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Evaluation of the Flexible Skills Programme

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Evaluation of the Flexible Skills Programme

Authors: Heledd Bebb, Nia Bryer and Tanwen Grover, OB3 Research



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

For further information please contact:

Sean Homer

Social Research and Information Division

Welsh Government

Cathays Park

Cardiff

CF10 3NQ

Email: KASEmployabilityandSkillsResearch@gov.wales

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Glossary

Acronym/Key word	Definition
AGP	Accelerated Growth Programme
COVID-19	Coronavirus Disease 2019
CPD	Continuous Professional Development
ELMS	Enhancing Leadership and Management Skills
EU	European Union
FDI	Foreign Direct Investment
FE	Further Education
FSP	Flexible Skills Programme
HE	Higher Education
HR	Human Relations
JGW+	Jobs Growth Wales Plus
MERIT	Management, Equality and Diversity, Remuneration, Industrial and Community Relations and Training
PLA	Personal Learning Account
RICs	Regionally Important Companies
RSP	Regional Skills Partnership
SDP	Skills Development Plan
SGW	Skills Growth Wales
SME	Small and Medium sized Enterprises
UK	United Kingdom
WDA	Workforce Development Advisers
WDP	Workforce Development Programme
WG	Welsh Government

1. Introduction

- 1.1 OB3 Research was appointed by the Welsh Government to undertake an evaluation of the Flexible Skills Programme (FSP).
- 1.2 The review was expected to consider:
- the outputs of the Flexible Skills Programme to date, including the number of employers and training interventions supported, and the types of training interventions delivered
 - the outcomes and impacts of the FSP to employers, including economic outcomes, business impact, relationships formed or strengthened with learning providers and what employers would have done without the programme
 - the outcomes and impacts of the FSP to employees, including any employment and skills outcomes and impacts for individuals
 - possible improvements to the FSP in future, including consideration as to whether the design and intervention rate for the programme is appropriate, the availability of Welsh medium courses to meet demand, the flexibility and responsiveness of the programme to business need, the efficiency of the customer journey in accessing FSP support and lessons learned for future skills interventions.
- 1.3 The review was undertaken between December 2023 and April 2024. The methodology involved desk-based research and fieldwork with a wide range of contributors including employers and employees of businesses in receipt of FSP funding.
- 1.4 This report is presented in nine chapters as follows:
- chapter one: provides an introduction to the report
 - chapter two: sets out the study methodology
 - chapter three: outlines the policy context for the FSP

- chapter four: provides an overview of the FSP including a programme logic model
- chapter five: considers the findings of the fieldwork in relation to the rationale for and design of the programme
- chapter six: outlines the findings of the fieldwork in terms of administration and implementation of the programme
- chapter seven: considers the findings of the fieldwork in terms of the outcomes and impacts achieved by the programme in relation to employers and employees
- chapter eight: sets out the findings of the fieldwork around future support needs and possible improvements to the programme
- chapter nine: sets out our conclusions and recommendations.

1.5 Annex A to F outlines the research instruments used for the fieldwork including discussion guides and survey tools.

2. Methodology

2.1 This chapter sets out the method adopted for undertaking the evaluation, provides a profile of contributors and sets out some key methodological considerations.

Method

2.2 The research activities undertaken between December 2023 and April 2024 involved:

- an inception stage, which included an inception meeting with Welsh Government officials where the proposed work programme was agreed, access to relevant documentation secured and the approach to engaging various contributors agreed, including the sampling approach for case studies. This resulted in the preparation of a refined methodological approach and project plan
- desk-based research, which involved:
 - an analysis of relevant policy and strategic documents relating to the FSP
 - a literature review of FSP documentation and guidance relating to the administration of the scheme including the application form, Management, Equality and Diversity, Remuneration, Industrial and Community Relations and Training (MERIT) and Skills Development Plan (SDP) forms
 - an analysis of two databases of FSP successful applicants for the 2022/23 and 2023/24 FSP delivery periods (see 2.3 for more detail)
 - the development of a logic model as a visual representation of the Theory of Change for the FSP
- preparing bilingual discussion guides, and relevant Privacy Notices, for interviewing various contributors including Welsh Government staff and panel members, case study employers, case study employees and training providers. These are set out at Annexes A-E

- preparing a bilingual web survey for distributing to all FSP employers who had applied for funding during 2022/23 and 2023/24, and scripting this using SNAP XMP software. The survey was designed with two distinct sections to be completed by employers and employees, as appropriate. This survey is set out at Annex F
- developing a sampling framework based on FSP strand/stream, geography, and value of grant as the basis of selecting 12 employers who had successfully applied for FSP funding for the case studies
- visiting the 12 case study employers and:
 - interviewing a total of 17 employer representatives
 - facilitating focus groups with employees at nine of these businesses. A total of 36 employees contributed to these discussions
- interviewing five training providers who had provided training for the case study employers
- conducting in-depth interviews via Teams with six Welsh Government Skills team staff and four FSP panel members¹
- presenting the emerging findings from the review to the Welsh Government Skills team
- synthesising the findings of the desk research and fieldwork and preparing this report.

Profile of case study businesses

2.3 Two separate databases of contact details for businesses in receipt of FSP funding during 2022/23 and 2023/24 were received from the Welsh Government. When these databases were merged a total of 195 entries were available. Table 2.1 shows the spread of 194 businesses across each FSP strand which informed our sampling approach. Two strands, Export and Net Zero, had very few supported

¹ An FSP investment panel (managed by the Employer Engagement Branch) meets regularly to review applications and make funding recommendations. The panel includes representatives from a variety of background including Business Wales, regional teams and Industry Wales.

applications but it was agreed that we would recruit at least one business from these two sectors.

Table 2.1: Case study sampling approach

FSP stream	FSP strand	Proposed number of case studies	Total number of FSP applications
Business Development	n/a	2	16
Partnership Projects	Advanced Engineering and Manufacturing	2	104
	Digital	2	36
	Tourism & Hospitality	2	25
	Creative	2	7
	Export	1	4
	Net Zero	1	2
Total		12	194

2.4 The initial sample was representative of the full database in terms of geographical region and business size. Only businesses with a FSP grant allocation of over £5,000 and at least ten individuals to be trained were originally chosen. Six replacement case studies were selected over the course of the fieldwork due to lack of response or a company declining to take part. As such, no Export strand projects with a substantial enough budget and number of participants could be sourced, therefore an additional Advanced Manufacturing case study was sourced instead. A Tourism replacement case study from mid Wales rather than south west Wales also had to be sourced due to exhausting the available options in the original region.

Table 2.2: Final case study sample

Company	FSP stream/strand	Region	Size	FSP support commitment (2022/23)	FSP support commitment (2023/24)
1	Business Development	North	Large	£500,000	£500,000
2	Business Development	South east	Large	£146,400	£136,328

3	Advanced Manufacturing	Mid	SME	n/a	£25,845
4	Advanced Manufacturing	South west	SME	n/a	£9,185
5	Advanced Manufacturing	South east	SME	£9,500	n/a
6	Digital	South east	SME	£14,894	£24,091
7	Digital	South east	SME	£19,469	£14,696
8	Creative	South east	SME	£15,450	£21,000
9	Creative	North	SME	£7,098	£4,860
10	Tourism & Hospitality	South east	SME	£6,991	£7,670
11	Tourism & Hospitality	Mid	SME	£2,886	n/a
12	Net Zero	South east	SME	n/a	£7,381

Source: Welsh Government FSP databases 2022-23 & 2023-24

Survey

- 2.5 Upon cleaning the database of duplicate entries, the total available sample was 144 businesses with associated email contact details. The survey was piloted with one business and no changes or issues were raised.
- 2.6 An initial invitation was sent on 17th January to the named employer contact at each company asking them to complete the survey and requesting that they also forward the survey link to employees who had attended FSP-funded training. The online survey was then distributed to the full database of 144 companies. 12 invitations bounced back as undeliverable. Two reminder messages were issued to non-respondents. The survey was closed on the 15th of March 2024.

Profile of employer survey respondents

- 2.7 Survey responses were received from 26 employers which is a 20 per cent response rate. The majority of these responses were from SMEs (21 or 81%) which aligns with the database profile of 80%.
- 2.8 A little under half (12) had received FSP funding in both 2022-23 and 2023-24, while nine had received funding only in 2022-23 and five had received funding only in 2023-24.
- 2.9 Responses were received from three employers who had received FSP funding via the Business Development stream, and responses were also received from five of the six partnerships project strand. No responses were received from an employer who had received support via the Export stream. The majority of responses had been supported via the Advanced Manufacturing and Engineering strand. This is broadly representative of FSP recipients although Advanced Manufacturing and Engineering is under-represented with Digital, Creative and Net Zero over-represented².

Table 2.3: Survey responses received, by FSP strand/stream

FSP project strand/stream	Number	Percentage
Partnership project: Advanced Manufacturing and Engineering	10	38%
Partnership project: Digital	7	27%
Business Development	3	12%
Partnership project: Tourism	3	12%
Partnership project: Creative	2	8%
Partnership project: NetZero	1	4%
Total	26	100%

Source: OB3 Employer online survey, March 2024. All respondents

² 54 per cent of successful FSP projects are Advance Manufacturing and Engineering projects compared to 38 per cent in the survey sample. Digital projects represent 19 per cent of successful FSP projects, but the survey sample is at 27 per cent. Creative partnership projects account for just 4 per cent of FSP successful projects with the survey sample at 8 per cent. Only two Net Zero projects have been funded so far, and one responded to the survey.

2.10 Responses were received from employers based in eleven different local authority areas in Wales, as shown at Table 2.4. Around half of survey respondents were based in south east Wales. The response is broadly representative of the regional distribution of FSP supported businesses.

Table 2.4: Survey responses received, by geography

Unitary authority	Number	Percentage
Cardiff	6	23%
Carmarthenshire	3	12%
Powys	3	12%
Bridgend	2	8%
Caerphilly	2	8%
Flintshire	2	8%
Newport	2	8%
Pembrokeshire	2	8%
Swansea	2	8%
Gwynedd	1	4%
Rhondda Cynon Taf	1	4%
Total	26	100%

Source: OB3 Employer online survey, March 2024. All respondents

2.11 Of the 26 employers who responded to the online survey, the total amount received via the FSP varied. Around a third had received less than £5,000 whilst another third had received £25,000 or more.

Table 2.5: Survey responses received, by total FSP funding received

Total FSP funding received	Number	Percentage
£0-5k	8	31%
£5-10k	4	15%
£10-15k	3	12%
£15-20k	3	12%
£25-50k	6	23%
£100k+	2	8%

Total	26	100%
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Source: OB3 Employer online survey, March 2024. All respondents

Profile of employee survey respondents

- 2.12 A total of 31 responses were received from the employee survey, from nine different businesses primarily from the creative, digital and engineering sectors. We do not have information on the number of employees supported by the FSP to provide an accurate response rate.

Methodological considerations

- 2.13 Two FSP tracker databases were received from the Welsh Government for 2022-23 and 2023-24. These databases included contact details, the funding commitment approved by the panel and the number of individuals to be trained (training interventions). The databases also provided some background information in terms of location and size of the companies funded by FSP and whether they were referred to other Welsh Government support. However, there were limitations to the analysis that could be undertaken of the data made available. There was no information on the amount claimed compared to the amount applied for and agreed on an individual company or FSP level annually (actual spend vs committed funds). It was also not possible to ascertain what happened to any referrals made to other Welsh Government teams. No feedback or evaluative evidence is collected from companies funded by the FSP and therefore no documentation of this nature could be analysed as part of this evaluation.
- 2.14 For every case study business chosen (including those which did not respond or declined to take part), the relevant application form, Skills Development Plan and MERIT plan were also analysed by the research team. As such, this represents eight per cent of the total supported applications. It was not possible to analyse all applications across the two years of funding, therefore this evaluation is not in a position to make a judgement on the eligibility of all agreed training funded by the FSP.
- 2.15 The employer survey response rate of 20 per cent is at the lower end of our expected rate of between 20 and 30 per cent. Based on a sample of 26

respondents, the survey findings are within a 17 per cent margin of error, with 95 per cent confidence.

- 2.16 There may be an element of bias in the surveyed and interviewed sample, as those who have been most engaged with FSP were more likely to respond and contribute to an evaluation study.
- 2.17 Prior to sending out the survey to employers, the challenge of effectively reaching employees and ensuring they were aware their training was funded by the FSP was raised as an issue. It was agreed that without direct contact details for employees, the only available option was to ask employers to forward the survey to the relevant employees and explain the context. As expected, the additional steps needed to reach employees resulted in a low return rate. The total population is not certain either, as the FSP database records the number of training interventions (i.e. training session that is attended, rather than each individual trained) so it is not possible to provide an indication of the response rate. It is also difficult to ascertain whether all comments made within survey responses relate to FSP-funded training only.
- 2.18 Six case study companies chosen for the sample did not respond or declined to take part. In two cases the reasons given were that the funding had not been spent as planned or the company was struggling financially. As such, the evaluation is less likely to capture such issues.
- 2.19 In order to try and triangulate views, only case studies with at least ten training interventions and a budget of at least £15,000 were chosen originally. As such this evaluation is dependent on all other companies in receipt of smaller amounts to provide their views via the survey.
- 2.20 In three of the case studies, the number of employees who had undertaken training were low or had only undertaken a short training course and as such were not available for interview. These case studies are therefore shorter and are not as triangulated as planned. Across the survey and case studies, no contribution has been secured from any business funded via the FSP's Export strand.

- 2.21 Originally, it was also planned to interview training providers as part of the case studies, but in many cases the training providers were not aware of the FSP funding or the case study employers did not provide contact details. As such, we identified a number of training providers who had provided courses for a number of FSP employers and sought more generic feedback on the impact of the funding on them as providers. This feedback has been provided within the report rather than in relation to specific case studies.
- 2.22 A thematic analysis of all the qualitative evidence has been undertaken, the key findings of which is presented in this final report. More detailed evidence pertaining to each case study visit has been provided in individual case studies to the Welsh Government. These are not being published due to the commercially sensitive information included within them.

3. Policy context

3.1 This chapter provides the strategic and policy context for the Flexible Skills Programme (FSP). It considers relevant recent national policies as well as sector-specific action plans and key findings from relevant predecessor skills training funding programmes delivered by Welsh Government.

Policy overview

Policy Statement on Skills, 2014

3.2 The Policy Statement on Skills covered four priority areas for the Welsh Government, of which two were of particular relevance to the FSP namely:

- Skills for jobs and growth – focused on stimulating demand for more highly skilled jobs that drive the economy forward
- Skills that employers value – recognising the importance of engaging employers to participate in the skills system with a level of co-investment alongside government³.

3.3 The statement committed to introducing a flexible fund to provide targeted skills interventions where skills needs could not be met through other existing provision or where there was a clear case for direct involvement by the Welsh Government. In particular it outlined the intention to ‘introduce a flexible fund targeted at the recruitment and skills needs of strategically important companies.’⁴

3.4 The document considered the skills that employers value and recognised the need for Wales to continue to engage employers to ensure they are active participants in the delivery of training programmes, co-investing in their workforce alongside government support. The document highlighted the importance of supporting employers to recognise the value of the skills across their workforce, but also outlined a clear set of principles for cost sharing alongside government going forward including the implementation of ‘new funding principles based upon a

³ Welsh Government (2014), [Policy Statement on Skills](#), p.7

⁴Ibid., p.8

nominal contribution of up to 50 per cent from government in supporting employers to invest in accredited training for their employees.’⁵

Well-being of Future Generations (Wales) Act 2015

- 3.5 The FSP aligns to and contributes towards the ‘Well-being of Future Generations (Wales) Act’⁶. The key priority the programme directly contributes towards is the goal of a more ‘Prosperous Wales’ – an innovative, productive and low carbon society which develops a skilled and well-educated population in an economy which provides employment opportunities allowing people to take advantage of the wealth generated through securing decent work.

Prosperity for All: Taking Wales Forward 2016-21

- 3.6 Skills and Employability is one of the five key priority areas identified in the Welsh Government’s Programme for Government for 2016-21. It recognises that ‘the stronger the skills base is in Wales, the more chance we have of attracting new businesses and growing existing ones to improve prosperity’⁷ and outlines the important role of targeted direct business support and quality skills programmes in achieving that aim.
- 3.7 In terms of skills for business, the Programme for Government discussed the way skills could unlock growth and innovation for businesses, and whilst businesses have a responsibility to invest in their workforce themselves, the government also plays a role in linking the training that is offered more closely to the needs of the Welsh economy. Similarly, the document recognised how ‘good skills’ can make Wales a more attractive destination for investors, and how transferable skills could help people to move easily between jobs and progress from lower-paying roles.
- 3.8 The Programme for Government mentioned the priority of equipping all with the right skills within the context of a rapidly changing global economy, in order to keep Wales competitive and employment secure. Digital skills are highlighted specifically as a vital part of the new economy. Furthermore, the role of good employers who

⁵ Ibid., p.18

⁶ [Well-being of Future Generations \(Wales\) Act 2015](#)

⁷ Welsh Government (2016), [Prosperity for All: Taking Wales Forward 2016-21](#), p.4

‘will themselves invest in developing and adapting their workforce’ is identified alongside government’s ‘critical role in providing the training that people and the economy need.’⁸ As such, the Welsh Government committed to reviewing all existing skills and work-based learning programmes to ensure they meet the current needs of employers and the economy and are able to ‘respond flexibly to emerging requirements.’⁹

3.9 In the document, the Welsh Government committed to:

- ‘ensuring that our skills provision...reflects current employer needs and keeps pace with the economy of the future
- reconfigure our current offer into a new employability programme that is simple and more responsive to the needs of individuals and employers
- use the Valleys as a test bed for a place-based approach to enhancing employability including extending the Flexible Skills Programme to drive a focus on engaging employers in deprived areas.’¹⁰

Programme for Government, 2021-2026

3.10 The Welsh Government’s Programme for Government for 2021-26 includes ten wellbeing objectives to deliver a more prosperous, more equal and greener Wales which creates a sustainable foundation for future generations. One key objective is to ‘build an economy based on the principles of fair work, sustainability and the industries and services of the future.’ Another objective vows to ‘build a stronger, greener economy as we make maximum progress towards decarbonisation.’¹¹

3.11 Whilst the FSP is not explicitly mentioned it contributes to a number of specific commitments included in the Programme for Government. For example, it has a role to play as the Welsh Government aims to progress its Economic Resilience and Reconstruction Mission for Wales and its commitment to ‘help key areas of our

⁸ Ibid., p.18

⁹ Ibid., p.18

¹⁰ Ibid., p.27

¹¹ Welsh Government (2021), [Programme for Government – Update](#), p.8

economy, such as aerospace and steel, to innovate, grow and reduce their carbon footprint.¹²

Stronger, fairer, greener Wales: a plan for employability and skills (2022)

- 3.12 This plan for Employability and Skills aims to signal clear policy and investment priorities upon which to focus. It is written against a tough financial backdrop which includes the aftermath of the COVID-19 pandemic, the loss of £1bn in post European Union (EU) funds and the ongoing cost of living economic crisis. As such, it recognises that difficult decisions will need to be made whilst continuing to support ‘a Welsh economy that is equipped with the skills needed to develop and attract better jobs in more resilient and competitive businesses across our regions.’¹³
- 3.13 The plan recognises the role that Welsh Government must play to support the skills demands of businesses for Wales’s long term economic success and commits to supporting employers within an economy based on the principles of fair work, sustainability and the industries and services of the future.
- 3.14 The plan outlines five key areas of action:
- Future Generations – with a focus on a whole system approach to delivering the Young Persons Guarantee so that all under the age of 25 have access to an offer of work, education, training or self-employment
 - Tackling Economic Inequality – targeted at those under-represented in the labour market and those out of work with long term health conditions
 - Fair Work for All – supporting and encouraging employers to create high quality employment, improve the offer to existing workers and champion fair employment practices
 - Healthy Work, Healthy Wales – with a focus on preventing people falling out of employment due to health issues
 - Learning for Life – aimed at narrowing educational inequalities and widening access to the skills system.

¹² Ibid., p.10

¹³ Welsh Government (2022), [Stronger, fairer, greener Wales: a plan for employability and skills](#), p.2

Economic mission: priorities for a stronger economy (2023)

- 3.15 The Economy Minister recently set out four key priorities for the Welsh economy for the future which focus upon green prosperity and net zero economic opportunities; supporting young people; focusing on a smaller set of priorities for growth at regional levels including areas such as nuclear, offshore wind and tech; and investing in growth, including ‘supporting commercialisation, research and development and entrepreneurship’¹⁴.
- 3.16 Under the Fair Work for All actions is a commitment to evolve and enhance the Business Wales service including supporting businesses to improve management, employment and human resources (HR) practices. It also discusses the need to deliver upon regional priorities.¹⁵

Sector specific policy context

- 3.17 Over the last three years, a number of sector-specific policy documents and plans have been published by the Welsh Government that relate to the current partnership project streams within the FSP:

Advanced Manufacturing and Engineering skills

A Manufacturing Future for Wales: A Framework for Action (2021)

- 3.18 This action plan focusing on the needs of the manufacturing sector in Wales is underpinned in pursuit of three key outcomes:
- A prosperous economy – with a diverse economic base in Wales of outward-looking firms with strong innovation performance, productivity levels and ‘a workforce equipped with the skills for a changing world’
 - A green economy – where resources add economic value and waste is avoided, and there is investment in low-carbon and climate resilient infrastructure

¹⁴ Welsh Government (2023), [Economic mission: priorities for a stronger economy](#), p.10

¹⁵ Ibid., p.38

- An equal economy – ‘which means investing in the productive potential of all people in communities’, with a need to build ambition and encourage learning for life and to support people to reach their full potential.¹⁶

- 3.19 Whilst the action plan does not make any specific reference to the FSP, it nonetheless outlines the need to improve leadership and management skills and to fill skills gaps by ensuring ‘we have the people with the right skills’ and to develop a pipeline for diverse talent to enter the manufacturing sector in Wales¹⁷. It also outlines the important role of the Regional Skills Partnerships (RSPs) ‘to inform the deployment of skills funding across work-based learning and apprenticeships.’¹⁸
- 3.20 The action plan also identifies the importance of improving anchorage of businesses in Wales, with a Wales ‘offer’ including skills investment playing a vital role in influencing a business’ decision to establish a manufacturing operation in a given region.

