’s drivers are regularly involved in lone operations in isolated areas. Although risks are managed through set procedures, the work is still potentially dangerous. Through the Forestry Forward project, the firm’s drivers participated in a forest emergency aid course. This was tailored to take account of the types of serious injuries that can occur in forestry, notably a need to stabilise victims of crush injuries pending the arrival of medical help. Northwoods arranged for the package of training to be delivered on two Saturdays and in two locations, one close to the company’s base, the other in Kielder Forest. Without financial support and this flexibility in delivery it was reported unlikely that as many drivers would have participated in the training. All of those who participated in the course considered it worthwhile. The owners contrasted the experience favourably with other provision that was less tailored to their business.

Forestry contractor and consultant (sole trader)

Following a career in sales and marketing in the financial services industry, the beneficiary became a self-employed business consultant in the mid-1990s. Having been brought up in the countryside, he had long been attracted by rural industry and working outdoors. This interest was rekindled as a result of involvement with a woodland industries client. The beneficiary perceived an opportunity to pursue his personal and business objectives by combining his consultancy assignments with part-time working as a forestry contractor. This would provide better utilisation of his time and enhance his credentials for working with the sector as a consultant. The beneficiary was directed to Northwoods which provided flexible assistance to him as a new entrant to the industry. This included training in forestry first aid and for a Certificate of Competence in Chainsaw and Related Operations. The chainsaw training involved five days class-based and practical training, followed by an independent assessment. The beneficiary was given the option to do this during the week or at weekends. The training was delivered by a Head Forester with the National Trust at Cragside near Rothbury who is an accredited trainer, although the nominal provider was Kirklee Hall, the agricultural college for the North East. The beneficiary was favourably impressed with the quality of the ESF-supported training and considers that he absorbed a lot in a short timescale as a result of the personalised approach. Since becoming certificated, the beneficiary has gradually developed his involvement as a forest contractor and is currently examining opportunities related to woodfuel. However, he has also extended his consultancy business with the sector to the point where it accounts for more than half of the total. He believes that his part-time work as a forestry contractor has increased his standing with the sector and that, otherwise, he would not have been able to develop consultancy work with the sector in such a short space of time. This involvement has recently included developing and delivering a sales and marketing course for Northwoods as part of the current Forestry Forward project.
A.3.3 Project: ICT Skills for Business  
Sponsor: Buckinghamshire County Council Continuing Education Services  
Pre-co-financing

The ICT Skills for Business training initiative was intended to provide businesses in Buckinghamshire with basic ICT skills. These skills were the use of the industry-standard Microsoft Office software package, and included word-processing, the use of spreadsheets, and database management.

Devised and delivered by In Business, the business training arm of Buckinghamshire County Council’s Continuing Education Services, the course was part of wider ongoing efforts to raise the level of IT literacy in the county’s business base. Increasingly, these efforts are focused on intermediate and advanced skill-sets.

The catalyst for the ICT Skills for Business training initiative came from canvassing local businesses on training needs through a postal questionnaire, and from participant feedback from previous courses sponsored or run by In Business. In Business have some three years’ experience in running similar courses, and feel able to gauge demand from these sources.

The In Business unit is largely self-financing, with income coming from a number of funding sources, including ESF, and a small proportion from training beneficiaries. The development of the training initiative was, therefore, informed by the requirements of ESF and a knowledge of how the course should be structured in order to obtain funding. No subsequent modification of the course was required for it to receive ESF support under Measure 4.1 to upgrade employees’ vocational skills.

Training beneficiaries were expected to be drawn from the small and medium-sized businesses in the county – no particular beneficiary sector or sectors were envisaged. Recruitment to the initiative was primarily by mailshot, although In Business also advertised the course through its website and selected print media.

Some sectors were also problematic to reach, such as retail, where it can be difficult to release workers to attend training courses. There were, and are, problems in recruiting beneficiaries from sectors with low pay and poor retention rates, where training can be perceived by employers as increasing the likelihood that staff will leave.

Training delivery was off-site, at suitable local premises, and through a series of half-day sessions. As part of their regular canvassing efforts, In Business also request business views on the preferred form, location and timing of training delivery. To date, their client businesses have tended to prefer off-site training delivery. Half-day courses have also been popular, allowing business owner-managers to keep their businesses on track while still attending training sessions. However, demand for full-day courses has recently been increasing, a reflection of the growing demand for higher-level skills.
For this course (and others operated by In Business) there was no client specification of the training content. It was noted that the opportunity to influence course types and content comes at an earlier stage, during the regular canvassing of the client base, prior to the course starting. However, In Business try to keep the class sizes small, typically with around six participants, to allow the trainer the opportunity to respond to client situations.

The project exceeded expectations and targets, achieving targets ahead of schedule despite a late start to the project.

The project holders reported no serious problems in meeting the equal opportunity horizontal theme requirement of ESF. With the majority of recruitment to the course coming from targeted mailshots, the project sponsors were able to use their database of businesses in the county to prioritise recruitment of the target groups. Ethnic minority recruitment ran at around ten percent – reflecting the business base – and was typical for In Business’ courses. Women in small companies were considered the hardest to reach, and required the greatest effort to recruit to the course.

While the respondents felt that the information society theme was covered by the project’s core activity, there was limited scope for implementing the environmental theme. The only identified contribution was the potential for improved IT skills to lead to an increase in working electronically rather than using paper. The project sponsors also endeavoured to administer the course electronically as much as possible.

The major constraint to project delivery identified by the project holder was the high-level of administration required compared to the total value of the project, resulting in less funding actually spent on providing training. In the view of the respondents this means actual training delivery may be as low as 25 per cent of the total funding provided, depending on the size of the project. The current system also means that it is difficult to run in an efficient manner, with ESF administration not having caught up with the potential of IT to reduce the need for paperwork. In Business’ own administration is now entirely electronic, including a real-time database for monitoring course delivery and participation. When ESF funding is used, administrative documentation must be printed out, posted, signed and collected from beneficiaries. In Business currently has one part-time member of staff whose sole duties are to oversee the administration of this paperwork.

ESF funding was also considered to lack flexibility in execution. In one instance, In Business wanted to use memory cards as the cheapest and most reliable means of training beneficiaries storing their work in progress. As the use of memory cards was not specified in the original application, it required considerable time and effort to get spending on the cards approved.

In the absence of ESF funding being available, the project would probably still have run in the same form, but with a substantially different set of beneficiaries. In the
place of ESF support, the project sponsors would have run it as a privately-financed course, with the majority of attendees drawn from large businesses. Marketing efforts would also have focused on larger businesses, with much less emphasis on smaller businesses and harder-to-reach groups.

Through their experience with this and other projects that they run, the project holders had developed a sophisticated perspective on the effective delivery of short-course training.

The main drawback associated with short courses from the project sponsor’s perspective is the absence of accreditation. While participants are acquiring useful skills, the courses are too short to meet the requirements of the accrediting authorities. The respondents understand that the Qualifications and Curriculum Authority is currently examining ways in which credits from short courses could be accumulated by participants and contribute towards qualifications.

An accreditation system that recognised progression in this way would fit with In Business’ own objectives which are to cultivate a closer relationship with both beneficiary companies and individual training beneficiaries. The organisation is currently rolling-out a smart-card system that will hold beneficiary details on current and past training activities. This will provide an instantly updated record of training achievement, and will be used in the administration of training at In Business’ training centres. The smart-card system will also provide access to online training materials to allow skills to be kept up to date, and to alert companies and beneficiaries to new training opportunities. This is expected to help in providing progression routes for those training beneficiaries undertaking short courses, in an environment where many of the companies have no formal training plans or dedicated training budgets.

A second issue in running short courses was client assessment. Where courses were only running for a day or two, the time spent in assessing training beneficiary needs would absorb a substantial part of the total time available for training. Assessment in these cases was usually carried out through a pre-course questionnaire. Where there was more extended training provision, or progression from one course to another, there was greater opportunity to carry out more in-depth assessments.

The respondents had not found online learning to be useful to their small company clients, as it required the use of a computer and tied up a phone line, and although the beneficiary staff member was still on the premises, they were not readily available.

The anticipated decline in funding from ESF, is being met through introducing charges for some courses and participants. To date, the centre has had a good response to its charging policy, with strong repeat business from clients. The centre justifies becoming involved in more commercial training provision by the local market failure in training. Much of the business base in the area is described as being very small and scattered, and the respondents report that private training providers
have not been able to market their offerings to a sufficiently large customer base. *In Business* has succeeded in developing a large base of potential training participants, and now uses its contacts and experience to link the businesses with the private training providers.

*In Business* follow up companies to see how the company and the training beneficiaries are using the training. Ideally, this analysis would extend to the bottom-line impact of training on businesses but this has proven harder to measure. *In Business* are currently discussing ways in which this could be done, and a current ESF-funded project is examining how a training return on investment might be measured. Other training benefits are more straightforward, but others are intangible. ESF monitoring at present also doesn’t take account of progression into other training, which can be an important success factor, especially for introductory or basic skills training initiatives.

Overall, this was a successful project run by an agency that is sensitive and innovative in its approach to its market. ESF support appears to have exerted considerable leverage on the targeting, resulting in greater participation by smaller businesses. This provider has paid more attention than most to the ESF horizontal themes reflected, in particular, by a heavier level of marketing to female managers and business-owners.

The training received has been very well received by beneficiary businesses and trainees. However, as might be expected with very short-course training, little change in business performance beyond operational benefits could be attributed to the project.

---

**Business services provider (micro-business)**

This company was founded around 20 years ago by a female entrepreneur, one of a number of companies founded throughout this period by her. The company provides sales and marketing support to other companies, providing assistance at a number of levels: marketing planning, implementation and sales coaching. Particular strengths are in the creation of marketing messages and copywriting. The company currently has two employees, and both participated in the training. The training was not sought out, participation was prompted by the training provider’s promotional mailshot. The training provided consisted in each case of two half-days at the training provider’s location, and covered the use of the Microsoft Word word-processing package. For the owner, the training was at advanced level, and for the other employee, it was at intermediate level. The main attraction for the company was the limited time commitment required by the courses. This was seen as being an efficient use of time, and had the courses required a greater time-commitment,
then neither individual would have participated. The course content was found to be useful to the business. The best results were from the advanced training, where the beneficiary felt that the trainer had stronger technical and communication skills, and was able to respond best to individual requirements. The training has had only limited impact on the business, certainly not sufficient to identifiably change the financial performance of the company. Both beneficiaries would be interested in taking similar courses in future, providing the training was short in duration and focused on immediately applicable skills. The beneficiaries were not aware that the training had been funded through ESF.

**Video recording service (micro-business)**

This beneficiary is a small two-man business producing videos of local events and groups. The business was founded by two retirees, one of whom had previously worked for the BBC, as way of staying occupied and involved in the life of the community. The company provides a full production service, from videoing events, through to editing, captioning and publication. Customers are typically local groups such as Brownies, or events such as festivals and fetes. As a matter of policy, the company does not handle weddings, as customers are considered too demanding. One member of the team participated in the training initiative. Short courses in Microsoft Word and in the Microsoft Excel spreadsheet program were undertaken, a total of three days of off-site training at the training provider’s location. The beneficiary experience of the training was very positive. They were aware of courses covering the same area that demanded much greater time commitments and required the trainee to work through a systematic programme of instruction. With the shorter course, and a small class size, the beneficiary was able to acquire the desired knowledge in a more efficient way. Had the course been longer, the beneficiary would not have taken part. The training has provided a range of practical benefits for the company. Accounts can now be finished to a higher standard before being passed to the company’s accountant. The experience of working with Word had improved the company’s methods of captioning. However, the company is run largely as a hobby, and the company owners are keen not to increase their workload or take on new commitments. The training intervention will not, therefore, lead to the company growing, but may improve quality of the finished product, and the efficiency with which it is produced. Prior to participating in the training initiative, the company had undertaken no training, relying instead on the skills developed in their previous careers. Following the training intervention, both staff members were interested in undertaking further courses of this type. The beneficiary was unaware that the course was funded through ESF.
A.3.4 Project: Workforce Development Plus  
Provider: Derbyshire Chamber and Business Link  
Co-financing organisation: LSC Derbyshire

Workforce Development Plus is an important programme established by local partners to encourage and support workforce development objectives in Derbyshire. It is managed by the Derbyshire Chamber of Commerce and Business Link and promoted by business advisers in their normal work with local businesses. It is intended to support work by the Chamber of Commerce in building commitments to the Investors in People standard and to enable the LSC to achieve its objectives and targets for workforce development.