A Manufacturing Future for Wales: Our Journey to ‘Wales 4.0’ (2023)

- 3.21 This updated Manufacturing Action Plan was developed in response to the major challenges faced by the manufacturing sector as a result of recent developments such as Brexit and new trading arrangements with the EU, the COVID-19 pandemic, the climate emergency, price increases and disruption to global supply chains. The refreshed plan sets out six strategic objectives which form the Welsh Government’s long-term approach to achieving its vision for the sector.
- 3.22 Under strategic objective 3: identify and develop the necessary leadership and workforce skills required to achieve ‘Wales 4.0’, the action plan recognises the struggles faced by businesses in attracting enough people with the right skills, qualifications or experience and refers to a number of existing support mechanisms which the Welsh Government are utilising in a targeted way to maximise the impact on the manufacturing sector.

¹⁶ Welsh Government (2021), [A Manufacturing Future for Wales: A Framework for Action](#), p.3

¹⁷ Ibid., p.8 and p.20

¹⁸ Ibid., p.21

3.23 The action plan refers directly to the FSP and its two distinct strands as an example of how Welsh Government is responding to the needs of the sector. It outlines ‘an Advanced Engineering and Manufacturing Partnership Project to help drive Wales’s skills economy, focusing on priority skills needs identified by Welsh employers and industry representative bodies in the sector.’¹⁹

Export skills

Export Action Plan for Wales (2020)

3.24 In its Export Action Plan, the Welsh Government sets out a number of specific actions which focus on building capacity and capabilities so that businesses have the right skills to be successful and confident exporters. There is a particular focus on supporting SMEs to develop the knowledge, skills and know-how to enable them to enter new markets and untapped export potential.

3.25 In the immediate term, the action plan commits to helping and encouraging companies to develop these export capabilities ‘through an Export Training Grant providing targeted support for staff to undertake accredited export-related training.’²⁰

Creative skills

Creative Skills Action Plan 2022-2025

3.26 This plan is set out in two sections. The first section outlines Creative Wales commitments to bring about change through its own remit and in collaboration across Welsh Government portfolios. The second section sets out 10 key priorities for investment in skills.

3.27 In section one, Creative Wales commits to developing a more comprehensive section on its website dedicated to skills and talent, which signposts to training opportunities and ‘support for companies wishing to train/upskill staff (e.g. Flexible Skills Programme).’²¹

¹⁹ Welsh Government (2023), [Manufacturing Future Wales: Our Journey to ‘Wales 4.0](#), p.25

²⁰ Welsh Government (2020), [Export Action Plan](#), p.16

²¹ Welsh Government (2022), [Creative Skills Action Plan](#), p.5

- 3.28 In section two, business and leadership training is outlined in Priority 1, aimed at supporting future leaders and managers within the creative sectors to thrive, grow and reach their full potential. To achieve this, a key action is outlined ‘to equip leaders [and] managers with the skills they need to run a successful creative business and manage and support their workforce effectively through the provision of business management training and leadership training bespoke to each priority sector’ and to ‘support commercialisation training to assist companies to grow, secure funding and succession plan.’²²
- 3.29 Priority 5 – Upskilling Placements and Opportunities aims to support the existing workforce with their career progression. Key actions include ‘supporting career progression across all priority sectors (screen, music and digital content) and identifying particular skills gaps and shortages for support’ and ‘supporting CPD training across all creative sectors’²³. Priority 8 – Innovation aims to ensure the creative industries workforce in Wales is equipped with the right skills for the future and seeks to ensure the futureproofing of the workforce in Wales for skills in new technologies.

Digital skills

Digital Strategy for Wales (2022)

- 3.30 The digital strategy for Wales identifies a series of priority areas under six missions which aim to accelerate the benefits of digital innovation for all, including the business community.
- 3.31 Mission 3: digital skills, seeks to ‘create a workforce that has the digital skills, capability and confidence to excel in the workplace and in everyday life.’²⁴ The strategy commits to aligning skills provision to the needs of the digital economy so that employers recognise the value of digital skills and invest in the needs of their

²² Ibid., p.5

²³ Ibid., p.8

²⁴ Welsh Government (2022), [Digital Strategy for Wales](#), p.8

workforce, and businesses in Wales have access to the necessary skills needed to innovate, improve and grow²⁵.

- 3.32 Mission 4: digital economy, to ‘drive economic prosperity and resilience by embracing and exploiting digital innovation’ links to the skills foundation outlined in Mission 3, so that the capabilities required by businesses can be supplied. The strategy commits to ‘respond to future requirements of employers by supporting digital skills development’, so that people have the skills required to access the jobs of the future and employers are able to access a diverse and talented workforce.²⁶

Tourism and hospitality skills

Welcome to Wales: priorities for the visitor economy 2020-2025

- 3.33 The strategy document recognises the need for a more prominent role for Visit Wales in developing skills across the sector to enable Wales to be in the best possible position to offer a high-quality visitor experience in the future. It commits to establishing a formal Tourism Skills Partnership to bring the sector, Regional Skills Partnerships (RSPs), Further Education (FE), Higher Education (HE), FE, HE and others together to coordinate action on skills and identify the public sector levers available to take forward the skills agenda. Developing digital skills is another recognised priority within the strategy.

Net Zero skills

Net Zero Skills Action Plan (2023)

- 3.34 Recognising that skills will be a key enabler in the transition to a net zero economy, the Net Zero Skills action plan sets out seven priority areas of action including: growing a skilled workforce to meet net zero commitments – by supporting employers and partners and delivering new approaches to growing a skilled workforce and utilising a cross-government and partnership approach to meet the skills commitment²⁷.

²⁵ Ibid., p.15

²⁶ Ibid., p.17

²⁷ Welsh Government (2023), [Net Zero Skills Action Plan](#), p.2

3.35 The action plan discusses the proactive steps that many businesses are already undertaking to improve their sustainability and the desire of Welsh Government to support businesses to grow their skills base to enable them to reach future markets and respond to a fast-changing economy²⁸.

3.36 In the short to medium term it commits to working with employers and representative bodies to understand the benefits and impact of net zero skills by 'providing clear information on our skills package and support options to upskill or reskill individuals' and to understand the 'barriers employers face and actions that could be developed to enable them to release staff to undertake the training.'²⁹

Key findings from predecessor programmes

Skills Growth Wales (SGW)

3.37 SGW was an EU funded programme which ran between 2010-2016 designed to provide support to help Welsh companies grow, by providing a funding contribution of between 60 and 80 per cent up (depending on company size) up to a maximum of £3,000 per employee for 'high level or new technology skills training'³⁰. An extension was applied to the programme in 2012 and SGW evolved into a programme which aimed to 'assist companies who plan to expand their workforce and require financial assistance to undertake training to make this possible'³¹. The SGW extension provided training up to an average cost of £2,500 per employee. To access this funding, employers were required to demonstrate a commitment to a growth target which the training would help deliver; increase or bring forward training, provide accredited or industry recognised training; and provide training which was focused on improving leadership and management, business efficiency and upskilling workforce skills. Whilst it was open to employers of all sizes and sectors, it had a greater focus on SMEs than its predecessor.

3.38 Key findings from the final evaluation of SGW include:

²⁸ Ibid., p.19

²⁹ Ibid., p.20

³⁰ Welsh Government (2016), [Skills Growth Wales: Final Evaluation](#), p.9

³¹ Ibid., p.10

- there were challenges around administrative burdens that could have reduced the achievement of outcomes
- there were some issues around additionality, where employers may have used training subsidies to deliver what would have been planned anyway
- the programme may not have catered for the specific needs of small businesses nor for employers who are not engaged in well-known networks or have a pre-existing relationship with the Welsh Government
- the programme demonstrated comparable result to other high growth support programmes in terms of reported impacts on turnover and business benefits, and lower additionality on employment outcomes
- it offered less intensive and targeted support than the most effective programmes.

3.39 The final evaluation also provides lessons for the delivery of future skills-training programmes including:

- programme design and rationale should address employer underinvestment in training and eliminate skills gaps
- programme outcomes should therefore be in relation to the achievement of business benefits related to this (sales, profit, productivity) rather than employment growth
- programme design should reflect the different needs and solutions of specific groups of business, specifically that SMEs are more likely to seek training with a focus on creating jobs whilst large business are more likely to focus on increase productivity and job survival
- small employers require additional components to training to support high growth (including business advice, coaching, mentoring and networking opportunities) thus links to other programmes which can support them should be established and sustained³².

³² Ibid., p.128-131

Workforce Development Programme (WDP)

3.40 The WDP was a training programme funded and managed by Welsh Government between 2005 and 2015. A network of Workforce Development Advisers (WDAs) were contracted by the Welsh Government to help businesses in Wales to review staff development activities and identify training needs. The WDP also included a discretionary fund which could support companies with the cost of training their employees, at an intervention rate of 50 per cent.³³

3.41 The final evaluation found that

- the process of applying for funding and the time taken to assess and respond to funding applications was generally positive
- the funding was used to co-finance an appropriate and high-quality range of training courses
- some businesses, especially towards the end of the programme felt there was a lack of flexibility in accommodating requests for changes to training plans
- funded training had high levels of additionality
- funded training had led to modest but positive impacts on turnover and profitability
- there was evidence of supported businesses willing to co-invest alongside the Welsh Government
- without co-investment training was likely to take place, but at a slower pace.³⁴

3.42 The final evaluation recommended that:

- the Welsh Government incorporate key learning from the WDP into the design of future training programmes, particularly the in-built flexibility to

³³ Welsh Government (2016), [Evaluation of the Workforce Development Programme](#), p.5

³⁴ *Ibid.*, p.90-93

support a range of practical and relevant training courses and the open market approach to selecting training providers

- the Welsh Government should continue to combine elements of information, advice and financial support to businesses
- a clearly specified 'use it or lose it' delivery timeframe for companies to draw down co-investment funding should be carried forward and incorporated into the design of future programmes. Sufficient time should be allocated for companies to plan, commission and complete training but avoid being so long as to lose focus and momentum
- any future skills advisory service put in place should encourage businesses to submit realistic and achievable training plans.³⁵

³⁵ Ibid, p.93-95

4. An overview of the Flexible Skills Programme

4.1 This chapter sets out an overview of the Flexible Skills Programme (FSP) and provides an outline of the programme's key developments. It also sets out a draft logic model for the FSP which could be used to inform future design, delivery and evaluation.

Introduction

4.2 Established in 2016, the FSP is an intervention positioned to support businesses in Wales by upskilling their workforce through business development. The FSP aims to benefit employers by helping them develop more technical and transferrable skills. This supports the Welsh Government's ambition for reducing in-work poverty by raising the skill sets of the current workforce in Wales. The FSP focuses not only on direct economic returns on investment but wider community benefits and engagement with the education and skills development networks.

4.3 The current cost to deliver FSP is £1.5 million for each financial year from 2022-2025 and the financial intervention rate is capped at 50 per cent. The Welsh Government could increase the intervention rate in exceptional circumstances, for example, if additional skills support were needed as a result of Brexit or Covid. The FSP is currently midway through a three-year programme window.

4.4 The FSP is built on the success and lessons learned from previous programmes by targeting the support to strategic employer-led projects capable of delivering the greatest economic benefits for Wales. It is targeted at Anchor Companies, Regionally Important Companies (RICs), major Foreign Direct Investment (FDI) projects, indigenous growth businesses and clusters of employers affected by major growth or market failure.

4.5 The FSP consists of two distinct streams:

- FSP Business Development – to support substantial employer-led business development projects, which are expected to result in business expansion and major investment leading to high quality job creation

- FSP Partnership Projects - designed to drive Wales's wider skills economy, focusing on priority skills needs identified by Welsh employers and industry representative bodies and offering a streamlined application process.

There are currently six separate partnership project strands:

- Advanced Digital
- Advanced Engineering and Manufacturing
- Creative
- Export
- Tourism and Hospitality and
- Net Zero.

4.6 Employers applying for the FSP are required to evidence their commitment to their employees and community, as well as their willingness to engage productively with Wales' education and skills providers to help Welsh Government ensure alignment between provision and the needs of the economy. It does not specify that training providers must be Wales based.

Eligibility

FSP Business Development stream

4.7 The business development stream is available to support substantial business development projects by supporting the delivery of training that will provide the skills needed to achieve a particular project.

4.8 During the application process, employers are required to demonstrate that they have a credible and well-articulated Business Development Project. To be eligible for funding, the employer must demonstrate:

- that the training will provide a sufficient return on investment, for example in terms of the creation or safeguarding of high-quality, sustainable jobs
- that their training requirements are aligned to key priorities set out in Regional Skills Partnerships strategic plans

- their commitment to workforce development
- substantial capital investment plans
- potential export opportunities
- their commitment to equal opportunities.

FSP partnership projects stream

- 4.9 This stream of the FSP enables a cluster of employers or employer representative bodies to submit an application on behalf of a group of employers that are either in the same sector, same location or have similar training needs. The objective is to allow smaller employers to deliver functional skills required to support economic development and/or skills demanded by a sector/cluster of businesses.
- 4.10 The objective of this stream is to assist smaller employers to access training support if they do not individually have a suitable business development project to meet the business development stream eligibility requirements. The expectation is that, by working in partnership at local or regional level, employers could be better placed to help Wales overcome a skills challenge, take advantage of emerging opportunities and make economic progress. It is expected that partnership project applications are able to demonstrate the impact the support would bring to their locality, sector or cluster of employers.
- 4.11 These projects are usually focused on a particular sector or locality where there is an identified skills need. This stream also aims to provide Welsh Government with the opportunity to directly steer and influence the uptake of training undertaken by in-work individuals in areas of identified need (such as a skills challenge or economic need).

Accessing eligible training

- 4.12 Examples of potential eligible training costs include:
- external training provider costs
 - corporate training provision where evidence of payment can be provided

- the salary costs of internal trainer where there is evidence of need and competency to delivery to industry standards
- in exceptional case, the salaries of trainees³⁶.

4.13 The FSP will not generally fund statutory or regulatory training; conferences, networking and experiential activity; basic or low-level training; or consultancy or coaching activities.

4.14 Accredited training is encouraged where possible. Where there is a need for non-accredited training, it must align to a widely recognised industry standard.

4.15 The FSP will not fund training activities which can be accessed at a subsidised rate via other programmes, projects or routes. However, the FSP can function as a mechanism to channel direct skills support funded from other sources. For example, the FSP was identified as the governing mechanism through which EU transition funding would be directed, to support the skills needs of Wales's employers during the uncertainty caused by Brexit.

FSP administration

4.16 Employer advice, guidance and information is provided by Welsh Government's Employer Engagement Branch. The role of the allocated Senior Relationship Manager³⁷, based within the Employer Engagement Branch, includes:

- ensuring that other, more mainstream training support is accessed where available
- ensuring that employers have the opportunity to actively engage with local tertiary education institutions
- exploring the potential for taking on apprentices, where they do not do so already

³⁶ To date this has not been requested.

³⁷ The Senior Relationship Manager is responsible for developing strong relationships with strategically important companies, growth and 'new' to Wales inward investment companies. They coordinate the development and implementation of innovative and flexible support packages to strategic and growth businesses, including funding.

- advising applicants that they are not eligible for the FSP prior to any application.
- 4.17 Cross-government / departmental working arrangements are in place to ensure related teams (inward investment, regional business development teams, innovation etc.) are aware of their role in identifying suitable projects to the Employer Engagement branch.

Application and review process

Business Development stream

- 4.18 Employers applying for this stream submit a project-based application form, alongside a Skills Development Plan that details the necessary training to support the business development project. All applications, when taken to the investment panel must have endorsement from their Welsh Government Senior Relationship Manager or Head of Branch. They are also required to submit a MERIT self-assessment that evaluates the employer against criteria (relating to Management, Equality and Diversity, Remuneration, Industrial and Community Relations and Training).
- 4.19 The MERIT self-assessment allows the employer to demonstrate current and planned business management processes and practices. The MERIT self-assessment is part of Welsh Government's focus on encouraging and challenging employment standards in Wales and working closely with exemplar employers. It also provides Welsh Government with an opportunity to review the employer's commitment to workforce engagement and alignment with national priorities.
- 4.20 Welsh Government is able to provide support and guidance (e.g. linking to wider programmes or presenting best practice examples) to employers when areas of weakness are identified through the MERIT self-assessment process.
- 4.21 The expected maximum level of funding for the business development stream is £500,000 per company per annum. Any requests for funding above the £500,000 annual threshold require endorsement from senior Employability and Skills

management in Welsh Government and a formal commitment and/or approval by relevant Minister³⁸.

Partnership project stream

- 4.22 As with the business development stream, the partnership project proposers (company) must submit a project-based application form along with the SDP and the MERIT plan. They must also identify a list of training areas which will address skills challenges in their locality or sector. All applications will be assessed by a member of the Employer Engagement Team, who will act as the sponsoring official to endorse the application for panel consideration.
- 4.23 Individual employers who are then interested in accessing a partnership project will be supported by the project proposer and the Employer Engagement Team to do so. They are only required to submit a concise application confirming their company details, overview of reason for enhancing their workforce, the training they require (from a menu of pre-approved training areas) and the impact of Brexit and/or Covid on their business.
- 4.24 The grant award and the funding are channelled directly through the individual employer, not the project proposer. They are able to decide which training provider to source the training from.
- 4.25 The expected maximum level of funding for the partnership project stream is £25,000 for each employer within one financial year. Skills needs beyond this would be considered within the business development stream.

Review process

- 4.26 All full applications will first be assessed by a member of the Employer Engagement Branch, who will act as the sponsoring official to endorse that the application is suitable for panel consideration. It is then submitted to the investment panel for recommendations.
- 4.27 An FSP investment panel (managed by the Employer Engagement Branch) meets regularly to review applications and make funding recommendations. The panel

³⁸ The FSP has not been required to go over the £500k threshold to date.

includes representatives from a variety of background including Business Wales, regional teams and Industry Wales. When making their decisions, they consider the FSP budget and potential return on investment. All successful applicants are then presented with a Grant Award Letter to sign, setting out the full terms and conditions of the grant.

Key developments

- 4.28 Minor amendments to the FSP's operation and/or criteria have taken place to ensure it is fit for purpose and remains aligned with national priorities. For example, following a customer feedback exercise undertaken during 2016 (in which findings were overall positive), weaknesses within the claims processes have been addressed³⁹. This includes responding to applications swiftly.
- 4.29 The MERIT self-assessment was also introduced in 2017-18. Further refinements have been undertaken to ensure it aligns with Welsh Government priorities and programme needs⁴⁰. These refinements included strengthening expectations in some MERIT areas, such as the real living wage, zero hours contracts and apprenticeship plans. The MERIT process has been refined to request a detailed explanation against any areas of weakness.
- 4.30 Welsh Government is looking to operate the programme with reduced costs of £1.3m in 2024/2025 in line with budget cuts across the division. As such, they may seek to refine the FSP by:
- focusing the financial support towards partnership projects to drive skills investment within certain priority sectors
 - reducing the cap on business development applications to £50,000 and partnership projects to £20,000
 - challenging basic-low-level training included in applications

³⁹ The claims process was previously undertaken by another team at Welsh Government. It was a paper-based exercise which took time to process. The process has since been centralised within the Employer Engagement branch which has made it easier to manage and more efficient.

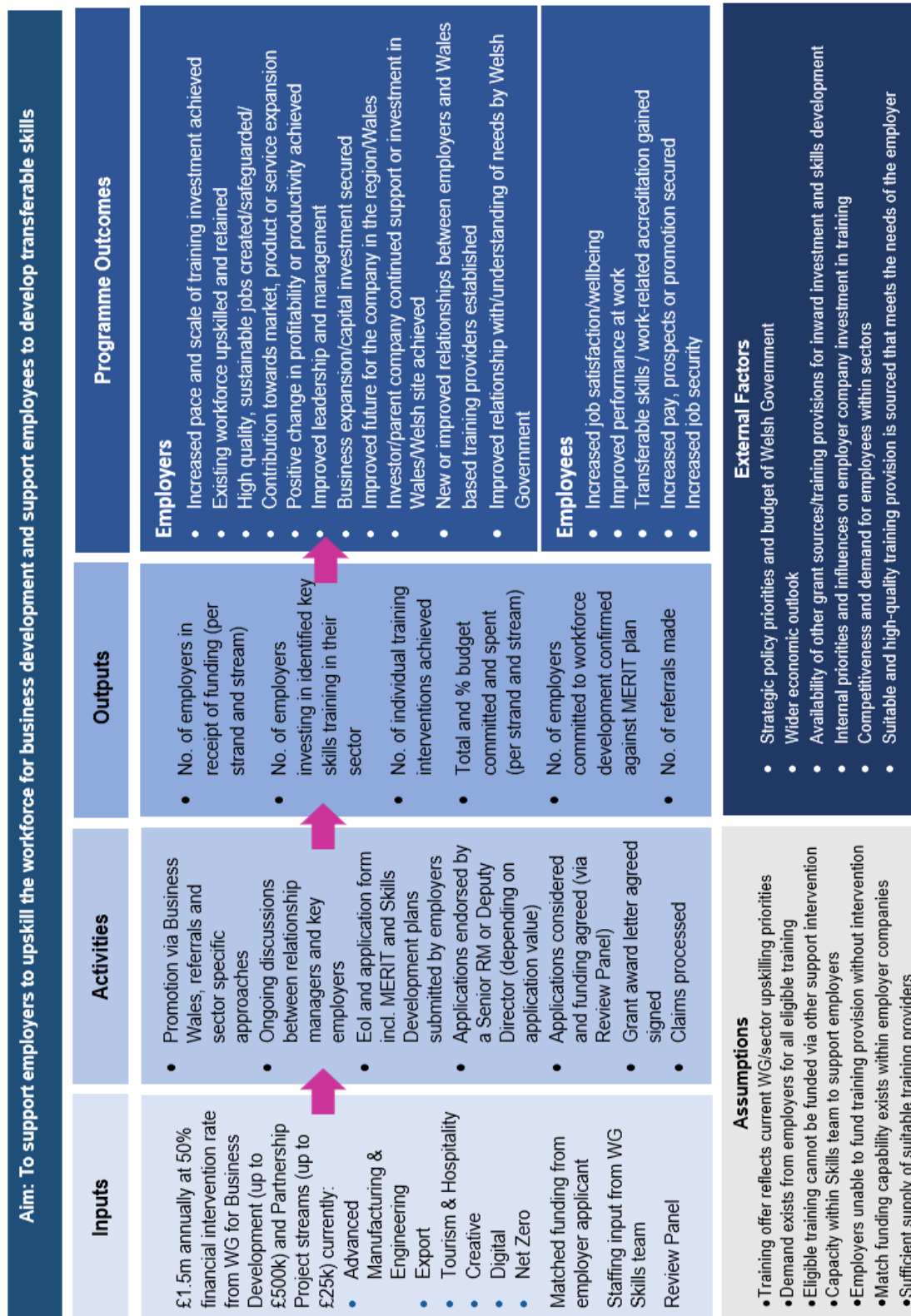
⁴⁰ For example, the referral mechanism to Welsh Government disability champions was introduced in 2022 and to the Fair Work team in 2023.

- only looking to support Leadership and Management courses if they will enhance the sector skills qualifications also applied for.

Logic Model

4.31 Figure 4.1 below presents a logic model which could be used to inform the future design, delivery and evaluation of the FSP. It is based on reviews of FSP background documentation and the findings from fieldwork. It sets out the FSP's inputs (such as the level of annual grant funding), activities (such as promotion and application processes), outputs (such as the number of employers receiving funding) and outcomes (such as outcome for the business and for employees). It also identifies assumptions made regarding the design and delivery of the FSP, as well as external factors which may affect the FSP.

Figure 4.1: FSP Logic Model⁴¹



⁴¹ The £1.5m annual budget is up until 2023/24. There is a reduced budget for 2024/25.

5. Findings: Rationale and design of the FSP

5.1 This chapter outlines the views of interviewed Welsh Government staff and FSP panel members⁴² in relation to the rationale, aims and objectives of the FSP. It explores the perceptions of the programme's contribution to Welsh Government policies, fit with other provision for businesses, and the perceived need for the FSP. This chapter includes views on the appropriateness of the design of the FSP including its streams and project strands and the current financial intervention rate.

Aims and Objectives

5.2 The FSP was described by those closest to it, the staff and panel members interviewed during this evaluation, as a programme to support companies to upskill their staff and address skills shortages.

5.3 More specifically, it was outlined that the programme is filling a gap by part-funding specialist, technical or managerial training that companies would not be able to access elsewhere via any other publicly funded or supported provision.

5.4 A follow-on from the Workforce Development Programme (WDP), the FSP was initially considered a critical part of the incentivisation package for possible inward investment or to support strategically important companies established in Wales that needed to upskill its existing workforce for a business development project.

‘It was one tool in the armoury available across public funding to help businesses develop their skills.’ [Welsh Government staff/panel member]

5.5 Welsh Government staff and panel members suggested that it has evolved, or ‘changed quietly’ over the years and adopted a greater focus, via the partnership projects stream, to support SMEs and large employers in Wales in a drive to close specific sector skills gaps in areas such as artificial intelligence, net zero and digital technology.

‘The programme stays the same and companies still have the same route to the funding, but little changes are made, and new partnership projects pop up

⁴² See paragraph 4.27 for an explanation of the role of FSP panel members.

in areas that are a priority. It is quite flexible in that sense.’ [Welsh Government staff/panel member]

Contribution to Welsh Government policy priorities

- 5.6 Welsh Government staff and panel members felt that the FSP was well-rooted in the Welsh Government’s priorities for skills support. Investment in skills is a priority for Welsh Government and the FSP enables employers to access that. Whilst the FSP is not mentioned explicitly in the Programme for Government⁴³, it is very much about making Wales a prosperous economy, and it was also seen to tie well with the Economic Mission⁴⁴ as it is a programme that has improving productivity, competitiveness and business growth at its core.
- 5.7 The programme was also seen as an effective mechanism to deliver against more specific sector-based priorities. It was seen as very much engrained with the broad objectives of the Manufacturing Action Plan. Staff also described a conscious and concerted effort to utilise the programme to drive priorities in the Net Zero Skills Plan, with Airbus highlighted as an example of a company that was driving decarbonisation within that sector. Similarly, there were efforts to align the offer with relevant key policies such as the Digital Skills Plan. This approach was informed by sector experts who worked with the Skills team to identify skills gaps to allow the FSP to be adapted and tweaked regularly so that it continues to be responsive to sector skills gaps.

Added value to other Welsh Government provision

- 5.8 Whilst described by Welsh Government staff as a small intervention compared to other skills funding support, the FSP was nonetheless seen as an important intervention which was flexible and tailored to business needs. It was viewed as the only demand-led skills support provision by Welsh Government that offered something tangible for companies in need of specific, specialist and bespoke elements to their training requirements. This was particularly the case for some

⁴³ Welsh Government (2021), [Programme for Government – Update](#)

⁴⁴ Welsh Government (2023), [Economic mission: priorities for a stronger economy](#)

sectors where training could be very niche and expensive for small businesses to source, for example within the aerospace sector.

- 5.9 The FSP was deemed to complement the wider skills offer of Welsh Government well. A suite of support provision such as Jobs Growth Wales+, Communities for Work+ and ReAct+ were all available, and currently under review, but the FSP was not thought to provide the same offer as was made available through these programmes.
- 5.10 There was no perceived overlap either between the FSP and the Personal Learning Accounts (PLAs) or the Apprenticeship programme, but it could work alongside it where necessary:
- ‘The FSP complements, there is no overlap. It is standalone, it is flexible, and employers can choose their providers. The others have set providers so get the same courses offered again and again.’ [Welsh Government staff/panel member]
- 5.11 Until recently there were also European funded provision available via FE institutions, but the Skills team at Welsh Government had been mindful of this and tried to ensure complementarity. In that respect, the FSP was growing in importance as it tried, via a small budget, to provide a package of training support for companies in a climate of dwindling support available elsewhere.
- 5.12 The FSP was also seen as more than just a funding programme for skills, as the team explained they engaged regularly with many of the funded businesses and undertook a wider relationship management role. This was described as a valuable process, with Senior Relationship Managers also pulling together a range of wider support for companies.

‘It adds a lot of value – it is the icing on the cake in that it allows businesses to take things forward at scale and at a quicker pace than they would otherwise be doing. It fills the gaps where standard, mainstream provision can’t provide. It is enabling businesses to commission tailored training. It does what it says on the tin – it is about flexibility.’ [Welsh Government staff/panel member]

5.13 Contributors also pointed to the added value of the FSP to the Welsh Government's inward investment and business support offer. Where business support was offered to companies via grants for new equipment, the FSP could complement that with funding for the associated training. It also allows the Skills department to be part of a 'Team Wales' approach where FSP funding is used as part of a wider package of support offered to companies considering inward investment to Wales. It was described as a unique part of the offer from Wales that was 'a good selling point' and also demonstrated the government's desire to attract companies to Wales who were responsible employers that invested in their workforce. The Skills team described how they work closely with the Welsh Government's inward investment team. As part of a wider package alongside Apprenticeship funding, it was seen as a 'jewel in the crown' which demonstrated the importance of skills and giving something back through co-investment:

'It's useful – you can gauge a lot as to whether a company has a short-term vision if it is not bothered about this type of offer on the table. They are not particularly valuable companies to have' [Welsh Government staff/panel member]

5.14 A couple of contributors mentioned how this 'carrot' is not always utilised by the inward investment companies once they locate in Wales so it can be a particularly useful incentive that does not carry a high-cost burden. This demonstrates that the messaging of the support is just as important as the financial offer attached to it

'For some inward investment companies, the FSP has proved useful to get them into Wales even if they don't ultimately use it. It is an important programme for Wales in that sense. There have been a few contracts on that basis.' [Welsh Government staff/panel member]

5.15 One contributor described how the FSP has also been used in the past when a number of companies e.g. the semi-conductor cluster, have applied for UK programme funding. The FSP can be useful as leverage to help companies access research funding. Another contributor mentioned a pilot collaborative activity with a group of engineering businesses with an ageing workforce, where Welsh Government were working with the local authority on a potential collaborative

training and succession plan. The intention was to use the local college to address some of the requirements, for example via apprenticeships, but to utilise the FSP to address other gaps.

Need for the FSP

- 5.16 It was ascertained that all Welsh Government contributors saw a need for the FSP. An annual review of the type of training supported is undertaken to decide whether the topics covered remain up-to-date and fit-for-purpose and the offer is revised accordingly. For example, in more recent years, companies were asking increasingly for leadership and management training to support the introduction of new ways of working or new technology, and this has been introduced as a result.
- 5.17 Several members of the Skills team described the FSP as a support package ‘to have in my back pocket’, with a desire to ensure that it primarily supported those who did not have the resource otherwise, or those who could do more of what they wanted to do with the injection of FSP support.
- 5.18 A few contributors also highlighted how the FSP was responding to the needs of businesses today and suggested that the Welsh Government should consider moving away from the traditional capital investment support typically provided to businesses as the economy shifted increasingly towards the service and professional sectors.
- 5.19 One contributor argued that the Welsh Government should shift its focus, with increased investment funding being made available to skills and education provision to enable companies to invest in their workforce rather than the traditional focus on capital investment. They suggested that additional funding for FSP support could then be made available through such a policy priority shift:
- ‘There is a need to shift public funding away from capital into revenue support to meet needs. It is about thinking more about helping businesses to invest in their people – and their main asset now is people not kit.’ [Welsh Government staff/panel member]
- 5.20 Some contributors highlighted the needs of certain sectors supported by the FSP:

- the need from the **Advanced manufacturing and Engineering** sector had always been strong and was increasing. It is a core sector in Wales that has been supported for years. Upskilling and job progression were very important within this sector, which often had an ageing workforce
- **Digital** was seen as important and evolving. Surprisingly, the need for Digital skills had slowed a little, and this was possibly due to the topics covered within the FSP being focused on software development, whereas a more cross-cutting approach might need to be considered going forward or an increased focus on AI and cyber-security. It was important that this focus continued, in order to upskill individuals recruited in Wales rather than seeing companies seeking skills from wider afield
- the **Net Zero** skills agenda was a huge focus in terms of Welsh Government policy and only going to grow over the coming years
- the need for **Export** support had been identified as an important post-Brexit response, but take-up was dwindling and merited consideration as to whether it needed to continue as a specific sector
- the **Creative sector** is important in Wales and whilst the number of supported businesses within this strand was small, it was seen as crucial support for those who sought FSP investment
- there had been strong demand for the FSP to provide support to the **Tourism and Hospitality** sector post Covid pandemic, but again there was a need to reconsider the needs of the sector moving forward, given the increasing focus on training for sector growth.

5.21 Welsh Government contributors reiterated the importance of supporting strategically important businesses (including anchor companies and RICs) across Wales and utilising the FSP as a mechanism to allow Welsh Government to partner with them and drive economic growth and development. It was thought that the need from these larger companies had ‘been there since day one’. In some instances, it was suggested by a couple of contributors that some of these companies felt ‘entitled’ to support, whilst for others, the FSP support really enabled expansion.

5.22 Whilst recognising the need to continue supporting strategic businesses, contributors would welcome a better balance in the budget allocation for large and small businesses, even though this might increase the administrative burden on the programme. Identifying the priority skills to be invested in had been an effective way of managing demand so that the partnership project stream administration was manageable for the small team within Welsh Government

‘As it evolved, the FSP gave us a tangible offer to all companies. It has helped both ends of the spectrum – it is not just for the big companies. It gave us a more moral and rounded approach to the offering of carrots into Wales. It is about being sensible.’ [Welsh Government staff/panel member]

Design of the FSP

5.23 Contributors commented that the FSP was a well-designed and well-established approach. The main strengths identified were:

- it is delivered directly by Welsh Government so the FSP team, as a result of their direct engagement with employers, have a better understanding of their training requirements than when funding is allocated to external providers such as FEIs
- the adoption of appropriate sector priorities which provides clarity about what can be funded yet are broad enough to meet the needs of the vast majority of businesses based in Wales. However there was some suggestion that the sector priorities are too wide:

‘the key point here is that FSP sectors are typical of those priorities by Welsh Government. They are broad enough that you could make the case for any business to fit into them really. Sectors are quite pragmatic, but possibly too broad’ [Welsh Government staff/panel member]

- the sector priorities align well with the sectoral focus of regional relationship managers’ work
- having two distinctive funding streams allows the programme to support a wider range of businesses. The Partnership Projects stream has become

increasingly popular over time, with smaller companies making increasing use of the support, often for small amounts of funding

- the programme is employer-led and constantly evolves through regular review and communication with industry representatives:

‘the evolution of FSP is completely dictated by industry telling us what they need. We are addressing the here and now skills’ [Welsh Government staff/panel member]

- there is good early communication with prospective applicants which means that companies have a good understanding of FSP from the outset and application forms request mostly eligible funding
- the £25,000 cap for partnership projects seems to be appropriate and is mostly adequate for meeting the needs of all companies, including larger employers
- every effort is made to ensure that FSP funding is only utilised as a last source of funding after other possible funding sources have been exhausted
- the onus is on the employers to source their training provider which means they are more likely to choose provision they need and (because of the need to match fund the cost) they will source competitively priced provision
- it is useful that the FSP eligibility criteria allows for the funding of training which is only available directly from manufacturers.

Leadership and management

- 5.24 The only aspect of the programme’s design which Welsh Government staff and FSP panel members expressed a difference in opinion related to the funding of leadership and management courses.
- 5.25 Some Welsh Government staff and panel members viewed FSP’s role in this area as being very important, particularly since the COVID-19 pandemic. Some FSP team officers reflected that they had seen employees promoted, often because older, more senior staff had stepped down, but lacked the training to manage teams effectively.

5.26 Other contributors suggested that FE colleges and HE institutions, rather than the FSP, should be leading the delivery of leadership and management provision, not least because they could deliver a wider offer. In the meantime however, the FSP was plugging a gap for more bespoke leadership and management provision which businesses could not source elsewhere. By way of example, some contributors noted that the FSP had, in some instances, supported more generic leadership and management courses such as those on presentation skills or mental health, which perhaps employers ought to have funded themselves. Others suggested that any leadership and management development courses funded via FSP should be linked to specific technical developments such as the roll-out of new software within a company:

‘There should be some interaction between the leadership and management and the skills offer – if we are too open with it, we will become a leadership and management funding programme’ [Welsh Government staff/panel member]

50 per cent intervention rate

5.27 The 50 per cent intervention rate was deemed appropriate by all staff and panel members interviewed and considered another strength of the FSP. It was reported that this intervention rate enabled the FSP team to make the most of a limited budget and provide better value for money.

5.28 There were also strong views that employers should make an equal financial contribution not least because the fund would otherwise be oversubscribed but also because the approach aligns with the framework set out by the Minister for economic development support in Wales. There was also a desire to see employers commit to fair work priorities and investing in their staff, thus the co-investment approach of the FSP was thought to generate greater ownership from employers.

‘Most of us felt that it would not be valued as much if it was free. 50 per cent is a good deal because the FSP is not massively well-funded, so the money goes twice as far...Employers do have to put their hands in their pocket... It is important to keep it as it is’ [Welsh Government staff/panel member]

20 per cent over-programming

- 5.29 The FSP operates on the basis of funding being over-programmed by a 20 per cent allocation. Interviewed staff and panel members considered this a unique design feature of any Welsh Government funding programme.
- 5.30 The concept of over-programming was introduced as businesses supported via previous programmes, such as the WDP, tended not to spend their allocated amounts. Over-programming the budget annually lessens the amount of underspend at the end of each financial year and enables the team to continue to receive applications late into the year.

‘It is working well. I would say that it is effective. We know that there is no guarantee that employers will draw down the money and we could probably do 30-40 per cent but 20 per cent is safe.’ [Welsh Government staff/panel member]

6. Findings: Administration and implementation of the FSP

6.1 This chapter draws on fieldwork evidence gathered from employer and employee surveys, case study visits with FSP funded companies and interviews with Welsh Government staff, panel members and training providers. It covers the promotion and marketing of the programme, the administration, approval and claims processes associated with applications to the FSP and the demand for Welsh medium provision.

Promotion of the FSP

6.2 Around two-thirds of employers (18 of 26) who responded to the survey reported first hearing about the FSP via an existing relationship with a Welsh Government contact⁴⁵. A little under a quarter (six) had heard from colleagues or staff within their business while only a few employers had heard from other businesses (three) or from networking or other events (two).

Table 6.1: How employers first heard about FSP

Response	Number
Via an existing relationship with a Welsh Government contact	18
From colleagues or staff within your business	6
From other businesses	3
From networking or other events	2
From internet searches	1
From promotional literature	0
Other	0
Don't know	0

Source: OB3 Employer online survey, March 2024. All 26 respondents. Respondents could select more than one option.

6.3 While just over half (14) had not explored any other options other than FSP to support the cost of the training, over a third (nine) had considered other options such as Personal Learning Accounts, self-funding, the Accelerated Growth Programme, and funded courses via industry bodies. These employers explained that they primarily chose FSP because it provided the best funding model to meet

⁴⁵ Such as an Employer Engagement senior relationship manager or via other contacts within Welsh Government from the Business and Regions team, Innovation team or sector specific teams such as Creative Wales.

their needs; it was seen as flexible and enabled more industry-specific training and more comprehensive or timely training.

- 6.4 Welsh Government staff and panel members also provided their thoughts on the promotion and marketing of the FSP. They described how the FSP had evolved from predecessor programmes such as the Workforce Development Programme (WDP) and Enhancing Leadership and Management Skills (ELMS) which were heavily advertised as they had larger budgets due to EU funding. When FSP emerged, it was considered 'a programme of last resort' with a small budget. Welsh Government staff described how there was an element of secrecy to it, as they did not want it to become too widely known that the funding was available or the demand would far exceed the capacity of the fund.
- 6.5 The FSP has been better marketed since the introduction of the Partnership Projects stream and a reduced focus on the Business Development stream since 2017/18. Information about the FSP is readily available on the Business Wales and the Working Wales pages of the Welsh Government website and in a brochure produced by the Skills Division outlining the support available to businesses. As a result, a greater number of Expression of Interests (EoIs) have been received by the Employer Engagement team over the past couple of years from businesses that they have not previously worked with. Whilst the FSP is not advertised as widely as other programmes such as Jobs Growth Wales Plus (JGW+), contributors were content that it can be easily found if entered into a search engine.
- 6.6 Welsh Government staff and panel members also observed that various industry forums play a key role in promoting the fund to their members – particularly automotive, aerospace and technology connected forums. Some staff members suggested that perhaps the FSP was not so widely promoted to the Creative, Export and Tourism and Hospitality sectors.
- 6.7 Contributors described how Welsh Government relationship managers play a key role in promoting the FSP to businesses they account manage. Relationship managers deal with regionally strategic businesses that are showing signs of growth potential. Their role involves undertaking a business diagnostic during an initial meeting to better understand the business' ambitions and the support they might

need to achieve these. A discussion about staff development and training forms part of this initial diagnostic and should the FSP be identified as a possible intervention, Relationship Managers will refer that business to the FSP team.