The project was developed by the Chamber of Commerce in response to the local co-financing plan published by the LSC in its first round of co-financing. The tender specification was general and was not targeted at particular industries.

Close working links were already well established between the Chamber of Commerce and the Training and Enterprise Councils in Derbyshire and this project had been partly built on those links and similar projects that had been funded through ESF Objective 4. The need for greater help to promote workforce development was identified by the LSC and they recognised this was not easily achievable through their mainstream funding. The project proposal was informed by national research; research undertaken by the TECs and by data collected by the Chamber of Commerce and Business Link from their business development activities and their work with Investors in People (IiP).

ESF has also supported the appointment of two additional business advisers at the Business Link. The ESF-supported training provision was intended to be part of a ‘tool kit’ of support and incentives that could be used by business advisers in their work with small businesses. The aim was to strengthen and grow local small businesses. The objectives were to develop good practice around business planning; build a commitment to staff development and other associated structures and systems and also to gain commitments to IiP.

Specific targets were established for the achievement of NVQ Level 1/Level 2 and NVQ Level 3 or equivalent qualifications. In addition the Chamber of Commerce sought to use the support they could provide for specific training needs as a lever to encourage companies to develop more permanent structures that would maintain a focus on workforce development. Additional targets were proposed for numbers of company training plans developed; commitments to employee development schemes; and designation of company trainers.

The ESF-supported provision does not have a discrete identity in delivery. It is promoted as part of a menu of support services that are available from the Chamber and Business Link. The Chamber of Commerce believes that a significant number of referrals have come through recommendations from one business person to another. The Chamber of Commerce maintains good links with all other public agencies that work with businesses or that will come into contact with businesses to ensure that they are aware of the range of help that can be provided.

Appendix – Case studies of ESF-supported workforce development
In some cases, training needs were identified as part of the established relationship between a Business Link adviser and a company. In other cases companies have identified a need for themselves and their search for help with training brought them into contact with the Chamber of Commerce. The business adviser worked with the company to verify their analysis of training needs and to establish that the training was eligible for support. Support was not provided for issues that were considered to be core skills issues in the business or for training related to statutory requirements such as health and safety.

The project managers are concerned that not all local businesses are eligible for this support. In particular, they highlight examples where small local units (less than 250 employees) of larger national or multi-national companies clearly need training support to secure their long-term viability but are not eligible for support because of the overall size of the larger company. The project managers believe that it is clear that these units are not going to be allocated an appropriate budget by their head office and that their continued viability, which often depends on staff skills and development, is a critical factor in the continuing success of the local economy.

The applicant business was expected to research the availability of training locally and to submit a proposal based on three alternative solutions. The business was also expected to contribute 50 per cent of the total cost of the training. The project expects that the beneficiary business enters into more detailed assessment of training needs with the chosen provider. The types of training that have been supported by the project include:

- specialised training to operate equipment to meet portable (electrical) appliance testing (PAT) regulations;
- training in the use of Microsoft Excel;
- customer care and sales techniques;
- team building, staff supervision and leadership skills.

Generally, businesses have turned first to the internet to research local provision and they have usually found that a variety of training and training providers are readily available in their locality. However, all respondents have commented that often they regard the training as very expensive and have emphasised that their training would not have been carried out without the support from the project. Where respondents have researched college-based provision, they have usually found the particular topics that they are seeking but, quite often, not found the training available in a form that is flexible enough for their business needs. Businesses want courses to be more specifically focused and to be shorter; they are not necessarily concerned that a course should lead to a qualification.

Whilst the project managers were aware of the importance and implications of the ESF policy objectives, it is not apparent that these objectives have explicitly shaped the outcomes from the project either in terms of the type of training provided or in
terms of the individual beneficiaries. A key factor that business beneficiaries recall was a reminder to include part-time staff in their plans for training.

At the end of the project, problems were encountered with reconciling the individual learner records within the LSC system. So whilst the project believed that the overall target for number of individual beneficiaries had been exceeded by 25 per cent, the final position was that they appeared to have fallen short by 25 per cent and this had a knock on into achievement of qualification targets. The targets for employee development schemes and company trainers proved to be very ambitious, however, the project did achieve its targets for numbers of company training plans.

Consultations with business beneficiaries suggest that the project has produced primarily operational benefits, including the embedding of training culture, rather than an impact on turnover or employment. Beneficiary businesses have developed internal systems that provide longer-term support to staff induction and the management of staff development; some companies have further developed their permanent arrangements for staff training (without public sector support) and individual beneficiaries have been encouraged to progress their training both in the workplace and in their own time. It is clear that, in responding to the encouragement provided by the project, businesses are not convinced of the value of a broad unfocused approach to training and staff development in the sense of lifelong learning policy. Where businesses are committed and have gone on to do more it has only usually happened where proprietors and managers can very clearly see the business case and added value for the company.

The LSC regards the project as a success and officials are quite clear that there remains a continuing need for this type of provision in their locality. Without ESF support, there would have been a need to find ways to fund similar types of services through agencies such as the Chamber of Commerce but the project would not have been on the same scale and the support that might be made available might well have needed to be more tightly focused in regard to the types of training that could be supported.

**Butcher serving the catering trade (small business)**

This company supplies a large number of catering businesses within a radius of around 30 miles of its base. It is a well-established and successful operation but performance has at times been affected by staff turnover and staff shortages. This situation frequently put managers and supervisors under considerable pressure and, as a result, staff relationships, basic training and production quality suffered. Prior to the ESF-supported activity, any training that was provided to staff was done in-house, on-the-job. A newly appointed deputy manager with experience in the armed forces and with a large national hotel chain, recognised these problems and with help from the Derbyshire Chamber of Commerce and Business Link, developed proposals to tackle these difficulties. The range of developments includes new approaches to the proper briefing of job applicants; the development of an induction and training

Continued
programme and a structure of monthly appraisal interviews to be undertaken during a probationary period. These internal developments were supported by Workforce Development Plus with a training programme for supervisors and managers based around supervision, communication and coaching skills. These skills were expected to improve approaches to team building and the overall management culture in the company. The training was provided by a local private provider and was delivered on site. Considerable time was spent analysing the needs of the company and staff but the content seemed to be fairly standard although it was built around the processes and relationships to be found in the company. Generally, the training was well received but one person, in a charge hand role, has found it difficult to apply the principles of the training to his work and has since left the company. The training has been important in building a broader general acceptance by staff of the need to train and this has been helpfully supported by developments in environmental health regulations that place much more emphasis on good practice and quality procedures in meat preparation.

Outdoor and leisure wear retailer (small business)

This company has been established for just over four years and has expanded quite rapidly from just one new store to four stores across the East Midlands. Three of these stores have been established as concessions where costs of set up etc are shared with major manufacturers of outdoor and leisure wear. The owner/proprietor had previous experience in management and especially human resources (HR) and staff development with an international, high street, fashion chain. In establishing his new business, he had a key objective to more effectively meet customer needs by providing a good level of customer care with medium and high value products; something that he thought was absent from established retailers in the more specialist market. From the beginning the company operated a simple in-house programme of staff training primarily built around product knowledge. The shop managers are required to observe and assess their staff when they are working with customers and are expected to identify performance issues that should be dealt with in training. Early on in the life of the company they became involved in a regional competition for ‘outdoor retailer of the year’. The competition was based on assessments made by a company providing mystery shopper services. The company won the competition and was subsequently approached by the mystery shopper company to consider training programmes that it could offer. In setting up his new company, the proprietor had already made full use of local Business Link services and he approached them to see if they could help with the cost of the training on offer, which he regarded as expensive. With the ESF support provided by Business Link the training went ahead. The proprietor spent considerable time negotiating the training package with the training provider

Continued
but in the end he believes the company provided something that was fairly standard in its content and delivery. The proprietor did not take part in the training himself because he felt it might inhibit the participation of his staff. Unfortunately, the training was not well received by the staff. They found it to be based around very high-pressure sales techniques, an approach with which they were not personally comfortable but which they felt was inappropriate for their customers. However, since that experience the proprietor has further developed his own, internal training programme using and adapting the materials from the training. He has recently made contact with a freelance trainer who specialises in the outdoor and leisure field and hopes to develop further in-house training arrangements with him. He remains quite sceptical about the costs of training available in his sector but he is committed to the importance of training and has plans to develop additional management roles in the structure of his company and these will include an HR management function.

A.3.5 Project: Skillworks
Provider: The Halton Business and Workforce Partnership
CFO: LSC Merseyside

Halton Business and Workforce Partnership (The Partnership) is a union of Halton based organisations with both strategic overview and operational involvement in supporting business, especially SMEs. The consortium was developed in early 2003 as a direct and rapid response to LSC Merseyside’s co-financing prospectus and comprises Halton Chamber of Commerce and Enterprise, IN2BUS, Halton College, and H2H Business.net.

The Skillworks project has provided subsidised training for employees of SMEs in Halton, Merseyside and is consistent with the primary ESF target groups for Measure 4.1. The Project also complements the work of another project, ‘Skills for Success’ run by the Chamber and funded by the LSC, which provided training needs analysis and signposting for organisations and individuals to training and development resources.

The LSC specification reflected NWDA’s strategy of concentrating support on SMEs and sectors that display significant survival and growth prospects insofar as this is believed to result in larger levels of impact. As a result, priority has been given to SMEs in key sectors identified for the Economic Development Zone (EDZ) within Halton:

- construction (including building services);
- ICT;
- retail;
- tourism;
call centres;
manufacturing;
health (private sector);
ports and marine.

The Chamber of Commerce reported that this targeting has resulted in some practical problems, calling into question the existence and relevance of tourism businesses to the local economy. For the most part, however, the providers have been able to work within the specification. However, it may also produce some tension with the ESF objectives of prioritising the ‘hard-to-reach’.

The Halton Chamber of Commerce has been the lead organisation, coordinating both the development and the promotion of the project. The Chamber is a logical choice for this role as it has a more detailed knowledge of local SMEs and their development needs than the other partner organisations and, indeed, many of the participating firms are well known to the Chamber. Businesses were recruited to the project as a result of promotion in seminars run by the Chamber and awareness-raising by advisers visiting businesses and general networking. Securing take-up through these methods was reported to be straightforward.

The training delivered was largely demand-led. Participating companies were interviewed face-to-face concerning their business needs. As part of this, managers had to identify their business activities and score them in terms of their importance to the business as a whole. Weaknesses were then identified and training solutions devised.

The entire offer of training support was made to individual owner-managers. The availability of an 80 per cent subsidy towards the cost of the training was seen as key in levering take-up.

A wide variety of training has been delivered though the project. No restrictions were placed on the type of training offered – the prime consideration was finding the best fit between business need and training solution. In some cases, courses were renegotiated either as to content or level after the training had been agreed. Training delivered through the Project included:

- account management;
- a wide range of IT support and consultancy;
- quality systems;
- presentation skills;
- sales and marketing;
- dangerous goods handling.

Many of the courses were short and did not carry accreditation.
The LSC specified that under-25s were not eligible for NVQ training. While this might have had the effect of favouring older workers and those with a need to up-skill, it was not clear that this was a response to ESF objectives. The age restriction was not reported to have created problems, with employers in some cases covering full costs for beneficiaries that did not meet the profile.

Overall, ESF funding was reported to have dovetailed nicely with LSC, RDA and sub-regional initiatives.

The project holder reported that the tender specification had required consideration of the ESF horizontal themes and that these had been incorporated through:

- the existence of equal opportunities policies being explored in the initial interview between the Partnership and beneficiary companies. An HR specialist was engaged to produce model policies for the self-employed, partnerships and limited companies;
- assistance with environmental assessment being provided by Groundwork Trust;
- referrals to an IT initiative run by the borough council, which provided grants of up to £15,000.

The businesses consulted confirmed that the horizontal themes had been a feature of the project.

The project has exceeded its targets both in terms of company involvement and employee beneficiaries. More than 40 companies took part, some 135 per cent of target, while 140 people received training, just over 150 per cent of target. Demand quickly exhausted the £150,000 in funding that was available. The Chamber has subsequently received a considerable number of enquiries from participants asking for further training under the Project, suggesting a high level of satisfaction with the training provided.

The project holders believed that the ESF funding had been useful in enabling them to reach and respond effectively to the needs of the target group. ESF funding was considered to be flexible in comparison with other domestic sources and the project holders are keen to use ESF in the future.

In addition to the benefits from delivery of the project, it was reported to have produced a number of qualitative benefits for the project holders and for businesses in Halton:

- by enhancing partnership working between business support agencies;
- by providing a central source of advice and guidance to SMEs;
- by bringing together a number of projects and activities involving business needs analysis, training needs analysis and training provision;
- through raising the profile of training with a large number of employers and individuals.
Specialist marketing services provider (micro-business)

This company specialises in point-of-sale materials, marketing into stores and in-store branding. It was created in Halton five years ago and has recently acquired a London office. During this time, turnover has grown briskly. The company had not carried out any training until its involvement with the Skillworks project. In this period, the directors were aware of training needs, however, these had not been addressed due to a combination of:

- not having the time or staff cover to enable training to take place;
- having quite specialised training requirements in terms of presentational skills, account management and bid/tender management.

The Chamber of Commerce’s offer to carry out a training needs assessment and to part-fund training, provided considerable impetus for this company to identify suitable courses and carry out training. Local delivery was also a key factor in its take-up of the training. In the absence of the initiative, the training is likely to have been delayed by up to 12 months. The training delivered was geared to improving the professional skills of the six senior managers only. Initially, some of the training provided was not sufficiently sophisticated and the company’s requirements needed to be renegotiated at an early stage. This involved the sourcing of specialised input from outside the area. Following this, the training objectives were reported as being met. Generally, this beneficiary’s experience was positive. Having successfully engaged with training for the first time, the company is looking to extend training opportunities to other employees as well as looking at further professional development for its managers.

Chemicals manufacturer and supplier (small business)

This is a family (husband and wife) business that has been operating for 25 years. It manufactures chemicals and supplies mainly for the UK market although there is a small export element. Turnover has grown steadily in real terms over the last five years. In the same period, the company has increased its workforce from 20 to 24. Before its involvement with the Skillworks project, this company had a considerable training culture. The owners have historically built training into their business planning by linking it to business needs and staff appraisals. Over recent years they have increased investment in training in response to increasing use of IT and more stringent Health and Safety requirements in the chemical industry. In addition, it was reported that the supply of good chemistry graduates was drying up. The management was made aware of the ESF-funded training opportunity by attending a Skillworks seminar run by the Chamber of Commerce. They followed up and within six months the company was receiving training. The major component of the training was IT training for every employee in the company. This was geared, by level, to each individual from basic IT literacy to training in the use of bespoke software. Other training provided included: quality systems, dangerous goods...
The training programme was different from the past insofar as it involved all members of staff and, as a result, was considered to have helped to integrate individuals into corporate thinking and practices. The company is currently considering iiP and feel that involvement with the ESF-supported training has galvanized this process.

A.4 Measure 4.2 case studies

A.4.1 Project: Addressing Skill Shortages

Provider: Rugby College

Pre-co-financing

At the time this project was delivered, Rugby College was one of three independent further education colleges providing a wide variety of learning opportunities in Warwickshire, primarily for young people aged 16 to 19. Since the project was completed, the three colleges have been amalgamated as Warwickshire College with three ‘Centres’ including what is now the Rugby Centre. The project was developed and delivered as a partnership between Rugby College and the Warwickshire Business Resource Centre (BRC). The BRC is a local authority service provided through its Economic Development Section; many of its services are delivered in collaboration with Business Link.

The proposal was developed in response to a call for projects to support the Objective 3 plan issued by Government Office West Midlands.

The availability of ESF support was seen by the partners as an opportunity to extend their services and, especially, in the college, as a way of providing learning opportunities that could not be provided through the mainstream funding available to further education colleges.

The college had previous experience of developing and delivering ESF-supported projects before this project was proposed. Addressing Skill Shortages was developed from that previous experience but additionally responded to an identified need to ensure that local businesses and working people remained competitive in a changing economic world. The experience of the partners confirmed that people in small businesses did not readily consider their own training needs and were not aware of the provision that was available through the college or through various local business support services. The project was designed to support upskilling in the Warwickshire area. It was not targeted at any particular industrial sector but it was expected to meet the core needs of all small businesses including individual self-employed people. The training was also open to employed and unemployed people.
The training opportunities that were offered by the project drew on the strengths of two college departments and on the skills and services of the advisers working with the BRC. Training comprised short, one-day introductory or taster opportunities in book-keeping and marketing skills provided through the BRC and more substantial courses: ‘Introduction to Computers’ and ‘Business Languages’ provided by college departments. Introduction to Computers required attendance for one day per week over five weeks and Business Languages required attendance for a continuous 20 days over four weeks.

Essentially, the three delivery partners (the BRC and the two college departments) were responsible separately for recruitment to their own planned provision. The project was usually marketed under the banner of ‘free training – upgrade your business skills’, however, participants were encouraged to make a contribution to costs. The project was promoted through the Business Resource Centre Newsletter and website; Rugby College advertising and websites; hyperlinks to other relevant websites, especially those to do with business finance issues and business support; direct mailings using lists available in the college and the BRC. Direct mailing was used on several occasions during the life of the project to augment passive promotion, to help raise the levels of recruitment. Direct callers to the BRC and participants in business start-up seminars provided by BRC with Business Link were notified that this additional support that was available. The evidence of the list of beneficiaries suggests that knowledge of the training was available over quite a wide geographical area and outside the boundaries of Warwickshire.

Responses to enquiries about the provision were made in two different ways. The short one-day courses for book-keeping and marketing were designed to be delivered in a student-centred manner. The discussion about learner needs took place in a group situation when participants introduced themselves and discussed their experiences and needs at the beginning of the training day. Following this, the marketing course especially was focused around the specific topics that participants raised. The book-keeping course used a similar approach but there was a more standardised content that was required to cover some of the basic principles of book-keeping practice.

With the longer college-based courses, the approach was different. The ‘introduction to computers’ course was essentially built around a fairly standard content which focused on the operation of Microsoft Windows and the various applications of Microsoft Office. The ‘business languages’ training was negotiable in a number of ways. Learners were able to select the (European) language in which they wished to communicate; to tailor the industrial context, for example, engineering or tourism and leisure and to specify the transactions they wanted to be able to make. With these longer courses it was normally the case that an adviser from the BRC and a tutor from the college met with the applicant business or individual before the training to discuss their needs and experience with IT or foreign languages.
The performance of the project has been mixed and planned levels of participation were re-profiled during the life of the project, raising questions about the sensitivity of the research carried out in advance of the project. Shorter provision was much easier to recruit for than the longer courses for IT and business languages.

When the project closed, participation in book-keeping was 100 per cent more than planned and participation in marketing was nearly 150 per cent more than planned. However, high levels of drop-out were experienced with these short courses; significant numbers of people enrolled but did not turn up on the day.

Only 60 per cent of the target for ‘introduction to computers’ was achieved and only 40 per cent of the target for business languages. Project managers found that the levels of interest demonstrated a quite seasonal pattern with low interest during the summer and at Christmas. They also found that business applicants were unable to make the longer-term commitments of time required by the ‘introduction to computers’ course and especially to the business languages training. It seems clear from both the project managers and the business beneficiary, that most people who were interested in the introduction to computers did not have a particular need for all the applications that form part of Microsoft Office: most people did not need Access and PowerPoint and many did not need Excel.

The approach to the ESF horizontal objectives was found to be essentially passive. Project managers were aware of ESF policy objectives and both the BRC and the college staff consider that their organisations have fully developed policies for equality of opportunity and appropriate practices are well embedded in their organisations. The effective use of IT was a specific part of the provision that was developed in the project. However, the project managers have not placed particular emphasis on the ESF policy objectives in the way in which they have managed the project or recruited for the project. They are not aware that these themes have been a particular issue in the way in which the project has been monitored other than in the statistical information that has been required from participants.

No changes were made to the way in which these courses were delivered during the life of the project. At the end of the project, the Government Office provided an extension of three months. During this period help with childcare and travel costs was offered to prospective participants. However, it is not apparent that these measures had any impact on levels of recruitment.

In this precise format and for this audience this training would not have been delivered without ESF support. The training could have been delivered but only at full cost and it is likely that the full cost, especially of the business languages training would have represented a significant barrier. Although clearly a small sample, the three business beneficiaries of the project had all researched, to some extent, alternative sources of training and all of them had found that alternatives especially from the private sector, were usually very expensive or in important ways did not meet their needs.
Exhibition display contractor (micro-business)

This is a small, successful, well-established business operating from purpose built offices and workshops at a rural location between Coventry and Birmingham. The business was established around 10 years ago partly in response to the opportunities provided by the newly opened National Exhibition Centre. The company operates in an international market and provides design and build services to companies that use exhibitions as a way of promoting their products and to the exhibition industry. The company is managed by three working directors who have experience in the various specialist fields necessary to the business. In addition, six permanent staff are employed and a team of 10 to 15 self-employed craftsmen and fitters is maintained to undertake the building and installation work. The company appears open to considering training solutions to business problems but has often found that the provision they are able to access is either too expensive (from private organisations) or too inflexible in its structure (from public organisations such as colleges). Three years ago the personal assistant (PA) to the directors, who plays a pivotal role in the day-to-day management of the company, had recognised an important issue. The company had a considerable investment in IT hardware (PCs in the office and personal laptops for external work) and, for example, specialist designers increasingly used IT and CAD software in developing their responses to customer needs. However, the PA recognised that the level of computer literacy among the directors was generally low and that they did not use IT effectively in dealing with clients. Often, when they did want to use IT, they needed to use the PA’s skills and so she became a bottleneck in the progress of work. At this time the company received a flyer from the ‘Addressing Skills Shortages’ project announcing ‘free training – upgrade your business skills’ and so the PA proposed to the directors that they should enrol for the ‘introduction to computers’ training. It was subsequently arranged that the PA and the three directors should attend the training together. Generally, the PA and the directors regard the training they received in a very positive way and are pleased with the outcome. The PA feels that the company now appears much more professional and efficient in the way in which communications are maintained with clients. The PA has also been pleased to make contact with the BRC and with the college and since their participation in the IT training, the company has gone back to the college for training for individual members of staff to do with the European Computer Driving Licence and to do with the management of health and safety regulations and liabilities. Recently the company had an unannounced health and safety inspection and passed with flying colours.
**Furniture importer (micro-business)**

This company was established in 2000 to import and retail teak garden furniture. The respondent and one director colleague work full-time in the business and the other two directors work part-time. There are no other staff. When the business was first established none of the directors had experience of running their own business nor of this particular trade. The respondent had been employed for many years in the power generation industry so he had experience of the way in which large public bodies provided training to their staff. He turned for support and advice to Business Link in Warwickshire and took full advantage of the various start-up training courses that they provided. The company is now more securely established and turnover has increased steadily year on year. The respondent’s lead responsibility is for administration and financial management. Although no real problems had arisen, he was concerned to be reassured that the accounting arrangements the company had were adequate for their purposes. He researched a number of possible courses in local colleges and through adult education but did not find what he was looking for – a short course in basic book-keeping. He found courses that were more substantial and demanding of his time and he found courses that were linked to specific types of software products. In turning again to Business Link and the BRC, the respondent was told about the training available through the Addressing Skills Shortages project and enrolled for the one-day book-keeping course. He found the course very helpful and took a lot of the advice back with him to the business; reappraised the systems they had and developed some new arrangements to suit their needs. He operated the system for a short while and enrolled again for the same course to verify the work he had done and hoping to further develop his learning as a (more) informed customer. The second course was led by a different tutor and he found it helpful to receive the content presented in a different way and from a different perspective. The breadth of understanding he has now acquired has built his confidence.