‘Regional managers do their best to provide a warm handover to the FSP team – what we call a qualified referral, so that they have a good feel for the business background and needs.’ [Welsh Government staff/panel member]

6.8 Although the Welsh Government does not encourage training providers to promote the FSP, the fieldwork with training providers suggested that a few of them knew about it and were increasingly signposting companies to the programme. Two of the training providers with a good understanding and appreciation of the FSP also stated that they had signposted some companies that they regularly provide training for about the FSP funding opportunity. These training providers were somewhat surprised at how few of their clients access the FSP although it was appreciated that this might be because employers had not informed them. In the creative sector, it was suggested that because most production companies in Wales are relatively small independents with only two or three core staff who utilise freelancers, the FSP offer might not be suitable for them.

6.9 The FSP receives a number of repeat or consecutive funding applications from some businesses to support the delivery of their training. The need for the funding is substantial overall, and a combination of increased interest and repeat business meant that the FSP was now reaching capacity.

‘We can’t cope with marketing it much more or budget would be gone. It’s better that it sits quietly. We get a lot of newer companies coming through now and we’ve had the same companies coming back year on year.’ [Welsh Government staff/panel member]

6.10 A number of suggestions were offered by interviewed Welsh Government staff in order to try and stem the demand for the fund in future. These included adopting:

- stricter funding criteria
- clearer internal narrative to ensure that Relationship Managers from the Business and Regions teams do not over-refer

- greater clarity in the information provided about the FSP on website pages so that fewer unsuitable Eols are submitted.

Application and claims process

6.11 Employers who responded to the survey were positive regarding their overall engagement with the FSP, with over three-quarters (20) reporting that it was either very (11) or fairly (nine) easy to engage in the FSP.

Table 6.2: How easy or difficult employers found it to engage with the FSP

Response	Number
Very easy	11
Fairly easy	9
Neither easy nor difficult	3
Fairly difficult	2
Very difficult	0
Don't know	1
Total	26

Source: OB3 Employer online survey, March 2024. All 26 respondents

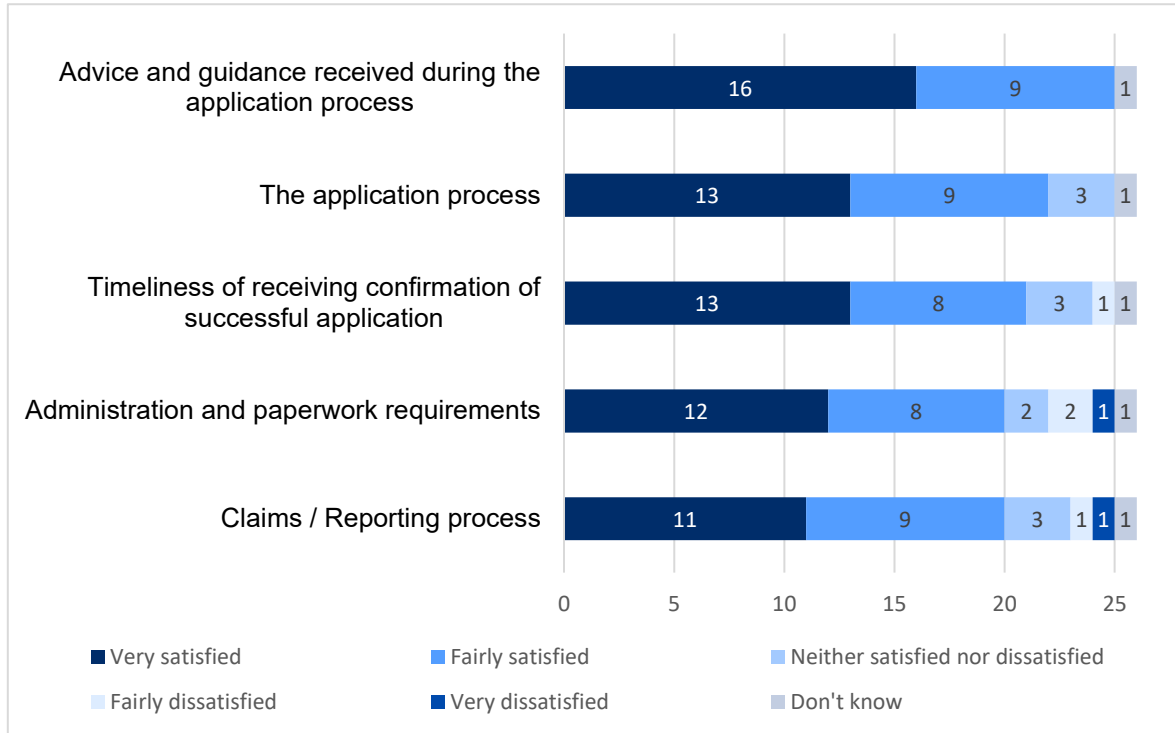
6.12 Employers were most positive about the advice and guidance received during the application process, with all but one employer either very (16) or fairly satisfied (nine), as shown at Figure 6.1. The majority were also satisfied with the application process (13 very satisfied, nine fairly satisfied); administration and paperwork requirements (12 very satisfied, eight fairly satisfied); timeliness (13 very satisfied, eight fairly satisfied); and the claims/reporting process (11 very satisfied, nine fairly satisfied). Employers explained that they had found their main FSP contact at the Welsh Government to be immensely helpful and responsive.

6.13 A few employers, (no more than two in each case), had been dissatisfied with the administration, timeliness, and claims/reporting processes associated with FSP. A couple of employers explained why they had been dissatisfied with elements of the process:

‘There is a lot of paperwork to be completed. And multiple steps. I had to chase up the application before it was approved.’ [FSP-funded employer]

‘The claim form is not user friendly, very confusing to complete due to its formatting. This needs to be improved.’ [FSP-funded employer]

Figure 6.1: Employer satisfaction with the administration aspects of the FSP



Source: OB3 Employer online survey, March 2024. All 26 respondents

- 6.14 Similar views were expressed by employers interviewed during case study visits. The application process was considered straightforward, self-explanatory, clear, and acceptable, with the guidance informative. A couple of interviewed employers felt that the Word and Excel documents used for the applications were slightly ‘clunky’ and that they would expect a more automated and interactive system. Most interviewed case study employers reported not needing much support from the Welsh Government during the application process yet knew who to turn to if needed. The criteria for eligibility and the 50 per cent intervention rate were also generally described by interviewed employers as appropriate.
- 6.15 Most case study employers felt that the MERIT self-assessment and the Skills Development Plan, whilst initially appearing challenging, were straightforward to complete. However, most did not feel that the MERIT plans had generated any real change in their approach. One commented that it might be slightly off putting for new applicants to the FSP and another described it as feeling as though they were ‘going through the motions.’

- 6.16 In terms of the claims process, again the majority of interviewed employers described it as straightforward and appreciated the flexibility that the Welsh Government allowed in responding to changes. A couple of interviewed companies who were new to the FSP had initially found the claims process slightly stressful and frustrating, particularly the requirement to demonstrate proof of attendance at training sessions but had since put internal processes in place to deal with this.
- 6.17 Three case study employers felt that a longer timeline to complete the proposed training would be welcomed, particularly if it were to consider company accounting years rather than the Welsh Government's April-March financial year. Three other companies suggested that a longer delivery period for arranging and holding training that bridged financial years or worked on the basis of a three-year time horizon to allow for slippage and reflect the realities of day-to-day pressures would be a welcome improvement. Training providers also raised similar issues and suggested that because FSP ran from April to March, the funding was often not available until June or later which meant it was too late for some companies to access and spend their allocation within the year.
- 6.18 Welsh Government staff and stakeholders also provided their views on the FSP's administration processes. Some of these individuals, who had worked on the FSP since its inception, described how it initially adopted the same centralised administration process as its predecessor programmes and had adopted very rigorous Welsh European Funding Office (WEFO) supported protocols. Over time, the Skills team became aware that the administration processes were too slow for such a small fund. They revised the approach, simplified the application form and transferred the administration to the Skills team. The MERIT and Skills Development Plan (SDP) forms were also introduced at this point to reinforce the policy objective set by Welsh Government of working with responsible employers. Comments about the current application form and process were invariably positive from Welsh Government staff and stakeholders:

'It's lean, it asks the right questions. This is brilliant'

'The application process is not onerous for employers. It's not like ESF War and Peace!'

‘It’s a very straightforward application form. An employer should be able to complete it in an hour’ [All FSP-funded employers]

- 6.19 Contributors from Welsh Government commented that the approach for Business Development applications, whilst possibly ‘old-fashioned’ in the sense that there is in-person contact between the company and the Relationship Manager, means that there is a discussion beforehand to ensure the programme is understood by the business and an onus on the Relationship Manager to ensure that the application is submitted.

‘If I was putting one forward then I knew the training was good quality, they supported MERIT objectives and made sense. It was on me to sell it and defend it going forward.’ [Welsh Government staff/panel member]

- 6.20 This is not necessarily the case with partnership project applications according to Welsh Government staff. Whilst some of these applicants come through as a result of existing relationships that have built up between the company and the skills relationship manager or a stakeholder partner, many come through directly via website where ‘there is a link to an EoI and they tick a few boxes. This then goes to our shared mailbox’. As a result, Welsh Government contributors observed that it is not always clear which strand the application relates to, or a company will tick all the boxes, which necessitates a quick follow-up conversation to explain how the FSP works.

‘It’s a good model but most applications come through the EoIs from the website now and they are not always clear. They are smaller companies and applications for less money. We don’t have a relationship with the company so we deal with them remotely.’ [Welsh Government staff/panel member]

- 6.21 One possible solution suggested by Welsh Government staff would be that the Skills team shift towards a more regional approach to deal with applications rather than the sector-based one currently being used as this would enable staff to develop stronger partnerships within their region. Moving towards a regional model of working would however need to consider that the FSP receives over half its applications from the south east.

6.22 The administrative workload associated with the FSP was deemed by Welsh Government staff to be manageable. Welsh Government staff consider it helpful to have an Eol stage as this filters out any ineligible applicants. It was also deemed useful that the application form is only made available to successful Eol applicants. This means that hardly any applications are declined.

Funding award process

6.23 As a result of the streamlined application process, members of the awarding panel felt that their scrutiny of applications and awarding of funding was not onerous and allowed for a quick decision. The Skills team have a £0.5m delegated authority for approving applications which helps ensure a quick turnaround of decisions, with the relevant Minister signing off on larger sums.

6.24 The panel meets virtually, with applications shared by email beforehand so that panel members can provide comments or raise queries. Panel members described how they will always review each application and check whether there is any alternative funding available that is more suitable and appropriate. The approval process was described as well-established and efficient.

‘The FSP team are very good at their job which means that the Panel receives appropriate applications which are of good quality to consider. The FSP do a good job of turning away any inappropriate cases at an early stage. When you read the application you can generally see why they need the investment’
[FSP-funded employer]

6.25 Membership of the panel was also deemed suitable with representation from the employer engagement team, Business Wales and industry representatives. When needed, particularly for the partnership projects, a Welsh Government sector specialist in tourism or creative will be brought in.

Accessing training

6.26 The majority of employers who responded to the survey had used training providers with whom they had an existing relationship, either based in Wales (17) and/or outside of Wales (14). However, some employers also identified new training providers, either based in Wales (10) and/or outside of Wales (nine).

Table 6.3: How employers chose training providers for FSP funded training

Response	Number
Used training providers with whom had an existing relationship with, based in Wales	17
Used training providers with whom had an existing relationship with, based outside of Wales	14
Identified a new training provider to fulfil the need, based in Wales	10
Identified a new training provider to fulfil the need, based outside of Wales	9
Don't know / Can't remember	0

Source: OB3 Employer online survey, March 2024. All 26 respondents. Respondents could select more than one option

- 6.27 Employers would prefer to access their own training provider rather than use one on an approved Welsh Government list. Around two-thirds of those surveyed stated that they would not prefer a Welsh Government approved training list (16), while almost a quarter (six) didn't know, and only a few (four) would prefer such a list.
- 6.28 Overall, survey responses from employers showed that they were satisfied with the quality of the training received; three-quarters (19) were very satisfied, and a quarter (seven) were quite satisfied.

Demand for Welsh medium provision

- 6.29 There is very limited evidence around the demand for Welsh medium provision, and overall, the survey and case study visits suggest that demand overall is low, with the exception of some creative sector companies. Employers and employees across all companies and sectors tended to place a greater emphasis on securing an experienced trainer and high-quality training provision than upon the language of delivery.
- 6.30 Only two employers (both from the creative sector) who responded to the survey reported that their staff wished to access the training in Welsh and in both cases, the employer was able to source appropriate training.
- 6.31 The majority of employees (21 of 26) did not wish to receive training through the medium of Welsh, while three didn't know. Over a quarter (seven) of employees⁴⁶

⁴⁶ All seven surveyed employees worked for two creative sector employers who were also case study businesses.

wanted to receive training through the medium of Welsh and in four of these cases, training was delivered in Welsh. Feedback from the Skills team at Welsh Government concurred that demand is low but noted the FSP provides full flexibility for companies to access training in their language of choice, as required.

‘We fund the training but they can choose it’ [Welsh Government staff/panel member]

- 6.32 In the creative sector supported companies had managed to source some bespoke training through the medium of Welsh, for example for interviewing techniques or scriptwriting when there was demand for this. Feedback from supported FSP companies in this sector also suggested that the ability to undertake their team discussions in Welsh was more valued to them in most cases than the language of the delivery by the trainer. Training providers for this sector also mentioned that they were looking to develop more Welsh-language training in the future because there was some demand for it in Wales, although their first consideration was always the quality of the tutor.

7. Findings: Outcomes and Impacts of the FSP

7.1 This chapter draws on evidence from the FSP database for 2022/23 and 2023/24, employer and employee surveys, case study visits and the views of Welsh Government staff and panel members. It considers the extent to which the FSP meets the needs of employers, and evidence of outcomes and impact on FSP-funded employers and their employees. The chapter also outlines the difference made to training providers and the generation of referrals to other Welsh Government skills or business support provision.

Outputs

7.2 During 2022/23 and 2023/24 a total of 194 applications from 144 companies to the FSP were successful. This figure also shows that around 50 companies had made successful repeat applications. Almost three quarters of all successful applications (140 or 72 per cent) were made by SMEs whilst 54 (28 per cent) were from large sized companies.

7.3 Of the successful applications received, half (97 or 50 per cent) were from businesses based in south east Wales and a quarter (46 or 24 per cent) were from business located in south west Wales. 29 (15 per cent) applications were from north Wales based businesses and 22 (11 per cent) were from mid Wales. Funded companies were based across the length and breadth of Wales covering all local authorities except Merthyr Tydfil as shown in Table 7.1. The local authorities with the highest number of successful applicants were Cardiff, Bridgend, Powys, Flintshire and Carmarthenshire.

Table 7.1: Geographical distribution of successful FSP applicants, 2022-24

Local authority	Number	Percentage (%)
Cardiff	34	18%
Bridgend	21	11%
Powys	19	10%
Carmarthenshire	13	7%
Flintshire	13	7%
Newport	10	5%
Pembrokeshire	10	5%
Monmouthshire	9	5%
Caerphilly	8	4%
RCT	8	4%
Swansea	8	4%
Ceredigion	8	4%
Denbighshire	5	3%
Vale of Glamorgan	5	3%
Gwynedd	4	2%
Blaenau Gwent	4	2%
Neath Port Talbot	4	2%
Wrexham	4	2%
Torfaen	3	2%
Anglesey	2	1%
Conwy	2	1%
Total	194	100%

Source: FSP Databases 2022/23 and 2023/24

7.4 Applications per stream/strand varied from two for Net Zero to 104 for Advanced Manufacturing and Engineering as shown in Table 7.2 below.

Table 7.2: FSP successful applications by stream/strand, 2022-24

Stream	Strand	Number	Percentage (%)
Business Development	n/a	16	8%
Partnership Projects	Advanced Manufacturing and Engineering	104	54%
	Digital	36	19%
	Tourism and Hospitality	25	13%
	Creative	7	4%
	Export	4	2%
	Net Zero	2	1%
	Total	194	100%

Source: FSP Databases 2022/23 and 2023/24

- 7.5 The total FSP funding allocated during 2022-23 and 2023-24 was projected to fund 8,199 separate training interventions. The mean average is 42 training interventions per successful application whilst the median is 21 across successful applications. The total number of training interventions to be funded within the Business Development strand was 2,737, averaging 171 per successful application. The average number of training intervention per Partnership Project was 31.
- 7.6 The average amount of funding requested by successful applicants from the FSP was £16,625 across all applications. The average application from the Business Development stream was £106,692 whilst the average for Partnership Project applications was £9,090. Partnership project applications varied in the amount applied for from less than £200 to the full £25,000 maximum. Applications from the Advanced Manufacturing and Engineering stream of the Partnership Projects strand tended to be of higher value, whilst applications from the Net Zero, Tourism and Hospitality and Export streams tended to be for smaller amounts of funding (typically less than £5,000). The average cost across the FSP per funded training intervention was £384.

Meeting the overall needs of employers

- 7.7 Overall, most employers who responded to the survey (18) thought that the FSP funding had met their needs, while a few (four) thought that the funding had partially met their needs. A few (four) felt it had exceeded their needs.

Table 7.3: Extent to which FSP funding met employer needs

Response	Number
Met our needs	18
Exceeded our needs	4
Partially met our needs	4
Did not meet our needs	0
Don't know	0
Total	26

Source: OB3 Employer online survey, March 2024. All 26 respondents

7.8 Surveyed and case study employers highlighted three key strengths of the FSP, notably:

- its flexibility as it allows them to access bespoke, specialised and consistent training:

‘we have very bespoke needs, so it has been great that there is flexibility to use the specialist suppliers we need.’ [FSP-funded employer]

- the ease of the funding process, and some noted how financial support has allowed the business to develop and grow:

‘the continued support via the FSP has helped to aid recovery post COVID, enabling [our company] to continue upskilling its workforce during a challenging time.’ [FSP-funded employer]

‘the training that the FSP has part funded has supported our ongoing ramp up with a key focus on developing the future skills needs of [one of our sites].’ [FSP-funded employer]

- that the financial support allows them to support staff development more effectively than previously:

‘supported development of staff that would not have been able to access this training externally.’ [FSP-funded employer]

‘helped us as an organisation to develop staff within instead looking for new staff to fill the skills gaps within our organisation.’ [FSP-funded employer]

7.9 Only a few employers suggested improvements to the FSP, which included:

- broadening the scope of training that is allowable
- clarifying and simplifying administrative and paperwork requirements
- allowing an option to estimate costs and provide details of proposed courses they wished to commission but have the flexibility to amend at a later date.

7.10 Welsh Government staff interviewed during fieldwork stated that it was always challenging to demonstrate the outcomes achieved by employers as a direct result of FSP intervention but believed that the FSP helped create and retain jobs, and supported businesses to invest the right skills in the right people to remain competitive and grow.

‘Most of the evidence we have will be anecdotal but we get feedback from employers on what has been achieved and we keep in touch and see what is happening with the business’ [Welsh Government staff/panel member]

‘With Business Development investment, if they put in a production line and we upskill then it has impact. With smaller partnership projects it is more nuanced.’ [Welsh Government staff/panel member]

7.11 However, the programme lacks post-funding monitoring data due to the lack of capacity to undertake follow-up monitoring of investments made. Skills team members would be prepared to adopt light-touch processes to gather evidence about the programme’s benefits provided it was not overly onerous for the team or employers.

7.12 Welsh Government and panel member contributors proposed that demonstrating a history of upskilling staff makes Wales a more attractive region for inward investment and that FSP therefore played an important role in ensuring positive perceptions of Wales were generated. Some contributors pointed to examples in the past where this had been the case with companies establishing themselves in

Wales as a result of the 'Team Wales' approach⁴⁷ which included FSP support through the Business Development stream.

7.13 Welsh Government staff, panel members and training providers provided examples of how the FSP had helped to generate positive outcomes and impacts:

- a large financial services company had been attracted to Wales and awarded FSP funding over five years as part of an inward investment package. The FSP offer in this case had not been fully utilised as the company tended to employ highly qualified graduates. However as a result of their involvement with the Skills team the company developed a relationship with their local FE college and looked to spend some of their training budget on apprenticeships in related areas. The local college developed a bespoke apprenticeship scheme which included a guaranteed interview at the financial services company upon completion of the apprenticeship. This was a highly successful approach which has now been extended to other anchor companies in the region

'They now invest more in apprenticeships than they do in degree level graduate recruits. They are spending a lot of government money to create pathways that were previously never there. They had never looked at the vocational qualifications side. That is a success story'
[Welsh Government staff/panel member]

- a large manufacturing company in the south east was re-configuring one of its production lines and was sourcing the line from Germany. Enabling utilisation of the new production line would require considerable upskilling of existing staff. A relationship manager was in discussion with them at the time and referred them to the FSP which funded half the cost of training. This pushed forward the project by six months which meant that the site was able to bid for internal contracts being commissioned by its parent company

⁴⁷ Where a package of support is offered to inward investment companies to attract them to Wales.