### 3.4.2 Project: Marketing Training

**Provider:** The Image Group  
**Co-financing organisation:** LSC Tees Valley

The Marketing Training initiative was devised and delivered by The Image Group, a private sector marketing consultancy and training provider based in Middlesborough. The initiative was a response to a perceived need amongst SMEs in the region for an introductory marketing course. Provision was targeted on individuals who had adopted a marketing role within their organisation but had received no formal training or qualifications in the discipline.
Provision was based on completion of a standard Chartered Institute of Marketing (CIM) foundation course accredited through completion of assignments and on-line examination.

The programme was proposed in response to a perceived requirement for formal marketing training for employees in employment. This perception was based on the level of enquiries received by the CIM for its foundation course and the experience of the programme applicant (The Image Group) in dealing with client companies. Business Link Tyne and Wear had also identified a requirement for marketing training for small companies in the region.

The programme was aimed at employees in SMEs who were performing a marketing role and function within their companies but had no formal training or qualifications in the discipline.

The course had been available in the region previously through New College Durham but had not been taken up. There was now little incentive for local colleges to provide the course which does not attract LSC funding as it was assessed as NVQ Level 2.

The training providers considered there would have been very limited levels of demand for the course at its full (unsubsidised) cost of £450 given the target profile of SMEs and employees and this was borne out in consultations with beneficiary businesses. The providers advised that the cost per participant as a result of ESF support was reduced to £100 per person. Accordingly, it was considered that those who took part in the course would have been unlikely to have received comparable training.

The training providers proactively marketed the availability of the course through a combination of their own contact lists, Business Link and Chamber of Commerce databases. A partnership approach to marketing the course was adopted with the Chamber of Commerce, and mailshots used to raise awareness and secure applications.

The programme was aimed at guiding beneficiaries to completion of a Standard CIM foundation course in marketing. This was an introductory course which provided a route to further CIM training for those with no formal training or qualifications in marketing. Each applicant was asked to complete a basic questionnaire to assist the training provider in assessing their relevant experience and requirements from the course, although beneficiaries perceived this to be an application form.

The course was delivered through a series of lectures and peer group learning sessions with participants encouraged to use ‘live’ examples from their own businesses. Whilst course content was standardised, individual tuition was also available where required and requested by beneficiaries. Each session had between 12 and 15 participants. Beneficiaries were also provided with distance learning
materials and, as part of the course fee, had membership of the CIM and access to their on-line training resources.

Certification was dependent upon the completion of assignments and on-line examinations.

Beneficiaries were not aware of their training needs being assessed, per se, but had been admitted to the course following completion of an application form.

Generally beneficiaries were aware and accepted that the content of the course was predetermined and standardised. However, they considered the delivery of the training to be flexible and accessible, with group sessions arranged on predetermined dates and at times which minimised trainee downtime and costs to the businesses. Content was also placed in the context of participants businesses and additional advice and assistance was made available as required to individual participants.

The training providers sought to reflect ESF policy objectives in the delivery of their project by targeting provision on employees in employment who were not currently in receipt of any other training. They sought to target individuals employed in a marketing capacity who did not possess formal qualifications in the discipline and also those who had an interest in the subject. This appears to be borne out by the profile of beneficiaries consulted. Provision was also targeted on smaller SMEs and in some cases businesses employing less than 10 people.

The providers reported marginally exceeding target capacity of 60 places on the four courses run although commented that they had to undertake pro-active marketing activity to do so.

The number of beneficiaries securing NVQ2 qualification (43) was marginally ahead of the target (40) and the target total of 17 beneficiaries progressing to further study was reported as achieved.

The providers were aware of the requirements to report against horizontal themes and had done so in filing monitoring returns. Proactive pursuance of equal opportunity targets was not reported by the providers and may have proved problematical as significant marketing was required to fulfil the 60 places. The programme was considered to have contributed to the sustainability theme by introducing trainees to the concepts of corporate responsibility and its interface with the environment. Use of web-based learning materials and examinations were also considered to have contributed to the ICT theme.

The training providers stated that they would not have been able to secure a viable number of course participants in the absence of ESF support. This was confirmed by two of the three beneficiaries interviewed, who stated that they would not have participated in the course in the absence of the ESF funding. The third beneficiary considered there would have been a delay in taking the course had it been available only at full cost. All of the beneficiaries interviewed were aware that the programme had been assisted through the ESF.
Given that no other regional training provider planned to offer the CIM course in the period assistance was provided to the Image Group it is apparent that this training would not have been available to SMEs in the absence of ESF funding.

Beneficiaries interviewed all reported the programme as wholly, or substantially, fulfilling the training and business objectives they had identified, and reported the content and delivery of the training as wholly fulfilling their requirements.

Whilst all beneficiaries valued the content of the programme and were applying it in the business environment, none could directly attribute additional sales or employment to the training. This is understandable given the scale of assistance, the introductory nature of the course and the intention to retro-qualify persons already working in a marketing environment.

Overall, it is apparent that this programme has delivered additional training to businesses which would not otherwise have engaged in marketing training. Beneficiaries interviewed have been satisfied with the content, delivery and accessibility of the training and in one of the three cases, this was the first instance of formal training provision by the company.

**Specialist printer (micro-business)**

In this case, the company, a specialist label printer and producer, funded a self-proposing graphic designer to attend the course. Contact with the provider was made in response to a Chamber of Commerce mailshot. The beneficiary’s role in the company had expanded from design to include sales and marketing as part of a business requirement to expand and diversify the client base. The beneficiary had no previous training or qualification in marketing. The company had not previously provided time or resource for an employee to undertake formal short-course training and stated that they would not have undertaken this training in the absence of ESF support. This was solely because of financial constraints preventing both investment in the course and the downtime costs associated (in this instance) with a key employee. The subsidised provision and delivery of the course at work-friendly times had been key to the beneficiary undertaking this training. The company was placing additional emphasis on expanding its client base in the light of changing procurement practices of key clients, many of whom were national or international businesses and were adopting fewer national level suppliers. Beneficiary objectives were to expand their skill set and these were aligned with the company objective of expanding and diversifying their market. The beneficiary considered that both of these objectives had been wholly achieved through the programme with the beneficiary operating more effectively in diversifying the customer base and securing new business. The company had undertaken parallel investment in establishing a website and created new marketing materials to complement investment in training. As a result of their positive experience on this programme, the company was more likely to engage in formal training and was more inclined to see training as a solution to skills issues. However, it did not have a training budget or immediate plans to undertake any further training.
Sub-assembly component manufacturer (small business)

This company had been established for two years and had a significant component supply contract with an inward-investing manufacturer. However, closure of the inward investor’s facility had undermined the performance of the business. The operations director’s role had consequently changed from contract and client management to new business development. His awareness of the programme was as a result of involvement with the training provider in the production of marketing materials. The investment in training was, therefore, made alongside parallel investment in a website and brochures. As a relatively new business, the company had previously invested only in essential training required to operate effectively such as plant-specific training of operatives and health and safety training. The company stated that they would not have engaged in this training at the unsubsidised cost level due to the financial constraints of operating as a new-start business, compounded by the loss of their primary client early in the life of the business. There were also concerns at the downtime associated with the loss of a senior employee who was key to securing entry to new markets and business to replace that lost with the closure of their key client. The objectives set for the training were to expand the individual’s skill set in line with his new role in the business. These objectives were substantially achieved, although the course materials were considered not entirely appropriate for an individual operating in a business to business marketing environment. The enhancement and application of marketing skills are considered essential to the survival and future growth of the company and the beneficiary has since progressed on to a marketing foundation course.

Health services marketing (micro-business)

In this case, a partner in an existing promotional materials design and printing company had established a subsidiary to specialise in the marketing and promotion of dental services to clients throughout the UK. This company has generated significant levels of new business in a three-year period requiring the recruitment of three additional employees. The business is seeking to maintain this growth in the short-term and to consolidate the early mover advantage it has gained, sustaining UK market leadership in its sector in the medium-term. The partner became aware of the programme through a Chamber of Commerce mailshot, but also had contact with the training provider in the course of their business. Both the partner and a member of staff in this subsidiary lacked formal qualification or training in marketing despite, in the case of the partner, extensive experience in the sector. Both were keen to formalise their experience and to apply the learning to their business and enhance the service they were proving to client companies. The company had

Continued
invested, on an ongoing basis, in improving the knowledge and skills of the manager. This had, however, been in the form of retaining a business mentor and was perhaps more of an advisory service than core skills enhancement. The business intended to retain this service going forward and was also proposing to fund the beneficiaries on this programme through higher level CIM courses. Their objectives in undertaking the training were primarily to formalise their work experience and secure a recognised qualification which would assist in the development of their business and enhance credibility with the client group. These objectives were considered to have been wholly achieved and the beneficiaries were planning to enrol for the next level CIM qualification in 2006. The beneficiary stated that they would have undertaken this course in the absence of ESF support, however, their enrolment would have been delayed by 12 months and it was likely that only one member of staff would have been involved initially. This would, however, have been dependent on the course being available locally.

A.4.3 Project: New Century Skills
Sponsor: Middlesex University Innovations
Co-financing organisation: London Development Agency

The New Century Skills project was intended to upgrade and extend the web-publishing skills of small businesses. The focus of the training was on companies that already had their own website and were looking to further develop their web presence.

The course originated from earlier IT courses run by Middlesex University Innovations, where the need for a more advanced course had been identified. A pilot programme was run before the full-scale project to refine the training programme.

The project required little modification to fit with the fairly general specification for Measure 4.2 projects in the London Development Agency (LDA) co-financing prospectus. The Innovations Unit bid for funding of the project in four boroughs in West London, but was encouraged by LDA to offer the project on a London-wide basis. The project organisers were confident that there was local demand for the course, but were initially less sure that this existed to the same extent at a London-wide level. The most significant influence ESF support appeared to have on the shape of the project was on the administration of the course, including elements such as induction and the monitoring of beneficiary progress.

The training consisted of six training days covering core principles, followed by up to twelve days of optional modules. The core sessions were built around the use of the Macromedia Dreamweaver web-design package. Optional content included more advanced techniques, the use of the Macromedia Fireworks graphic package, the use of open source solutions, and final workshops. The project also had an option for up to two days on-site support from the trainers, essentially a form of web-design consultancy. An individual online learning log was also to be created for each participant to record and track progress. The initial training was, therefore, fixed in content and timings, but the later elements allowed the trainee more latitude.
Recruitment to the course was through two advertisements in the Metro newspaper, distributed throughout London and was considered very successful in generating interest, with applications outstripping the available places by a considerable degree. The large number of applications meant the course organisers could select a suitable beneficiary profile to meet the requirements of ESF. Recruitment focused on businesses with between one and 100 employees. There was no targeting of particular sectors. Women training beneficiaries were the main recruitment concern for the respondent, as past experience from other IT courses had shown they tended to have a lower completion rate than the men. Flexibility in delivery, including running a Saturday class also reportedly helped with recruitment of smaller businesses, who could not spare staff from weekday commitments, or from sectors where providing a Monday to Friday service was important. A significant proportion of the group were sole traders, considered a hard-to-reach group, and the majority of the participants had not previously had formal training in web design.

The course performed to expectations, 90 of 94 of the recruits completing the course, although there were significant differences in operation. The original course outline had been for all elements to proceed in immediate sequence, with consultancy support immediately following the training. In practice, many businesses preferred a gap, in which they put into practice the skills learnt, before drawing on the consultancy support. Other businesses did not take up the offer of consultancy support at all. The project organisers responded to this by allowing more latitude in the timing and scale of the consultancy element, using instances of low or no up-take to deliver more intensive support to other beneficiaries.

The provider perceived only limited opportunity to incorporate the horizontal themes into the project. Equality of opportunity, in the view of the respondent, was largely met at the recruitment stage by ensuring that priority groups, particularly women, were adequately represented. Sustainable development was taken to be the extent to which training activity had a lasting impact upon the beneficiary businesses. This was partly addressed through recruiting those business beneficiaries who were considered to have the greatest potential to benefit from the course, and confirmed, ex-post through a follow-up visit to the beneficiary business. The information society theme was addressed by the project’s core activities.

For the respondent, the success factors in the project were that the course was the right course at the right time, as evidenced by the high demand for places on the course, with businesses having established a web presence, now looking to refine and develop it. A second factor was the practical nature of the project, with most participants working on their own website. Training efforts were, therefore, directly linked to the development of their own businesses, rather than a theoretical effort which would then have to be reapplied to their own activities. The most significant constraint on the project was funding, with higher levels of funding, the full offer of consultancy could have been kept for all clients.
Administration of the course was straightforward. The LDA was considered by the respondent to be very good in explaining what was required in the way of administration and in keeping in regular contact, which ensured that the correct procedures were being followed from the start. The monitoring framework was thought to be adequate by the respondent, and no additional outcomes were reported, although the respondent often has an ongoing relationship with the training beneficiaries.

Overall, this appears to have been a successful project fulfilling a clear need at the time, but which was under-scale for a pan-London exercise. Oversubscription of the available places created an opportunity to select beneficiaries in line with ESF priorities including gender equal opportunities.

The training delivered appears to have been well-regarded by beneficiaries, but of less value to those who were not working with the same brand of software in their work environment. Among beneficiary businesses consulted, it has produced modest operational benefits rather than a tangible financial or employment impact.

**Travel agency (micro-business)**

This was an example of a training beneficiary participating as part of their own self-development, rather than being directly linked to business development. The training beneficiary is the office manager at an Internet-based holiday company. All of the company’s business is conducted online or by telephone, using a suite of custom-built websites to provide customers with the latest information on hotel prices and availability. The company covers a number of markets, including France and Spain. The beneficiary is responsible for sales and personnel, while the design and updating of the websites is the responsibility of the company director. The beneficiary has been with the company for four years, and has been working in the hotel and travel business since graduation some 15 years ago. She has undertaken some form of personal development training most years, most recently a diploma in law. The New Century Skills was attractive to the beneficiary as it offered both an opportunity for personal development, and skills that might be useful to the business. The director of the company was supportive of the manager’s interests, although he did not expect the acquisition of web skills by the manager to have an immediate impact upon the business. The experience of training was generally good, with the tutor able to respond to beneficiary needs as they arose. However, the training experience could have been improved, in the view of the beneficiary, if there had been greater assessment of needs and abilities prior to the course starting. In the event, there was a very mixed range of abilities in the class which could constrain progress. For the training beneficiary, the main limitation of the course was the use of Dreamweaver as the training package. Although Dreamweaver is now an industry-standard package for

Continued
web design, the beneficiary’s company uses Microsoft’s FrontPage software package, which is considerably different. This has meant that many of the skills acquired during the course cannot be readily carried over into the workplace. In addition, the level of skills gained was not such that the beneficiary was ready to begin working on an area that was so critical to the company’s success. However, it was expected that these skills would be gradually brought into play as a complement to the director’s web activities. While the beneficiary felt she had gained personally from the course, there had been limited carry-over into the workplace to date.

Social research consultancy (small business)

This beneficiary is a consultancy providing research support for local authorities in England, Scotland and Wales, with a focus on housing, planning and regeneration issues. The company has been in existence for some 20 years, growing from a single-person practice to some 25 staff. Company growth has been driven by a mix of increasing demand in core research areas, and a move into new areas, such as housing condition surveys. Company employees are typically graduates with a background in the issues being researched. The company provides training as needed, typically this is on-site and informal, and focuses on analytical skills and project management. No difficulties in recruitment of suitably-qualified individuals have been experienced to date. Two members of staff participated in the New Century Skills training initiative. The motivations for training were the same in both instances: the desire to acquire new skills in an area of growing importance to the business. The company’s website was developed by a third party and continues to be updated through this arrangement, but there was a recognition that these are skills the company should acquire for itself. Involvement in the training programme by the two beneficiaries was voluntary. The company’s accountant had noticed the advertisement for the course and knew of the company’s interest in acquiring web skills. The two beneficiary staff members volunteered themselves out of an interest in acquiring new skills. The beneficiaries’ experience of the training was good, with both obtaining the skills they had hoped to, and both enjoyed the opportunity to learn new skills in relation to personal development. To date, the skills gained on the course have not been put into practice, although it is anticipated that this will happen in due course. The impact of this upon the business will be relatively slight, the website being only a secondary element in the company’s marketing mix. There are likely to be modest cost-savings if the company takes over the updating of its website, but not enough to make a tangible impact on the company’s finances. The training had no impact upon either beneficiaries’ pay or position. The beneficiaries were not aware of the role of ESF in funding the training initiative.
A.4.4  Project: Languages for Competitiveness
Provider: University of Luton
Pre-co-financing

Languages for Competitiveness (LfC) was a £2.3m training project developed by the University of Luton’s business development team. The project was designed to enable SMEs to take advantage of opportunities for international trade by overcoming language and cultural barriers. Distance learning was offered, while learning centres were used in a number of locations throughout the region. The initiative has provided courses to over 400 companies across the East of England.

In advance of the project, the University of Luton researched companies’ exporting and learning needs and also the benefits from the involvement of some business support agencies. The research found that lack of language skills was a barrier to growth in the non-exporting companies (and to some extent also in the exporting companies). A total of 225 companies were surveyed as part of this process, with a proportion of these examined in further depth as case studies.

The university’s Business Directorate is an experienced provider of business support services in the region and was aware that the project would be eligible for ESF support. The application was formulated using in-house expertise and strengthened by the research exercise.

In consultations with representatives of the University of Luton’s Business Team it was suggested that, in terms of target beneficiaries, the project was aimed primarily at managers of SMEs, and specifically for busy people who couldn’t attend a learning centre to participate via distance learning. Subsequent interviews with beneficiary companies (see the case studies) suggested this was not entirely attainable, with some participants recruited from significantly lower levels than senior management. Nevertheless, the targeting was considered to be broadly consistent with Measure 4.2. In addition, there was an attempt to target businesses located in rural areas. This appears to have been a deliberate response to the ESF objective of targeting ‘hard-to-reach’ businesses and employees.

The project was delivered face-to-face in six delivery centres across the region plus Luton University, some of which were connected by videoconference to the media suite in Luton where a Luton tutor delivered the training. LfC was also delivered by distance learning through study packs sent to beneficiaries who could not attend in person. Beneficiaries were supported by email and telephone, plus the occasional face-to-face workshop.

The university had agreements in place with all the delivery centres whereby local staff employed by the local delivery centre (e.g. APU Chelmsford), would deliver the training following the LfC methodology and using LfC-developed materials. Tutors in delivery centres attended induction training about the LfC programme. For the courses delivered by videoconference link, the tutors were from the University of Luton based on campus (the centres provided the facilities and the administrative support).
In addition to initiating interest through its initial piece of research, the business team also raised awareness of the initiative via a number of routes:

- the university’s good working relationship with Business Links and Chambers of Commerce in the region (from where a number of referrals were received);
- networking events;
- informing UKTI and maintaining contact with appropriate personnel;
- staff and literature at recruitment fairs;
- information on the university’s website;
- a mailshot to more than 900 businesses (focusing heavily on rural parts of the region).

The initiative is not focused on specific sectors or clusters, although consultees from the university suggested that the training was likely to have benefited a substantial number of companies operating within the RDA’s priority clusters.

Both the university and beneficiary businesses attributed the project’s success to the flexibility of delivery. At basic level, the content of the training is fairly standard regardless of the way it is delivered (i.e. it is not tailored to companies’ specific circumstances, needs or their sector). At the same time, some flexibility in focus of the training did appear to result as relationships were developed with tutors and as a result of the dynamic of the training group. This could happen irrespective of delivery being class- or web-based.

At the higher level, the curriculum is largely shaped by the needs of the participating companies, and has included field visits to France and Spain at the request of companies so that they can start to implement their language skills within a working environment.

In terms of delivery modes, the learning centre classroom approach received the highest level of demand. The classes have been offered during work hours, with distance learning offering options for out-of-hours learning. Web-based learning offers participants the greatest degree of flexibility with support from a tutor.

There is no indication that delivery costs are especially high, the greatest financial outlay has been in respect of the costs associated with learning materials and communications technology. Total cost per beneficiary stands at just over £2,000, suggesting good value for money.

The performance in terms of outputs has been very close to targets, both in respect of companies assisted and trainee beneficiaries. Many beneficiaries appear to have been employees of companies located in rural areas, suggesting that efforts to target the ‘hard-to-reach’ may have met with some success. This is consistent with findings among the case study companies.
The project holders reported a lack of guidance on the horizontal themes – particularly in terms of sustainable development – but believe that they have scored strongly in terms of ICT through the way the project has been delivered. The promotion and monitoring of equal opportunities has essentially been a ‘tick box’ exercise, with the provider perceiving that they were unable to exert any influence on participating companies. Such outcomes as have been achieved appear to be deadweight where the horizontal themes are concerned.

Beneficiary businesses and trainees report that the training, offered at three levels of competencies (basic, intermediate and high) is highly practical, and this appears to be corroborated by the extent of enrolment on follow-up courses. Businesses report considerable operational benefits in communicating with foreign suppliers and customers, in fulfilling orders, dealing with queries, and improvements to overseas marketing. Those interviewed could not, however, attribute hard outcomes such as new sales or employment to the training received.

The University of Luton advises that ESF was the only source of matching funds to their own resources that was sufficiently flexible to support training of this type and method of implementation. The project holders remain enthusiastic about the future use of ESF to support business-related HRD training and have continued to deliver the project with support from the ESF.

Overall, this is a well-researched and imaginatively delivered project that is well regarded by its clients. Beneficiaries have found the learning to have practical value in their work, but it has not been possible to attribute hard outcomes to the training among the businesses consulted, all of which were already exporting.

The project had endeavoured to target ‘hard-to-reach’ businesses through a rural focus, although the rural businesses interviewed all appeared to have a substantial training culture. The flexibility of ESF funding appears to have contributed some level of project additionality.