- an automotive company was able to demonstrate its efficiency and compete successfully against other plants within the parent company to obtain further investment

‘FSP means that people do process improvement. And they innovate. If we do not innovate we stand still’ [Welsh Government staff/panel member]

- an important anchor company in Wales will use the fact that they receive FSP funding from Welsh Government to support their discussions with the parent company to locate a production line at the site
- an engineering company with very dated equipment was taken over and the new owner invested in new capital equipment which required staff to learn new skills. Without FSP investment the capital equipment would not have been fully utilised as quickly:

‘It goes hand in hand. Without training and upskilling, the capital investment would not provide a profitable return for businesses’ [Welsh Government staff/panel member]

7.14 Documents produced by Welsh Government also attribute some of the latest inward investment and successful growth of companies in Wales to FSP support:

‘the FSP support was a key factor in securing Aston Martin to South Wales, winning Deloitte’s latest expansion to their Cardiff site, assisting Admiral to upskill their Wales-based staff to diversity into new products and helping to establish and grow north Wales’s Zip World and NU Instruments. It has also been available to assist during times of market crisis such as support for Murco, Tata and Ford.⁴⁸’

⁴⁸ Welsh Government, FSP Integrated Impact Assessment, page 8 [not published]

Semi-conductor industry in south east Wales

The semi-conductor industry in south east Wales is a key priority for Welsh Government and the FSP has invested in this sector. The sector is growing and whilst many factors have contributed to this growth, the FSP has been a key component of the support package made available to a sector that employs people in high value and transportable careers.

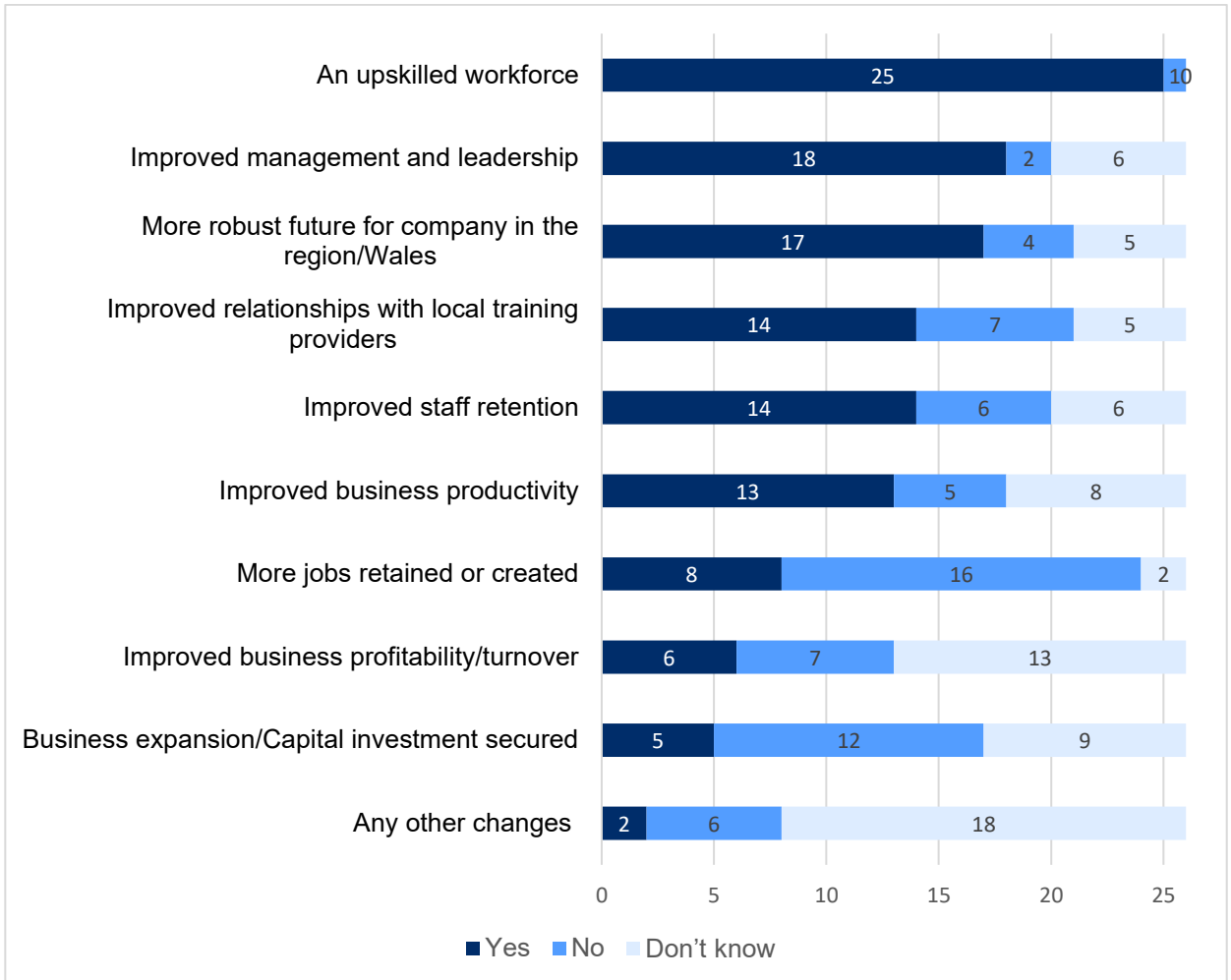
There is good engagement between FSP and semi-conductor businesses in the south east, and Welsh Government have a semi-conductor programme board. One of the FSP's senior relationship managers talks regularly to semi-conductor businesses about their growth plans and training needs that can be supported via the FSP.

'The semi-conductor sector is the highest priority sector in the south east. The investment is mostly associated with people here. Any region which can demonstrate a pipeline of people with skills in this area will help strengthen Wales's position in the global market when it comes to inward investment.'

Impact on employers

7.15 Responses to the employer survey demonstrate a somewhat mixed impact on the business as a whole. Almost all employers (25) noted they had observed an upskilled workforce since undertaking the training and at least half had seen improved staff retention (14), improved business productivity (13), improved management and leadership (18), improved relationships with local training providers (14) and a more robust future for their company in the region/Wales (17). Lower levels of change were observed for key business performance indicators, with fewer employers reporting an increase in the jobs retained or created (eight), improved business profitability/turnover (six) or business expansion (five).

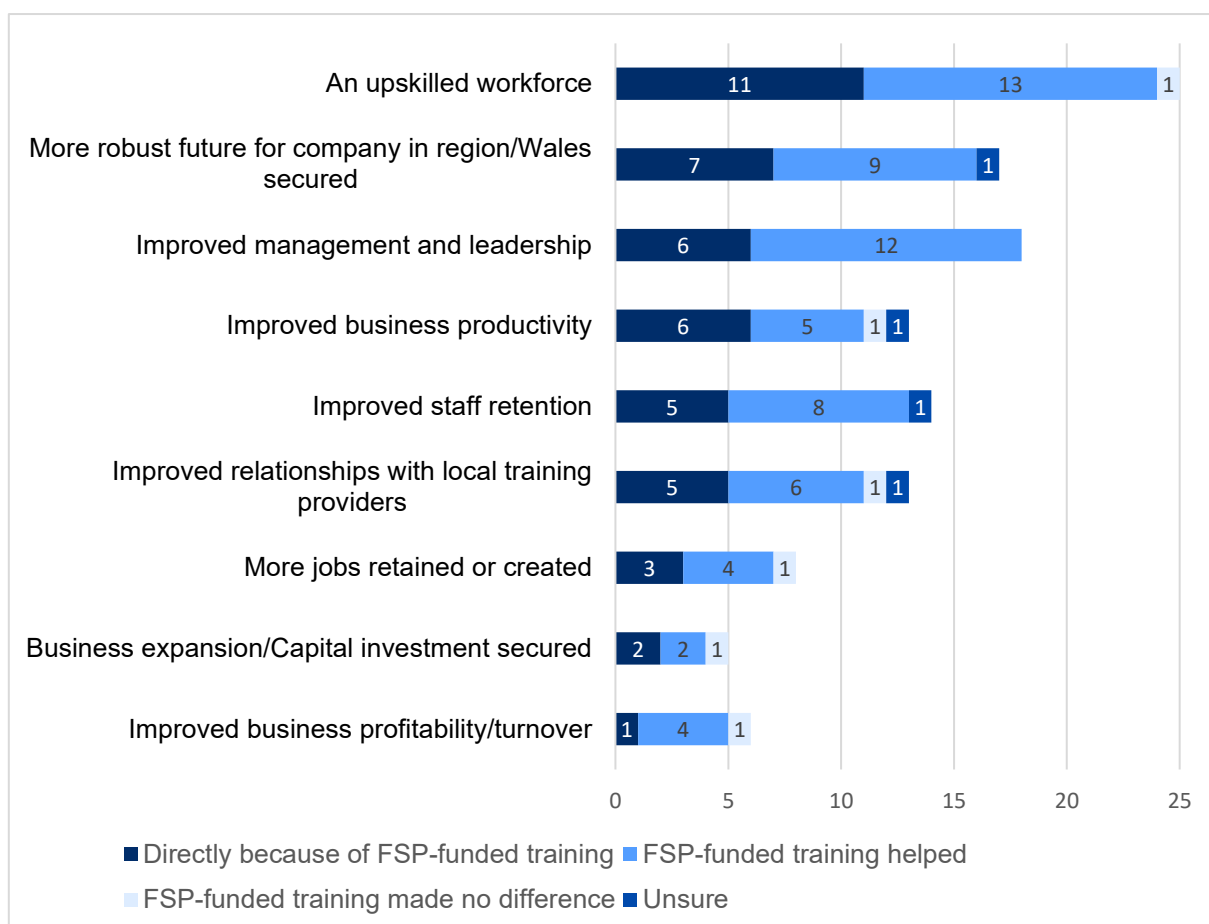
Figure 7.1: Benefits observed by employers since undertaking FSP funded training



Source: OB3 Employer online survey, March 2024. All respondents

7.16 Where survey employers had reported changes since undertaking the training, in most cases these were at least partly attributed to the training part-funded through the FSP with some employers directly attributing changes to the funding. For example, some (11) employers attributed the upskilled workforce directly to the training part-funded by the FSP while others (13) reported that the training had helped. While some (six) employers felt that the training had directly led to improvements in management and leadership, a high number (12) felt the training had helped. While a few (six) felt that the training had led directly to improved business productivity, a few others felt that it had helped (five).

Figure 7.2: Extent to which benefits observed are a result of training part funded by FSP



Source: OB3 Employer online survey, March 2024. All respondents who reported positive change

7.17 Some surveyed employers explained in a little more detail how the FSP had supported their business training needs. Some emphasised that the funding has allowed them to access substantially more training than they would have done otherwise, which has had a clear positive impact on business growth and on employee retention. The training has allowed employers to access specialised, industry-specific training and to provide training to staff who value the additional focus on their development. Employers reiterated their positive feedback about the support received from Welsh Government during the process, noting that the process was flexible, and that Welsh Government understood their needs.

‘Thank you for this funding. Without it there is no way we would've been able to train the number of staff in such a wide range of the technical skills required for our business. This has been a huge investment for us, but the funding has

allowed us to stretch the budget further. Our staff and management team are all very appreciative and I have recommended FSP to our customers a number of times.'

'It has increased the confidence of a young engineer, improving his confidence, expanding his abilities, in turn helping our company.'

'The funding helped our small business to resource some much needed training for our managers that we would not have been able to afford without the help of the fund.'

'Ensured upskilling of staff so we have been able to grow our business and keep current staff employed from the local area. A lot of our staff don't drive therefore do not have many opportunities on their doorstep. Also, a lot of the staff who undertook the training were originally unskilled operators.'

[All FSP-funded employers]

7.18 Employers interviewed during case study visits highlighted a number of positive differences made as a result of FSP funding including:

- FSP funding enabling them to increase the amount of training being delivered and to train more staff than would otherwise have been the case. As a result, four employers mentioned that FSP support had enabled them to commission training that focused on growth and future needs rather than just statutory training that responded to a more immediate need. One employer mentioned that the FSP support had increased their purchase power enabling them to treble the number of employees who could attend training. Others had been able to ask for more bespoke training, closer to home. These companies often linked this 'further, faster' approach to training to improved business growth
- receiving a visible grant from the Welsh Government was highlighted by three companies (including the two Business Development stream examples) as bringing additional kudos to their Wales based site which helped them to remain competitive and generated an impression of stability and being valued. The support from the Welsh Government resulted in strengthening

companies' long-term sustainability in the region. The improvements to production efficiencies generated as a result of FSP funded training also meant that their manufacturing bases in Wales were stronger and more secure due to the adoption of more efficient tools and technologies

- improved leadership and management skills were highlighted by three companies as being particularly important, particularly post-Covid. In one example, this improvement had led to a reduction in sickness absence amongst staff
- investment in training supported by the FSP had also helped to retain staff during difficult times in three examples, and in another example the focus on training was considered helpful in the recruitment of new staff.

7.19 Two case study employers were able to provide a financial figure on the impact of FSP-funded training:

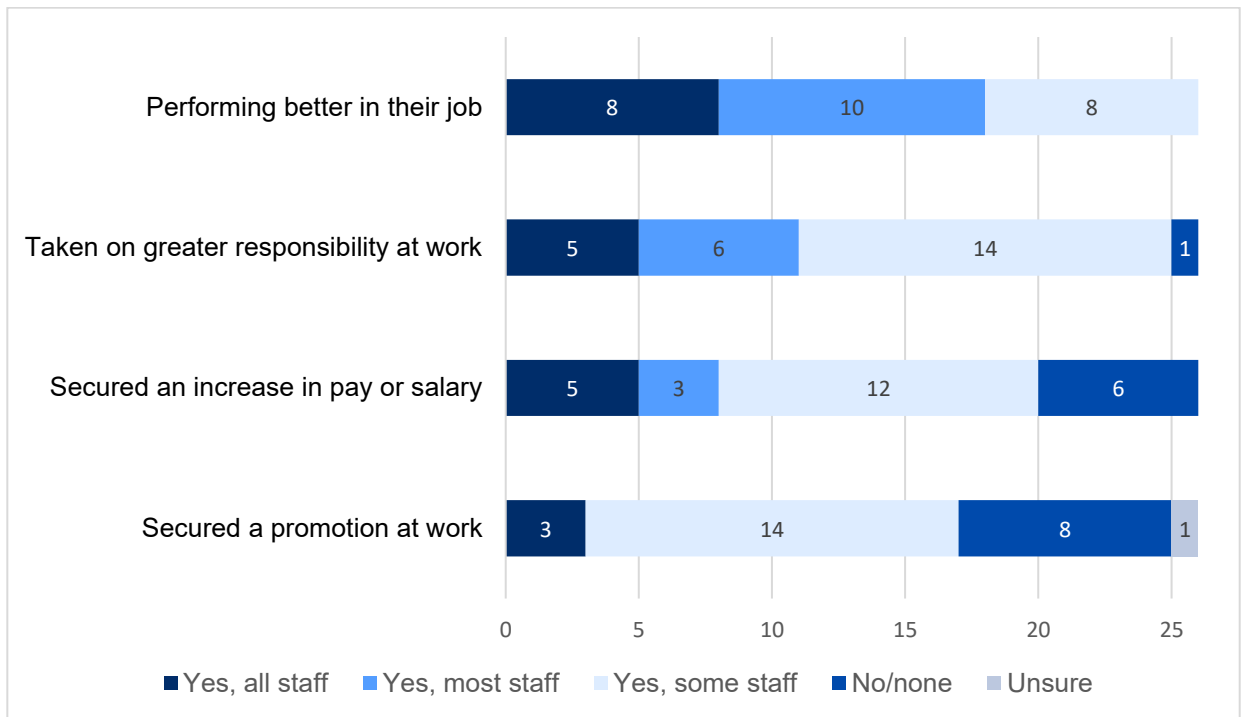
- in one example £350,000 of savings had been generated in one year alone as a result of the efficiencies identified and implemented by trainees who had attended Six Sigma lean methodology courses that year, funded by FSP at a total cost of £18,000. Similar annual savings had also previously been generated
- another company suggested that the attendance of ten employees on a training course at a total cost of £7,400 had resulted in circa £50,000 of savings for the business with a 30 per cent improvement in productivity in each area of work alongside reduced customer complaints and reduced waste as a result of training supported in one year

7.20 A couple of SME case study employers who had applied for smaller amounts of FSP funding to support smaller-scale training that were typically short, one-day courses felt that the possible impacts of such investment needed to be realistic. However, in these instances, a number of 'softer' benefits were highlighted including staff feeling more valued and improved staff morale rather than any material effect on careers, earnings or promotion.

Views of employers on the impact on employees

- 7.21 According to employers, staff who attended training have been able to use what they learnt in the workplace; the majority of those surveyed (23) reported that staff have used what they learnt to a large extent in the workplace.
- 7.22 Most employers also thought that, since attending training, most or all employees were performing better in their job (26) and/or had taken on greater responsibility at work (25). Three-quarters of employers (20) also reported that at least some staff had secured an increase in their pay or salary, though a minority reported no impact on staff pay (six). Over half reported that at least some staff had secured a promotion at work (17), though again a minority reported no impact on staff promotion (eight) and very few reported that all or most staff had received a promotion (three).

Figure 7.3: Changes observed by employers since staff attended training

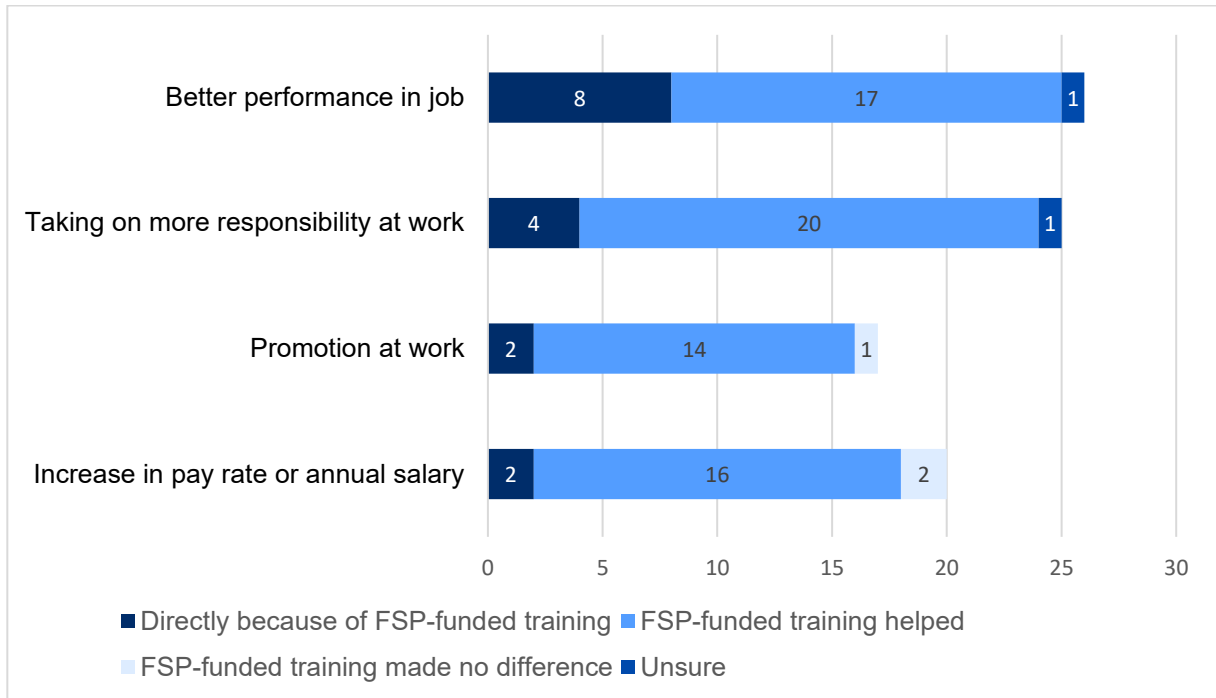


Source: OB3 Employer online survey, March 2024. All 26 respondents

- 7.23 In most cases, employers reported that FSP funding had contributed to these positive changes for staff, although fewer employers attributed the changes directly to the FSP alone. The majority of survey employers reported that the FSP had

contributed to better performance in their job (17), taking on more responsibility at work (20), increase in pay rate or annual salary (16) and promotion at work (14).