**Organic vegetable producer (medium-sized business)**

This company was started up in 1999, employing 10 people on a full-time basis. This has increased to 40 full-time employees plus casual workers at peak growing times. It is part of a group of companies with the growth of organic produce as its core business. The company’s growth can largely be attributed to its status as a supplier to premium sector supermarkets. While turnover has increased steadily in the last five years, profitability remains fairly low due to the high levels of investment in capital, staff knowledge and technological innovation. Within this context, the company recognises the importance of maintaining staff morale and has made substantial efforts to introduce a training and skills culture, although much of this is driven by environmental and health and safety legislation. There appears to be a high
level of awareness of publicly supported training within the company, although the company will generally fund training if it is directly relevant to the operation of the business. At the moment it is intended that the company will work towards LiP status within the next year or two. The company has very diverse skills requirements, ranging from agronomists who are required to be aware of technological and innovation issues in respect of organic growing, to operations, where competencies are required in areas such as line performance, yields, efficiencies etc. The company is keen to offer Modern Apprenticeships in some aspects of operations. Logistics, accounts and sales and marketing also demand skills sets which need to be updated. The directors benefit from management training/mentoring. Skills requirements are reviewed annually through an HRD assessment. Two members of staff enrolled for the Basic Business Spanish course at Peterborough College, which involved attendance for one afternoon per week for one academic term. The participants found the training highly relevant to, and helpful in, their work situation although no harder business impacts could be attributed at this stage. Both have moved on to the intermediate stage, one enrolled at the college, while the other will continue via the web-based learning option. The latter (a company director) faced difficulties making a commitment at the same time on a weekly basis.

**Abrasive products supplier (micro-business)**

This business supplies engineering companies with abrasive products (grinding wheels, Diamond/CBN wheels, sanding discs, power file belts, large finisher belts, etc.). Its customers are in the main UK-based, although there is a growing international market, with customers in the US, Pakistan, Eire and some western European countries. The company employs six people on a full-time basis, and two on a part-time basis, compared with three full-time employees five years ago. Turnover and profitability have increased significantly in the past five years and the company’s MD is keen to develop the business further, including new premises. The company is now essentially web-based, which has resulted in a reduction in overheads and inventory costs. The MD considers it to be a completely ‘new’ company compared with five years ago. Investment in training, particularly in the areas of languages, sales and marketing, is seen as crucial to the ongoing development of the business. It has proved difficult to recruit people with these skills in this rural area so the company’s approach is based on developing the skills of its existing employees. The ultimate intention is for those trained to act as company trainers in the future. The business is restricted in terms of time and budget for training and has attempted to develop relationships with local business providers to access subsidised provision, with some success. The company’s MD is currently participating in a management course, which is ESF subsidised, while also benefiting from DTI’s Passport to Export scheme and locally provided short-term web design and marketing training. Regular reviews are carried out with staff to determine individual
skills needs. The company’s involvement in the Languages for Competitiveness project was motivated by a developing relationship with customers in Andalucia. Initially, the MD enrolled on the entry level Spanish for Business course, delivered at Peterborough College half a day per week for one term. Two other employees on the sales team participated later once the MD completed the basic stage. Their method of learning was via the MD for two hours per week during work hours and out of work through a CD provided by the training provider. There was a high level of satisfaction with the course, with the company able to apply some of what was taught in its working environment. No more tangible benefits were identified at this stage. The MD did have some difficulty committing to the course at a set time every week and subsequently decided to participate in the Intermediate stage on-line to allow greater flexibility.

Packaging manufacturer (non-SME)
This company is part of an international group that manufactures specialised packaging and security products which are used throughout the tobacco, drinks, food, luxury and consumer goods sectors. The company is characterised by a strong training culture, reflected in a training plan and the appointment of an HR Manager. Staff are appraised of skills needs on a regular basis and encouraged to participate on externally provided training courses – beneficiaries interviewed as part of this evaluation reported participating on sales, customer relations and IT courses. The company has a high level of awareness of local training provision and is keen to take advantage of relevant opportunities for its staff. The company had been looking into the possibility of one-on-one tutorage for Spanish, but this proved too expensive and did not really provide business language skills. During these investigations the company received a mailing from the University of Luton with information on Languages for Competitiveness. The training was provided via a teleconferencing link for half a day per week during working hours for one academic term. Participants considered the quality of training to be exceptionally high and to be very well organised. Their tutor was always accessible and the learning from the course has proved to be highly applicable in their jobs. Both participants have moved from Level 1 to Level 2 via the Languages for Competitiveness project, demonstrating satisfaction with the training provided.

A.4.5 Measure 4.2 Project: Management Skills 2
Provider: Tresham Institute
Co-financing organisation: LSC Northamptonshire
This project aims to raise management skills in SMEs and sole-trader businesses and places particular stress on the voluntary sector. It was developed by Tresham Institute in response to a co-financing prospectus issued by LSC Northamptonshire which had as its targets supervisors and managers without Level 3/4 qualifications in specified priority sectors and SMEs more generally.
The project was justified on the basis of a survey of businesses carried out in Northamptonshire during 2001 and which is reported to have identified, among other skills gaps, a shortfall in management and supervisory skills.

The project was promoted through a combination of newspaper advertisements (featuring a case study) mail shots and glossy flyers. Mailing was followed up by telephone calls to employers. The LSC noted that dialogue with the voluntary sector and telephone contact had been more fruitful than passive promotion.

The contractor, Tresham Institute, considers that, in practice, the scope of the targeting was quite broad and, accordingly, for the most part, had not presented serious difficulties. Securing the engagement of SMEs was reported to have been easier to secure than sole traders. Targets for the care sector were said to have been problematic due to turnover of employees and non-completion by beneficiaries.

The provision has been based on a syllabus for a range of nationally accredited awards ranging from Introductory Certificates to NVQ Level 4. Delivery has been by college staff and subcontractors both on college premises and in some cases more locally, including on beneficiaries premises. In some instances local delivery has involved employees from several beneficiary businesses. While this has helped accessibility, both the syllabus and the involvement of mixed groups has limited the scope for tailoring delivery to individual businesses/sectors. Classes had been run both in daytime and in the evening.

The LSC observed that it was unlikely that this activity would have been supported through mainstream funding. ESF involvement was reported to have influenced the project in a variety of ways, notably by providing:

- more tutored hours per student than would normally be available;
- travel and childcare support for those who might have found it harder to access the training.

From the perspective of the provider, the scale of funding available from the LSC for this project had allowed the project to run with smaller group sizes than would otherwise have been the case. It was noted that NVQ studies in management had not been run by the college before as they would not have broken even.

The prospectus had explicitly stressed support for black and ethnic minority businesses, key employees in SMEs and owner-managers, including in newly-formed businesses. It had not explicitly targeted other equal opportunities target groups nor placed emphasis on the other Objective 3 horizontal themes. Tresham Institute confirmed their awareness of the horizontal themes as a basic reporting requirement, but that they had not set targets and had not been asked to target particular groups.

Although recruitment targets were reported to be exceeded, less progress has been made towards the targeted completions of qualifications, in particular at NVQ level 4 and for accreditation of vocational assessors. The profile of the project has been renegotiated, with payments being increased for partial completion of qualifications,
although the LSC remains positive about the project. It is clear that working on a payment-to-profile basis under an LSC co-financing project has been challenging in comparison with traditional ESF funding. A lack of continuity in LSC personnel was reported to have contributed to a clear understanding on both sides on the terms of the contract. It was noted that there was a risk that this could result in the college subsidising the project. The respondents for the college observed that a lot had been learned from running the project and that they would be more circumspect in future commitments.

The providers noted that the delivery had been less business-focused than had originally been envisaged, but that this reflected the form of engagement with employers. They questioned whether free or low-fee provision resulted in employers having sufficient motivation to really turn training to their advantage.

Overall, this project has had a fairly traditional delivery format but its mainly standard content has been fairly well regarded by beneficiaries. ESF involvement has produced significant absolute additionality insofar as neither the LSC nor the provider would probably have offered comparable training without ESF support and drive through the Programme.

An effort has been made to address ‘hard-to-reach’ employees through offering 100 per cent subsidy of the training. However, this has had some unforeseen outcomes in terms of training of people who do not need the training for their job and possibly some compromise to the training experience of some beneficiaries.

Beyond this, the Programme emphasis on horizontal themes has been diluted at delivery level.

**Care sector employment agency (small business)**

This company trains foster carers to a high standard and provides placements to local authorities. The business was established in 2000 and has grown to the point where it currently employs 14 FTE staff. The company has a continual need to carry out training due to turnover in foster carers and most of this is carried out in-house. Fostering is not an activity that many people do long-term. It is demanding and involves regulation of the carers’ home and parenting. Against this background, training for employed staff is also accorded considerable priority. Training needs are identified through regular supervision and staff appraisals and the company has an awayday once a year that involves input from staff. The company became involved with the Management Skills 2 project having identified a need for training one of their administrative staff in people management skills. The trainee’s job was changing and was starting to include supervisory responsibilities. The beneficiary herself identified the course offered by Tresham Institute. Although the training was offered free and delivered in evening classes, the company would have been prepared to pay for suitable training and to allow time away from work. The MD was of the view that, ‘if you are investing in people, you get a better return if training

Continued
Voluntary sector umbrella organisation

The beneficiary organisation is an umbrella body for the voluntary sector and endeavours to fill gaps when voluntary projects wind-up due to lack of funding. The organisation presently has a staff of 6, reduced from 12 three years ago. The organisation operates on funding from partner organisations and through attracting grants. It was noted that there is currently less money available for the voluntary sector than in previous years. The beneficiary organisation was approached by the Tresham Institute which was running courses and which had funding for places. While this course was not seen as being directly related to its work, it was noted that the organisation likes to provide opportunity for staff to access to learning opportunities. The training was delivered in a classroom situation at the beneficiary organisation’s premises. It occupied one day a week for 10 weeks and participants were also required to complete a project. Employees from two other local organisations also attended. The training was described as fairly standard although the tutor tried to make it relevant to the work of the beneficiary organisation. It was reported that five out of eight participants completed, although the respondent was unclear whether this was a result of time limits on the project work or as a result of staff changes which occurred. Discussions were held with one of the project workers who took part in the course. She had worked part-time in the voluntary sector for 9 years since returning to work having had a family. The trainee’s motivation for taking part in the course was simply self-improvement; she had not been encouraged to take part for reasons related to her employment. The trainee had thought that the course might help in relation to a future job change and noted that she would like to be able to work full-time. It was her perception that it might be beneficial to be able to demonstrate to an employer that she was still interested in learning. The trainee obtained a part qualification: Institute of Leadership and Management First Line Management Level 3 Introductory Certificate. She summarised the training as having been ‘quite useful, although though largely common sense’.
A.5 Measure 4.3 case studies

A.5.1 Project: Success Through People  
Provider: Business Link Cambridgeshire  
Co-financing organisation: LSC Cambridgeshire

Success Through People was designed to grow businesses in Cambridgeshire, and to increase their profitability and status by developing the skills of managers in and owners of SMEs.

The project was developed by Business Link Cambridgeshire (BLC) in response to a specification issued by LSC Cambridgeshire (the LSC). A lack of continuity in the management of the project has constrained the development of a comprehensive understanding of its history. The project appears originally to have been developed as a Measure 3.2 bid, addressing lifelong learning for a broad range of managers and employees, but the focus has subsequently been pared down and funded under Measure 4.3.

The project has origins in a research exercise carried out by BLC in 2002 examining business needs, including HR issues. The research culminated in BLC facilitating a series of ‘bite-size’ (hour-long) courses for SME managers from any sector background to identify issues that they felt could be addressed through the business support network. Heavy emphasis was, thus, placed on demand and the need of businesses rather than a supply side approach.

Building on the findings of the research, the project was developed as five separate but inter-linking elements:

- Core Skills of Leadership (a Dale Carnegie-delivered management course);
- HR Workshop Series (six workshops providing a comprehensive guide to the range of employment lifecycle issues);
- half-day workshops for managers (in key management techniques);
- effective Presentations Workshops (full day workshop);
- Bespoke Management Development Workshops (tailored specifically to the needs of individual businesses, with the format and duration dependent on individual companies).

These products were reported to have been offered to companies across the county, with an emphasis on businesses that had not historically taken advantage of business support services. There was no sectoral or cluster focus to the project.
From a management perspective, this has proved a difficult project:

- Notwithstanding the research that had been carried out in advance of the project, difficulties were also experienced in recruiting participants. Despite an extensive mailshot, awareness-raising seminars and the business support network’s referrals process, limited interest was generated amongst the targeted companies.

- BLC had not initially understood the monitoring protocol and had assumed that companies and individuals participating in more than one of the project elements could be counted as a beneficiary more than once. Subsequently, beneficiaries were disinclined to participate on all of the courses as they would have to pay for each one (it was only possible to claim the subsidy once). This, the consultee believed, reflected the inflexibility of ESF and had a significant impact on the ability of the project to achieve projected outputs.

- It has come early in the experience of both the LSC and BLC working within the co-financing process. This has been compounded by changes in management at both ends of the relationship. The current BLC project manager was unable to reconcile the project in its current guise with the original specification by the LSC, which appeared to allow for a degree of flexibility in what was offered/delivered (although this may be a reflection of the change of Measure).

In attempting to address these technical and recruitment issues, BLC has taken a fairly flexible approach to its delivery of the project (while at the same time ensuring that there is no breach of ESF rules). This has involved adapting the content of the training as the project has progressed to meet demand and to stimulate interest amongst the client group. For example, the Core Skills of Leadership course is now being offered on the basis of four half-day sessions as a result of feedback received from participating companies. Plans are also afoot to offer an employment law update through the HR Workshop series, again based on demand from participating companies and feedback from other companies on BLC’s database.

The beneficiaries have conformed with the generic targets for Measure 4.3, although the case study material suggests that the take-up of training was not always exclusively at management level.

The misunderstanding over the counting of beneficiaries has inevitably impacted on the key outputs. A total of 103 companies were assisted against a target of 175, while only just over a third of the target for beneficiaries on leadership training was attained. Also disappointing was the attendance of individuals at workshop sessions, with only half of the anticipated 300 realised.

There has been relatively more success in individuals achieving qualifications but the original targets set were very conservative (e.g. the target for individuals gaining an NVQ 3, 4 or 5 was 20). No companies produced a skills analysis and development plan (against a target of 100), and none committed to IiP status (against a target of 20). A single company produced a detailed workforce development plan against an expectation that 10 companies would do so.
The impression gained from the interview with the project holder was that targeting of ‘the hard-to-reach’ group was eventually abandoned, resulting in participation being concentrated among companies that were familiar with the business support network. This would appear to be borne out by the interviews held with beneficiary companies, all of which were familiar with the network and the range of products available locally.

The horizontal themes have largely been the subject of monitoring rather than proactive development, with BLC perceiving little opportunity for more active integration.

The lack of continuity on both sides of the co-financing relationship creates difficulty in drawing definitive conclusions on this project without further research. It appears to have suffered from a lack of clarity on the part of BLC regarding its monitoring obligations under co-financing arrangements and the absence of a sustained perspective of its objectives. Notwithstanding that, its scale and targeting are supposed to have been based on substantive research, recruitment, particularly outside BLC’s existing client group has encountered difficulties.

Despite these management difficulties, business and trainee beneficiaries interviewed for this evaluation indicated a high degree of satisfaction with the Core Skills of Leadership course but appeared unaware and/or disinterested in the other products on offer.

**Pharmaceutical research company (small business)**

The subject is a Cambridge-based therapeutics discovery business, operating with the biotechnology sector. The company was formed in 2002 and remains in the research phase. Its markets are potentially worldwide. Initial signs are promising, with revenue projections three times higher than they were two years ago. The company supports 12 full-time employees, which has increased from eight full-time employees at the start up stage. Management and investors expect the company to become profitable within the next five years, employing around 35 people on a full-time basis. Although the company does not formalise its staff training requirements through an annual business plan or HRD needs assessment, it has tried to introduce a training culture by carrying out quarterly appraisals with staff. The onus is on the staff to identify their training requirements at these sessions. There has been a general recognition that there is a requirement for improved leadership and management skills within the company, which formed the motivation for involvement with the Success With People project. Prior to this, there was interest amongst the management in involving staff on Business Link-sponsored leadership/personal development courses but this generated little interest amongst the staff who tend to focus on technical and intellectual issues. Financial restraints have also limited participation in some cases, a proposed management course for one of the directors being deemed too expensive. Most training to date has centred

Continued
upon the technicalities of product development and has mostly been done on a ‘watch and learn’ basis as new personnel have been brought in. The training delivered was a standard Dale Carnegie package, involving companies from a number of sectors (considered a slight weakness by one of the participants, as it was felt that some participants tended to focus on trivial issues). The course was delivered for half a day every month with all of the company’s staff participating. Management intended for the training to contribute to staff morale, and to creating a bond within the company. Consultations with other staff participants suggests there may have been more success in achieving these softer objectives than the harder ones focused on management skills and improving efficiency. Nevertheless, satisfaction with the training amongst staff appeared generally high.

Industrial cables manufacturer (medium-sized business)

This company is involved in the design and manufacture of custom cable and umbilical systems for the oil and gas, seismic exploration, defence, remote intervention and diving industries. The company’s customer base is worldwide. While the consultee was unaware of the company’s performance in recent years, it was apparent that employment and turnover had grown and that there were plans for expansion. The company employs around 100 full-time employees at present. The company appears to be structured in a highly compartmentalised fashion, and this meant that the consultee had little overview of the company’s performance or objectives at a wider level. As head of the Project Services Department – responsible for scheduling, project management, procurement and site services – the consultee was responsible for producing an annual plan accounting for a dozen employees. However, this did not extend to setting skills/training objectives and the approach to training appears ad hoc. Annual staff appraisals address skills issues to some degree but there appeared to be an assumption that most training could be addressed in-house, particularly in respect of shopfloor/manufacturing activities. Technology changes, changes in production and changes in health and safety legislation were also some drivers for short-term training for the shopfloor, although this tended to be implemented in-house. Prior to Success Through People, the consultee had participated on a contracts law and management course and indicated that management generally had a positive attitude towards supporting training for middle management especially. Despite this, there was no evidence of relationships with local business support providers – the company tended to approach providers directly without searching for subsidised products. The company was approached by Business Link about Success Through People and it was decided that two of the company’s managers may benefit from attending. A half-day session was delivered every two weeks off-site by Dale Carnegie consultants. It operated for a six-month period with around 12 people in the group from differing backgrounds. Although the training was delivered
in the form of a standard package, it was felt that some of the participants were lower down the learning curve and this affected delivery. Attendance was also patchy, with some participants unable to attend at a set time on a weekly basis. Despite this, the consultee found the training highly practical and helpful in his role as a manager of a small team. It was not possible, however, to attribute tangible business outcomes to the experience.

IT services provider (small business)

This computer systems company delivers a range of IT technologies for customers from all sectors. Four key services are offered:

- translating customer’s business objectives into IT requirements;
- designing and specifying systems and infrastructure to satisfy project objectives and budget restraints;
- implementing systems, testing all elements and certifying the final installation;
- training key personnel and raising user awareness for use of the systems.

The majority of the company’s customer base is located within one hour of its base in East Anglia, plus some corporate clients in London. The company generally provides services to customers with between 30 and 300 employees in the public and private sectors. The company employs 18 full-time employees, a number which has remained consistent for the past five years or so. Turnover has grown steadily from the end of the 1990s and the company is profitable. The company has recently produced a three-year plan that aims to increase turnover by 20 per cent on an annual basis. Recent changes to the way the company operates (e.g. increased installation rates and more of a focus on built-in reactive support) have led management to believe that this goal is attainable. While this document addresses skills issues in a very broad sense, staff development is addressed at monthly management meetings and an annual review process with all members of staff. The company was awarded IiP status in 2003 and, following this, was approached by BLC to participate on two half-day seminars on how to deliver personal development plans (PDPs) for staff. Attendance at the seminars, and implementation of what was learnt at them, was viewed by the company as an activity that was complementary to its IiP status and ethos. While the respondent (the company’s sales manager) had not participated on an external training course prior to Success Through People, the company had developed a relationship with Business Link and other staff at management level had attended short-term courses arranged by the organisation. This relationship continues and it is likely that the respondent will attend future courses, although time is a key issue. Via its IiP status, the company is developing a training culture, with financial rewards offered in some cases for participation and the gaining of qualifications – it is viewed...
as an important source of reward and morale raising. The company is also currently working towards ISO9000 status with assistance that is not subsidised. The respondent and the company’s MD participated on the two half-day seminars at a cost of £50 each per seminar. There were around a dozen participants at both seminars from a variety of backgrounds and this was found by participants to be stimulating rather than restricting. The seminars were regarded highly by both of the company’s personnel, considered exceptional value for money and highly practical. Management is now able to assist staff with the development of PDPs on an annual basis, with a degree of flexibility so that staff can approach their manager and request changes in approach and/or additional training should they feel it is required.

A.5.2 Project: Childcare Entrepreneurs
Provider: New Era Enterprises
Co-financing organisation: LSC Lancashire

Childcare Entrepreneurs is managed by New Era Enterprises, an enterprise agency for the social economy located in Burnley, but with extensive networking throughout the surrounding area.

Prior to its co-financing contract to deliver the Childcare Entrepreneurs project, New Era Enterprises already had considerable experience in managing and delivering similar projects, including previous contracts with LSC Lancashire. Two examples are: ‘Childcare Entrepreneur Development’, another project to help people into self-employment and increase the sustainability and growth of SMEs; and ‘Childminder Services Project’, which supported inner city residents to become self-employed childminders and helped existing and potential childminders to undertake training to recognized qualifications.

Childcare Entrepreneurs was a natural extension of these two projects. It aims to support women into employment/self-employment and seeks to do this through two primary mechanisms:

- the provision, to employers, of a resource pack which sets out policies and practices that ‘family friendly’ organisations can adopt and follow so as not to disadvantage employees and potential employees who have childcare responsibilities;

- encouraging entry to the childcare sector, including the establishment of childcare businesses, by providing a combination of advice, for example on becoming registered with Ofsted, and a range of flexible childcare training opportunities, including the Cache Certificate in Childminding Practice (not previously available in Lancashire).

In practice, most activity in the project has centred on the provision of training and other advice for people establishing childcare businesses. Although some resource packs have been sent out to employers, little follow-up activity has taken place as yet, either by New Era or the employers acting on their own initiative.
The LSC sees the project as providing both direct and indirect labour market benefits:

- firstly, by increasing the pool of qualified childminders it supports enterprise and self-employment;

- secondly, by enhancing local childcare capacity and flexibility, it facilitates labour market participation by those with childcare responsibilities and increases the supply of labour available to employers.

The project was launched into a market that was already identified, although not through a formal market appraisal:

- the LSC was already involved in this area of activity and was aware of Government stimulation and regulation of childcare development;

- New Era had previous experience of delivering training in this field and was aware of continuing demand through its networking and partnership working.

The project manager had a particular familiarity with the market locally, having taken part in training in childminding after her own child had experienced this form of care. As a result, she was well placed to understand the training needs, opportunities and the information barriers faced by potential beneficiaries who had not engaged with training before.

This combination of personal and organisational experience led her to the conclusion that childminding provides a much more flexible solution than traditional nursery provision which mostly operates to fixed hours and which, in turn, can limit the range of employment possibilities that can be considered by its customers.

The project has mainly been promoted through a network of agencies, including Sure Start, which have contact with people who use childcare and who might potentially be interested in becoming childminders. This has resulted in the recruitment of a significant number of beneficiaries who have had limited experience of training, although this reflects an inherent characteristic of prospective childminders rather than a specific effort to target those who have not engaged with training in the past.