Figure 7.4: Extent to which changes occurred due to training part funded by FSP

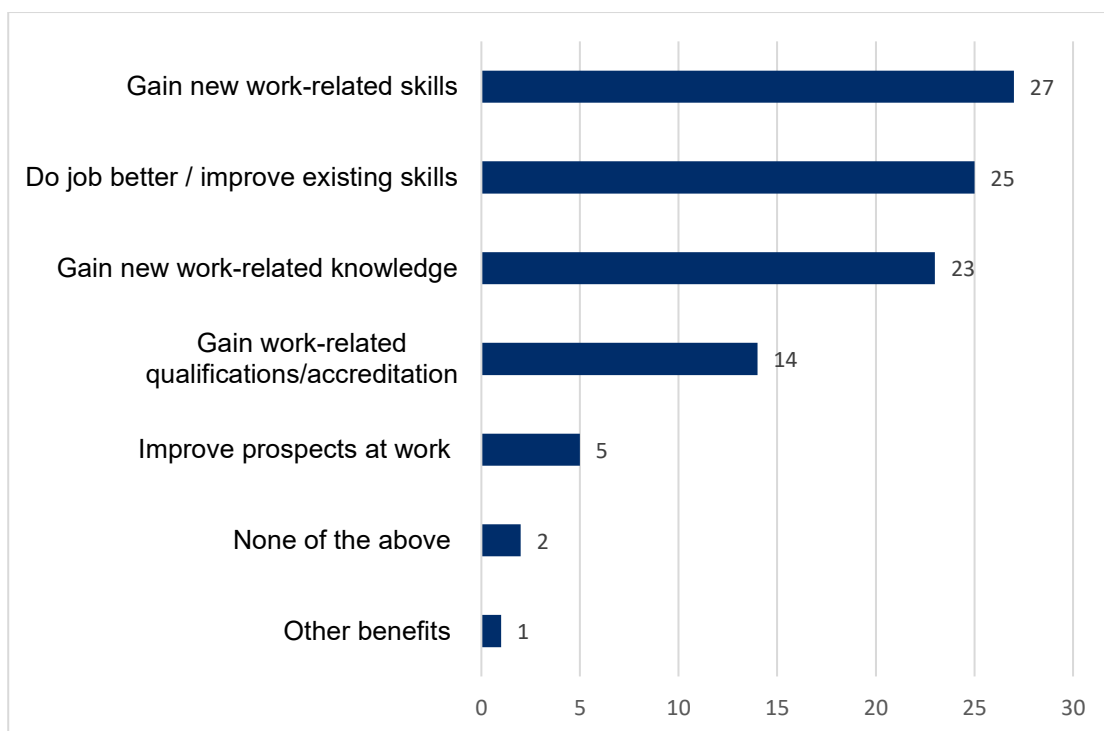


Source: OB3 Employer online survey, March 2024. All respondents who reported positive change

Views of employees on the impact achieved

- 7.24 Respondents to the employee survey were primarily hoping to develop their skills and knowledge by undertaking training. The majority were hoping to gain new work-related skills (27) and/or to do their job better / improve existing skills (25). Around three quarters (23) were also keen to gain new work-related knowledge while a little under half (15) sought to gain work-related qualifications or accreditations.
- 7.25 Improving their prospects at work (five), job security (two) and pay at work (one) were not primary considerations for most survey employees.

Figure 7.5: What employees hoped to achieve from FSP-funded training



Source: OB3 FSP Employee online survey, March 2024. All 31 respondents. Respondents could select more than one option.

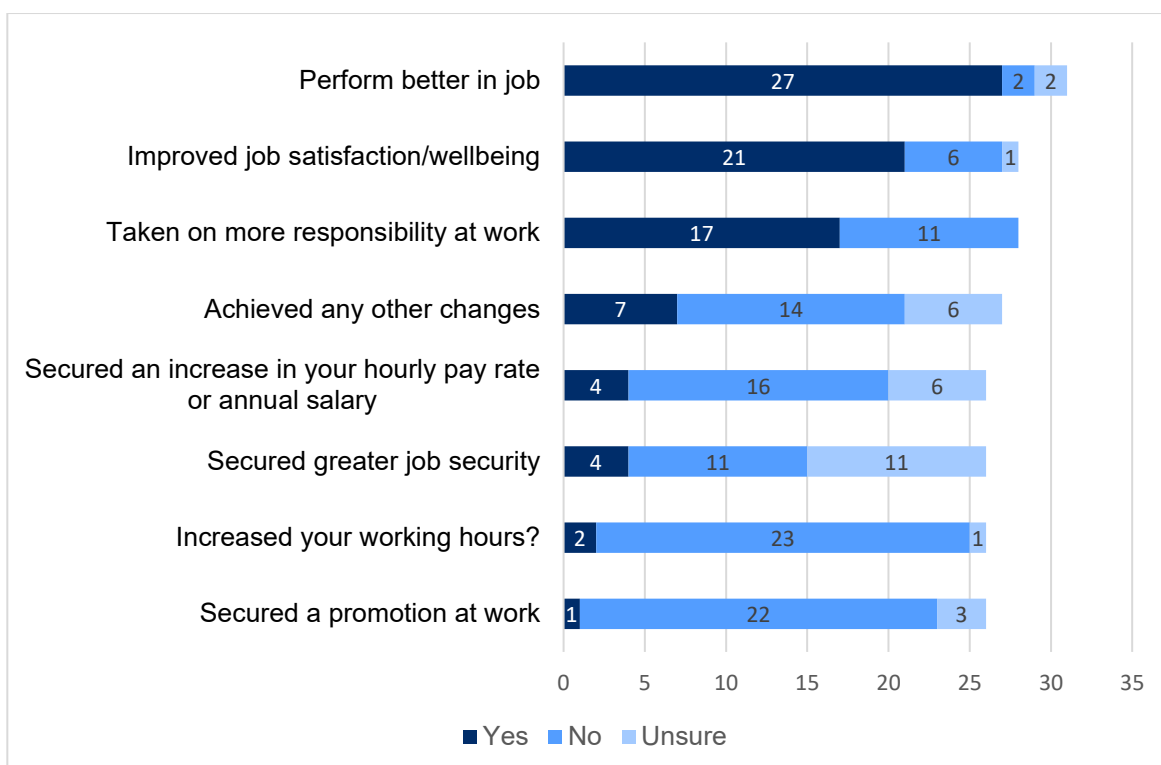
- 7.26 Almost all employees who responded to the survey had completed the training they enrolled on, whilst one didn't know. A little under two-thirds (19) of employees had achieved the expected qualification or accreditation but for a third of employees (10), the course did not lead to any qualification or accreditation.
- 7.27 Most of the employees who responded to the survey found the training very useful (26), while a few more (four) found it quite useful. Only one employee did not find the training very useful. Almost all (30) reported that they had been able to use what they learnt on the training within their work.
- 7.28 Employees were most positive regarding improvements to their job performance, responsibility at work and job satisfaction/wellbeing since completing the training. Most (27) stated they have performed better in their job, while three-quarters (21) reported an improvement in their job satisfaction/wellbeing and two-thirds (17) stated they have taken on more responsibility at work. There have not been many improvements to employees' job security (four), hourly pay rate or annual salary

(four) or working hours (two) since completing the training. Only one employee had secured a promotion at work since completing the training.

7.29 However, seven employees did highlight other changes they had achieved since completing the training. Three reported to have gained additional knowledge and been able to offer an additional service to the business. Two noted they have increased confidence at work whilst one has become a ‘knowledge provider to other staff members.’

‘Achieved more knowledge in a much-needed area, secured an additional qualification and improved the company’s service offering.’ [FSP-supported employee]

Figure 7.6: Changes observed by employees since completing FSP-funded training

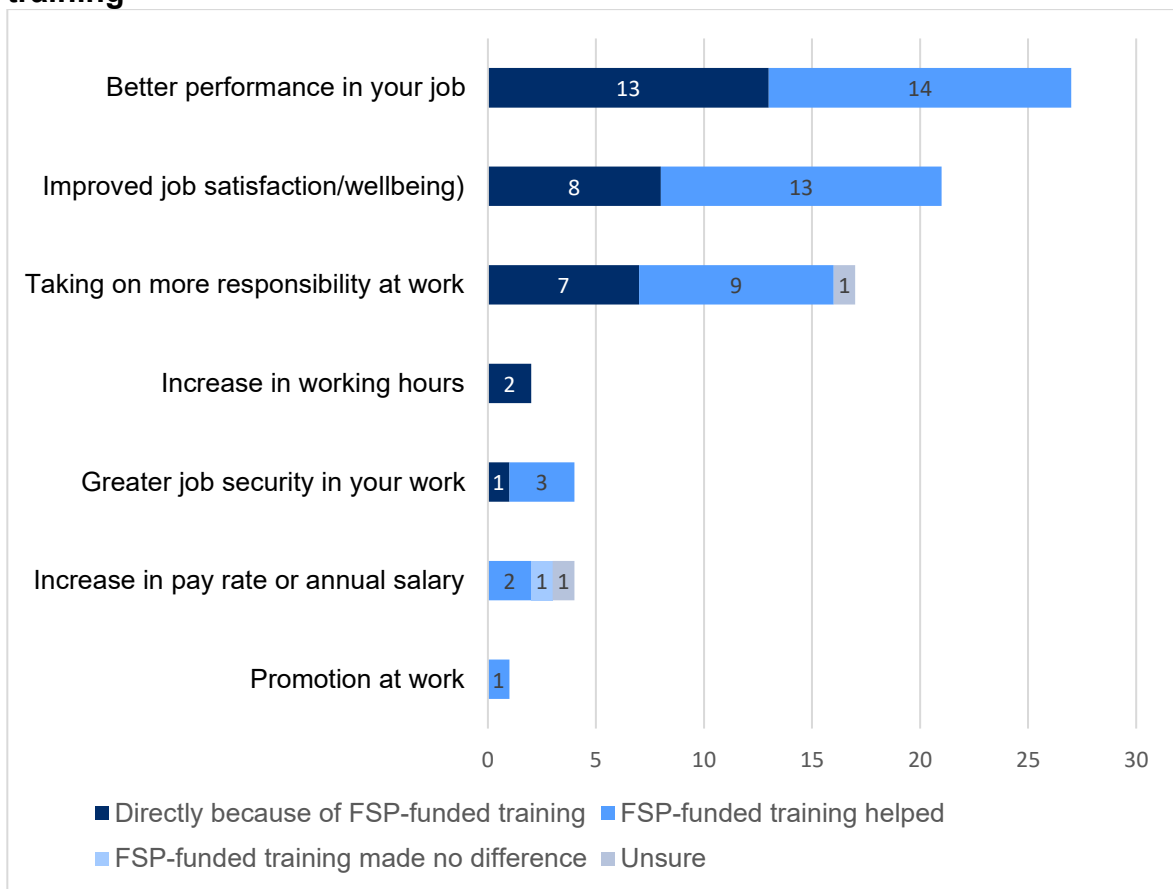


Source: OB3 FSP Employee online survey, March 2024. All respondents

7.30 All survey employees who had performed better in their job since completing the training attributed the changes either directly (13) or partly (14) to the training part-funded by the FSP. Almost all who had taken on more responsibility also attributed

the changes either directly (seven) or partly (nine) to the training. Almost all who had seen improved job satisfaction/wellbeing also attributed the changes either directly (eight) or partly (13) to the training. In other cases where a few employees had seen changes in job security, hourly pay rate or annual salary or working hours, these were also mostly attributed either directly or partly to the training.

Figure 7.7: Extent to which changes come about because of FSP-funded training



Source: OB3 FSP Employee online survey, March 2024. All respondents who reported positive change

7.31 The majority of employees who responded to the survey or during case study visits also provided additional comments on how the training had been of benefit to them personally. Some reported an increase in their confidence, both in terms of their ability to do their job and as a result of being challenged to learn something new. The training had helped many employees to feel valued by their employer since the training was a demonstration of their willingness to invest in staff. Similarly, one employee felt that undertaking training also demonstrates their commitment to the

employer. Some reported an improvement in industry-specific skills which has made them quicker and/or better at their job, while others have seen an improvement in general employability skills (such as problem solving). While some have been able to take on additional responsibilities and projects as a result of the training, others reported a better understanding of the needs of their customers and colleagues.

‘Having funded training means I can improve my skills for work and better serve our customers. Also the course was quite a stretch task for me, so I felt very accomplished completing it. I really like being encouraged to do regular training and having the funding means our business can do that.’

‘The course I took part in has been invaluable to my role as a development producer. I feel much more confident in my ability to analyse scripts and story structure. And more confident giving writers notes on how to improve their work. Being able to take part in this course has been brilliant for my future skill development and shows a commitment to me from my employer to strive to gain more experience and training.’

‘I lacked specific business skills, having transitioned into a commercial role from an academic one. The FSP funded courses really helped me to understand business processes much more clearly and have been really useful in giving me confidence in this sector.’

‘There has been a number of focused training sessions, e.g. Job Safety, Job Instruction etc... which give a comprehensive toolkit to effectively manage. There has been extensive follow-up in reflecting on how the new skills are being used. This means the methods taught are becoming a regular part of my job.’

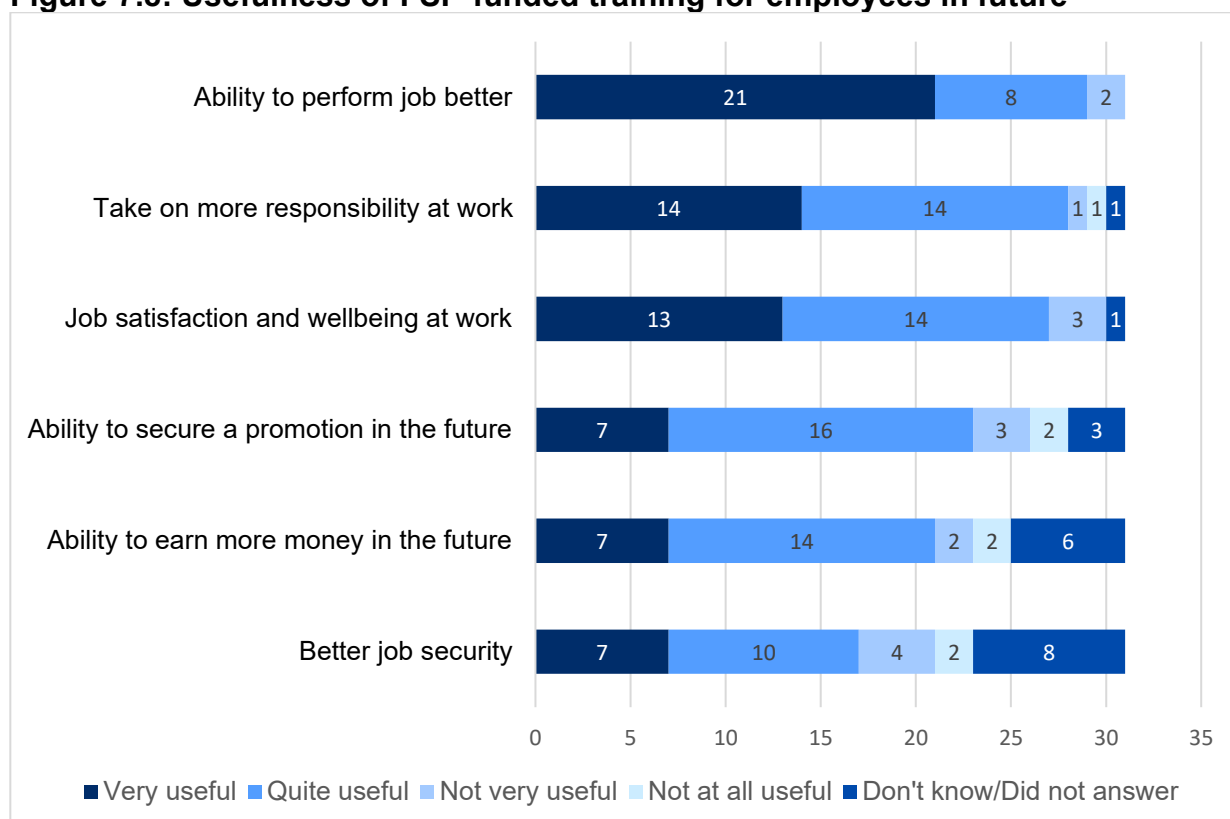
[All FSP-supported employees]

- 7.32 A few employees also took the opportunity to note that the training offers benefits to all employees and the business as a whole. They noted that training helps ensure businesses are appropriately accredited and compliant with relevant regulations and supports inward investment and retention.

‘It is critical in developing the workforce. Training is a vital part of employees’ development. Good quality training is expensive. To retain individuals training is key. This funding is making a difference to companies and the workforce.’
[FSP-supported employee]

- 7.33 Employees were broadly positive about how useful the training part-funded by the FSP would be for them in the future. Most think the training will be either very or quite useful in terms of their ability to perform their job better (21 very useful, eight quite useful), to take on more responsibility at work (14 very useful, 14 quite useful) and their job satisfaction/wellbeing (13 very useful, 14 quite useful).
- 7.34 Around three-quarters also thought the training will be either very or quite useful in terms of their ability to earn more money in the future (seven very useful, 14 quite useful) and their ability to get a promotion (seven very useful, 16 quite useful). Over half also felt the training would be useful in terms of job security (seven very useful, 10 quite useful).

Figure 7.8: Usefulness of FSP-funded training for employees in future



Source: OB3 FSP Employee online survey, March 2024. All 31 respondents

7.35 Employees interviewed during case study visits also mentioned how the FSP-funded training had helped them see opportunities to develop and progress their career further in future with the employer and that their increase in skills and confidence was translating into the development of new opportunities for themselves and for the company, such as securing new work commissions.

Impact on training providers

7.36 Welsh Government staff believed that most FSP funded training is delivered by Wales-based providers and that some supported businesses chose their local FE or training provider, particularly in north Wales. Although the data from the survey respondents suggests that only half of all training is conducted by Wales-based training providers, analysis of the skills development plans of the case study businesses suggests that the majority of the training spend is utilised on Wales-based training providers, with only more specialist provision likely to be sourced further afield. From the skills development plans of nine case study businesses who provided address details for the training providers used, an average of 77 per cent of the sourced training was from Wales-based providers. Whilst Welsh Government staff do not get involved in employer's decision-making processes they nonetheless welcome the fact that a large proportion of FSP spend is retained within the Welsh economy.

7.37 Over time, Welsh Government staff members stated that such companies tended to source training directly with the FE college rather than seek FSP support which suggests that businesses do not become reliant upon FSP to fund their training provision. Welsh Government staff also believed that most leadership and management provision was sourced from Wales-based training providers, and some technical training, particularly for the advanced manufacturing and engineering sector was sourced through the not-for-profit charity, the Wales Quality Centre. This suggests that the FSP can play an important role in developing new relationships between employers and their local providers.

'Once relationships are established, that is good. But we don't recommend companies' [Welsh Government staff/panel member]

7.38 Feedback from training providers suggested that the FSP generated some unintended positive consequences for them too. All interviewed training providers spoke about how the FSP had helped to establish stronger relationships between them and the companies they provided training for, with the likelihood that relationships would continue to strengthen in light of future training activities being discussed.

7.39 Two training providers highlighted how bespoke courses initially developed for FSP-funded companies were now being rolled-out and offered more widely to other employers in the sector.

‘They are forward thinking. They drill into us what their staff needs, and that helps us develop too. We see where the skills gaps are at the moment in the sector’ [Training provider]

Engaging with other Welsh Government skills programmes

7.40 Welsh Government staff and stakeholders recognised that the FSP helped businesses to engage with other skills funded provision. Apprenticeships were thought to align with the FSP most closely, whilst JGW was aimed at those further away from the labour market so was not such an obvious fit. The Personal Learning Accounts (PLAs) was the offer most often referred to in terms of another programme that could better fit an employer’s needs when they first got in touch with the Welsh Government Skills team. The Relationship Managers considered themselves to be well-aware and knowledgeable about these other programmes and regularly informed employers about them.

7.41 As the FSP only has a small pot of funding, Senior Relationship Managers considered it a fundamental part of their role to ensure that if any aspect of a business’ required training could be funded through any other mechanism, this should be explored first. Contributors from Welsh Government were confident that this was well-managed by the Senior Relationship Managers.

‘part of our remit as employer engagement staff is to mesh the best package – so we will advise accordingly. We don’t get to sit down with the majority of partnership projects but we refer as appropriate to the apprenticeship scheme and the wider

Welsh Government skills offering. For small companies, we will also refer into the Accelerated Growth Programme (AGP) and SMART Innovation. We do our best to get the information out'

Paying for training

- 7.42 Half of surveyed employers (13) possibly would have paid, in full or in part, for the training provision supported by the FSP, while some (10) reported that it was unlikely. In future, almost all employers (23) stated that they would be prepared to part pay for similar training provision.
- 7.43 Some Welsh Government staff accepted that much of the training would probably have proceeded despite FSP support but added that the FSP had been a major incentive for businesses to provide more training and to deliver it sooner than they would have otherwise done. It also provided positive PR opportunities for the Welsh Government for a small amount of investment to demonstrate their support for Wales-based businesses.

8. Future needs and possible improvements for the FSP

- 8.1 This chapter discusses the views of staff, stakeholders, training providers and employers about the future of the FSP. It sets out the comments made about whether or not the FSP should continue and presents suggestions made about possible changes to the design, implementation and coverage of the programme going forward.
- 8.2 Welsh Government staff and stakeholders overwhelmingly believed that the FSP was a valid programme which should continue to be funded. It was described as a well-established fund that is adding value and making a difference. As the most employer-focused of all skills and training provision funded by Welsh Government, it was deemed important that it be retained. With a very modest budget it provides a strong message to employers and to prospective inward investors. It also operates with enough flex to adapt and implement things quickly when needed – for example if a new policy focus emerges or if a company really needs a specific type of training.
- 8.3 Without the FSP, Welsh Government staff argued that smaller companies in particular would miss out completely, and for inward investment companies, the ability to package the FSP within a wider range of support (such as apprenticeships) enabled a high-volume package to be offered, with FSP an integral part of this. Training providers concurred that newer businesses, and smaller ones who were growing rapidly consider the FSP funding to be crucial. As one such contributor put it:
- ‘By and large, it has been very successful and it works. If it ain’t broke, don’t fix it’ [Training provider]
- 8.4 Whilst no major operational changes were suggested by contributors, two aspects of the FSP merit further consideration.
- 8.5 Firstly, a number of contributors suggested that there might be a need to tighten up eligibility and adopt greater consistency in what should and should not be eligible for FSP funding in future. Some felt that the programme would benefit from obtaining

greater clarity and adherence to eligibility criteria around particular areas of training such as:

- statutory training
- professional qualifications
- low level qualifications.