From an equal opportunities perspective, the project manager wanted to extend the childcare training to men, but reported that, somewhat ironically, the funding rules (or co-financing plan targets) would not allow this.

The training programme is demand-led. Trainees discuss their own training and business development needs with a childcare enterprise adviser and then develop their own training plan. Considerable flexibility is afforded to encourage take-up and completion, ranging from one hour per week for six weeks to intensive block courses. The training is delivered in the evening on New Era’s premises and on an outreach basis.
The project is providing accredited training up to Level 3 in response to demand from beneficiaries. It had only been envisaged that training would be up to Level 2. This has been welcomed from a sustainability perspective insofar as it:

- enhances the skills and employability of the recipients;
- assists childcare businesses in recruiting committed and qualified staff.

The project was reported to have operated smoothly, both by the LSC and the training provider.

As New Era had already worked on similar projects with the LSC they were able to respond sensitively to the LSC’s tender. The experience of ESF and ERDF funding had meant that they already had in place effective monitoring mechanisms and the appropriate ESF monitoring software.

At the time of the research, the project was well ahead of profile both in terms of recruiting beneficiaries and employment outcomes for those that have completed training. However, beyond achievement of its targets, the success of the project appears substantially due to the quality of the informal support from the training provider and its effective networking that has connected it with prospective beneficiaries.

**Project beneficiary 1: Ms N. (sole trader)**

A mother of three from Pendle in Lancashire, this beneficiary is on the way to achieving her goal of becoming a professionally qualified childcarer and running her own nursery. Ms N. had previously worked as a computer programmer and had experience of training and management. However, the stresses of work and the costs of having all her children in nursery led to her giving up work. Following a radical rethink about her family commitments and employment opportunities, she decided to register as a childminder and to aim to set up her own nursery. Ms N. approached the project team at an early stage in developing her plans and has subsequently taken advantage of a range of services. New Era initially were asked to provide advice on Ofsted registration and inspection. Ms N. went on to complete an NVQ Level 1 equivalent business skills course designed to provide new entrants with the essential skills required to run a self-employed childminding business. She reported that this had been useful in helping her to sort out her tax situation and in taking her through all the major aspects of running a business from marketing to managing contact with parents. Ms N. has subsequently enrolled in the NVQ 3 in Early Years and Education offered as part of the project and which is an essential Ofsted requirement for anyone aiming to become a nursery manager. The project manager observed: ‘Ms N is a real self-starter, determined and self-motivated which is the kind of personality required to set up this kind of business and be responsible for staff looking after children. It’s rewarding to offer training that, combined with her managerial skills, will act as a springboard and take her closer to where she wants to be’.
Project beneficiary 2: Ms H. (sole trader)

This beneficiary is in her 50s and turned to childminding having worked as a book-keeper in a small business for 14 years. In this period, her involvement in training had been limited to GSCE in Accounting and participation in Inland Revenue awareness courses. Ms H. had become aware of New Era’s Business Skills course through her local Sure Start which had been looking for volunteers. She had recently left her job and was interested in becoming a registered childminder. Following discussions with the project team, Ms H. enrolled on the NVQ Level 1 business skills course for prospective childminders. The course gave her a grounding in advertising, dealing with clients, time management and taxation. She was impressed with the coverage of the course which has proven to be highly relevant now that she has become a childminder. As well as the formal content, she found the experience of meeting other childminders to be valuable. The training course occupied part of an evening per week and lasted six weeks. It was delivered at the local Sure Start office. Both location and time fitted in with her needs. Since completing the course, Ms H. has become a registered, self-employed childminder. She considers that the course was useful in helping her to achieve her ambition.

A.5.3 Measure 4.3 Project: Graduate Gateway
Provider: Loughborough University
Pre-co-financing

Graduate Gateway is proactive brokering service linking graduates who are struggling to find work, or work that makes good use of their skills post-qualification, with a six-month working assignment in a business. The ESF-supported project in 2001 was the continuation of activity that has been taking place for the past 10 years.

Graduates are employed by the university on a short-term contract on a relatively low rate of pay and placed with businesses, usually to carry out a specific project. Businesses pay a larger amount to the university (but still less than normal full employment costs for a recent graduate) which goes to cover the university’s costs in operating the scheme as well as covering graduate wages. The business does not have obligations to employ the graduate at the end of the placement, although the majority do. Even during the placement, the business may give notice to terminate.

From the perspective of the university, the project had three aims:

• to help increase graduate employment and retention in the East Midlands;
• to raise awareness among employers of the potential contribution that graduates can make to their business;
• to form partnerships between businesses and the university for the purpose of the project and which might be developed in other ways in the future.
Promotion of the project was two-pronged:

- graduates in the region were targeted through local press advertising and leaflets, while there was also advertising in ‘Prospects Today’ the national graduate careers publication (now online);

- businesses were targeted also through local press advertising and two leaflet mailings per annum.

The project operates through the university’s Business Partnerships Team interviewing both business and graduate applicants to identify their needs and aspirations and trying to identify a suitable fit.

In visiting applicant businesses, the university staff assess whether there is a genuine need for a graduate placement, if the workplace is suitable, whether there is appropriate work for a graduate to do and whether there is adequate capacity in the business to supervise the placement. It was evident that the university was conscious of its exposure and, accordingly, considerable care was exercised in vetting businesses.

As noted above, the university tries to emphasise a focus on a specific project to provider tangible aims and objectives for the placement, although feedback from beneficiary businesses suggests that graduates became involved in more mainstream activity in some cases.

The types of graduate attracted to the scheme was reported to vary from year to year, depending upon the relative buoyancy of different sectors. Those with humanities degrees were normally well-represented.

The university reported that there is monitoring of the graduates during the placement period, but that resources limited the scope of this. Some of the beneficiary businesses expressed surprise that there was not more monitoring or that they were not placed under greater obligations.

The beneficiary businesses interviewed were generally satisfied with the performance of placements, and several had made use of the scheme on more than one occasion. However, two of the businesses noted that there had been a need to work on effective communication with some of the graduates once they had moved from working on the initial project into employment with the host business.

Discussions with the university suggested that the ESF horizontal themes had limited influence on the design and implementation of the project. Given the mechanics of the project and the limited pool of applicant businesses, it is probably fair to conclude that the scope for more active integration is limited. Nevertheless, there were some relevant benefits arising from the intrinsic characteristics of the project:

- it was evident that a considerable number of graduates benefiting from the scheme are from black and ethnic minority backgrounds;
some placements were provided in environmental technology industries;
several placements involved a new or enhanced application of ICTs in the host business.

The role of ESF in this project is different than most others in that it part-finances the capacity to administer the project and is used to improve its quality. ESF support allowed for more and better quality promotion, more mentoring of graduate placements and a £600 training grant for the graduates on completion of the placement. The university observed that the project had been retained through several changes in the funding source and conceded that it would probably have continued to run in the absence of ESF support, but without the value-added features outlined above.

The involvement of ESF had relatively low visibility where the businesses were concerned. They were aware that they were paying the university considerably more than the graduate was receiving in wages and certainly did not perceive that they were beneficiaries of ESF funding. It is probably fair to say that businesses had limited awareness of the university’s costs in operating the scheme.

Data relating to progress towards the targeted outcomes for the project were not available at the time of the evaluation visit. However, over the longer-term, some 70-75 per cent of graduates placed have subsequently been employed by the host business.

Our overall judgement is that this is a mature and successful graduate placement scheme with continuing value. ESF funding has been used to improve its quality at the margin. Although the outcomes are essentially relevant to Priority 4 of the Objective 3 Programme (arguably more in line with Measure 4.2 than 4.3) and some are consistent with wider ESF objectives and policies, these have exerted very limited influence on the design and delivery of the project.

**Commercial vehicle hire and leasing services (medium-sized company)**

This company is involved in the short-, medium- and long-term hire of commercial vehicles, potentially linked to outsourced warehouse operations. It is integrated with a garage operation undertaking mechanical and bodywork repairs for the fleet and other customers. The subject of a management buy-out in 2000, the business has had to contend with difficult market conditions, including the relocation of manufacturing customers to Eastern Europe. As a result, it is in the course of restructuring and investing in skills with a view to future growth. The company has a young management team with a genuine commitment to its own development and to staff training, and has recently been IiP accredited. Under its previous ownership and since, the company has made use of graduate placements on a number of occasions and this has

Continued
become viewed as an effective way of recruiting. Flexibility in the sense that there is no commitment to employ and an opportunity to assess the suitability of a graduate, is seen as attractive. Current staff includes several former graduate placements who have been afforded considerable opportunity to progress their careers. The placement under the Graduate Gateway scheme aimed to establish whether there was a viable full-time role for an IT manager at a time when the company had no in-house IT expertise. The trainee provided basic IT support – check back-up, induction for new users, equipment set-up, some basic training and replaced some of the more basic functions that had previously been bought-in. The project was seen as successful, the post was made permanent and the graduate remains employed by the company. Having in-house IT capacity has subsequently been valuable as more sophisticated IT-based management systems have been introduced. The company has continued to invest in training and has taken advantage of support through Business Link and other agencies. However, it is unclear whether any subsequent training/HRD activity has been ESF-supported. Indeed, as with other beneficiaries under this scheme, the company was unaware of having received financial support insofar as they were required to pay the university for the placement.

**Metal closures manufacturing (non-SME)**

This company manufactures aerosol cans, closures and metal packaging for blue chip customers. Its East Midlands plant is a relatively recent acquisition and primarily serves the European Market, but also the USA. The European and American markets for these products are growing only slowly with the result that competition is substantially price-based. These market factors have resulted in a tightening of control on costs and under the previous ownership included closure of the on-site training centre. The managers are in the process of reinstating a systematic training regime including apprenticeships. The plant has historically offered work experience places for graduates. On this occasion, a graduate placement was offered to undertake a short-term specific task – rewriting the plant’s quality manual and monitoring procedures to take account of revisions to ISO standards. A suitable graduate was identified through the Graduate Gateway scheme and carried out the task under supervision of one of the company’s production managers. The project was regarded as successful by the employer and had the benefit of completing the updating of quality procedures earlier than would have been the case if it had been carried out by managers alongside their existing responsibilities. On completion of the placement, the graduate was offered and accepted a permanent position, although he has subsequently moved on.
Social research consultancy (micro-business)

This company is owned by five public sector partner organisations and carries out social and economic research, mainly for public sector clients in Nottinghamshire. It specialises in labour market and sectoral studies and, at the time of the evaluation interview, this included some innovative fieldwork among excluded groups. The centre has four full-time staff, and supplements this capacity as necessary to meet peaks in demand through collaborations with other research organisations and independent professionals. The assistance provided was the most recent of several graduate placements that the company has taken from Loughborough University’s Graduate Gateway project. It was noted that the scheme had become a preferred route for recruiting staff and, of the three recent graduates employed in the company, only one had been attracted through a more formal recruitment process. Rather than being tied to a project that had been created to ‘try out’ the graduates, the company involved them in its mainstream work, which is project-based. The management considered that the flexibility offered by the scheme represented an opportunity for both the company and the graduate to see how they fitted and whether they were attracted by the work, before entering into a more permanent arrangement. With operating in an academic context, the value of learning was well recognised by this employer. Nevertheless, it was functioning without a formal strategic or training plan. Much skills transfer was informal, a combination of learning-by-doing coupled with peer review of work produced. Both short- and longer-term training needs were identified through the staff appraisal process and there was a record of short-course training in technical skills and longer-term support for professional development. The most recent recruit under the Graduate Gateway scheme is presently being supported in MBA studies. It was notable that, through the Graduate Gateway scheme, the company had been able to access graduates who are particularly well qualified, but from disciplines that did not offer a clear career path. The graduate beneficiaries reported that the scheme had been helpful in providing insight to the wider application of the generic skills that they had developed while at university and had given them a clear focus for further study and career development.