8.6 Secondly, there were differing views amongst staff and stakeholders in relation to the funding of leadership and management provision and a clear steer going forward would be useful. Some contributors were of the view that leadership and management was a strongly identified need within partnership project funded companies, over and above the provision that was currently funded if linked to technical training. Training providers and employers mentioned that leadership and management development was a real focus since Covid – particularly in sectors such as Advanced Manufacturing and Engineering where an ageing workforce and an increase in people not returning to the workforce was likely to create quite a big impact in the next five years or so. They described how people are typically promoted earlier than they normally would, but do not have the management experience or the mentors on hand within the business to help them. Some of these individuals were described as being in ‘business critical’ roles and appropriate leadership and management training would be crucial in such situations.

‘It seems to be something that companies are calling out for, and are willing to invest in. It is more an internal issue for us in terms of how we support this’
[Welsh Government staff / panel member]

8.7 It was suggested that Leadership and Management training could be made into a cross-cutting theme or made a standalone partnership project strand. Others felt that opening up the FSP too widely to this type of provision would generate too much demand.

8.8 In addition to the above issues, staff and stakeholders made the following suggestions in terms of how the FSP could be delivered going forward:

- continue to tweak the parameters of FSP at least annually

- continue not to over promote FSP via Business Wales so as not to over-generate demand
- continue to co-invest at the current intervention rate
- consider expanding the programme as there is a strong case for doing so, albeit there was also recognition that this might be challenging during this continued period of fiscal austerity
- consider a more focused approach as the current six pillars are too broad and described so widely that almost anything can fit, or consider whether there is an opportunity to focus on fewer sectors or partnership project strands going forward
- reduce the £25,000 limit if required
- consider how the FSP could support smaller companies, particularly those who do not have HR departments and training plans in place
- consider whether funding could be awarded over a longer period of time to avoid businesses having to spend their allocation within the same Welsh Government financial year.

‘It’s a relatively small programme. They could do it...’

8.9 Finally, several staff, stakeholders and case study businesses requested that the good practice of FSP delivery be shared more widely within Welsh Government. Stakeholders in particular saw a need to strengthen the links between Welsh Government skills and education colleagues with those working in economic development more broadly, with consideration of a stronger policy shift towards investing in people replacing investment in capital for business.

‘We can learn a lot from the FSP approach in this way – its working well in terms of aligning skills with employer demand.’ [FSP-funded employer]

8.10 Training providers also suggested it would be useful to see the benefits and impacts of the FSP in terms of staff retention, progression and company performance, and that the creation of impact case studies would be helpful to spread the message.

8.11 Stakeholders and staff also felt that the over-programming element should be replicated more widely in the way Welsh Government agree and distribute funding. There was acknowledgement that this would be a brave and bold move during a period of tight budgets, although quite large underspends continue to be seen every year with the current approach.

9. Conclusions and Recommendations

- 9.1 This final chapter sets out our conclusions and recommendations.
- 9.2 The FSP has remained strongly aligned with the Welsh Government's skills policy priorities since its establishment although it seems to be somewhat under the radar and is not explicitly mentioned in current overarching national policy documents. It features prominently in a number of key sectoral policy documents, particularly for Advanced Manufacturing and Engineering and Creative and fits with the priorities set out in a number of other policy documents particularly those relating to Digital and Net Zero.
- 9.3 The design and structure of the FSP enables it to support business development projects in strategically important companies based in Wales as well as drive the focus on priority skills across key employers more broadly. Its design allows it to listen to industry representatives and to adapt and evolve continuously. As such it responds well to the needs of key industries and sectors. The FSP does not stand still, and there is clear evidence that the team is making continuous improvements to its design and structure whilst keeping the administrative burden as lean and light-touch as is possible.
- 9.4 The FSP complements the wider skills offer of Welsh Government well and no major duplication was identified. If anything, businesses often value the flexibility and the ability of the FSP to fund bespoke training support (with its 50 per cent intervention rate) more so than the 100 per cent contribution provided by other schemes such as the Personal Learning Accounts, suggesting that this approach responds well to the needs of businesses.
- 9.5 Strategically important companies particularly value the strong relationship that exists between them and the FSP team and feel that the design of the FSP allow them to commission tailored training to fill gaps and move the business forward at a quicker pace and at a greater scale. The potential availability of FSP funding also plays an important role in the Welsh Government's offer for companies looking to invest in Wales.

- 9.6 To date, promotion of the FSP has been primarily through word of mouth or via an existing relationship with a Welsh Government contact, but there is evidence that increasing numbers of employers are being informed about the programme via online information and promotional literature. There is a risk over the coming years that the FSP, with its modest budget, could be over-subscribed which would result in the Welsh Government having to re-design the programme, for example by prioritising the support, tightening the eligibility criteria or lowering the cap on the funding available per employer.
- 9.7 Feedback from employers about the application process and the subsequent claims process is overwhelmingly positive and the FSP is a stand-out exemplar of how a programme should be managed. Minor issues have been raised in terms of clarity and interpretation around some eligibility criteria or a misunderstanding of how the programme operates – mainly from those companies who have not had direct initial interaction with the FSP team.
- 9.8 The delegated authority provided to the team to make funding decisions, and the ability to over-programme the funding annually contributes to the smooth running of the programme. The requirements placed upon applicants are broadly commensurate to the amount of funding being claimed, and the FSP has purposely and purposefully streamlined the process whilst ensuring due diligence. However, for employers who tend to claim year-on-year it would be useful to capture feedback and evidence of outcomes and impacts from previous funding commitments.
- 9.9 The FSP has secured good geographical coverage across Wales, with demand from south east Wales being particularly high, in line with the regional distribution of businesses in Wales. The support via the Business Development stream, the advanced manufacturing and engineering strand and the digital strand are in particularly high demand by companies. Funding for tourism and hospitality companies seems to be of lower financial value with a relatively low demand for the funding and could be de-prioritised now that the direct impact of Covid has diminished, whilst demand for Export strand training support is low. The monitoring information data, and the evidence gathered during our evaluation suggest that there will be growing demand for both Creative and Net Zero over the coming years.

- 9.10 Very few partnership projects request the full amount of training funding available, suggesting that the cap could be decreased to £20,000 in future.
- 9.11 The FSP has supported almost 200 applications in the last two years, of which around 25 per cent are repeat applications by businesses. The FSP does not have the tracked data on actual spend (and delivery) to allow us to draw any specific value for money conclusions, but on the basis of information provided in the successful applications over 8,000 training interventions were planned which results in an average cost to the Welsh Government of £384 per intervention.
- 9.12 The evidence gathered during the evaluation strongly demonstrates that the FSP is contributing to upskilling the workforce and is helping advanced manufacturing and engineering companies in particular to improve efficiency and competitiveness and secure a stronger future in their region.
- 9.13 It is not possible to report upon programme level outcomes and impacts as the FSP team are not collecting any monitoring data from supported employers at the moment to allow for analysis of jobs created or improvements to turnover or profitability, but there is some anecdotal evidence from businesses that FSP funded training contributes to these improvements in some instances.
- 9.14 There is evidence that the FSP enables employers to deliver more training than would otherwise be the case. Companies utilise the funding to double the training being provided rather than use the FSP to halve the cost of training they would have provided anyway. The FSP also appears to enable employers to fund training that aligns with the longer-term strategic planning and needs within companies. Without the FSP, training budgets would be mainly focused on funding statutory training and training needed to deliver business as usual provision. The addition of FSP funding therefore seems to impact positively on the rate at which businesses can achieve improved productivity and profitability. There is also evidence that the FSP is making an important contribution to improving management and leadership skills in companies that have identified this as a priority within their current circumstances.
- 9.15 Employees value the investment made in them as a result of the additional training made available due to the FSP support. This has a positive and direct impact on staff morale and in some cases there is evidence that FSP-funded training has

contributed to the retention of staff. The evidence also shows that employees perform better and take on more responsibility at work as a result of undertaking FSP-funded training but there is less evidence of any direct impact on pay and promotion.

- 9.16 Several case study businesses highlighted the impact of leadership and management training not only in enabling them to make best use of new technology and production processes, but also in responding to succession planning issues that arise from an ageing workforce or to pressures on existing workforces.
- 9.17 Whilst the FSP provides employers with the flexibility to choose their own training providers, there is evidence that this has enabled employers to demand training that is more bespoke to their needs, or is delivered on-site, which in turn enables a greater number of staff to take part. Whilst it has not been possible to undertake a detailed analysis of the geographical location of all training providers, the evidence gathered via the surveys and the deep dives of case study employers suggests that a high percentage of training provision is sourced from within Wales. The FSP also helps to develop or improve existing relationships between employers and Wales-based training providers, and inadvertently opens up new opportunities to roll-out training originally developed to respond to the bespoke needs of FSP funded employers.
- 9.18 The FSP is a highly regarded programme that is managed exceptionally well and achieves positive impacts on Wales-based businesses. There is good practice and lessons to be learned from its implementation and impact that should be communicated and replicated more widely across the Welsh Government.
- 9.19 As such, we make some strategic level recommendations below, alongside operational recommendations for future FSP delivery:

Operational Recommendations

Recommendation 1

The FSP team should continue to discuss the needs of the sector with appropriate industry representatives and adapt the criteria accordingly on an annual basis.

There are no obvious gaps in the current provision, but we suggest that the Export and Tourism/Hospitality strands could be phased out over coming years.

Recommendation 2

We recommend that the FSP lowers its cap on partnership project funding to £20,000. It should also consider a minimum application level of £1,000 to avoid too many small-scale applications that are not cost-effective for the team to administer.

Recommendation 3

The Welsh Government should ensure that FSP eligibility criteria is clearly explained in the guidance and on promotional materials. Communication with successful applicants should also highlight the ability to amend and adapt training provision where needed (e.g. if the training provider or date for the training changes).

Recommendation 4

One of the key strengths of the FSP is its light-touch request for information from applicants. However, there would be merit in requiring some basic evidence of outputs, outcomes and impacts achieved either from all successful applicants (by an end of year survey, for example) or at least from those who apply again for funding (via a specific question on their application forms) so that evidence of FSP impact is gathered on an on-going basis.

Recommendation 5

The Welsh Government should consider whether any funding agreed can be made available to companies for 12 months from the date of approval rather than place a requirement for it to be spent by the end of Welsh Government financial years to support their planning and to take into account the time it takes to arrange and diarise training provision around day-to-day demands in some sectors.

Recommendation 6

The FSP should maintain Leadership and Management training as a cross-cutting theme where it supports associated technical investment (e.g. in new software or

processes) and also where a clear case is made for it to respond to future planning/succession needs.

Strategic recommendations

Recommendation 7

Considering the light-touch nature of the administration of the FSP programme by a small team of people, the adaptability and flexibility of its approach, the success it achieves from a 50 per cent intervention and the positive impacts reportedly achieved by employers, there would be merit in the Welsh Government considering expanding the promotion of and budget for the delivery of the FSP programme. In doing so, additional capacity to engage with SMEs could also be factored in to the implementation model.

Recommendation 8

The FSP is an exemplar programme, particularly in the way it has sought to respond to demand and need and has streamlined its administration accordingly and appropriately. Opportunities should be sought for the FSP team to share its approach more widely (including the over-programming element) and the Welsh Government should seek to replicate this type of approach more widely across its other funding programmes designed to support the needs of Wales-based businesses.

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Annex A: Discussion Guide - Interviews with key Welsh Government staff and stakeholders

Introduction

1. Tell me about your involvement with the Flexible Skills Programme.
 - a. What aspects are you most familiar with?

Rationale for and design of the FSP

2. What do you understand to be the aims and objectives of the FSP?
 - a. How, if at all, have these objectives changed since its inception in 2015 to this current delivery period (2022-25)?
3. How is the FSP expected to contribute towards Welsh Government policy and strategy?
 - a. Which key policies and strategies does it contribute towards?
 - b. How well aligned is the FSP with
 - i. the current Programme for Government 2021-26?
 - ii. the Wellbeing and Future Generations Act?
 - iii. Stronger, fairer, greener Wales: a plan for employability and skills?
 - iv. the Manufacturing Action Plan?
 - v. the Export Action Plan?
 - vi. The Creative Skills Action Plan?
 - vii. Welcome to Wales: priorities for the visitor economy?
 - viii. the Net Zero Action Plan?
 - ix. the Digital Strategy for Wales?
4. How does the FSP complement or add value to
 - a. other existing skills funded provision by Welsh Government?
 - b. other Welsh Government inward investment projects?
 - c. other capital projects supported by Welsh Government?
5. To what extent is there a need for the FSP?
 - a. Why do you say this?
 - b. How has the need for the FSP evolved over time?
 - c. To what extent are there financial barriers to investing in skills development within Wales-based companies?
 - d. If so, what evidence do you have to support this?
 - e. What additional support might be useful?
6. What are your views about the design of the FSP?

- a. How suitable are the Business Development and Partnership Projects streams for targeting support in areas that help achieve Welsh Government's policy aims?
- b. How suitable are the six partnership project strands⁴⁹ for targeting support in areas that help achieve Welsh Government's policy aims?
- c. Why were these six streams prioritised as part of the FSP?
- d. Are there any gaps in the current support offer?
- e. How appropriate is the 50 per cent intervention rate? Why is that?

Administration of the FSP

7. How is the FSP promoted to businesses?
 - a. How widely known is the FSP offer?
 - b. How is the offer within each partnership project stream promoted to relevant businesses in that sector?
 - c. What is working well in terms of promoting the FSP to eligible businesses?
 - d. How could promotion of the programme be improved?

8. What support is provided to applicants as they go through the FSP application process?
 - a. Who provides this support? (Probe re: support provided from the Skills team and/or from Relationship Managers or others in the preparation of the application form including MERIT plans and skills development plans)
 - b. How suitable is the criteria for eligibility?
 - c. How suitable is the application process for applicants (probe re clarity of paperwork, evidence requirements)?
 - d. How clear and comprehensible is the paperwork for applicants?
 - e. How useful are the MERIT self-assessments to
 - i) the employer?
 - ii) Welsh Government
 - f. How are the MERIT and skills development plans monitored and by whom?

9. How effective is the FSP Panel in making decisions to award FSP funding?
 - a. Does the FSP Panel include an appropriate range of representatives/expertise to enable it to make decisions on spend? (*Probe re: representation from regional teams, Business Wales, Employability and Skills, external representation, sector representation*) If not, what are the gaps?

⁴⁹ Advanced Engineering and Manufacturing; Export; Advanced Digital; Creative; Tourism and Hospitality; Net Zero

10. *(FSP Delivery Team only)* How effective is the 20 per cent over-programming element of the FSP in supporting spend planning?
11. How, if at all, has the programme engaged with industry representatives to
 - a. develop or improve the application process?
 - b. develop or improve the claims process?
 - c. enhance relationships between FSP employers and local training providers?
12. How is the opportunity to study Welsh medium courses promoted to employers?
 - a. How much demand is there for Welsh medium courses? Why is that?
 - b. Are there sufficient Welsh medium courses to meet demand?

Outcomes and Impact of the FSP

13. What evidence do you have that the FSP is generating economic outcomes, specifically:
 - a. the retention or creation of jobs?
 - b. making temporary jobs permanent?
 - c. enabling companies to expand their markets or products/services?
 - d. enabling a positive change in turnover and profitability?
 - e. improving productivity?
14. To what extent do you think the FSP has:
 - a. supported the retention and longer-term employability of the workforce in supported companies?
 - b. enabled supported companies to develop relationships with local training providers such as FE and HE?
 - c. secured a more robust future for the company in their region / Wales?
 - d. influenced the investor / parent company that Wales/the Welsh site of the supported company would be a location of choice for further investment?
15. To what extent has the FSP aligned with or contributed to Welsh Government sector or regional priorities?
 - a. To what extent (if at all) has the FSP impacted on fair work approaches within supported businesses (e.g. pay in line with Welsh living wage, creating a safe, healthy and inclusive working environment)?
16. How effective has FSP been in encouraging employers to engage with other employability and skills programmes funded or delivered by WG?
 - a. Which programmes have employers gone on to engage with?
 - b. To what extent have FSP employers gone on to increase their recruitment of apprentices?

17. Had the FSP funding not been available, to what extent do you think companies would have undertaken some or all of the training anyway?

The Future

18. Do you think the FSP should continue to be offered? Why do you say that?
19. What changes to the offer or the approach would you like to see, if any?

Thank you for your time.

Annex B: Discussion Guide - Interviews with employers (case study visit)

Introduction

1. Tell me a little bit about your company.
2. Tell me a little about your involvement with the Flexible Skills Programme
 - a. How did you first hear about it?
 - b. Tell me a little about the process that you went through to understand the FSP offer?
 - c. What did you hope the FSP would achieve?
 - d. What particular training requirements did you have?
3. What training was commissioned/delivered at your company with FSP support?
 - a. What was delivered?
 - b. Who delivered the training?
 - c. To which employees and how many?
 - d. How did you decide which employees would receive the training?
 - e. Was the training delivered the same or different from the original plans? If different, why was that?

Administration of the FSP

4. What support, advice, or feedback, if at all, did you receive from a Welsh Government official throughout the application process?
 - a. (if supported) How helpful was this? What did you find particularly helpful? What could have been improved about the support?
 - b. (if not supported) How useful would it have been to access such support?
 - c. Were there any specific areas or sections where you needed support, but it wasn't available? If so, which areas/sections?
 - d. Did you seek any further specialist advice to support the completion of any of the application forms and required documents (including the MERIT plan and the skills development plan)? *(If yes, probe from who, and why)*
5. How did you go about preparing the application form for the FSP?
 - a. What was your impression of the application process?
Probe re: paperwork, evidence requirements, time commitment/invest required to prepare
 - b. How suitable is the criteria for eligibility?
 - c. How clear and comprehensible did you find the paperwork?
 - d. How suitable is the maximum value of training covered?
 - e. What is your opinion on the intervention rate? (50 per cent contribution from WG)

- f. To what extent did the FSP provide you with the necessary flexibility to identify and fund training bespoke to your needs?
6. How did you go about preparing the MERIT self-assessment and improvement plan as part of the application process?
 - a. Did the process of preparing the MERIT self-assessment throw up anything unexpected?
 - b. How did you / how do you intend to deal with this?
 - c. How (if at all) did the preparation of the MERIT plan help to make you more committed to the process of regularly reviewing and improving your status as a 'good' employer?
 - d. Did you review the plan? If so, how did you go about this?
7. How did you go about preparing the skills development plan?
 - a. Did the process of preparing a skills development plan throw up anything unexpected?
 - b. Have you identified any additional training needs as a result?
 - c. How easy or difficult was it to find training that met your needs?
8. How did you go about identifying/commissioning the training provider(s)?
 - a. To what extent were you able to source the training that you wanted?
 - b. Had you used them before?
 - c. Did you generate relationships with training providers based in Wales as a result of the FSP support?
 - d. How happy were you with the quality/appropriateness of the training procured?
 - e. To what extent was it delivered in a way that suited your particular needs/circumstances?
9. How did you go about identifying the demand for Welsh medium courses within your workforce?
 - a. To what extent were you able to meet this demand?
10. To what extent was the feedback and status outcome of your application to the FSP made in a timely manner?
 - a. Approximately how long did it take for you to receive confirmation that your application had been successful?
11. How straightforward was the claims process for FSP funding? (*Probe re: the evidence required, defrayment, participation forms*)
 - a. Were you able to implement the whole of the training that the Welsh Government agreed to part-fund via the FSP?
 - b. If not, what prevented you from doing so?

- c. Did you make any changes to the training plans when it came to delivery? If so what, and why?

12. What improvements would you make, if any, to the FSP administrative processes?

Outcomes and Impacts of the FSP

13. How has the FSP-funded training been of benefit to you as an employer?

(Prompts below: adapt according to stream from which employer has been funded)

What evidence do you have that the FSP-funded training has:

- a. upskilled the workforce?
- b. enabled the use of leaner or modernised production methods?
- c. contributed to your export targets?
- d. increased digital competencies?
- e. increased energy efficiency?
- f. improved management and leadership?
- g. enhanced your competitiveness/productivity?
- h. accelerated developments within your company (e.g. new products, services) or secured capital investment plans)?
- i. supported the retention and longer-term employability of your workforce?
- j. developed relationships with local training providers such as FE and HE?
- k. secured a more robust future for your company in the region / Wales?
- l. influenced your investor / parent company that Wales/your Welsh site would be a location of choice for further investment?

14. How (if at all) have the skills gained been disseminated more widely within the company?

- a. How did you go about this?

15. Had the FSP funding not been available, would you have undertaken some or all of the training anyway?

- a. If so, what elements would you have done anyway? Would the number of employees trained have been different? How would this have been funded (i.e. own resources or looked at another funded programme)

16. Since receiving support via the FSP, have you increased your recruitment of apprentices at all?

- a. To what extent is this increase attributed to the FSP or would it have happened anyway?

17. Since receiving support via the FSP, have you engaged with any other employability and skills programmes?

- a. If so, which one/s?
- b. How, if at all, did the FSP help enable this?
- c. Had you been involved with any other employability and skills programmes prior to the FSP?
- d. How does your experience of FSP compare with other employability and skills programmes?

18. How would you say that the training undertaken has affected participants' skills and knowledge?

- a. Can you point to specific examples of things learnt by participants?

19. Did your staff achieve any accreditation or qualifications as a result of the training undertaken?

- a. How important was it to the company that staff achieved these qualifications?
If yes, Why was it important?
- b. How enthusiastic were staff undertaking the training about achieving qualifications?
If yes, Why was it important to them?
- c. Beyond qualifications achieved, has the company done anything to assess changes in staff members' skills levels following the training?

If so, please tell me about this?

20. To what extent has it been possible for participants to apply the skills acquired as a result of the training undertaken?

- a. Can you provide me with examples of how participants have used their new skills?
- b. What (if any) circumstances have helped staff to put into practice what was learnt?
- c. What (if anything) has prevented staff from applying the skills to the extent that they might?

21. Has the training had any effect on some or all of the participants in terms of their:

- a. confidence in doing their jobs?
- b. earnings?
- c. job security?
- d. potential for promotion?
- e. future career prospects?

If so, what examples can they provide?

22. Has the training part funded by FSP support affected staff relations and/or morale?

a. Has it affected staff flexibility and ability to deal with various demands?

If so, what makes you say this?

b. Has it affected staff morale?

If so, please tell me how and why you attribute any changes to the training?

23. To what extent has the training done what it was expected that it would do for the company, including realising any specific objectives?

24. Do you think the training part-funded via the FSP offered good value for money i) to you as an employer and ii) to the Welsh Government?

a. Why do you say that?

The Future

25. What kind of training support (if any) do you think the company will need in the future?

a. How likely are you to apply again for FSP funding? For what training needs in particular?

26. Has involvement with the FSP influenced the company's approach to training staff in the future in any way?

a. If so, please elaborate?

27. How likely is the company to pay for training in the future?

a. Would it pay 100 per cent of the cost of similar training to that part funded by the Welsh Government?

b. If not, what proportion of such costs would it be likely to absorb?

28. Do you have any further comments on how the FSP offer could be improved for the future?

I have completed my list of questions, but if there is anything else you think it would be useful for me to know, please feel free to tell me.

Thank you for your time.

Annex C: Discussion Guide - Interviews with employees (case study visit)

Introduction

1. Tell me a little about yourself and your role/job here at [name of company]
 - a. How long have you worked for [employer name]?
 - b. Is your contract permanent or fixed term?
 - c. Do you work full or part time?
 - d. What is your job title?
 - e. What are the main tasks your job entails?
 - f. Is there a formal job appraisal/review process for your job?
 - g. Does your employer/line manager discuss your training needs with you from time to time?

2. Could you tell me a bit about the [title or description of training undertaken] training you undertook in [date/year]?

3. How was it decided that you should do this particular training?
 - a. Was this training that you had discussed with your employer/line manager in the past?
 - b. Why was this training important to you / to your employer?
 - c. Do you usually access training like this via your employer or was this a one-off experience?

4. Did you complete the training through the medium of Welsh?
 - a. Were you interested in completing the training through the medium of Welsh?
 - b. If yes, was this made available to you?
 - a. If not, why not?

5. Did you complete the training?
 - a. If not, what prevented you from completing it?

6. What did you think about the training undertaken?
 - a. Was it the training that you needed?
 - b. If yes, why was it needed? / If not, what training did you need?
 - c. How relevant / useful did you find the training to your job?
 - d. What skills or knowledge did the training help you develop?
 - e. How do these skills or knowledge relate to the job that you are doing?

- f. How suitable were the arrangements and location of the training for your needs/circumstances?
- g. What are your views about the quality of the training provider?

Outcomes and Impacts of the FSP

7. Did you achieve any qualifications or accreditation as a result of the training undertaken?

- a. How important was it to you personally that the training led to a qualification or accreditation?

Why was it important?

8. Has undertaking the training made any difference to the way you do your job?

- a. If it has, please elaborate?
- b. If it has not – why do you think that is?

9. Since completing the training have you:

- a. applied a greater range of skills in your job
- b. taken on more responsibility
- c. gained greater job security
- d. received a promotion or a pay rise?

To what extent did the training contribute to these changes?

10. Has undertaking the training made it more likely that you could get a job with another employer if you needed or wanted to? If so, why do you think that?

11. Have you observed any change to the company's approach to training staff over the last year or two? If so, what change has taken place?

- a. Do you have any unmet training needs currently? If so, what?

I have completed my list of questions, but if there is anything else you think it would be useful for me to know, please feel free to tell me.

Thank you for your time.

Annex D: Discussion Guide - Interviews with training providers (case study related)

Introduction

1. To start with, can you tell me a bit about your organisation?
 - a. What type of training do you provide?
 - b. How long have you been delivering training for?
 - c. Are you based in Wales / do you have a base in Wales?
 - d. Do you provide training throughout the year on a rolling basis or at specific times?
 - e. How much lead in time do you need from being approached, to being able to deliver training?
 - f. Do you deliver bespoke training?
2. How did you get involved in delivering this FSP funded training for [name of company]
 - a. Did you tender for the work?
 - b. What courses/qualifications did you deliver?
 - c. How much lead-in time was there? What influenced this?
 - d. When did you deliver the training?
 - e. To what extent did you adapt any courses to meet the needs of the business?
 - f. Has your organisation delivered other training for the company previously? If so, what did this involve?
3. The [name of company] had been required by the FSP to assess their skills and training needs and to prepare a company Skills Development Plan. Did you see the plan for [name of company]?
 - a. What did you think of the Skills Development Plan? Was it appropriate for [name of company]? To what extent did it address their specific training needs?
 - b. What (if anything) might have been improved about the Skills Development Plan for [name of company]?

Design of the FSP

4. What is your view of the design of the FSP programme?
 - a. How does it compare with any other funded or part-funded employability training programmes you have been involved with?
 - b. What are your views about employers being able to choose their own training providers rather than choose from a Welsh Government approved list of training providers?

Outcomes and Impacts of the FSP

5. What was the feedback from the company [employer and employees] like regarding the quality of the training they received from you?

6. How flexible was the delivery of the training?
 - a. Could [name of company] get the training when they wanted?
 - b. Was the training delivered in a way that suited their particular needs/circumstances?
 - c. To what extent were you able to accommodate their needs?
 - d. To what extent were the employees motivated to complete the training?
 - e. Were there any issues with drop-out/non completion with the FSP-funded training? If so, why?

7. Were you able to provide the training through the medium of Welsh?
 - a. If yes, was this discussed with/considered by the employer?
 - b. If yes, was this made available to employees?
 - c. If yes, how much demand was there for Welsh-medium training? Why is that?
 - d. If no, why not? (Probe e.g. lack of demand from employers, resources...)

8. Do you think the training offered to [name of company] via the FSP offered good value for money i) to the employer themselves and ii) to the Welsh Government?
 - b. Why do you say that?

9. What outcomes and impacts did you expect [name of company] to achieve as a result of the FSP funded training? Check against Skills Development Plan.

10. To what extent do you think the skills gained by participants from [name of company] have been used in the workplace? What [if any] follow-up work have you done to assess the extent new skills are being used?

11. What company level impacts did you expect there to be as a result of the training you delivered to [name of company]? (*Adapt according to stream*) Probe around:
 - a. greater use of leaner or modernised production methods?
 - b. increased export of goods or services?
 - c. increased digital competencies?
 - d. improved energy efficiency?
 - e. improved management and leadership?
 - f. enhanced productivity/competitiveness?
 - g. accelerated developments within the company (e.g. new products, services)?
 - h. increased employability of the workforce?

12. What outcomes and impact did you expect participating trainees from [name of company] to achieve as a result of the training you provided them with? (*Check against Skills Development Plan*)

Probe around:

- a. Increased confidence?
- b. Increased morale and motivation?
- c. Improved efficiency?
- d. Improved prospects (pay, promotion etc.)?
- e. More qualified/skilled?

The Future

13. What kind of training support (if any) do you think [name of company] will need in the future?

14. What could be done to encourage companies to invest more in the skills of the workforce?

I have completed my list of questions, but if there is anything else you think it would be useful for me to know, please feel free to tell me.

Thank you for your time.

Annex E: Discussion Guide - Short interview with WG key contact (case study related)

Introduction

1. What is your role?

I understand that you provided support, advice, or guidance to [name of company] via the FSP.

2. Can you tell me anything about how [name of company] first became aware of the FSP offer?

- a. To what extent did you provide any explanation or information to help them understand the FSP offer and the application process?
- b. What particular training requirements did they have?
- c. To what extent did the FSP provide them with the necessary flexibility to identify and fund training that responded to their needs?

Administration of the FSP

3. Can you tell me a little about the type of support you provided [name of company] via the FSP? *Probe re: support with the application form, MERIT plan and skills development plan.*

- a. How did you go about providing this support?
- b. How was it received?
- c. How much of a time commitment was it approximately?
- d. Are you aware of any further specialist advice sourced by the employer to support the completion of the application forms and required documents?
- e. Did you signpost the employer to any additional support or offer as a result of the application process (including the MERIT plan and skills development plan preparation)?

4. How did you support the employer to identify the demand for Welsh medium courses within its workforce?

- a. To what extent were they able to meet this demand?

5. To what extent was the feedback and status outcome of their application to the FSP made in a timely manner?

Approximately how long did it take for them to receive confirmation that their application had been successful?

6. How straightforward was the claims process for FSP funding for this particular employer?
 - a. Were they able to implement the whole of the training that the Welsh Government agreed to part-fund via the FSP?
 - b. If not, what prevented them from doing so?
 - c. Did they make any changes to the training plans when it came to delivery? If so what, and why?

Outcomes and Impacts of the FSP

7. What evidence have you seen/do you have that the FSP-funded training has been of benefit to this employer?

(Prompts below: adapt according to stream from which employer has been funded)

To what extent has the FSP-funded training:

- a. upskilled their workforce?
 - b. enabled the use of leaner or modernised production methods?
 - c. contributed to their export targets?
 - d. increased digital competencies?
 - e. increased energy efficiency?
 - f. improved management and leadership?
 - g. enhanced their competitiveness/productivity?
 - h. accelerated developments within their business (e.g. new products, services) or secured capital investment plans)?
 - i. supported the retention and longer-term employability of their workforce?
 - j. developed relationships with local training providers such as FE and HE?
 - k. secured a more robust future for the company in the region / Wales?
 - l. influenced the investor / parent company that Wales/the Welsh site would be a location of choice for further investment?
8. How (if at all) have the skills gained via FSP funded training been disseminated more widely within the employer's company?
 - b. How did they go about this?
 9. Had the FSP funding not been available, do you think the employer would have undertaken some or all of the training anyway?
 - b. If so, what elements would they have done anyway?
 10. Since receiving support via the FSP, has the employer increased their recruitment of apprentices at all?
 - a. To what extent can this increase be attributed to the FSP, or would it have happened anyway?

11. Since receiving support via the FSP, has the employer engaged with any other employability and skills programmes delivered by WG?
 - e. If so, which one/s?
 - f. How, if at all, did the FSP help enable this?
12. How would you say that the training undertaken has affected participants' skills and knowledge within the employer's company?
 - b. Can you point to specific examples of things learnt by participants?
13. To what extent has the training done what it was expected that it would do for the business, including realising any specific objectives?

The Future

14. What kind of training support (if any) do you think the company will need in the future?
 - a. Are they likely to apply again for FSP funding? For what training needs in particular?
15. Has involvement with the FSP influenced the company's approach to training staff in the future in any way?
 - b. If so, please elaborate?
16. How likely is the organisation to pay for training in the future?
 - c. Would it pay 100 per cent of the cost of similar training to that part funded by the Welsh Government?
 - d. If not, what proportion of such costs do you think it would be likely to absorb?
17. Do you have any further comments on how the FSP offer could be improved for the future?

I have completed my list of questions, but if there is anything else you think it would be useful for me to know, please feel free to tell me.

Thank you for your time.

Annex F: Online survey: Employers and employees

The Welsh Government has commissioned OB3 Research to conduct an independent evaluation of its Flexible Skills Programme (FSP). The Flexible Skills Programme (FSP) is designed to provide financial support for businesses based in Wales to upskill their staff. We understand that your company participated in training part-funded by the Flexible Skills Programme. As such, we would like to hear your views about it.

A1 Do you wish to continue and complete this questionnaire:

- As an employer?
- As an employee who has participated in training?

[If A1=1] We would like to hear your views about the FSP and how it may have helped your business and your employees. We would be grateful if you could please complete this short survey, which should not take more than 10 minutes to complete, to tell us about your experiences.

[If A1=2] We understand that you participated in training part-funded by the Flexible Skills Programme. As such, we would like to hear your views about it and how it may have helped you. **If you are not sure which training you participated in was part-funded by the Welsh Government's Flexible Skills Programme, please ask the employer representative who sent this survey link to you for clarification.** We would be grateful if you could please complete this short survey, which should not take more than 5 minutes to complete, to tell us about your experiences.

Your feedback will remain confidential and only anonymised data will be shared with Welsh Government. The findings will be used to inform the design of the programme in the future. If you would like to find out more about this evaluation, you can contact Heledd Bebb (heledd.bebb@ob3research.co.uk). Further information about the evaluation, including a Privacy Notice, is available here: ob3research.co.uk/privacy-notice-fsp-survey.

B1 **[If A1=1] What FSP funding stream did you apply for?**

- Business Development
- Advanced Manufacturing and Engineering
- Creative
- Digital
- Export
- Tourism and Hospitality
- Net Zero
- Don't know / Not sure

B2 **[If A1=1] How many of your staff participated in training part-funded via the FSP?**

B3 **[If A1=1] How did you first come to hear about the FSP?**

- From colleagues or staff within your business
- From other businesses
- Via an existing relationship with the Welsh Government's contact
- From networking or other events
- From internet searches
- From promotional literature
- Other
- Don't know

Please specify how you first heard about the FSP?

B4 **[If A1=1] Did you explore any other options other than FSP to support the cost of the training?**

- Yes
- No
- Can't remember / Don't know

[If A4=1] What other options did you consider?

[If A4=1] Why did you apply for FSP funding rather than these other funding options?

B5 [If A1=1] In general, how easy or difficult was it for you as an employer to engage in the FSP?

- Very easy
- Fairly easy
- Neither easy nor difficult
- Fairly difficult
- Very difficult
- Don't know

B6 [If A1=1] How satisfied were you with the following aspects of the FSP?

	Very satisfied	Fairly satisfied	Neither satisfied nor dissatisfi ed	Fairly dissatisfi ed	Very dissatisfi ed	Don't know
The application process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Advice and guidance received during the application process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Administration and paperwork requirements	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Timeliness of receiving confirmation of successful application	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Claims / Reporting process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

B7 [If A1=1] Please provide any additional comments you wish to make regarding the administration of the FSP here

B8 [If A1=1] To what extent did the FSP funding meet your needs as an employer?

- Exceeded our needs
- Met our needs
- Partially met our needs
- Did not meet our needs

Don't know

B9 **[If A1=1] What would you identify as the strengths of the FSP?**

B10 **[If A1=1] What could have been improved, or done differently, within FSP?**

B11 **[If A1=1] To what extent have staff who attended the training part funded by the FSP been able to use what they learnt in the workplace?**

- To a large extent
- To some extent
- To a small extent
- Not at all
- Don't know

B12 **[If A1=1] Since staff attended training part-funded by the FSP, have you observed whether any trained staff:**

	Yes, all staff	Yes, most staff	Yes, some staff	No/None	Unsure
Are performing better in their job?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have taken on greater responsibility at work?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have secured an increase in their pay or salary?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have secured a promotion at work?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

B13 **[If B12=1] Did any of these changes come about because of training part-funded by the FSP?**

	Directly because of FSP-funded training	FSP-funded training helped	FSP-funded training made no difference	Unsure
Better performance in job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Taking on more responsibility at work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increase in pay rate or annual salary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Promotion at work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

B14 **[If A1=1] Since undertaking training part-funded by the FSP, have you observed any of the following changes for your company:**

	Yes	No	Unsure
An upskilled workforce	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improved staff retention	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
More jobs retained or created	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improved business productivity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improved business profitability/turnover	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improved management and leadership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business expansion/Capital investment secured	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improved relationships with local training providers (e.g. FE or HE)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
More robust future for your company in the region/Wales secured	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Any other changes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Please specify these other changes:

B15 **[If B14=1] Did any of these changes come about because of the training part funded by FSP?**

	Directly because of FSP-funded training	FSP-funded training helped	FSP-funded training made no difference	Unsure
An upskilled workforce	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improved staff retention	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
More jobs retained or created	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improved business productivity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improved business profitability/turnover	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improved management and leadership	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business expansion/Capital investment secured	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improved relationships with local training providers (e.g. FE or HE)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
More robust future for your company in the region/Wales secured	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

B16 **[If A1=1] How did you choose the training providers for the part funded FSP training?**

(Tick all that apply)

- Used training providers with whom we had an existing relationship with, based in Wales
- Used training providers with whom we had an existing relationship with, based outside of Wales
- Identified a new training provider to fulfil the need, based in Wales
- Identified a new training provider to fulfil the need, based outside of Wales
- Don't know / Can't remember

B17 **[If A1=1] Would you prefer to access an approved provider list by the Welsh Government rather than source your own training provider?**

- Yes
- No
- Don't know

B18 **[If A1=1] Did any staff wish to access the training in Welsh?**

- Yes
- No
- Don't know

B19 **Were you able to source suitable training for staff through the medium of Welsh?**

- Yes
- No
- Don't know

B20 **[If A1=1] How satisfied were you with the quality of the training that was part-funded by the FSP?**

- Very satisfied
- Quite satisfied
- Neither satisfied nor dissatisfied
- Quite dissatisfied
- Very dissatisfied

B21 **[If B20=4,5] Why do you say that?**

B22 **[If A1=1] Had the training not been part funded, would you have paid, in full or in part, for the provision?**

- Yes, definitely
- Yes, possibly
- No, unlikely
- No, not at all
- Don't know

B23 **[If A1=1] How prepared are you to pay for similar training provision for your staff in the future?**

- Prepared to fully pay for similar training provision
- Prepared to part pay for similar training provision
- Not very prepared
- Not at all prepared
- Don't know

B24 **[If A1=1] Finally, do you have any other comments to make about the how the FSP supported your business training needs?**

C1 **[If A1=2] What were you hoping to achieve from the FSP-funded training you participated in?**

[Please select all that apply]

- Gain new work-related skills
- Gain new work-related knowledge
- Gain work-related qualifications or accreditation
- To do my job better / improve existing skills
- To improve your pay at work
- To improve your prospects at work (e.g. future promotion)
- To increase your work hours
- To improve your job security
- None of the above / I was told to attend the training by my employer
- Not sure / Can't remember
- Other benefits

[If Other] Please state what you were hoping to achieve from the training:

C2 **[If A1=2] Did you complete the FSP-funded training course(s) which you enrolled on?**

- Yes
- No
- Don't know

[If C2=2] Why you did not complete the training?

C3 **[If A1=2] Did you achieve the qualification or accreditation you expected as a result of the training course(s)?**

- Yes, qualification or accreditation achieved
- No, qualification or accreditation not achieved
- The course did not lead to any accreditation or qualification
- Don't know

[If C3=2] Why did you not achieve the qualifications you expected?

C4 [If A1=2] How useful did you find the FSP-funded training?

- Very useful
- Quite useful
- Not very useful
- Not at all useful
- Don't know

C5 [If A1=2] Have you been able to use what you learnt on the training within your work?

- Yes
- No
- Don't know

C6 [If A1=2] How has undertaking the FSP-funded training been of benefit to you personally?

C7 [If A1=2] Since completing the FSP-funded training, have you:

	Yes	No	Unsure
Performed better in your job?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Taken on more responsibility at work?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Secured greater job security?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Secured an increase in your hourly pay rate or annual salary?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increased your working hours?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improved your job satisfaction/wellbeing?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Secured a promotion at work?

Achieved any other changes?

Please specify these other changes:

C8 [If C7=1] Did any of these changes come about because of the FSP-funded training?

	Directly because of FSP-funded training	FSP-funded training helped	FSP-funded training made no difference	Unsure
Better performance in your job	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Taking on more responsibility at work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Greater job security in your work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increase in pay rate or annual salary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Increase in working hours	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Improved job satisfaction/wellbeing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Promotion at work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

C9 [If A1=2] How useful do you think the FSP-funded training will be for you in the future in terms of:

	Very useful	Quite useful	Not very useful	Not at all useful	Don't know
Your ability to perform your job better	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Taking on more responsibility at work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Better job security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Your ability to earn more money in the future	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Your job satisfaction and wellbeing at work	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Your ability to get a promotion in the future	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

C10 **[If A1=2] Did you wish to receive the training through the medium of Welsh?**

- Yes
- No
- Don't know/Can't remember

C11 **Was the employer able to deliver the training for you through the medium of Welsh?**

- Yes, training was delivered in Welsh
- No, the employer was not able to source the required training through the medium of Welsh
- No, the employer did not seek to source the training through the medium of Welsh
- Don't know / Can't remember

C12 **[If A1=2] Finally, do you have any other comments to make about the FSP-funded training course(s) you participated in?**

Thank you for completing this questionnaire. Please ensure that you submit the survey.